

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

**REPORT OF AUDIT
DECEMBER 31, 2010**

TOWNSHIP OF TEWKSBURY

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PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2010

AUDITORS' REPORTS



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Tewksbury
County of Hunterdon, New Jersey

I have audited the accompanying balance sheets-statutory basis of the various funds of the Township of Tewksbury as of December 31, 2010 and 2009, and the related statements of operations and changes in fund balance-statutory basis for the year then ended and the related statement of revenues-statutory basis and statement of expenditures-statutory basis of the various funds for the year then ended. These financial statements are the responsibility of the Township of Tewksbury's management. My responsibility is to express an opinion on these financial statements based on my audits.

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

As described in Note 1, the Township of Tewksbury 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 statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

-Continued-

In my opinion, because of the Township's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with generally accepted accounting principles in the United States of America, the financial position of the Township of Tewksbury at December 31, 2010 and 2009, or the results of its operations.

However, in my opinion, the financial statements-statutory basis referred to above present fairly, in all material respects, the financial position-statutory basis of the various funds of the Township of Tewksbury, as of December 31, 2010 and 2009, and the results of operations and changes in fund balance-statutory basis of such funds for the year then ended and the statement of revenues-statutory basis and statement of expenditures-statutory basis of the various funds for the year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued my report dated April 14, 2011, on my consideration of the Township of Tewksbury's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance with the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be read in conjunction with this report in considering the results of the audit.

My audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The information included in the supplementary exhibits listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audits of the financial statements mentioned above and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1 to the financial statements.



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
April 14, 2011



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

The Honorable Mayor and
Members of the Township Committee
Township of Tewksbury
County of Hunterdon, New Jersey
Califon, New Jersey 07830

We have audited the financial statements of the Township of Tewksbury in the County of Hunterdon, State of New Jersey, as of and for the fiscal year ended December 31, 2010 and 2009, and have issued our report thereon dated April 14, 2011, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

-Continued-

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

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

Compliance and Other Matters

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

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



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
April 14, 2011

FINANCIAL STATEMENTS

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 1

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>BALANCE</u> <u>12/31/09</u>
Cash And Cash Equivalents:			
Cash - Treasurer	A-4	\$ 7,923,105	\$ 9,492,406
Amount Due from State of New Jersey for Senior Citizens and Veterans Deductions	A-17	<u>5,989</u>	<u>5,989</u>
		<u>7,929,094</u>	<u>9,498,395</u>
Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	315,400	427,538
Tax Title Liens Receivable	A-7	38,940	36,616
Amount Due from Other Agencies		32,449	31,567
Amount Due From Grants Fund	A	4,351	1,727
Amount Due From Other Trust Fund	B	-	2,000
Amount Due From Dog License Fund	B	<u>28</u>	<u>2</u>
Subtotal		<u>391,168</u>	<u>499,450</u>
Federal And State Grant Fund:			
Federal/State Grants Receivable	A-19	<u>26,488</u>	<u>61,634</u>
Subtotal		<u>26,488</u>	<u>61,634</u>
TOTAL ASSETS		<u>\$ 8,346,750</u>	<u>\$10,059,479</u>

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 2

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>BALANCE</u> <u>12/31/09</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Reserve For Encumbrances	A-10	\$ 143,066	\$ 147,926
Appropriation Reserves	A-3:9	202,707	253,420
Amount Due To General Capital Fund	C	88,792	5,842
Taxes Collected In Advance	A-11	229,438	201,440
Tax Overpayments	A-12	12,833	18,982
County Taxes Payable	A-13	20,170	30,491
Local District School Taxes Payable	A-14	588,132	584,863
Regional School Tax Payable	A-15	-	200,927
Municipal Open Space Tax Payable	A-16	-	3,198
Reserve for Garden State Trust Funds	A-18	-	430
Reserve for Trees	A-22	45,356	46,526
Reserve for Premium on Tax Sales and Outside Liens	A-23	80,050	87,150
Reserve for Police	A-24	1,278	-
Reserve for Various	A-25	2,680	2,630
Reserve for Additional Aid to Fire Companies	A-26	39,747	39,747
Amount Due to State of New Jersey for Marriage License Fees	A-27	100	25
Amount Due to State of New Jersey for DCA Training	A-28	3,995	6,590
Subtotal		<u>1,458,344</u>	<u>1,630,187</u>
Reserve For Receivables And Other Assets	A	391,168	499,450
Fund Balance	A-1	<u>6,470,750</u>	<u>7,868,209</u>
Subtotal		<u>8,320,262</u>	<u>9,997,846</u>
Federal And State Grant Fund:			
Due to Current Fund	A	4,351	1,727
Amount Due State of New Jersey	A	1,761	1,761
Reserve For State Grants - Appropriated	A-20	19,088	48,214
Reserve For State Grants - Unappropriated	A-21	1,288	9,931
Subtotal		<u>26,488</u>	<u>61,633</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 8,346,750</u>	<u>\$10,059,479</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>2010</u>	<u>YEAR</u> <u>2009</u>
Fund Balance Utilized	A-2	\$ 3,368,000	\$ 3,368,000
Miscellaneous Revenue Anticipated	A-2	2,103,580	2,648,133
Receipts From Delinquent Taxes	A-2	437,513	420,896
Receipts From Current Taxes	A-2	29,303,277	29,860,845
Non-Budget Revenues	A-2	103,974	224,144
Other Credits To Income:			
Unexpended Balance of Appropriation Reserves	A-9	175,725	139,841
Refund of Prior Year Expenditures	A-4	2,027	8,682
Interfunds Returned	A	1,120	776
TOTAL INCOME		35,495,216	36,671,317
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations Within "Caps":			
Salaries and Wages	A-3	2,857,531	2,817,451
Other Expenses	A-3	2,320,590	2,346,910
Deferred Charges and Statutory Expenditures	A-3	536,406	536,543
Operations Excluded from "CAPS":			
Other Expenses	A-3	288,890	286,917
Capital Improvements	A-3	400,000	477,565
Municipal Debt Service	A-3	1,685,071	2,574,750
Deferred Charges to Future Taxation	A-3	110,353	-
County Taxes	A-13	6,269,516	6,421,696
Amount Due County For Added and Omitted Taxes	A-13	20,170	30,491
Local District School Taxes	A-14	11,799,998	11,807,121
Regional School Tax	A-15	6,551,448	7,050,418
Municipal Open Space Tax	A-16	683,540	682,934
Refund of Prior Year Revenue	A-4		83,648
Interfund Advances	A:C	1,162	-
TOTAL EXPENDITURES		33,524,675	35,116,444
Excess (Deficit) Revenue Over Expenditures		1,970,541	1,554,873
 Fund Balance January 1	 A	 7,868,209	 9,681,336
		9,838,750	11,236,209
Decreased by:			
Utilization as Anticipated Revenue	A-1	3,368,000	3,368,000
Fund Balance December 31	A	\$ 6,470,750	\$ 7,868,209

CURRENT FUND
STATEMENT OF REVENUES

A-2

	REF.	<u>BUDGET</u>	<u>REVENUE RECEIVED</u>	<u>EXCESS OR DEFICIT</u>
SURPLUS ANTICIPATED		\$ 3,368,000	\$ 3,368,000	
LICENSES:				
ALCOHOLIC BEVERAGES - CLERK	A-8	4,000	4,000	
OTHER - CLERK	A-8	2,000	2,244	\$ (244)
FEEES AND PERMITS - TRAILER COURT FEES	A-8	54,000	59,540	(5,540)
FINES AND COSTS:				
MUNICIPAL COURT	A-8	57,000	67,728	(10,728)
INTEREST AND COSTS ON TAXES	A-5	85,000	102,626	(17,626)
INTEREST ON INVESTMENTS	A-8	260,000	99,471	160,529
JR. POLICE ACADEMY	A-8	1,300	2,040	(740)
CONSOLIDATED MUN PROPERTY TAX RELIEF	A-8	14,940	14,940	
EMERGENCY RECEIPTS TAX	A-8	501,163	501,163	
GARDEN STATE TRUST FUND	A-18	430	430	
UNIFORM CONSTRUCTION CODES FEES	A-8	220,000	237,679	(17,679)
CLEAN COMMUNITIES PROGRAM	A-19	21,055	21,055	
CLEAN COMMUNITIES PROGRAM-PRIOR YEAR UNAPPROPRIATED	A-20	3,329	3,329	
BODY ARMOR	A-19	768	768	
HIGHLANDS GRANT	A-20	6,602	6,602	
CLINTON TOWNSHIP - UNIFORM CONST CODE SER	A-8	16,000	17,428	(1,428)
CALIFON BOROUGH - UNIFORM CONST CODE SER	A-8	63,162	65,060	(1,898)
HUNTERS GLEN SEWER UTILITY - DEBT SERVICE	A-8	25,000	31,577	(6,577)
RESERVE OPEN SPACE - DEBT SERVICE	A-8	650,000	650,000	
CAPITAL FUND BALANCE ANTICIPATED	A-8	162,000	162,000	-
LEASE OF MUNICIPAL FACILITIES	A-8	20,000	41,717	(21,717)
FIRE SAFETY FEES	A-8	7,500	12,183	(4,683)
		<u>2,175,249</u>	<u>2,103,580</u>	<u>71,669</u>
RECEIPTS FROM DELINQUENT TAXES	A-1	<u>390,000</u>	<u>437,513</u>	<u>(47,513)</u>
AMOUNT TO BE RAISED BY TAXES	A-6	<u>4,434,800</u>	<u>4,920,085</u>	<u>(485,285)</u>
TOTAL GENERAL REVENUES		<u>10,368,049</u>	<u>10,829,178</u>	<u>(461,129)</u>
NON-BUDGET REVENUE	A-2		<u>103,974</u>	<u>(103,974)</u>
		<u>\$ 10,368,049</u>	<u>\$ 10,933,152</u>	<u>\$ (565,103)</u>

CURRENT FUND
STATEMENT OF REVENUES

ANALYSIS OF REALIZED REVENUES	<u>REF.</u>
Allocation Of Current Tax Collections:	
Revenue from Collections	\$ 29,255,527
State of New Jersey, Senior Citizens and Veterans Deductions	<u>47,750</u>
	29,303,277
Allocated To:	
School, County and Municipal Open Space Taxes	25,227,556
Balance for Support of Municipal Budget	4,075,721
Add (Decreased) by: Appropriation "Reserve For Uncollected Taxes"	A-3 <u>844,364</u>
Amount For Support Of Municipal Budget Appropriations	A-2 <u>\$ 4,920,085</u>

ANALYSIS OF NON-BUDGET REVENUES	<u>REF</u>	
Miscellaneous Revenue Not Anticipated:		
Treasurer:		
In Lieu Taxes		\$ 4,500
Judgements - Basking Ridge		43,467
LOSAP - Non-vested Employees		8,605
DPW Services		17,936
Permit Application Fee		5,000
Sale of Assets		4,376
Senior Citizens and Veterans' Administrative Fee		955
Miscellaneous		<u>17,752</u>
	A-4	102,591
Tax Collector		
Miscellaneous	A-5	<u>1,383</u> <u>\$ 103,974</u>

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 1

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>		
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>RESERVED</u>	<u>CANCELED</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>		
GENERAL GOVERNMENT FUNCTIONS:					
General Administration:					
Salaries and Wages	\$ 220,890	\$ 212,840	\$ 212,814	\$ 26	-
Other Expenses:					
Lease of Equipment	12,000	12,000	5,577	1,423	\$ 5,000
Miscellaneous Other Expenses	31,550	24,550	20,703	3,847	
Mayor and Council:					
Salaries and Wages	21,995	21,255	21,245	10	
Other Expenses	9,500	5,500	2,883	2,617	
Financial Administration (Treasury):					
Salaries and Wages	141,588	141,588	136,800	88	4,700
Other Expenses	9,100	9,100	6,379	221	2,500
Audit Services:					
Other Expenses	18,000	18,000	18,000		
Computerized Data Services:					
Other Expenses	43,750	37,750	37,391	359	
Revenue Administration (Tax Collection):					
Salaries and Wages	45,660	43,960	43,901	59	
Other Expenses	4,450	4,450	3,847	103	500
Tax Assessment Administration:					
Salaries and Wages	33,783	33,783	31,506	77	2,200
Other Expenses	6,900	5,900	5,346	554	
Legal Services (Legal Dept.):					
Other Expenses	307,400	307,400	46,452	10,948	\$ 250,000
Engineering Services:					
Other Expenses	60,000	72,000	67,023	4,977	

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 2

<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>		
LAND USE ADMINISTRATION:					
Planning Board:					
Salaries and Wages	135,200	135,200	130,844	56	4,300
Other Expenses:					
Wastewater Management Study	4,000	4,000	338	162	3,500
Bartles Wastewater	91,880	89,380	81,895	7,485	
Special Projects	10,000	10,000	1,639	361	8,000
Miscellaneous Other Expenses	29,050	29,050	25,420	3,630	
CODE ENFORCEMENT AND ADMINISTRATION:					
Uniform Construction Code Enforcement Functions:					
Building Sub Code Officials:					
Salaries and Wages	205,000	205,000	198,000		7,000
Other Expenses	12,450	12,450	4,843	107	7,500
INSURANCE:					
General Liability Insurance	133,178	133,178	125,751	27	7,400
Workmens Compensation Insurance	97,850	101,250	101,235	15	
Employee Group Insurance	563,160	563,160	543,305	11,855	8,000
PUBLIC SAFETY FUNCTIONS:					
Police:					
Salaries and Wages	1,147,500	1,147,500	1,123,191	24,309	
Other Expenses:					
Purchase of Police Cars	55,000	55,000	55,000		
PBA Contract Benefits	87,245	87,245	86,534	711	
Miscellaneous Other Expenses	59,750	59,750	37,673	2,077	20,000
Office of Emergency Management:					
Other Expenses	12,000	10,900	10,874	26	
Contribution to First Aid Organizations	72,976	72,976	72,976		
Aid to Volunteer Fire Companies:					
Other Expenses - Oldwick Fire Company	90,000	90,000	90,000		
Aid to Volunteer Fire Companies in Adjoining Municipalities	155,660	155,660	151,913		3,747
Fire Department Office:					
Salaries and Wages	9,200	9,200	8,870	330	
Other Expenses:					
Fire Hydrant Services	18,500	18,500	15,269	1,331	1,900

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 3

<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>MODIFICATION</u>	<u>CHARGED</u>	<u>CANCELED</u>
PUBLIC WORKS FUNCTIONS:				
Streets and Road Maintenance:				
Salaries and Wages	810,000	758,000	746,758	11,242
Other Expenses	135,000	215,000	189,418	25,582
Solid Waste Collection(Recycling Program):				
Other Expenses	17,500	7,700	4,742	2,958
Buildings and Grounds:				
Other Expenses	49,900	49,900	47,857	2,043
Vehicle Maintenance (Including Police Vehicles):				
Other Expenses	93,150	93,150	86,525	6,625
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Public Health Services (Board of Health):				
Salaries and Wages	3,105	2,405	2,175	230
Other Expenses	2,700	2,700	2,393	307
Contribution to Social Services Agencies:				
Senior Citizens Centers	3,000	3,000	2,418	582
PARK AND RECREATION FUNCTIONS:				
Maintenance of Parks:				
Other Expenses:				
Miscellaneous Other Expenses	41,150	36,840	35,504	1,336
OTHER COMMON OPERATING FUNCTIONS:				
(Unclassified):				
Reserve for Sick Leave	165,000	165,000	128,737	36,263

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 4

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u> <u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	32,500	29,500	27,974	1,526	
Street Lighting	6,000	6,000	5,614	386	
Telephone (excluding equipment acquisition)	29,300	30,300	27,626	2,674	
Gas (natural or propane)	15,000	15,000	12,736	2,264	
Fuel Oil	2,500	2,500	1,807	693	
Telecommunications Costs	23,500	23,500	21,304	2,196	
Gasoline	78,000	78,000	69,725	8,275	
MUNICIPAL COURT:					
Municipal Court:					
Salaries and Wages	21,400	26,900	26,646	254	
Other Expenses	29,498	29,498	26,685	2,813	
Total Operations - Within "CAPS "	5,514,368	5,514,368	4,992,081	186,040	336,247
Detail:					
Salaries and Wages	2,795,321	2,875,731	2,784,841	72,690	18,200
Other Expenses	2,719,047	2,638,637	2,207,240	113,350	318,047
DEFERRED CHARGES AND STATUTORY EXPENDITURES Within "CAPS":					
Statutory Expenditures :					
Social Security System (O.A.S.I.)	216,000	216,000	209,067	3,433	3,500
Contribution to:					
PERS	140,854	140,854	140,854		
PFRS	143,298	143,298	143,298		
Deferred Compensation-Employers' Share	50,000	50,000	39,754		10,246
Total Deferred Charges and Statutory Expenditures-within "CAPS"	550,152	550,152	532,973	3,433	13,746
Total General Appropriations for Municipal Purposes Within "CAPS"	6,064,520	6,064,520	5,525,054	189,473	349,993

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 5

	<u>BUDGET</u>	<u>APPROPRIATION BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
OPERATIONS-EXCLUDED from "CAPS"					
Insurance (N.J.S.A. 40A:4-45.3(00)):					
Employee Group Health	23,840	23,840	23,840		
Aid to Library	57,200	57,200	57,200		
Contribution to:					
PERS	10,231	10,231	10,231		
PFRS	15,780	15,780	15,780		
Affordable Housing	22,485	22,485	7,700	1,385	13,400
LOSAP	60,000	60,000	60,000		
Total Other Operations-Excluded from "CAPS"	189,536	189,536	174,751	1,385	13,400
Interlocal Municipal Service Agreements Excluded from "CAPS":					
Clinton Township Interlocal Agreement	16,000	16,000	16,000		
Califon Borough Interlocal Agreement	65,000	65,000	53,151	11,849	
Total Interlocal Municipal Service Agreements	81,000	81,000	69,151	11,849	
Public and Private Programs Offset by Revenues- Excluded from "CAPS"					
Clean Communities Program:					
Other Expenses	24,384	24,384	24,384		
Body Armor Grant:	768	768	768		
Other Expenses			-		
Recycling Tonnage Grant:					
Other Expenses	6,602	6,602	6,602		
Total Public and Private Programs Offset by Revenues-Excluded from "CAPS"	31,754	31,754	31,754		
Total Operations-Excluded from "CAPS"	302,290	302,290	275,656	13,234	13,400
Detail:					
Other Expenses	302,290	302,290	275,656	13,234	13,400

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 6

	<u>APPROPRIATION</u>	<u>EXPENDED</u>		
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>RESERVED</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>	<u>CANCELED</u>
Capital Improvements-Excluded from "CAPS":				
Capital Improvement Fund	400,000	400,000	400,000	
Total Capital Improvements-Excluded from "CAPS"	400,000	400,000	400,000	
Municipal Debt Service-Excluded from "CAPS":				
Payment of Bond Principal	787,000	787,000	787,000	
Payment of Bond Anticipation and Capital Notes	953,330	953,330	-	953,330
Interest on Bonds	493,000	493,000	485,493	7,507
Interest on Bond Anticipation and Capital Notes	210,985	210,985	210,398	587
Loan Payments for Principal and Interest	170,630	170,630	170,627	3
NJ Wastewater Treatment Trust	31,577	31,577	31,553	24
Total Municipal Debt Service	2,646,522	2,646,522	1,685,071	961,451
Deferred Charges-Excluded from "CAPS":				
Ordinance # 21-2001	40	40	40	
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	110,353	110,353	110,353	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"				
	3,459,165	3,459,165	2,471,080	13,234
				974,851
Subtotal General Appropriations	9,523,685	9,523,685	7,996,134	202,707
Reserve For Uncollected Taxes	844,364	844,364	844,364	1,324,844
TOTALS	\$ 10,368,049	\$ 10,368,049	\$ 8,840,498	\$ 202,707
				\$ 1,324,844

	<u>REF.</u>		A	A-1
Reserve for State Grants	A-21	\$ 31,754		
Deferred Charges	C	110,353		
Reserve for Encumbrances	A-10	7,854,027		
Reserve for Uncollected Taxes	A-2	844,364		
		<u>\$ 8,840,498</u>		

TRUST FUND
COMPARATIVE BALANCE SHEET

B

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>BALANCE</u> <u>12/31/09</u>
Dog License Fund:			
Cash and Cash Equivalents	B-2	\$ 1,041	\$ 577
Total Dog License Fund		<u>1,041</u>	<u>577</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-2	723,212	556,277
Amount Due from Current Fund	B-6	<u>-</u>	<u>1,197</u>
Total Other Trust Funds		<u>723,212</u>	<u>557,474</u>
TOTAL ASSETS		<u>\$ 724,253</u>	<u>\$ 558,051</u>

LIABILITIES, RESERVES AND FUND BALANCE

Dog License Fund:			
Reserve for Dog Fund Expenditures	B-3	\$ 1,001	\$ 195
Amount Due State of New Jersey	B-4	12	7
Amount Due Current Fund	B-5	28	2
Prepaid Dog License Fees	B-6	<u>-</u>	<u>373</u>
Total Dog License Fund		<u>1,041</u>	<u>577</u>
Other Trust Fund:			
Reserve for Developers Escrow	B-8	224,858	242,041
Reserve for State Unemployment Insurance	B-9	43,801	50,036
Reserve for Whittemore Trust	B-10	28	(1,984)
Reserve for Accumulated Leave	B-11	213,887	83,759
Reserve for Developers Housing	B-12	46,526	18,541
Reserve for Open Space Trust Fund	B-13	193,551	160,164
Reserve for Outside Police Duty	B-14	2	4,358
Reserve for Ruthe Mueller Trust	B-15	<u>559</u>	<u>559</u>
Total Other Trust Fund		<u>723,212</u>	<u>557,474</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 724,253</u>	<u>\$ 558,051</u>

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

C

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>BALANCE</u> <u>12/31/09</u>
Cash and Cash Equivalents	C-2	\$ 2,101,416	\$ 3,204,932
Due Current Fund	C-3	88,792	5,842
Accounts Receivable	C-4	313,000	150,000
Deferred Charges to Future Taxation:			
Funded	C-5	11,852,939	12,827,514
Unfunded	C-6	<u>11,040,917</u>	<u>11,151,270</u>
TOTAL ASSETS		<u>\$25,397,064</u>	<u>\$27,339,558</u>

LIABILITIES, RESERVES AND FUND BALANCE

Capital Improvement Fund	C-8	155,910	532,910
Loans Payable - State of New Jersey	C-9	501,939	689,514
Bond Anticipation Notes Payable	C-10	10,549,181	10,549,181
Serial Bonds Payable	C-12	11,351,000	12,138,000
Encumbrances	C-7	118,851	32,459
Improvement Authorizations:			
Funded	C-11	24,045	132,817
Unfunded	C-11	482,492	1,759,187
Various Reserves	C-13	1,484,248	1,342,716
Fund Balance	C-1	<u>729,398</u>	<u>162,774</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$25,397,064</u>	<u>\$27,339,558</u>

GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE

C-1

	<u>REF.</u>		
Balance December 31, 2009	C		\$ 162,774
Increased by:			
Canceled Improvement Authorizations	C-11	\$ 622,278	
Bond Anticipation Note Premium	C-2	<u>106,346</u>	<u>728,624</u>
			891,398
Decreased by:			
Anticipated as Revenue - Current Fund Budget	C-2		<u>162,000</u>
Balance December 31, 2010	C		<u>\$ 729,398</u>

SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET

D

ASSETS	REF.	HUNTERS		TOTALS	
		GLEN	OLDWICK	DECEMBER 31, 2010	2009
Operating Fund:					
Cash and Cash Equivalents	D-4	\$ 34,262	\$ 38,766	\$ 73,028	\$ 124,312
Receivables with Full Reserves:					
Consumer Accounts Receivable and Liens	D-6	<u>2</u>	<u>2,828</u>	<u>2,830</u>	<u>2,345</u>
Total Operating Fund		<u>34,264</u>	<u>41,594</u>	<u>75,858</u>	<u>126,657</u>
Capital Fund:					
Cash and Cash Equivalents	D-4	23,100	92,609	115,709	78,707
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
Amount Due from Operating Fund	D	-	-	-	393
Total Capital Fund		<u>59,100</u>	<u>1,043,724</u>	<u>1,102,824</u>	<u>1,066,215</u>
TOTAL ASSETS		<u>\$ 93,364</u>	<u>\$ 1,085,318</u>	<u>\$ 1,178,682</u>	<u>\$ 1,192,872</u>
 LIABILITIES, RESERVES AND FUND BALANCE					
Operating Fund:					
Liabilities:					
Appropriation Reserves :					
Encumbered	D-3	\$ 613	\$ 3,669	\$ 4,282	\$ 17,515
Unencumbered	D-3	4,137	15,386	19,523	33,179
Sewer Rent Prepaid	D-5	1,601	360	1,961	1,381
Amount Due to Capital Fund	D			-	393
Reserve for Receivables	D	2	2,828	2,830	2,345
Fund Balance	D-1	<u>27,911</u>	<u>19,351</u>	<u>47,262</u>	<u>71,844</u>
Total Operating Fund		<u>34,264</u>	<u>41,594</u>	<u>75,858</u>	<u>126,657</u>
Capital Fund:					
General Electric Loan Payable	D-14		147,784	147,784	160,556
Capital Improvement Fund	D-11	23,100	66,000	89,100	59,100
Improvement Authorization - Funded	D-10		26,609	26,609	20,000
Deferred Reserve for Amortization	D-13		20,000	20,000	20,000
Reserve for Amortization	D-12	<u>36,000</u>	<u>783,331</u>	<u>819,331</u>	<u>806,559</u>
Total Capital Fund		<u>59,100</u>	<u>1,043,724</u>	<u>1,102,824</u>	<u>1,066,215</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 93,364</u>	<u>\$ 1,085,318</u>	<u>\$ 1,178,682</u>	<u>\$ 1,192,872</u>

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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>2010</u>	<u>2009</u>
Operating Surplus	D-2	\$ 18,187	\$ 38,000	\$ 56,187	\$ 59,799
Rents	D-2	66,690	108,779	175,469	183,569
Miscellaneous					
Interest Earned	D-2	1,496		1,496	4,244
Interest/Penalties on Rent	D-2	383	123	506	2,834
Other Credits to Income					
Balance of Reserved Budget	D-7	13,077	28,411	41,488	10,805
Refund of Prior Year Revenue	D-4	82	-	82	610
Total Income		<u>99,915</u>	<u>175,313</u>	<u>275,228</u>	<u>261,861</u>
 EXPENDITURES					
Operating	D-3	76,487	113,742	190,229	190,557
Capital Improvements	D-3	10,000	20,000	30,000	30,000
Debt Service	D-3	-	21,258	21,258	20,642
Interfund Advance	D-4	584	1,552	2,136	-
Total Expenditures		<u>87,071</u>	<u>156,552</u>	<u>243,623</u>	<u>241,199</u>
Excess (Deficit) Revenue Over Expenditures		12,844	18,761	31,605	20,662
Balance January 1	D	<u>33,254</u>	<u>38,590</u>	<u>71,844</u>	<u>110,981</u>
		46,098	57,351	103,449	131,643
Decreased by:					
Utilized as Anticipated Revenue	D-1	<u>18,187</u>	<u>38,000</u>	<u>56,187</u>	<u>59,799</u>
Balance December 31	D	<u>\$ 27,911</u>	<u>\$ 19,351</u>	<u>\$ 47,262</u>	<u>\$ 71,844</u>

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	\$ 18,187	\$ 18,187	
Rents	D-1	66,000	66,690	\$ 690
Delinquent Penalties	D-1	2,300	383	(1,917)
Miscellaneous - Interest	D-1		1,496	1,496
 Total Sewer Utility Revenue		<u>\$ 86,487</u>	<u>\$ 86,756</u>	<u>\$ 269</u>
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	\$ 38,000	\$ 38,000	
Rents	D-1	112,000	108,779	\$ (3,221)
Delinquent Penalties	D-1	5,000	123	(4,877)
Miscellaneous - Interest	D-1			-
 Total Sewer Utility Revenue		<u>\$ 155,000</u>	<u>\$ 146,902</u>	<u>\$ (8,098)</u>
REF.		D-3	D-1	

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	\$ 8,500	\$ 8,500	\$ 6,440	\$ 2,060
Other Expenses	67,487	67,487	65,460	2,027
DEP Permits	500	500	450	50
Capital Improvement Fund	10,000	10,000	10,000	
Total Sewer Utility Appropriations	\$ 86,487	\$ 86,487	\$ 82,350	\$ 4,137

REF.

D-2

D

	Paid	D-4	\$ 81,737
Charged - Encumbered		D	613
			<u>\$ 82,350</u>

OLDWICK

	<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	\$ 13,100	\$ 16,100	\$ 16,100	
Other Expenses	96,642	93,642	78,986	\$ 14,656
Debt Service - Principal	12,772	12,772	12,772	
Debt Service - Interest	8,486	8,486	8,486	
DEP Permits	4,000	4,000	3,270	730
Capital Improvement Fund	20,000	20,000	20,000	
Total Sewer Utility Appropriations	\$ 155,000	\$ 155,000	\$ 139,614	\$ 15,386

REF.

D-2

D

	Paid	D-4	\$ 135,945
Charged - Encumbered		D	3,669
			<u>\$ 139,614</u>

PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET

E

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>BALANCE</u> <u>12/31/09</u>
Cash and Cash Equivalents	E-1	\$ 8,652	\$ 8,585
TOTAL ASSETS		<u>\$ 8,652</u>	<u>\$ 8,585</u>

LIABILITIES AND RESERVES

Reserve for Public Assistance		\$ 8,652	\$ 8,585
TOTAL LIABILITIES AND RESERVES		<u>\$ 8,652</u>	<u>\$ 8,585</u>

GENERAL FIXED ASSETS
STATEMENT OF GENERAL FIXED ASSETS
DECEMBER 31, 2010

F

	<u>BALANCE</u> <u>12/31/10</u>	<u>BALANCE</u> <u>12/31/09</u>
General Fixed Assets:		
Land and Buildings	\$ 37,075,102	\$ 36,420,685
Machinery and Equipment	9,423,196	8,381,033
Total General Fixed Assets	<u>\$ 46,498,298</u>	<u>\$ 44,801,718</u>
 Investment In General Fixed Assets	 <u>\$ 46,498,298</u>	 <u>\$ 44,801,718</u>

PAYROLL AGENCY FUND
COMPARATIVE BALANCE SHEET

G

ASSETS	<u>BALANCE</u> <u>12/31/10</u>	<u>BALANCE</u> <u>12/31/09</u>
Cash and Cash Equivalents	\$ 2,838	\$ (482)
TOTAL ASSETS	<u>\$ 2,838</u>	<u>\$ (482)</u>
 LIABILITIES AND RESERVES		
Payroll Deductions Payable	\$ 2,838	\$ (482)
TOTAL LIABILITIES AND RESERVES	<u>\$ 2,838</u>	<u>\$ (482)</u>

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT 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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT 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, 2010

Note 1: SUMMARY OF SIGNIFICANT 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. Open Space Levy, to be 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 on April 1 in the year following the calendar year levy when the same became in arrears, 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, 2010

Note 1: SUMMARY OF SIGNIFICANT 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, 2010

Note 1: SUMMARY OF SIGNIFICANT 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, 2010

Note 1: SUMMARY OF SIGNIFICANT 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, 2010

Note 1: SUMMARY OF SIGNIFICANT 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, 2010, 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, 2010

Note 2: CASH AND CASH EQUIVALENTS (Continued)

As of December 31, 2010, cash and cash equivalents of the municipality consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Total</u>
Checking	\$ 10,949,001	\$10,949,001

The carrying amount of the municipality's cash and cash equivalents at December 31, 2010, was \$10,949,001 and the bank balance was \$10,981,416. 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, \$250,559 was covered by federal depository insurances and \$10,730,857 was covered by collateral pool.

Note 3: LONG-TERM DEBT

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

The Township debt is summarized as follows:

Summary of Municipal Debt

	YEAR <u>2010</u>	YEAR <u>2009</u>	YEAR <u>2008</u>
Issued			
General:			
Bonds and Notes	\$ 22,402,120	\$ 23,376,695	\$ 24,032,544
Sewer Utility:			
Bonds and Notes	147,784	160,556	154,249
Net Debt Issued	22,549,904	23,537,251	24,186,793
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	491,736	602,089	1,799,090
Sewer Utility:			
Bonds and Notes	NONE	NONE	NONE
Total Authorized But Not Issued	491,736	602,089	1,799,090
Total Deductions	(1,479,174)	(1,498,197)	(257,936)
Net Bonds and Notes Issued and Authorized But Not Issued	\$ 21,562,466	\$ 22,641,143	\$ 25,727,947

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 1.18%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$ 8,623,439	\$ 8,623,439	
Utility Debt	147,784		\$ 147,784
General Debt	23,041,640	1,479,174	21,562,466
	\$ 31,812,863	\$ 10,102,613	\$ 21,710,250

Net Debt \$ 21,710,250 Divided by Equalized Valuation Basis per
N.J.S.A. 40A:2-2 as amended, \$1,837,793,881 equals 1.18%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 64,322,786
Net Debt	21,562,466
Remaining Borrowing Power	\$ 42,760,320

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>
2011	963,570	450,987	13,418	6,192
2012	903,524	412,648	14,098	5,460
2013	470,065	372,126	14,811	4,692
2014	985,617	343,728	15,561	3,884
2015	1,000,692	338,637	16,349	3,036
2016-2026	7,529,471	1,551,867	73,547	5,768
	\$ 11,852,939	\$ 3,469,993	\$ 147,784	\$ 29,032

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 3: LONG-TERM DEBT (Continued)

General Obligation Bonds and Loans

The Township has outstanding at December 31, 2010, a New Jersey Green Trust Loan in the amount of \$374,713. 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, 2010, a New Jersey Wastewater Loan in the amount of \$127,226. This note matures on August 1, 2021. 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 on August 1, 2011. 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, 2010, was \$4,470,000. 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, 2010, was \$1,400,000. 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, 2010, was \$5,481,000. Outstanding loan principal and interest is paid from the Current Fund of the Township.

Bond Anticipation Notes

The Township has outstanding at December 31, 2010, bond anticipation notes in the amount of \$10,549,181 payable to TD Securities (USA) LLC. These notes mature on June 22, 2011. The interest rate on the notes are 1.5%. Principal and interest on this note is paid from the current fund budget.

	Debt <u>Outstanding</u>
Total General Capital Bonds, Loans and Notes Above	\$ 22,402,120
Total Sewer Utility Bonds, Loans and Notes Above	<u>147,784</u>
Total Debt Issued and Outstanding	<u>\$ 22,549,904</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 4: GENERAL FIXED ASSETS

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

	Balance <u>1/1/10</u>	<u>Additions</u>	Adjustments/ <u>Deletions</u>	Balance <u>12/31/10</u>
Land and Buildings	\$ 36,420,685	\$ 654,417		\$ 37,075,102
Machinery and Equipment	8,381,033	1,042,163	-	9,423,196
	<u>\$ 44,801,718</u>	<u>\$ 1,696,580</u>	<u>-</u>	<u>\$ 46,498,298</u>

Note 5: FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2010, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2011, were as follows:

Current Fund	\$2,368,000	(Introduced Budget)
Sewer Utility Fund	\$27,150	(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, 2010, the Township recorded the following deferred charges which are included in the following budgets:

	Balance <u>12/31/10</u>	Raised as 2011 Budget <u>Appropriation</u>	Balance to Succeeding Budgets
Capital Fund:			
Debt Authorized to be Raised as Budgeted Appropriations	\$ 441,252	\$ 110,313	\$ 330,939
	<u>\$ 441,252</u>	<u>\$ 110,313</u>	<u>\$ 330,939</u>

The appropriations in the 2011 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>12/31/10</u>	LOCAL DISTRICT SCHOOL TAX BALANCE <u>12/31/10</u>	BALANCE <u>12/31/09</u>	TOTAL DEFERRED TAX <u>12/31/09</u>	REGIONAL HIGH SCHOOL TAX BALANCE <u>12/31/10</u>	BALANCE <u>12/31/09</u>
Balance of Tax		\$ 6,108,136	\$ 6,104,867		\$ 3,227,166	\$ 3,525,209
Deferred		<u>5,520,004</u>	<u>5,520,004</u>		<u>3,227,166</u>	<u>3,525,209</u>
Tax Payable		<u>\$ 588,132</u>	<u>\$ 584,863</u>		<u>\$ -</u>	<u>\$ -</u>
Tax Deferred	<u>\$ 8,747,170</u>			<u>\$ 9,045,213</u>		

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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, 2010

Note 8: PENSIONS-(Continued)

<u>Three-Year Trend Information for PERS and PFRS</u>			
Year	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
2010	\$284,152	100%	-0-
2009	\$274,543	100%	-0-
2008	\$249,077	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, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

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, 2010

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. However there is one matter of threatening litigation related to site improvements on COAH requirements, of which Counsel advises the impact is unknown at this time.

Note 12: OTHER REQUIRED DISCLOSURES

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

- A. Summary disclosures of debt service requirements for all types of outstanding debt. This requirement is met by Note 3.
- B. Summary disclosures of changes in general fixed assets by major asset class. This requirement is met by Note 4.
- C. Summary disclosures of changes in general long-term debt. This requirement is met by Note 3.
- D. Excesses of expenditures over appropriations in individual funds. There were no excess of expenditures over appropriations in any of the individual funds where budgets were required or employed as a management control device.
- E. Deficit fund balances or retained earnings balances of individual funds. There were no deficits in fund balances or retained earnings in any of the individual funds, except as noted in Note 6.
- 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, 2010:

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 12: OTHER REQUIRED DISCLOSURES (Continued)

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 4,379	\$ 88,792
Federal/State Grants Fund		4,351
General Capital Fund	88,792	
Other Trust Funds	<u>-</u>	<u>28</u>
	<u>\$ 93,171</u>	<u>\$ 93,171</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, 2009	A	\$ 9,492,406
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	A-2	\$ 102,591
Refund of Prior Year Expenditures	A-1	2,027
Collector	A-5	29,929,786
Revenue Accounts Receivable	A-8	1,968,770
Senior Citizens/Veterans Deductions	A-17	47,750
Federal/State Grant Funds	A-19	56,969
Federal/State Grant Funds	A-21	1,288
Reserve for Police	A-24	1,500
Reserve for Various Reserves	A-25	50
Marriage License Fees	A-27	450
DCA Fees	A-28	<u>15,476</u>
		<u>32,126,657</u>
		41,619,063
Decreased by Disbursements:		
2009 Appropriation Reserves	A-9	202,342
Reserve for Encumbrances	A-10	7,759,011
Tax Overpayments Refunded	A-12	32,973
County Taxes	A-13	6,300,007
Local District School Tax	A-14	11,796,729
Regional District School Tax	A-15	6,752,375
Municipal Open Space Tax to Trust Fund	A-16	686,738
Federal/State Grant Funds	A-20	60,880
Reserve for Trees	A-22	1,170
Reserve for Tax Sale Premium Payments	A-23	85,065
Reserve for Police	A-24	222
Marriage License Fees	A-27	375
DCA Fees	A-28	<u>18,071</u>
		<u>33,695,958</u>
Balance December 31, 2010	A	<u>\$ 7,923,105</u>

CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

A-5

REF.

Received:

Interest and Costs on Taxes	A-2	\$ 102,626	
Miscellaneous	A-2	1,383	
Taxes Receivable	A-6	29,472,568	
2011 Prepaid Taxes	A-11	229,438	
Tax Overpayments	A-12	45,806	
Reserve for Tax Sale Premiums	A-23	27,900	
Reserve for Tax Outside Liens	A-23	<u>50,065</u>	<u>\$ 29,929,786</u>

Decreased by Disbursements:

Payments to Treasurer	A-4		<u>\$ 29,929,786</u>
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CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2009	A	\$ 36,616
Increased by:		
Transfers from Taxes Receivable	A-6	<u> 2,324</u> 38,940
Balance December 31, 2010	A	<u>\$ 38,940</u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-8

	<u>REF.</u>	<u>ACCRUED</u> <u>IN 2010</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>
Licenses:			
Alcoholic Beverages	A-2	\$ 4,000	\$ 4,000
Other - Clerk	A-2	2,244	2,244
Fees and Permits	A-2	59,540	59,540
Municipal Court:			
Fines and Costs	A-2	67,728	67,728
Jr. Police Academy	A-2	2,040	2,040
Interest on Investments and Deposits	A-2	99,471	99,471
Consolidated Municipal Property Tax Relief	A-2	14,940	14,940
Energy Receipts Tax	A-2	501,163	501,163
Uniform Construction Code Fees	A-2	237,679	237,679
Clinton Township - Uniform Construction Codes	A-2	17,428	17,428
Califon Borough - Uniform Construction Codes	A-2	65,060	65,060
Hunters Glen Sewer Utility - Debt Service	A-2	31,577	31,577
Reserve for Open Space	A-2	650,000	650,000
Capital Fund Balance Anticipated	A-2	162,000	162,000
Municipal Lease	A-2	41,717	41,717
Fire Safety Fees	A-2	12,183	12,183
 Totals		<u>\$ 1,968,770</u>	<u>\$ 1,968,770</u>
REF.		A-2	A-4

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2009

A-9
Sheet 1

	<u>BALANCE</u> <u>12/31/09</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u> <u>12/31/09</u>	<u>PAID</u> <u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LASPED</u>
General Administration:				
Other Expenses	\$ 1,009	\$ 5,482	\$ 1,384	\$ 4,098
Mayor and Committee:				
Other Expenses	3,751	415	397	18
Financial Administration:				
Other Expenses	1,418	1,845	798	1,047
Audit Services:				
Other Expenses		18,000	18,000	-
Computerized Data Processing	9,162	9,406	1,176	8,230
Tax Collection:				
Salaries and Wages				-
Other Expenses	718	1,174	456	718
Tax Assessment:				
Salaries and Wages				-
Other Expenses	1,869	2,260	391	1,869
Legal Services (Legal Dept.):				
Other Expenses	24,343	24,343	18,756	5,587
Engineering Services:				
Other Expenses	5,840	14,460	14,280	180
Public Building and Ground:				
Other Expenses				-
Wastewater Study:				
Other Expenses				-
Bartles Wastewater:				
Other Expenses	13,215	13,250	9,444	3,806
Planning Board:				
Salaries and Wages				-
Other Expenses	1,234	6,040	5,374	666
Building Official:				
Salaries and Wages				-
Other Expenses	2,267	3,092	840	2,252
Insurance:				
Group	11,759	1,264	680	584
Other Expenses				-
Police:				
Salaries and Wages	18,998	998		998
Other Expenses	12,180	5,403	2,626	2,777
PBA Contract Expenses	338	338	338	
Emergency Management:				
Salaries and Wages				-
Other Expenses	2,140	12,000	349	11,651
Streets and Road Maintenance:				
Salaries and Wages				-
Other Expenses	1,114	41,882	41,386	496
Solid Waste Collection:				
Other Expenses	3,052	3,431	378	3,053

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-10

	<u>REF.</u>		
Balance December 31, 2009	A	\$	147,926
Increased by:			
Encumbrances Added		\$	24,771
Transfer from Current Year Appropriations	A-3	<u>7,854,027</u>	<u>7,878,798</u>
			8,026,724
Decreased by:			
Encumbrances Cancelled			
Transfer to Appropriations Reserve	A-9	124,647	
Cash Disbursements	A-4	<u>7,759,011</u>	<u>7,883,658</u>
Balance December 31, 2010	A	\$	<u>143,066</u>

CURRENT FUND
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-11

	<u>REF.</u>	
Balance December 31, 2009	A	\$ 201,440
Increased by:		
2011 Taxes Collected in Advance	A-5	<u>229,438</u> 430,878
Decreased by:		
Applied to 2010 Taxes Receivable	A-6	<u>201,440</u>
Balance December 31, 2010	A	<u>\$ 229,438</u>

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

A-12

	<u>REF.</u>	
Balance December 31, 2009	A	\$ 18,982
Increased by:		
2010 Tax Overpayments	A-5	<u>45,806</u>
		64,788
Decreased by:		
Applied to 2010 Taxes	A-6	\$ 18,982
Refunded	A-4	<u>32,973</u> <u>51,955</u>
Balance December 31, 2010		<u>\$ 12,833</u>

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

A-13

	<u>REF.</u>	
Balance December 31, 2009		\$ 30,491
Increased by:		
2010 Levy:		
County Taxes	A-1:6	\$5,275,737
County Library Taxes	A-1:6	443,932
County Open Space Tax	A-1:6	549,847
County Added and Omitted Taxes	A-1:6	<u>20,170</u>
		<u>6,289,686</u>
		6,320,177
Decreased by:		
Payments	A-4	<u>6,300,007</u>
Balance December 31, 2010		<u>\$ 20,170</u>

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-14

	<u>REF.</u>		
Balance December 31, 2009:			
School Tax Payable		\$ 584,863	
School Tax Deferred	A	<u>5,520,004</u>	\$ 6,104,867
Increased by:			
Levy - School Year July 1, 2010 to June 30, 2011	A-6		<u>11,799,998</u>
			17,904,865
Decreased by:			
Payments	A-4		<u>11,796,729</u>
Balance December 31, 2010:			
School Tax Payable	A	\$ 588,132	
School Tax Deferred		<u>5,520,004</u>	<u>\$ 6,108,136</u>
2010 Liability for Local District School Tax:			
Tax Paid			\$ 11,796,729
Tax Payable 12/31/10			<u>6,108,136</u>
			17,904,865
Less -- Tax Payable 12/31/09			<u>6,104,867</u>
Amount Charged to 2010 Operations	A-1		<u>\$ 11,799,998</u>

CURRENT FUND
SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX PAYABLE

A-15

	<u>REF.</u>			
Balance December 31, 2009:				
School Tax Payable	A	\$ 200,927		
School Tax Deferred		<u>3,324,282</u>	\$	3,525,209
Increased by:				
Levy - School Year July 1, 2010 to June 30, 2011	A-6			<u>6,454,332</u>
				9,979,541
Decreased by:				
Payments	A-4			<u>6,752,375</u>
Balance December 31, 2010:				
School Tax Payable	A	-		
School Tax Deferred		<u>\$ 3,227,166</u>	\$	<u>3,227,166</u>
2010 Liability for Regional District School Tax:				
Tax Paid			\$	6,752,375
Add -- Tax Payable 12/31/10				<u>3,227,166</u>
				9,979,541
50% of Levy Decrease-Reversal of Deferred School Tax				97,116
Less -- Tax Payable 12/31/09				<u>3,525,209</u>
Amount Charged to 2010 Operations	A-1		\$	<u><u>6,551,448</u></u>

CURRENT FUND
SCHEDULE OF MUNICIPAL OPEN SPACE TAX

A-16

	<u>REF.</u>	
Balance December 31, 2009	A	\$ 3,198
Increased by:		
Levy - 2010	A-1:A-6	\$ 681,414
Added Levy	A-1:A-6	<u>2,126</u>
		<u>683,540</u>
		686,738
Decreased by:		
Payments to Other Trust Fund	A-4	<u>\$ 686,738</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, 2009	A	\$ 5,989
Increased by:		
Received in Cash From State	A-4	<u>47,750</u> 53,739
Decreased by:		
Senior Citizens Deductions per Tax Billings		\$ 3,500
Veterans Deductions per Tax Billings		44,250
Sr and Vet Disallowed		<u>-</u> <u>47,750</u>
Balance December 31, 2010	A	<u>\$ 5,989</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR GARDEN STATE TRUST FUND

A-18

REF.

Balance December 31, 2009

A \$ 430

Decreased by:

 Anticipated as Revenue in 2010 Budget

A-2 \$ 430

CURRENT FUND
SCHEDULE OF FEDERAL/STATE GRANTS RECEIVABLE

A-19

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/09</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/10</u>
Clean Communities		\$ 21,055	\$ 21,055	
Body Armor Grant	\$ 1,226	768	1,716	\$ 278
Highlands Grants	54,508		30,025	24,483
Juvenile Accountability Incentive Block Grant	5,900		4,173	1,727
Totals	61,634	\$ 21,823	\$ 56,969	\$ 26,488
REF.	A	A-2	A-4	A

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS

A-20

	<u>BALANCE</u> <u>12/31/09</u>	TRANSFER FROM 2010 BUDGET <u>APPROPRIATIONS</u>	<u>EXPENDED</u>	<u>BALANCE</u> <u>12/31/10</u>
Clean Communities - CY 09		\$ 3,329	\$ 3,329	
Clean Communities - CY 10		21,055	7,360	\$ 13,695
Tonnage Grant	\$ 726	6,602	5,958	1,370
Storm Water Management Grant - 2008	6,452		2,665	3,787
Body Armor Replacement Fund		768	768	
US Forest Service Grant	236			236
Juvenile Accountability Block Grant	5,900		5,900	-
Hepatitis Grant				
Highlands Grants	34,900		34,900	-
Totals	\$ 48,214	\$ 31,754	\$ 60,880	\$ 19,088
	A	A-3	A-4	A

CURRENT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES FOR STATE GRANTS

A-21

	<u>BALANCE</u> <u>12/31/09</u>	<u>TRANSFER</u> <u>TO</u> <u>2010 BUDGET</u> <u>APPROPRIATIONS</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/10</u>
Clean Communities	\$ 3,329	\$ 3,329		-
Body Armor Replacement Fund			\$ 1,288	\$ 1,288
Recycling Grant	6,602	6,602		-
Totals	\$ 9,931	\$ 9,931	\$ 1,288	\$ 1,288
	A	A-20	A-4	A

CURRENT FUND
SCHEDULE OF RESERVE FOR TREES

	A-22
	<u>REF.</u>
Balance December 31, 2009	\$ 46,526
Decreased by:	
Expenditures	A-4 <u>1,170</u>
Balance December 31, 2010	A <u>\$ 45,356</u>

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

A-23

	<u>REF.</u>	
Balance December 31, 2009	A	\$ 87,150
Increased by:		
Receipts-Liens	A-5	\$ 50,065
Receipts-Premiums	A-5	<u>27,900</u>
		<u>77,965</u>
		165,115
Decreased by:		
Payments-Liens	A-4	50,065
Payments-Premiums	A-4	<u>35,000</u>
		<u>85,065</u>
Balance December 31, 2010	A	<u>\$ 80,050</u>
<u>Detail:</u>		
Tax Sale Premiums		\$ 80,050
Outside Liens		-
		<u>\$ 80,050</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR POLICE DONATIONS

A-24

REF.

Increased by:

Receipts

A-4 \$ 1,500
 1,500

Decreased by:

Expenses

A-4 222

Balance December 31, 2010

A \$ 1,278

CURRENT FUND
SCHEDULE OF RESERVE FOR ADDITIONAL AID TO FIRE COMPANIES

A-26

	<u>REF.</u>	
Balance December 31, 2009	A	<u>\$ 39,747</u>
Balance December 31, 2010	A	<u>\$ 39,747</u>

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

	A-27	
	<u>REF.</u>	
Balance December 31, 2009	A	\$ 25
Increased by:		
Receipts	A-4	<u>450</u>
		475
Decreased by:		
Expenditures	A-4	<u>375</u>
Balance December 31, 2010	A	<u>\$ 100</u>

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

A-28

	<u>REF.</u>	
Balance December 31, 2009	A	\$ 6,590
Increased by:		
Fees	A-4	<u>15,476</u>
		22,066
Decreased by:		
Payments - State of New Jersey	A-4	<u>18,071</u>
Balance December 31, 2010	A	<u>\$ 3,995</u>

TRUST FUND SCHEDULES

TRUST FUND
SCHEDULE OF CASH - TREASURER

B-2

		<u>DOG</u>		<u>OTHER</u>
<u>REF.</u>		<u>LICENSES</u>		<u>OTHER</u>
Balance December 31, 2009	B	\$ 577	\$	556,277
Increased by Receipts:				
Dog License Fees	B-3	12,101		
State Dog License Fees	B-4	1,722		
Amount Due Current Fund	B-5	26		
Amount Due Current Fund	B-7			3,197
Developers Escrow Deposits	B-8			172,746
Unemployment Trust	B-9			552
Whittemore Trust Deposits	B-10			47,258
Accumulated Leave Deposits	B-11			130,702
Developers Housing Deposits	B-12			49,775
Open Space Deposits	B-13			685,116
Outside Police Duty	B-14			1,963
Total Receipts		13,849		1,091,309
		14,426		1,647,586
Decreased by Disbursements:				
Administrative Expenses	B-3	11,668		
State Dog License Fees	B-4	1,717		
Amount Due Current Fund	B-7			2,000
Developers Escrow Deposits	B-8			189,929
Unemployment Trust	B-9			6,787
Whittemore Trust Deposits	B-10			45,246
Accumulated Leave Deposits	B-11			574
Developers Housing Deposits	B-12			21,790
Open Space Deposits	B-13			651,729
Outside Police Duty	B-14			6,319
Total Disbursements		13,385		924,374
Balance December 31, 2010	B	\$ 1,041	\$	723,212

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-3

	<u>REF.</u>		
Balance December 31, 2009	B	\$	195
Increased by:			
Transfer from Prepaid License Fees	B-6	\$	373
Dog License Fees Collected	B-2	12,101	12,474
			12,669
Decreased by:			
Administrative Expenses	B-2		11,668
Balance December 31, 2010	B	\$	1,001

LICENSE FEES COLLECTED

CY 2008	\$	13,128
CY 2009		11,425
		\$ 24,553

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

B-4

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 7
Increased by:		
Collected in 2010:		
State Board of Health Fees	B-2	<u>1,722</u> 1,729
Decreased By:		
Payments	B-2	<u>1,717</u>
Balance December 31, 2010	B	<u>\$ 12</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
DOG LICENSE FUND

B-5

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 2
Increased by:		
Interest Credits Due Current Fund	B-2	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border-top: 1px solid black; width: 40px; margin-right: 5px;"></div> 26 </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> 28 </div>
Balance December 31, 2010	B	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border-bottom: 3px double black; width: 40px; margin-right: 5px;"></div> 28 </div>

TRUST FUND
SCHEDULE OF RESERVE FOR PREPAID DOG LICENSE FEES

B-6

	<u>REF.</u>	
Balance December 31, 2009	B	<u>\$ 373</u>
Decreased by:		
Transfer to Reserve Fund	B-3	<u>\$ 373</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE OTHER FUNDS
OTHER TRUST FUND

B-7

	<u>REF.</u>	
Balance December 31, 2009	B	\$ (1,197)
Increased by:		
Current fund Transfer - Interfund Returned- Open Space	B-2	<u>3,197</u> 2,000
Decreased by:		
Current fund Transfer - Interfund Advanced - Whittemore Trust	B-2	<u>\$ 2,000</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DEVELOPERS ESCROW TRUST FUND DEPOSITS

B-8

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 242,041
Increased by:		
Escrow Deposits	B-2	<u>172,746</u>
		414,787
Decreased by:		
Escrow Refunds	B-2	<u>189,929</u>
Balance December 31, 2010	B	<u>\$ 224,858</u>

TRUST FUND
SCHEDULE OF RESERVE FOR UNEMPLOYMENT TRUST

B-9

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 50,036
Increased by:		
Receipts	B-2	<u> 552</u> 50,588
Decreased by:		
Quarterly Unemployment Charges	B-2	<u> 6,787</u>
Balance December 31, 2010	B	<u>\$ 43,801</u>

TRUST FUND
SCHEDULE OF RESERVE FOR WHITTEMORE TRUST DEPOSITS
TRUST DEPOSITS

B-10

	<u>REF.</u>	
Balance December 31, 2009	B	\$ (1,984)
Increased by:		
Escrow Deposits	B-2	<u>47,258</u>
		45,274
Decreased by:		
Escrow Refunds	B-2	<u>45,246</u>
Balance December 31, 2010	B	<u>\$ 28</u>

TRUST FUND
SCHEDULE OF RESERVE FOR ACCUMULATED LEAVE DEPOSITS

B-11

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 83,759
Increased by:		
Escrow Deposits	B-2	<u>130,702</u>
		214,461
Decreased by:		
Escrow Refunds	B-2	<u>574</u>
Balance December 31, 2010	B	<u>\$ 213,887</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DEVELOPERS HOUSING DEPOSITS

B-12

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 18,541
Increased by:		
Escrow Deposits	B-2	<u>49,775</u>
		68,316
Decreased by:		
Escrow Refunds	B-2	<u>21,790</u>
Balance December 31, 2010	B	<u>\$ 46,526</u>

TRUST FUND
SCHEDULE OF RESERVE FOR OPEN SPACE TRUST FUND

B-13

	<u>REF.</u>		
Balance December 31, 2009	B		\$ 160,164
Increased by:			
Open Space Levy	B-2	\$ 681,414	
Open Space Levy - Added	B-6	2,126	
Interest Credits	B-2	<u>1,576</u>	<u>685,116</u>
			845,280
Decreased by:			
Transfer to Current Fund-Anticipated Revenue for Op. Space Debt Service	B-2	650,000	
Open Space Expenses, net of Reimbursements	B-2	<u>1,729</u>	<u>651,729</u>
Balance December 31, 2010	B		<u>\$ 193,551</u>

TRUST FUND
SCHEDULE OF RESERVE FOR OUTSIDE POLICE DUTY DEPOSITS

B-14

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 4,358
Increased by:		
Police Deposits	B-2	<u>1,963</u> 6,321
Decreased by:		
Police Refunds	B-2	<u>6,319</u>
Balance December 31, 2010	B	<u>\$ 2</u>

TRUST FUND
SCHEDULE OF RESERVE FOR RUTHE MUELLER TRUST

B-15

	<u>REF.</u>	
Balance December 31, 2009	B	<u>\$ 559</u>
Balance December 31, 2010	B	<u>\$ 559</u>

GENERAL CAPITAL FUND SCHEDULES

GENERAL CAPITAL FUND
SCHEDULE OF CASH -TREASURER

C-2

	<u>REF.</u>		
Balance December 31, 2009	C		\$ 3,204,932
Increased by Receipts:			
Premiums Received on Bon Anticipation Notes	C-1	\$ 106,346	
Reimbursements received for Debt Service Reserve	C-13	141,532	
Reimbursement from Current Fund - Prior Year Interfund Balance	C-3	5,842	
Interfund Advanced from Current Fund	C-3	21,561	
Current Fund Budgeted Appropriation - Capital Improvement Fund	C-8	400,000	
Bond Anticipation Notes Issued	C-10	0	
Interest Credits	C-3	24,467	
			<u>699,748</u>
			3,904,680
Decreased by Disbursements:			
Capital Fund Balance Anticipated as Revenue-Current Fund Budget	C-1	162,000	
Payment to Current Fund for Interest Credits	C-3	24,467	
Prior Year Encumbrances Paid	C-7	32,459	
Cancelled Ordinance #08-2009 Due Sewer Utility Fund	C-11	6,609	
Improvements Authorizations Paid	C-11	<u>1,577,729</u>	
			<u>1,803,264</u>
Balance December 31, 2010	C		<u>\$ 2,101,416</u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-3

REF.

Balance December 31, 2009	C		\$ <u>(5,842)</u>
Increased by:			
Interest Credits	C-2	\$ 24,467	
Interfund Advanced from Current Fund	C-2	21,561	
Reimbursement from Current Fund - Prior Year Interfund Balance	C-2	<u>5,842</u>	<u>51,870</u>
			46,028
Decreased by:			
Payment of Interest Credits to Current Fund	C-2	24,467	
Deferred Charges Appropriated in Current Fund Budget	C-6	<u>110,353</u>	<u>134,820</u>
Balance December 31, 2010	C		\$ <u><u>(88,792)</u></u>

GENERAL CAPITAL FUND
SCHEDULE OF ACCOUNTS RECEIVABLE

C-4

REF.

Balance December 31, 2009	C	\$ 150,000
Increased by:		
State Road Allotments - Ordinance #06-2010	C-11	<u>163,000</u>
Balance December 31, 2010	C	<u>\$ 313,000</u>

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

	<u>REF.</u>	C-5
Balance December 31, 2009	C	\$ 12,827,514
Decreased by:		
2010 Budget Appropriations - Loans Payable	C-9	\$ 187,575
2010 Budget Appropriations - Bond Principal	C-12	<u>787,000</u> <u>974,575</u>
Balance December 31, 2010	C	<u>\$ 11,852,939</u>

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

C-6

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE 12/31/09	BUDGET APPROPRIATION DEFERRED CHARGES	BALANCE 12/31/10	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	1,187,000	-
21-2001	Various Road Improvements	40	40	-		-
16-2003	Acquisition of Easement in Real Property	915,764	42,664	873,100	702,443	170,657
22-2003	Purchase of Parcels of Real Estate	1,774,897	47,700	1,727,197	1,536,399	190,798
23-2003	Purchase of First Aid Squad Building	111,776	3,749	108,027	93,031	14,996
15-2005	Various Improvements	520,897	16,200	504,697	439,897	64,800
17-2005	Acquisition of Easement in Real Property	232,125		232,125	232,125	-
05-2006 (Amended by 03-2007)	Acquisition of Easements in Real Estate	892,646		892,646	892,646	-
07-2006	Various Improvements	677,226		677,226	677,226	-
14-2006	Acquisition of Easements in Real Property	1,410,750		1,410,750	1,410,750	-
06-2007	Acquisition of Easements in Real Property	758,370		758,370	758,370	-
07-2007	Various Capital Improvements	2,619,294		2,619,294	2,619,294	-
		\$ 11,151,270	\$ 110,353	\$ 11,040,917	\$10,549,181	\$491,736
	REF.	C	C-3	C		

GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBRANCES

C-7

	<u>REF.</u>	
Balance December 31, 2009	C	\$ 32,459
Increased by:		
Improvement Authorization Purchase Orders Issued	C-11	<u>118,851</u> 151,310
Decreased by:		
Canceled	C-11	
Payment of Prior Year Encumbrances	C-2	<u>32,459</u> <u>32,459</u>
Balance December 31, 2010	C	<u>\$ 118,851</u>

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-8

	<u>REF.</u>	
Balance December 31, 2009	C	\$ 532,910
Increased by:		
2010 Budget Appropriations	C-2	<u>400,000</u>
		932,910
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-11	<u>777,000</u>
Balance December 31, 2010	C	<u>\$ 155,910</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 12/31/09</u>	<u>DECREASED</u>	<u>BALANCE 12/31/10</u>
New Jersey Green Trust Loan Program Department of Environmental Protection	1991	2011-2011	\$133,427 to \$69,077	2.0%	\$ 205,187	\$ 136,110	\$ 69,077
New Jersey Green Trust Loan Program Department of Environmental Protection	1991	2011-2021	\$24,124 to \$30,631	2.0%	330,245	24,609	305,636
New Jersey Wastewater Treatment Trust Loan Program Department of Environmental Protection	11/1/1995	2011-2015	\$10,000 to \$15,000	None	90,000	15,000	75,000
New Jersey Wastewater Treatment Fund Loan Program New Jersey Environmental Infrastructure Trust	11/1/1995	2011-2015	\$9,158 to \$11,389	4.0% to 5.5%	64,082	11,856	52,226
					\$ 689,514	\$ 187,575	\$ 501,939

REF.

C

C-5

C

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

C-10

ORDINANCE NO.	<u>IMPROVEMENT DESCRIPTION</u>	DATE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE <u>12/31/09</u>	BALANCE <u>12/31/10</u>
16-2003	Acquisition of Easement in Real Property	11/19/03	6/23/10	6/23/11	1.50%	\$ 702,443	\$ 702,443
22-2003	Purchase of Parcels of Real Estate	11/19/03	6/23/10	6/23/11	1.50%	1,536,399	1,536,399
23-2003	Purchase of First Aid Squad Building	11/19/03	6/23/10	6/23/11	1.50%	93,031	93,031
19-2005	Various Improvements	6/17/09	6/23/10	6/23/11	1.50%	1,187,000	1,187,000
15-2005	Various Capital Improvements	8/09/05	6/23/10	6/23/11	1.50%	439,897	439,897
17-2005	Acquisition of Easement in Real Property	8/09/05	6/23/10	6/23/11	1.50%	232,125	232,125
5-2006	Acquisition of Easements in Real Estate	8/09/05	6/23/10	6/23/11	1.50%	563,371	563,371
7-2006	Various Capital Improvements	8/09/05	6/23/10	6/23/11	1.50%	677,226	677,226
14-2006	Acquisition of Easements in Real Estate	10/16/07	6/23/10	6/23/11	1.50%	1,410,750	1,410,750
05-2006 (Amended by 3- 2007)	Acquisition of Easements in Real Estate	10/16/07	6/23/10	6/23/11	1.50%	329,275	329,275
06-2007	Acquisition of Easements in Real Estate	10/16/07	6/23/10	6/23/11	1.50%	758,370	758,370
07-2007	Various Capital Improvements	10/16/07	6/23/10	6/23/11	1.50%	2,619,294	2,619,294
						<u>\$ 10,549,181</u>	<u>\$ 10,549,181</u>

REF.

C

C

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-11

<u>IMPROVEMENT DESCRIPTION</u>	<u>NO.</u>	<u>ORDINANCE</u>		<u>BALANCE 12/31/09</u>		<u>CAPITAL IMPROVEMENT FUND</u>	<u>STATE ROAD ALLOTMENTS</u>	<u>CANCELED</u>	<u>PAID OR CHARGED</u>	<u>BALANCE 12/31/10</u>	
		<u>DATE</u>	<u>AMOUNT</u>	<u>FUNDED</u>	<u>UNFUNDED</u>					<u>FUNDED</u>	<u>UNFUNDED</u>
Acquisition of Easements in Real Estate	14-2006	7/25/06	1,500,000		\$ 710,217			\$ 382,271	\$ 185,946		\$ 142,000
Open Space Acquisition and Emergency Service Com	16-2006	9/12/06	310,000	\$ 24,045						\$ 24,045	-
Acquisition of Easements in Real Estate	06-2007	5/22/07	806,350		561,274			240,007	178,267		143,000
Various Capital Improvements	07-2007	5/22/07	3,085,000		487,696				290,204		197,492
Hunter's Glen Generator, Road, Stormwater, Athletic Fields Improvements, Rescue Squad Irrigation Equip., Munic. Bldg Impr, Fire Equip	09-2008	5/13/08	1,143,418	102,163					102,163		-
Oldwick Sewer Improvements	08-2009	5/12/09	45,000	6,609				6,609			-
Road & Stormwater Improvements; Equipment Acquisition	06-2010	6/08/10	940,000			\$ 777,000	\$ 163,000		940,000		-
				\$ 132,817	\$ 1,759,187	777,000	\$ 163,000	\$ 628,887	\$ 1,696,580	\$ 24,045	\$ 482,492
REF.				C	C	C-8	C-4	C-2		C	C

Capital Fund Balance	C-1	\$ 622,278	
Cash Disbursements	C-2	6,609	\$ 1,577,729
Encumbrances	C-7	-	118,851
		<u>\$ 628,887</u>	<u>\$ 1,696,580</u>

GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

C-12

<u>PURPOSE</u>	<u>DATE</u> <u>ORIGINAL</u> <u>ISSUE</u>	<u>ORIGINAL</u> <u>ISSUE</u>	<u>MATURITY OF</u> <u>OUTSTANDING BONDS</u> <u>DATE</u>	<u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>BALANCE</u> <u>12/31/09</u>	<u>DECREASED</u>	<u>BALANCE</u> <u>12/31/10</u>
Refunding Bonds of 2005	6/30/05	\$ 5,485,000	8/1/11	460,000	3.250%	\$ 4,890,000	420,000	\$ 4,470,000
			8/1/12	310,000	4.500%			
			8/1/12 *	145,000	3.375%			
			8/1/13	500,000	4.500%			
			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			
1/1/12	137,000	4.000%						
1/1/13	143,000	4.000%						
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	1/1/11	250,000	4.000%	5,721,000	240,000	5,481,000
			1/1/12	260,000	4.000%			
			1/1/13	275,000	4.000%			
			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%			
			1/1/24 *	1,590,000	3.950%			
			1/1/26 *	866,000	4.050%			
\$ 12,138,000						\$ 787,000	\$ 11,351,000	

C

C-5

C

* - Term Bond

GENERAL CAPITAL FUND
SCHEDULE OF VARIOUS RESERVES

C-13

<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/09</u>	<u>INCREASED</u>	<u>BALANCE</u> <u>12/31/10</u>
Municipal Facilites	\$ 74		\$ 74
Offsite/Ontract Improvements	5,000		5,000
Debt Service	1,337,642	\$ 141,532	1,479,174
	<u>\$ 1,342,716</u>	<u>\$ 141,532</u>	<u>\$ 1,484,248</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, 2009	D	\$ 51,094		\$ 13,018
Increased by Receipts:				
Water Rents	D-5	\$ 68,291		
Capital Improvement Fund	D-3		\$ 10,000	
Interfunds Returned from Operating Fund	D		82	
Interest on Investment income	D-2	<u>1,879</u>	<u>70,170</u>	<u>10,082</u>
			121,264	23,100
Decreased by Disbursements:				
2009 Appropriation Reserve	D-7	4,681		
Interfund Advance	D-1	584		
2010 Appropriations	D-3	<u>81,737</u>	<u>87,002</u>	<u>-</u>
			-	-
Balance December 31, 2010	D	<u>\$ 34,262</u>		<u>23,100</u>

OLDWICK

	<u>REF.</u>	<u>OPERATING</u>		<u>CAPITAL</u>
Balance December 31, 2009	D	\$ 73,218		\$ 65,689
Increased by Receipts:				
Water Rents	D-5	\$ 107,758		
Capital Improvement Fund	D-3		\$ 20,000	
Interfunds Returned from Operating Fund	D		311	
To Finance Improvement Authorizations	D-10		6,609	
Interest on Investment income	D-2	<u>123</u>	<u>107,881</u>	<u>26,920</u>
			181,099	92,609
Decreased by Disbursements:				
2009 Appropriation Reserve	D-7	4,525		
Interfund Advance	D-1	1,863		
2010 Appropriations	D-3	<u>135,945</u>	<u>142,333</u>	<u>-</u>
			-	-
Balance December 31, 2010	D	<u>\$38,766</u>		<u>\$92,609</u>

SEWER UTILITY FUND
SCHEDULE OF CASH - COLLECTOR

D-5

	<u>REF.</u>	HUNTERS <u>GLEN</u>	<u>OLDWICK</u>	<u>TOTAL</u>
Increased by Receipts:				
Prepaid Rents	D	\$ 1,601	\$ 360	\$ 1,961
Consumer Accounts Receivable Collections	D-6	<u>66,690</u>	<u>107,398</u>	<u>174,088</u>
		68,291	107,758	176,049
Decreased by Disbursements:				
Payment to Treasurer	D-4	<u>\$ 68,291</u>	<u>\$ 107,758</u>	<u>\$ 176,049</u>

SEWER UTILITY FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

D-6

	<u>REF.</u>	<u>HUNTERS</u>			<u>TOTAL</u>
		<u>GLEN</u>	<u>OLDWICK</u>		
Balance December 31, 2009	D	\$ 326	\$ 2,019		\$ 2,345
Increased by:					
Water Rents Levied		<u>66,366</u>	<u>109,588</u>		<u>175,954</u>
		66,692	111,607		178,299
Decreased by:					
Pre-Paid in 2009	D-2		1,381		1,381
Collection	D-2:5	<u>66,690</u>	<u>107,398</u>		<u>174,088</u>
		66,690	108,779		175,469
Balance December 31, 2010	D	<u>\$ 2</u>	<u>\$ 2,828</u>		<u>\$ 2,830</u>

SEWER UTILITY FUND
SCHEDULE OF APPROPRIATION RESERVES - 2009

D-7

HUNTER'S GLEN

	<u>BALANCE</u> <u>12/31/09</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	\$ 1,671	\$ 1,671		\$ 1,671
Other Expenses	16,087	16,087	\$ 4,681	11,406
TOTALS	<u>\$ 17,758</u>	<u>\$ 17,758</u>	<u>\$ 4,681</u>	<u>\$ 13,077</u>

REF. D D-4 D-1

Appropriation Reserves	\$ 11,180
Encumbrances	<u>6,578</u>
	<u>\$ 17,758</u>

OLDWICK

	<u>BALANCE</u> <u>12/31/09</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Salaries and Wages	\$ 2,899	\$ 2,899		\$ 2,899
Other Expenses	30,037	30,037	\$ 4,525	25,512
TOTALS	<u>\$ 32,936</u>	<u>\$ 32,936</u>	<u>\$ 4,525</u>	<u>\$ 28,411</u>

REF. D D-4 D-1

Appropriation Reserves	\$ 21,999
Encumbrances	<u>10,937</u>
	<u>\$ 32,936</u>

SEWER UTILITY FUND
SCHEDULE OF FIXED CAPITAL
DECEMBER 31, 2010

D-8

	<u>Balance December 31, 2009</u>		<u>FIXED CAPITAL</u> <u>ADDITIONS</u>	<u>Balance December 31, 2010</u>	
	<u>Hunters Glen</u>	<u>Oldwick</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 12/31/09</u>	<u>BALANCE 12/31/010</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

<u>ORDINANCE NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>BALANCE FUNDED 12/31/09</u>	<u>AUTHORIZATIONS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE FUNDED 12/31/10</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
			\$ 20,000	6,609	-	\$ 26,609
	REF.		D	D-4	D-4	D

D-10

SEWER UTILITY FUND
SCHEDULE OF SEWER CAPITAL IMPROVEMENT FUND

D-11

	<u>REF.</u>	HUNTERS <u>GLEN</u>	<u>OLDWICK</u>	<u>TOTAL</u>
Balance December 31, 2009	D	\$ 13,100	\$ 46,000	\$ 59,100
Increased by:				
2010 Budget Appropriation	D-3	<u>10,000</u>	<u>20,000</u>	<u>30,000</u>
		23,100	66,000	89,100
Decreased by:				
Appropriation to Finance Improvement Authorizations	C-11	<u>-</u>	<u>-</u>	<u>-</u>
Balance December 31, 2010	D	<u>\$ 23,100</u>	<u>\$ 66,000</u>	<u>\$ 89,100</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, 2009	D	\$ 36,000	\$ 770,559	\$ 806,559
Increased by:				
General Electric Loan Paid by Sewer Operating Budget	D-3	-	12,772	12,772
		<u>36,000</u>	<u>783,331</u>	<u>819,331</u>
Balance December 31, 2010	D	<u>\$ 36,000</u>	<u>\$ 783,331</u>	<u>\$ 819,331</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 12/31/09</u>	<u>BALANCE 12/31/10</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, 2009	D	\$160,556
Decreased by:		
Principal Payments	D-12	<u>12,772</u>
Balance December 31, 2010	D	<u>\$147,784</u>

Schedule of Principal and Interest Payments

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 13,418	\$ 6,192	\$ 19,610
2012	14,098	5,460	19,558
2013	14,812	4,692	19,504
2014	15,561	3,884	19,445
2015	16,349	3,036	19,385
2016	17,177	2,145	19,322
2017	18,046	1,208	19,254
2018	18,960	1,280	20,240
2019	19,363	1,208	20,571
	<u>\$ 147,784</u>	<u>\$ 29,105</u>	<u>\$ 176,889</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, 2009	E	\$ 8,585	\$ 8,585
Increased by Receipts:			
Interest Credits		67	67
Total Receipts		67	67
		8,652	8,652
Balance December 31, 2010	E	\$ 8,652	\$ 8,652

SCHEDULE OF GENERAL FIXED ASSETS

GENERAL FIXED ASSETS
SCHEDULE OF ADDITIONS AND DELETIONS
DECEMBER 31, 2010

F-1

	<u>BALANCE</u> <u>12/31/09</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/10</u>
General Fixed Assets:				
Land and Buildings	\$ 36,420,685	\$ 654,417		\$ 37,075,102
Machinery and Equipment	8,381,033	1,042,163		9,423,196
Total General Fixed Assets	<u>\$ 44,801,718</u>	<u>1,696,580</u>	<u>-</u>	<u>\$ 46,498,298</u>
 Investment In General Fixed Assets	 <u>\$ 44,801,718</u>	 <u>\$1,696,580</u>	 <u>-</u>	 <u>\$ 46,498,298</u>

**PART III
SUPPLEMENTARY INFORMATION**

GENERAL COMMENTS

SCHEDULE OF FEDERAL/STATE AWARDS

STATUS OF PRIOR AUDIT FINDINGS

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS-
GENERAL FINDINGS**

GENERAL COMMENTS

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, 2010, the bid threshold in accordance with N.J.S.A.40A:11-3(c) (as amended) is increased to \$26,000.

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 1, 2010, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"On all delinquents to and including December 31, 2009, at the rate or rates heretofore governing, and on all delinquents on and after January 1, 2010, at the rate of 8% per annum for and upon the first \$1,500 of the delinquency, the rate of 18% per annum for and upon any amount of the delinquency in excess of \$1,500, and the rate of 6% per annum for and upon any amount in excess of \$10,000; and that a grace period of 10 days will be allowed on taxes due February 1, May 1, August 1, and November 1. If taxes are not paid by the 10th, interest shall be charged from the due date.

The governing body, on January 1, 2010 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, 2010, include real property taxes from the 2010, 2009, 2008, 2007, 2006 and 2005 tax levy.

The last tax sale was held on October 28, 2010 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>
2010	8
2009	8
2008	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 17, 2010. 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 17, 2010-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>
2010 Property Tax	Positive	3,150	100	34
2011 Property Tax	Positive	3,150	100	34
2010 Delinquent Tax	Negative	348	25	9

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 2010 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 2010</u>	<u>%</u>	<u>YEAR 2009</u>	<u>%</u>
Fund Balance Utilized	\$ 3,368,000	9.49%	\$ 3,368,000	9.18%
Miscellaneous - From Other Than				
Local Property Tax Levies	2,386,426	6.72%	3,021,576	8.24%
Collection of Delinquent Taxes and				
Tax Title Liens	437,513	1.23%	420,896	1.15%
Collection of Current Tax Levy	<u>29,303,277</u>	<u>82.56%</u>	<u>29,860,845</u>	<u>81.43%</u>
Total Income	<u>35,495,216</u>	<u>100.00%</u>	<u>36,671,317</u>	<u>100.00%</u>

EXPENDITURES

Budget Expenditures:				
Municipal Purposes	8,088,488	24.13%	9,040,136	25.74%
County Taxes	6,289,686	18.76%	6,452,187	18.37%
Local and Regional Taxes	18,351,446	54.74%	18,857,539	53.70%
Municipal Open Space Tax	683,540	2.04%	682,934	1.94%
Deferred Charges	110,353	0.33%	-	0.00%
Other Expenditures	<u>1,162</u>	<u>0.00%</u>	<u>83,648</u>	<u>0.24%</u>

Total Expenditures	<u>\$33,524,675</u>	<u>100.00%</u>	<u>\$35,116,444</u>	<u>100.00%</u>
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Excess (Deficit) Revenue Over Expenditures	1,970,541		1,554,873	
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Fund Balance January 1	7,868,209		9,681,336	
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Less:

Utilization as Anticipated Revenue	<u>3,368,000</u>		<u>3,368,000</u>	
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Fund Balance December 31	<u>\$ 6,470,750</u>		<u>\$ 7,868,209</u>	
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COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-
SEWER UTILITY FUND

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2010</u>	<u>%</u>	<u>YEAR 2009</u>	<u>%</u>
Operating Surplus	\$ 56,187	20.41%	\$ 59,799	22.84%
Rents	175,469	63.75%	183,569	70.10%
Miscellaneous	2,002	0.73%	7,078	2.70%
Other Credits to Income	<u>41,570</u>	<u>15.10%</u>	<u>11,415</u>	<u>4.36%</u>
Total Income	275,228	100.00%	261,861	100.00%

EXPENDITURES

Budget Expenditures:				
Operating	<u>243,623</u>	100.00%	<u>241,199</u>	100.00%
Excess in Revenue	31,605		20,662	
Fund Balance January 1	71,844		110,981	
Less:				
Utilization as Anticipated Revenue	<u>56,187</u>		<u>59,799</u>	
Fund Balance December 31	<u>\$ 47,262</u>		<u>\$ 71,844</u>	

Comparative Schedule of Tax Rate Information

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Tax Rate</u>	<u>\$2.172</u>	<u>\$2.221</u>	<u>\$2.187</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$0.325	\$0.311	\$0.311
Municipal Open Space Tax	\$0.050	\$0.050	\$0.050
County	\$0.459	\$0.474	\$0.477
Local School	\$0.865	\$0.868	\$0.859
Regional High School	\$0.473	\$0.518	\$0.490

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2010	\$1,364,689,619
2009	\$1,359,471,715
2008	\$1,355,876,883

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>
2010	\$29,735,461	\$29,303,277	98.54%
2009	\$30,336,059	\$29,860,845	98.43%
2008	\$29,795,288	\$29,372,007	98.57%

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>
2010	\$38,940	\$315,400	\$354,340	1.19%
2009	\$36,616	\$427,538	\$464,154	1.53%
2008	\$37,345	\$415,486	\$452,831	1.52%

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2010 by foreclosure or deed as a result of liquidation of tax title liens.

Comparative Schedule of Fund Balances

<u>Current Fund</u>		Utilized	
<u>Year</u>	<u>Balance</u> <u>December 31</u>	<u>In Budget of Succeeding Year</u>	
		<u>Regular</u>	
2010	\$ 6,470,750	\$	2,368,000
2009	\$ 7,868,209	\$	3,368,000
2008	\$ 9,681,336	\$	3,368,000
2007	\$ 11,641,950	\$	2,772,454
2006	\$ 12,315,259	\$	1,504,884

Sewer Utility Fund

2010	\$ 47,262	\$	27,150
2009	\$ 71,844	\$	56,187
2008	\$ 110,981	\$	59,799
2007	\$ 132,309	\$	52,999
2006	\$ 146,190	\$	31,838

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</u> <u>Bond</u>	<u>Name</u> <u>Of Corporate Surety</u>
Robert Hoffman	Mayor		
Peter Melick	Committeeperson		
Dana Desiderio	Committeeperson		
Shaun C. Van Doren	Committeeperson		
William Voyce	Committeeperson		
Jesse W. Landon	Administrator		
Roberta Brassard	Township Clerk; Assessment Search Officer		
Katherine Winzenreid	Tax Collector; Sewer Collector; Tax Search Officer	\$250,000	Blanket Coverage; Statewide Insurance Fund

<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	Blanket Coverage; Statewide Insurance Fund
Ann Marie Obiedzinski	Assessor		
Michael Selvaggi	Attorney		
Charles Rogers	Construction Official		
Allen Layton	Fire Sub-Code Official		
Robert O'Conner	Plumbing Sub-Code Official		
Shana L. Goodchild	Land Use Administrator		
Bonnie McCarthy	Land Use Clerk/Planning Board Secretary		
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>
2010	\$155,340

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.

SCHEDULE OF FEDERAL/STATE AWARDS

SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010
N/A

SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

STATE GRANTOR/ PROGRAM TITLE	ACCOUNT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/10	RECEIPTS PROGRAM	OTHER	DISBURSEMENTS	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/10	
<u>DEPT. OF LAW AND PUBLIC SAFETY</u>										
Body Armor Grant	N/A	\$ 2,056	2010	A		\$ 1,778		\$ 768	\$ 1,010	
Body Armor Grant	N/A		2008	A	\$ (1,226)	1,226				
<u>DEPT. OF ENVIR. PROTECTION</u>										
Solid Waste Admin.-Clean Communities Program	4900-765-178900	21,055	2010 2009	A A		21,055 3,329		7,360 3,329	13,695	
Storm Water Management Grant	N/A	N/A	2006	A	6,452			2,665	3,787	
Recycling Tonnage Grant			2010 2008	A A				5,958	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	8,585	67			8,652	
<u>OTHER STATE AIDS</u>										
US Forest Service Grant	N/A	N/A	N/A	A	236				236	
Juvinile Accountability Block Grant	N/A	N/A	N/A	A		4,173		5,900	(1,727)	
Highlands Grant	N/A	N/A	N/A	A	(19,608)	30,025		34,900	(24,483)	
TOTAL STATE ASSISTANCE						\$ 5,096	\$ 58,324	\$ -	\$ 60,880	\$ 2,540

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 RECOMMENDATIONS-
GENERAL FINDINGS

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

GENERAL FINDINGS

Reportable Conditions

Segregation of Duties:

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

Certain functions are handled by one person. While this situation is not unusual in operations the size of the municipality, management should be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. In order to mitigate segregation of duties control risk, the municipality has segregated the check signing and purchase order issuance functions.

My audit did not reveal any errors or irregularities resulting from lack of segregation of employees duties and responsibilities.

Findings and Recommendations

N/A

(*) Prior Year Finding