

**TOWNSHIP OF STILLWATER
COUNTY OF SUSSEX
STATE OF NEW JERSEY**

**REPORT OF AUDIT
DECEMBER 31, 2011**

TOWNSHIP OF STILLWATER

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PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2011

AUDITORS' REPORTS



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Stillwater
County of Sussex, New Jersey

I have audited the accompanying balance sheets-statutory basis of the various funds of the Township of Stillwater as of December 31, 2011 and 2010, and the related statements of operations and changes in fund balance-statutory basis for the years then ended and the related statement of revenues-statutory basis and statement of expenditures-statutory basis of the various funds for the years then ended. These financial statements are the responsibility of the Township of Stillwater'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 Stillwater 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.

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 Stillwater at December 31, 2011, and 2010, or the results of its operations.

-Continued-

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 Stillwater, as of December 31, 2011 and 2010, and the results of operations and changes in fund balance-statutory basis of such funds for the years then ended and the statement of revenues-statutory basis and statement of expenditures-statutory basis of the various funds for the years the ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued my report dated May 1, 2012, on my consideration of the Township of Stillwater'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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Stillwater's financial statements as a whole. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole, on the basis of accounting described in Note 1 to the financial



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May 1, 2012



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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 Stillwater
County of Sussex, New Jersey
Newton, New Jersey 07860

We have audited the financial statements of the Township of Stillwater in the County of Sussex, State of New Jersey, as of and for the fiscal year ended December 31, 2011 and 2010, and have issued our report thereon dated May 1, 2012, 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

Management of the municipality is responsible for establishing and maintaining effective 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and recommendations, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

-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. We consider the deficiencies described in the accompanying schedule of findings and recommendations, as findings 2011-1, 2011-2, 2011-3 and 2011-6 to be material weaknesses.

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.



Anthony Ardito
Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
May 1, 2012

FINANCIAL STATEMENTS

COMPARATIVE BALANCE SHEET

A
Sheet 1

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
ASSETS			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ 2,578,477	\$ 1,903,995
Change Funds	A-4	150	150
Due from State of New Jersey - Veterans and Sr. Citizens Deductions	A-6	<u>12,044</u>	<u>12,044</u>
Subtotal		<u>2,590,671</u>	<u>1,916,189</u>
Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	325,956	424,400
Tax Title Liens Receivable	A-8	141,123	95,219
Property Acquired for Taxes - Assessed Valuation	A-9	1,492,600	1,492,600
Revenue Accounts Receivable	A-10	848	493
Other Accounts Receivable	A	2,733	0
Due from Dog Trust Fund	B	9,727	4,418
Due from Other Trust	B	<u>335</u>	<u>-</u>
Subtotal		<u>1,973,322</u>	<u>2,017,130</u>
Deferred Charges:			
Overexpended Appropriation Reserves	A-11	102,194	
Emergency Authorization 40A:4-47	A-24	<u>69,995</u>	<u>78,940</u>
		<u>172,189</u>	<u>78,940</u>
Subtotal		<u>4,736,182</u>	<u>4,012,259</u>
Federal And State Grant Fund:			
Cash - Treasurer	A-4	182,176	-
Amount Due from Current Fund	A	10,160	19,496
Amount Due from General Capital Fund	C	-	150,000
Federal & State Accounts Receivable	A-22	<u>67,104</u>	<u>67,104</u>
Subtotal		<u>259,440</u>	<u>236,600</u>
TOTAL ASSETS		<u>\$ 4,995,622</u>	<u>\$ 4,248,859</u>

COMPARATIVE BALANCE SHEET

A
Sheet 2

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Appropriation Reserves	A-3:11	\$ 420,648	\$ 283,976
Reserve for Encumbrances	A-12	21,934	340,849
Amount Due to Federal and State Grant Fund	A	10,160	19,496
Amount Due to Other Trust Funds	B	110,300	2,218
Amount Due to General Capital Fund	C	288,050	43,868
Taxes Collected in Advance	A-13	41,443	81,174
Amount Due County for Added Taxes	A-17	-	4,676
Reserve for Garden State Trust	A-19	64,272	64,272
Reserve for Sale of Municipal Assets	A-20	30,741	30,741
Reserve for Master Plan	A-21	37,088	37,088
Amount Due to Municipal Open Space Trust Fund	A-25	12,527	24
Water District Taxes Payable	A-26	<u>4,004</u>	<u>-</u>
Subtotal		1,041,167	908,382
Reserve for Receivables and Other Assets	A	1,973,322	2,017,130
Fund Balance	A-1	<u>1,721,693</u>	<u>1,086,747</u>
Subtotal		<u>4,736,182</u>	<u>4,012,259</u>
Federal And State Grant Fund:			
Appropriated Reserves	A-23	<u>259,440</u>	<u>236,600</u>
Subtotal		<u>259,440</u>	<u>236,600</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 4,995,622</u>	<u>\$ 4,248,859</u>

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE

A-1

	<u>REF.</u>	<u>YEAR</u> <u>2011</u>	<u>YEAR</u> <u>2010</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 538,200	\$ 550,920
Miscellaneous Revenue Anticipated	A-2	653,557	966,057
Receipts from Delinquent Taxes	A-2	421,421	409,327
Receipts from Current Taxes	A-2	11,385,818	11,026,961
Non-Budget Revenues	A-2	34,399	49,014
Other Credits to Income:			
Voided Checks	A-4		927
Interfunds Realized	A-4	33,485	467
Prior Year Encumbrances Canceled	A-12	340,799	-
Unexpended Balance of Appropriation Reserves	A-11	<u>254,416</u>	<u>320,820</u>
Total Income		<u>13,662,095</u>	<u>13,324,493</u>
EXPENDITURES			
Budget and Emergency Appropriations:			
Appropriations Within "CAP":			
Operations:			
Salaries and Wages	A-3	606,776	776,103
Other Expenses	A-3	1,463,677	1,345,828
Deferred Charges and Statutory Expenditures	A-3	266,900	204,849
Appropriations Excluded from "CAP":			
Operations:			
Other Expenses	A-3	144,296	138,402
Capital Improvements	A-3	93,000	287,000
Municipal Debt Service	A-3	124,049	185,059
Deferred Charges and Statutory Expenditures	A-3	153,270	181,020
County Taxes	A-17	2,402,326	2,339,102
Amount Due County for Added and Omitted Taxes	A-17	2,070	4,676
Local District School Taxes	A-15	3,787,201	3,701,636
Regional High School Taxes	A-16	3,332,965	3,231,871
Municipal Open Space Taxes	A-25	12,503	12,512
Water District Taxes	A-7	104,741	104,741
Interfunds Advanced	A-4	892	8,517
Refund of Prior Year Revenue	A-4	<u>64,278</u>	<u>72</u>
Total Expenditures		<u>12,558,944</u>	<u>12,521,388</u>
Excess in Revenue		1,103,151	803,105
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	<u>69,995</u>	<u>-</u>
Statutory Excess To Fund Balance		1,173,146	803,105
Fund Balance January 1	A	<u>1,086,747</u>	<u>834,562</u>
		2,259,893	1,637,667
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>538,200</u>	<u>550,920</u>
Fund Balance December 31	A	<u>\$1,721,693</u>	<u>\$1,086,747</u>

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 1

		<u>ANTICIPATED</u>			
	<u>REF.</u>	<u>BUDGET</u>	<u>N.J.S. 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS OR DEFICIT</u>
Fund Balance Anticipated	A-2	\$ 538,200		\$ 538,200	-
Miscellaneous Revenues:					
Local Revenues:					
Licenses:					
Alcoholic Beverages	A-10	1,900		300	\$ (1,600)
Fees and Permits	A-10	73,000		100,957	27,957
Fines and Costs:					
Municipal Court	A-10	14,500		5,102	(9,398)
Interest and Costs On Taxes	A-5	76,000		85,173	9,173
Interest on Investments	A-10	6,000		2,767	(3,233)
Total Local Revenues		171,400		194,299	22,899
State Aid:					
Consolidated Municipal Property Tax Relief Aid	A-10	22,418		22,418	
Energy Receipts Tax	A-10	255,313		255,313	
Garden State Trust Fund	A-19	64,272		64,272	
Total State Aid		342,003		342,003	
Uniform Construction Code Fees	A-10	50,000		74,935	24,935

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 2

		<u>ANTICIPATED</u>			
	<u>REF.</u>	<u>BUDGET</u>	<u>N.J.S. 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS OR DEFICIT</u>
Special Items Of Revenue Anticipated With Prior Written Consent of Local Government Services- Public and Private Revenues:					
Clean Communities Program	A-22	12,920		12,920	
Municipal Alliance on Alcoholism & Drug Abuse	A-22	13,354		13,354	
Energy Efficiency and Conservation Grant	A-22		15,883	15,883	
Total Special Items Of Revenues		26,274	15,883	42,157	-
Other Special Items:					
Uniform Fire Safety Act	A-10	2,500		163	(2,337)
Total Other Special Items		2,500		163	(2,337)
Total Miscellaneous Revenue	A-2	592,177	15,883	653,557	45,497
Receipts From Delinquent Taxes	A-2	270,000		421,421	151,421
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax For Municipal Purposes	A-2	2,107,989		2,486,255	378,266
Total General Revenues		3,508,366	15,883	4,099,433	575,184
Other Non-Budget Revenues	A-2			34,399	34,399
		\$ 3,508,366	\$ 15,883	\$ 4,133,832	\$ 609,583

A-3

A-3

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 3

ANALYSIS OF REALIZED REVENUES

REF.

Allocation Of Current Tax Collections:		
Revenue from Collections	A-7	\$ 11,337,818
State of New Jersey, Senior Citizens and Veterans Deductions	A-7	<u>48,000</u>
	A-1	11,385,818
Allocated To:		
School, County, Water District and Municipal Open Space Taxes	A-7	<u>9,641,804</u>
Balance for Support Of Municipal Budget Appropriations		1,744,014
Add by: Appropriation "Reserve For Uncollected Taxes"	A-3	<u>742,241</u>
Amount For Support Of Municipal Budget Appropriations	A-2	<u>\$ 2,486,255</u>

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 4

ANALYSIS OF NON-BUDGET REVENUES REF.

Miscellaneous Revenue Not Anticipated:		
Collector	\$ 1,082	
Miscellaneous	<u>33,317</u>	<u>\$ 34,399</u>

A-4

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 1

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>	<u>EXPENDED</u>			<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>RESERVED</u>	<u>BALANCES</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>		<u>CANCELLED</u>
GENERAL GOVERNMENT FUNCTIONS:					
General Administration:					
Salaries and Wages	\$ 42,195	\$ 43,430	\$ 43,429	\$ 1	
Other Expenses:					
Other Professional, Consultant & Spec.Services	10,000	10,000	10,000		
Miscellaneous Other Expenses	25,750	31,670	31,525	145	
Mayor and Council:					
Salaries and Wages	17,885	18,243	18,243		
Other Expenses	1,905	1,905	556	1,349	
Municipal Clerk :					
Salaries and Wages	41,616	40,316	40,271	45	
Financial Administration (Treasury):					
Salaries and Wages	43,738	43,738	32,639	11,099	
Other Expenses	2,775	21,140	20,936	204	
Audit Services:					
Other Expenses	26,588	28,588	28,588		
Computerized Data Processing:					
Other Expenses	10,800	11,276	11,276		
Revenue Administration (Tax Collection):					
Salaries and Wages	43,314	31,314	31,096	218	
Other Expenses	4,700	4,700	3,414	1,286	
Tax Assessment Administration:					
Salaries and Wages	26,119	26,119	26,119		
Other Expenses	13,200	13,200	7,835	5,365	
Legal Services (Legal Dept.):					
Other Expenses	80,000	84,643	84,642	1	
Engineering Services:					
Other Expenses	20,000	20,000	7,370	12,630	

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 2

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>	<u>EXPENDED</u>			
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>RESERVED</u>	<u>UNEXPENDED</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>		<u>BALANCES</u>
					<u>CANCELLED</u>
LAND USE ADMINISTRATION:					
Planning Board:					
Salaries and Wages	5,610	5,610	5,610		
Other Expenses	12,300	12,300	5,881	6,419	
Zoning Board of Adjustment(Zoning Officer):					
Salaries and Wages	5,610	5,610	5,610		
Other Expenses	6,620	6,620	3,678	2,942	
Zoning Officer:					
Salaries and Wages	32,044	31,044	31,019	25	
Other Expenses	950	950		950	
CODE ENFORCEMENT AND ADMINISTRATION:					
Building Sub-Code Official:					
Salaries and Wages	61,564	56,764	56,764		
Other Expenses	6,100	6,100	3,646	2,454	
Fire Prevention Sub-Code Official:					
Salaries and Wages	6,003	6,003	5,902	101	
Other Expenses	1,407	1,407	805	602	
INSURANCE:					
Worker Compensation Insurance	44,500	44,500	39,363	5,137	
Employee Group Insurance	216,800	225,900	199,098	26,802	
Unemployment Insurance	4,500	4,500	4,500		
Other Insurance Premiums	105,900	96,800	89,841	6,959	

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>UNEXPENDED</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>		<u>BALANCES</u>
					<u>CANCELLED</u>
PUBLIC SAFETY FUNCTIONS:					
Police Department:					
Other Expenses	6,850	6,850	5,683	1,167	
Office of Emergency Management:					
Salaries and Wages	1,314	1,314	966	348	
Other Expenses	1,000	2,670	2,669	1	
Aid to Volunteer Fire Companies	60,000	60,000	60,000		
Contribution to First Aid Organizations	18,500	18,500	13,995	4,505	
Fire Department:					
Other Expenses	8,000	36,723	36,722	1	
Municipal Prosecutor's Office:					
Other Expenses	6,000	6,000	1,675	4,325	
PUBLIC WORKS FUNCTIONS:					
Streets and Road Maintenance:					
Salaries and Wages	268,028	221,974	213,584	8,390	
Other Expenses:					
Other Expenses - Flood Damage(Emergency					
Appropriation , 40A:4-47, \$69,995.)		69,995	57,963	12,032	
MiscellaneousOther Expenses	215,000	215,000	136,537	78,463	
Recycle Program:					
Salaries and Wages	22,746	22,746	20,707	2,039	
Solid Waste Collection:					
Salaries and Wages	17,289	17,289	2,302	14,987	
Other Expenses:					
Landfill Closure	9,245	9,245	3,603	5,642	
Miscellaneous Other Expenses	58,000	58,000	51,837	6,163	
Buildings and Grounds:					
Other Expenses	36,050	36,050	30,905	5,145	
Vehicle Maintenance (Including Police Vehicles):					
Other Expenses	37,500	37,500	22,943	14,557	
Gypsy Moth Control:					
Other Expenses	5,000	5,000	28	4,972	

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 4

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>		<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>RESERVED</u>	<u>BALANCES</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>		<u>CANCELLED</u>
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Public Health Services(Board Of Health):					
Other Expenses:					
POESHA-Hepatitis B Vaccinations	1,500	1,500	308	1,192	
POESHA-Judgement	4,000	4,000	4,000		
Miscellaneous Other Expenses	16,000	16,000	11,028	4,972	
Environmental Health Services:					
Salaries and Wages	2,251	2,251	2,250	1	
Other Expenses	2,160	2,160	1,074	1,086	
Animal Control Services:					
Salaries and Wages	7,200	7,356	7,356		
PARK AND RECREATION FUNCTIONS:					
Recreation Services and Programs:					
Salaries and Wages	1,910	1,910	1,226	684	
Other Expenses	16,110	16,110	7,656	8,454	
OTHER COMMON OPERATING FUNCTIONS					
(Unclassified):					
Municipal Services Act:					
Other Expenses	106,000	106,000	56,808	49,192	
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	13,300	13,300	10,302	2,998	
Telephone (excluding equipment acquisition)	18,300	18,300	8,930	9,370	
Gas (natural or propane)	10,000	10,000	10,000		
Fuel Oil	9,000	9,000	9,000		
Gasoline	50,000	50,000	48,550	1,450	

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 5

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u> BUDGET	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> PAID OR <u>CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED</u> BALANCES <u>CANCELLED</u>
Municipal Court:					
Salaries and Wages	23,745	23,745	7,140	16,605	
Other Expenses	24,467	26,075	26,075		
Public Defender:					
Other Expenses	3,500	3,500	175	3,325	
Total Operations - Within "CAPS "	2,000,458	2,070,453	1,723,653	346,800	
Detail:					
Salaries and Wages	670,181	606,776	552,233	54,543	
Other Expenses	1,330,277	1,463,677	1,171,420	292,257	
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES Within "CAPS":					
Deferred Charges :					
Overexpenditure of Appropriations	43,900	43,900	43,900		
Statutory Expenditures :					
Social Security System (O.A.S.I.)	60,000	60,000	42,878	17,122	
Contribution To:					
PERS	60,000	60,000	60,000		
PF Pension Fund	103,000	103,000	103,000		
Total Deferred Charges and Statutory					
Expenditures-within "CAPS"	266,900	266,900	249,778	17,122	
Total General Appropriations for					
Municipal Purposes Within "CAPS"	2,267,358	2,337,353	1,973,431	363,922	

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>UNEXPENDED BALANCES CANCELLED</u>
OPERATIONS-EXCLUDED from "CAPS"					
Fire Department:					
Other Expenses (LOSAP)	40,000	40,000		40,000	
Total Other Operations-Excluded from "CAPS"	40,000	40,000			
Interlocal Municipal Service Agreements:					
Police and Fire Dispatch Services:					
Other Expenses	58,800	58,800	58,800		
Public and Private Programs					
Offset by Revenues:					
Clean Communities Program:					
Other Expenses	12,920	12,920	12,920		
Energy Efficiency and Conservation Block Grant:					
Other Expenses		15,883	15,883		
Municipal Alliance on Alcoholism & Drug Abuse:					
Other Expenses - State Share	13,354	13,354	13,354		
Other Expenses - Local Share	3,339	3,339	3,339		
Total Public and Private Programs Offset by Revenues-Excluded from "CAPS"	29,613	45,496	45,496		

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 6

	<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>UNEXPENDED</u> <u>BALANCES</u> <u>CANCELLED</u>
Total Operations-Excluded from "CAPS"	128,413	144,296	104,296	40,000	
Detail :					
Salaries and Wages					
Other Expenses	128,413	144,296	104,296	40,000	
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	25,000	25,000	25,000		
Reserve for Purchase of DPW Equipment	3,000	3,000	3,000		
Reserve for Purchase of Emergency Vehicle	3,000	3,000	3,000		
Reconstruction of Various Roads	62,000	62,000	45,274	16,726	
Total Capital Improvements-Excluded from "CAPS"	93,000	93,000	76,274	16,726	
Municipal Debt Service-Excluded from "CAPS":					
Payment of Bond Anticipation and Capital Notes	91,080	91,080	91,080		
Payment of Interest on Notes	13,600	13,600	13,588		\$ 12
Green Trust Program Payment	10,804	10,804	10,781		23
Debt Serv. Payments to Hampton-Crandon Lakes Dam	8,600	8,600	8,600		
Total Municipal Debt Service	124,084	124,084	124,049		35
Deferred Charges-Excluded from "CAPS":					
Special Emergency Authorizations-5 Years	35,040	35,040	35,040		
Purchase of Dump Truck	9,500	9,500	9,500		
Construction of Rescue Squad Building	10,000	10,000	10,000		
COAH - Low Income - FNS	10,000	10,000	10,000		
Purchase of Fire Truck	25,000	25,000	25,000		
Purchase of Police Vehicle	5,000	5,000	5,000		
Purchase of Police Vehicle - Durango	5,150	5,150	5,150		
Purchase of Police Vehicle - Durango	5,150	5,150	5,150		
Purchase of Sterling Dump Truck	8,900	8,900	8,900		
Purchase of Ambulance	10,000	10,000	10,000		
Purchase of Two Dump Trucks	19,530	19,530	19,530		
Reconstruction of Baldwin Gate Bridge	10,000	10,000	10,000		
Total Deferred Charges-Excluded from "CAPS:	153,270	153,270	153,270		

TRUST FUND
COMPARATIVE BALANCE SHEET

B

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
ASSETS			
Dog License Fund:			
Cash and Cash Equivalents	B-2	\$ 22,101	\$ 16,958
Due from State of New Jersey	B-4	<u>50</u>	<u>-</u>
Total Dog License Fund		<u>22,151</u>	<u>16,958</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-2	307,884	257,128
Due General Capital Fund	C	20,000	20,000
Due from Current Fund	B-6	<u>128,077</u>	<u>5,274</u>
Total Other Trust Funds		<u>455,961</u>	<u>282,402</u>
Assessment Trust Funds:			
Assessments Receivable	B-20	183	183
Assessments Liens	B-21	7,812	7,812
Assessments and Liens Interest and Costs	B	<u>1,070</u>	<u>1,070</u>
Total Assessment Trust Funds		<u>9,065</u>	<u>9,065</u>
TOTAL ASSETS		<u>\$487,177</u>	<u>\$308,425</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Dog License Fund:			
Encumbrances	B-3	\$ 542	
Due to Current Fund	B-5	9,727	\$ 4,418
Due to State of New Jersey	B-4	14	1
Reserve for Dog Fund Expenditures	B-3	<u>11,868</u>	<u>12,539</u>
Total Dog License Fund		<u>22,151</u>	<u>16,958</u>
Other Trust Fund:			
Due to Current Fund	B-6	5,585	3,032
Schedule of Reserve for Driveway Bonds	B-7	48,982	48,982
Schedule of Reserve for Subdivision	B-8	12,085	13,621
Schedule of Reserve for Tax Sale Premiums	B-9	122,672	12,300
Schedule of Reserve for Landfill Escrow	B-10	7,974	7,974
Schedule of Reserve for Recycling	B-11	50,041	34,021
Schedule of Reserve for Recreation Commission	B-12	1,469	4,707
Schedule of Reserve for DNA Lifeprint	B-13	1,059	1,058
Schedule of Reserve for Public Defender	B-14	6,707	6,707
Schedule of Reserve for COAH Fees	B-15	89,577	88,242
Schedule of Reserve for Municipal Open Space	B-16	61,456	57,512
Schedule of Reserve for State Surcharges	B-17	21,675	1,165
Schedule of Reserve for Police Outside Employment	B-18	-	3,081
Schedule of Reserve for Performance Bonds	B-19	<u>26,679</u>	<u>-</u>
Total Other Trust Fund		<u>455,961</u>	<u>282,402</u>
Assessment Trust Fund:			
Reserve for Assessments and Liens Receivable	B-22	7,995	7,995
Reserve for Assessments and Liens Interest and Costs	B	<u>1,070</u>	<u>1,070</u>
Total Assessment Trust Funds		<u>9,065</u>	<u>9,065</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$487,177</u>	<u>\$308,425</u>

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

C

		<u>BALANCE</u>	<u>BALANCE</u>
ASSETS	<u>REF.</u>	<u>12/31/11</u>	<u>12/31/10</u>
Cash and Cash Equivalents	C-2	\$ 234,219	\$ 365,522
Amount Due from State of New Jersey	C-13	50,000	
Amount Due from Current Fund	C-8	288,051	43,868
Deferred Charges To Future Taxation:			
Funded	C-4	15,886	26,217
Unfunded	C-5	<u>1,312,320</u>	<u>1,266,630</u>
TOTAL ASSETS		<u>\$1,900,476</u>	<u>\$1,702,237</u>

LIABILITIES, RESERVES AND FUND BALANCE

Bond Anticipation Notes	C-6	839,780	775,860
Green Trust Loan Payable	C-7	15,886	26,217
Amount Due to Grants Fund	C-3	-	150,000
Amount Due to Other Trust	C-12	20,000	20,000
Encumbrances	C-11	142,339	
Capital Improvement Fund	C-9	257,774	245,774
Reserves:			
Payment of Debt Service	C-10	(12,624)	396
Purchase of Emergency Vehicle	C-10	117,700	114,700
Purchase of DPW Equipment	C-10	23,795	20,795
Municipal Building Improvements	C-10	38,975	38,975
Courthouse Improvements	C-10	21,900	21,900
Improvement Authorizations:			
Funded	C-11	38,881	38,881
Unfunded	C-11	395,946	248,615
Fund Balance	C-1	<u>124</u>	<u>124</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$1,900,476</u>	<u>\$1,702,237</u>

GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE

C-1

	<u>REF.</u>		
Balance December 31, 2010	C	\$	124
Balance December 31, 2011	C	<u>\$</u>	<u>124</u>

PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET

E

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
Cash and Cash Equivalents	E-1	<u>\$ 4,759</u>	<u>\$ 4,753</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance		<u>\$ 4,759</u>	<u>\$ 4,753</u>

GENERAL FIXED ASSETS
STATEMENT OF GENERAL FIXED ASSETS

DECEMBER 31, 2011

F

	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
General Fixed Assets:		
Land	\$ 2,755,615	\$ 2,755,615
Buildings	414,215	414,215
Machinery and Equipment	<u>2,674,249</u>	<u>2,608,695</u>
Total General Fixed Assets	<u>\$ 5,844,079</u>	<u>\$ 5,778,525</u>

PAYROLL AGENCY FUND
COMPARATIVE BALANCE SHEET

G

ASSETS	BALANCE <u>12/31/11</u>	BALANCE <u>12/31/10</u>
Cash and Cash Equivalents:		
Cash - Treasurer	\$ <u>24,660</u>	\$ <u>8,793</u>
TOTAL ASSETS	\$ <u>24,660</u>	\$ <u>8,793</u>
 LIABILITIES AND RESERVES 		
Payroll Deductions and Escrow Payable	\$ <u>24,660</u>	\$ <u>8,793</u>
TOTAL LIABILITIES AND RESERVES	\$ <u>24,660</u>	\$ <u>8,793</u>

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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 Stillwater 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 Stillwater 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 Stillwater accounts for its financial transactions through the following separate funds, which differ from the fund structure required by GAAP.

Current Fund

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

Trust Funds

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

General Capital Fund

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)

B. Description of Funds (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)

C. Basis of Accounting (Continued)

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 the 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.

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)

C. Basis of Accounting (Continued)

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.

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**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)

C. Basis of Accounting (Continued)

Budget and Budgetary Procedures

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption, must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Government Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

Expenditures--Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31, are reported as expenditures through the establishment of appropriations reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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

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

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

- Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved.
- Unexpended and uncommitted appropriations are reflected as expenditures.
- Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.
- Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.
- Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

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

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

	<u>Cash and Cash Equivalents</u>	<u>Total</u>
Checking	\$ 3,354,426	\$ 3,354,426
	<u>\$ 3,354,426</u>	<u>\$ 3,354,426</u>

The carrying amount of the municipality's cash and cash equivalents at December 31, 2011, was \$3,354,426 and the bank balance was \$3,474,418. 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, \$250,000 was covered by federal depository insurances and \$3,224,418 was covered by collateral pool.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 3: LONG-TERM DEBT

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

The Township debt is summarized as follows:

Summary of Municipal Debt

	YEAR <u>2011</u>	YEAR <u>2010</u>	YEAR <u>2009</u>
<u>Issued</u>			
General:			
Bonds and Notes	<u>\$ 855,666</u>	<u>\$ 802,077</u>	<u>\$ 991,084</u>
<u>Less:</u>			
Reserve to Pay Debt Service	-	396	21,203
Total Deductions	-	396	21,203
 Net Debt Issued	 <u>855,666</u>	 <u>801,681</u>	 <u>969,881</u>
 <u>Authorized But Not Issued</u>			
Bonds and Notes	472,540	490,770	479,470
Total Authorized But Not Issued	<u>472,540</u>	<u>490,770</u>	<u>479,470</u>
 Net Bonds and Notes Issued and Authorized But Not Issued	 <u>\$ 1,328,206</u>	 <u>\$ 1,292,451</u>	 <u>\$ 1,449,351</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .24%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 534,522	\$ 534,522	
General Debt	<u>1,328,206</u>	-	<u>\$ 1,328,206</u>
	<u>\$ 1,862,728</u>	<u>\$ 534,522</u>	<u>\$ 1,328,206</u>

Net Debt \$1,328,206	Divided by Equalized Valuation Basis per	
N.J.S.A. 40A:2-2 as amended,	\$552,734,600	= 0.24%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 3: LONG-TERM DEBT (Continued)

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 19,345,711
Net Debt	<u>1,328,206</u>
Remaining Borrowing Power	<u><u>\$ 18,017,505</u></u>

Bond Anticipation Notes

The Township has outstanding at December 31, 2011, a bond anticipation note in the amount of \$684,780 with Lakeland Bank. This note matures on September 28, 2012. The interest rate on the note was 1.35%. Principal and interest on this note is paid from the current fund budget of the Township.

\$ 684,780

The Township has outstanding at December 31, 2011, a bond anticipation note in the amount of \$155,000 with Lakeland Bank. This note matures on September 28, 2012. The interest rate on the note was 1.75%. Principal and interest on this note is paid from the current fund budget of the Township.

155,000

The Township has outstanding at December 31, 2011, a Green Trust Loan in the amount of \$15,886. This note matures on March 25, 2013. The interest rate on the note was 2%. Principal and interest on this note is paid from the current fund budget of the Township.

15,886

Total General Capital Loans-Above

\$ 855,666

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years for Bonded Debt Issued and Outstanding

Calendar <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 10,538	\$ 266	\$ 10,804
2013	<u>5,348</u>	<u>53</u>	<u>5,401</u>
	<u><u>\$ 15,886</u></u>	<u><u>\$ 319</u></u>	<u><u>\$ 16,205</u></u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 4: GENERAL FIXED ASSETS

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

	Balance Beginning <u>of Year</u>	Balance <u>End of Year</u>
Land	\$ 2,755,615	\$ 2,755,615
Buildings	414,215	414,215
Equipment	<u>2,608,695</u>	<u>2,674,249</u>
	<u>\$ 5,778,525</u>	<u>\$ 5,844,079</u>

Note 5: FUND BALANCES APPROPRIATED

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

Current Fund - \$574,000 (Introduced Budget)

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, the Township recorded the following deferred charges which are included in the following budgets:

	Balance <u>12/31/11</u>	2012 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
Current Fund:			
Emergency Authorizations(40A:4-47)	\$ 69,995	\$ 69,995	-
Overexpended Appropriation Reserves	102,194		\$ 102,194
	<u>\$ 172,189</u>	<u>\$ 69,995</u>	<u>102,194</u>

Note 7: SCHOOL TAXES

The Township of Stillwater has elected not to defer school taxes. School taxes are levied and collected in the period to which they relate, July 1 through June 30, and hence no liabilities to the school districts exist as of December 31, 2011.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 8: PENSIONS

Description of Plans - All required employees of the Township are covered by the Public Employees' Retirement System or the Police and Fireman's Retirement System which have 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 and Police and Fireman's 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.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of January 1, 1944, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Police and Fireman's 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 and PFRS 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 and PFRS provide 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 for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Township's normal contributions to the Fund may be reduced based on the revaluation of assets.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 8: PENSIONS (Continued)

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

<u>Three-Year Trend Information for PERS/PFRS</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2011	\$163,000	100%	-0-
2010	\$114,549	100%	-0-
2009	\$64,689	100%	-0-

Note 9: POST-RETIREMENT BENEFITS

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

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

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The Municipality does not provide post-employment benefits other than pension. Healthcare provided to eligible PERS retirees through the NJ State Health Benefits Program are paid by the the State of New Jersey and as such, no municipal OPEB liability exists.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 10: LEASES

The Township has not entered into any long-term lease agreements.

Note 11: 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 permits employees to accrue a limited amount of unused sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$45,000. This amount is not reported either as expenditure or a liability. However, it is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

Note 12: 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 in several lawsuits arising in the normal course of business, including claims for disputes over contract awards. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Township's financial position as of December 31.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 13: 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, 2011:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 10,062	\$ 421,038
Federal/State Grants Fund	10,160	-
Dog Fund	-	9,727
Trust Fund	148,077	5,585
General Capital Fund	<u>288,051</u>	<u>20,000</u>
	<u>\$ 456,350</u>	<u>\$ 456,350</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 14: INTERLOCAL AGREEMENT

The Township entered into an interlocal agreement with the Crandon Lake Association and Hampton Township for construction of improvements to restore the Crandon Lake Dam. Hampton, as lead agency, will award the contracts for construction and will be reimbursed by Stillwater and Crandon Lake Association for their share of the costs. The parties have secured a NJDEP Dam Restoration loan in the amount of \$400,000 with a 20-year maturity and bears 2% interest to finance the project.

Hampton will request draw down of the loan proceeds and distribute to Stillwater and Crandon Lake Association their share of the loan proceeds. Hampton will also make the repayments to NJDEP and collect Stillwater's and Crandon Lakes Association's share.

Note 15: RISK FINANCING

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

Note 16: OTHER POST-RETIREMENT BENEFITS

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1991, Stillwater Township authorized participation in the SHBP's post-retirement benefit program through resolution.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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

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

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

The Stillwater Township contributions to SHBP for the years ended December 31, 2011, 2010, and 2009, were \$80,117, \$79,175, and \$65,146, respectively, which equaled the required contributions for each year. There were approximately five retired participants eligible at December 31, 2011, 2010, and 2009.

PART II
SUPPLEMENTARY INFORMATION

CURRENT FUND

CURRENT FUND
SCHEDULE OF CASH -TREASURER

A-4

	<u>REF.</u>	<u>CURRENT FUND</u>
Balance December 31, 2010	A	\$ 1,903,995
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	A-2	34,399
Senior Citizens/Veterans Deductions Collector	A-6 A-5	48,750 11,884,721
Revenue Accounts Receivable	A-10	461,955
Garden State Trust Fund	A-19	64,272
State Grant Funds	A-22	42,157
Amount Due General Capital	C	<u>148,607</u>
		<u>12,684,861</u>
		14,588,856
Decreased by Disbursements:		
Refund of Prior Year Revenue	A-1	64,278
Interfunds Advanced	A	22,152
Appropriation Reserves	A-11	131,754
Reserves for Encumbrances	A-12	2,135,770
Refund of Tax Overpayments	A-14	2,024
Local District School Tax	A-15	3,787,201
Regional District School Tax	A-16	3,332,965
County Taxes	A-17	2,409,072
Water District Taxes	A-26	100,737
Third Party Liens and Tax Sale Premiums	A-18	1,770
State Grant Funds	A-23	<u>22,656</u>
		<u>12,010,379</u>
Balance December 31, 2011	A	<u>\$ 2,578,477</u>

CURRENT FUND
SCHEDULE OF CASH-COLLECTOR

A-5

	<u>REF.</u>		
Received:			
Interest and Costs on Taxes	A-2	\$ 85,173	
Miscellaneous	A-2	1,082	
Taxes Receivable	A-7	11,677,712	
Tax Title Liens Receivable	A-8	317	
2012 Prepaid Taxes	A-13	41,443	
Third Party Liens	A-18	1,770	
Tax Sale Premiums	A	75,200	
Tax Overpayments	A-14	<u>2,024</u>	<u>\$ 11,884,721</u>
Decreased by Disbursements:			
Payments To Treasurer	A-4		<u>\$ 11,884,721</u>

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

A-6

	<u>REF.</u>	
Balance December 31, 2010	A	\$ 12,044
Increased by:		
Senior Citizens Deductions Per Tax Billings		\$ 6,750
Veterans Deductions per Tax Billings		<u>42,000</u>
		60,794
Decreased by:		
Received in Cash from State	A-4	48,750
Senior Citizens Deductions Disallowed by Tax Collector		<u>-</u>
		<u>48,750</u>
Balance December 31, 2011	A	<u>\$ 12,044</u>

ANALYSIS OF BALANCE

Amount Due from State of N.J. -- Pre 1/1/78		\$ 12,382
Amount Due to State of N.J. -- 1/1/78		<u>(338)</u>
		<u>\$ 12,044</u>

CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF TAX LEVY

A-7

YEAR	BALANCE	ADDED	2011	CASH COLLECTIONS		TRANSFERS		BALANCE
	12/31/10	TAXES	LEVY	2010	2011	TO TAX TITLE	CANCELED	12/31/11
						LIENS		
2009	\$ 1,537	\$ 36			\$ 1,573			
2010	422,863	6,170			419,531	\$ 8,219		\$ 1,283
	424,400	6,206			421,104	8,219		1,283
2011			\$ 11,761,204	\$ 81,174	11,304,608	36,780	\$ 13,969	324,673
TOTALS	\$ 424,400	\$ 6,206	\$ 11,761,204	\$ 81,174	\$ 11,725,712	\$ 44,999	\$ 13,969	\$ 325,956

REF.	A		A-13		A-8		A
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State of New Jersey-Senior Citizens/
Veterans Deductions
Received by Collector

A-2	\$ 48,000
A-5	11,677,712
	<u>\$ 11,725,712</u>

ANALYSIS OF PROPERTY TAX LEVY:

Tax Yield:

General Purpose Tax		\$ 11,646,452
Special District Taxes		104,741
Added Taxes (54:4-63.1 et.seq.)		<u>10,011</u>
		\$ 11,761,204

Tax Levy:

Local District School Tax	A-15		3,787,201
Regional High School Tax	A-16		3,332,965
Water District	A-27		104,741
County Taxes:			
County Tax (Abstract)	A-17	\$ 2,167,530	
County Library Tax (Abstract)	A-17	157,641	
County Health Tax (Abstract)	A-17	58,049	
County Open Space (Abstract)	A-17	19,106	
Due County for Added and Omitted Taxes(54.4-63.1, et.seq.)	A-17	<u>2,070</u>	2,404,396
Municipal Open Space	A-26		12,503
Local Tax for Municipal Purposes	A-2		2,107,989
Add: Additional Tax Levied			<u>11,409</u>
			\$ 11,761,204

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

A-8

	<u>REF.</u>		
Balance December 31, 2010	A		\$ 95,219
Increased by:			
Transfers from Taxes Receivable	A-7	\$ 44,999	
Interest and Costs		<u>1,852</u>	<u>46,851</u>
			142,070
Decreased by:			
Canceled		630	
Collections	A-5	<u>317</u>	<u>947</u>
Balance December 31, 2011	A		<u>\$ 141,123</u>

CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

A-9

	<u>REF.</u>	
Balance December 31, 2010	A	<u>\$ 1,492,600</u>
Balance December 31, 2011	A	<u>\$ 1,492,600</u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-10

		<u>BALANCE</u>	<u>ACCRUED</u>	<u>COLLECTED</u>	<u>BALANCE</u>
	<u>REF.</u>	<u>12/31/10</u>	<u>IN 2011</u>	<u>BY</u>	<u>12/31/11</u>
				<u>TREASURER</u>	
Clerk:					
Licenses:					
Alcoholic Beverages	A-2		\$ 300	\$ 300	
Fees and Permits	A-2		100,957	100,957	
Municipal Court:					
Fines and Costs	A-2	\$ 493	5,457	5,102	\$ 848
Uniform Fire safety Act	A-2		163	163	
Construction Code Official	A-2		74,935	74,935	
Interest on Investments and Deposits	A-2		2,767	2,767	
Consolidated Municipal Property Tax Relief Aid	A-2		22,418	22,418	
Energy Receipts Tax	A-2		255,313	255,313	
Totals		\$ 493	\$ 462,310	\$ 461,955	\$ 848
	REF.		A	A-4	A

CURRENT FUND
SCHEDULE OF BUDGET APPROPRIATION RESERVES - 2010

A-11

	<u>BUDGET</u>	<u>REVISED BUDGET</u>	<u>PAID</u>	<u>LAPSED</u>	<u>OVER- EXPENDED</u>
General Administration:					
Miscellaneous Other Expenses	\$ 25,150	\$ 25,150	309	\$ 24,841	
Mayor and Council					
Other Expenses	25	25	419		\$ 394
Financial Administration (Treasury):					
Other Expenses	1,037	1,037	825	212	
Computer Services:					
Other Expenses			17,700		17,700
Tax Assessment Administration:					
Other Expenses	6,986	6,986	4,343	2,643	
Legal Services:					
Other Expenses	6,678	6,678	7,801		1,123
Planning Board:					
Other Expenses	8,220	8,220	1,297	6,923	
Zoning Board of Adjustment(Zoning Officer):					
Other Expenses	2,346	2,346	315	2,031	
Building Sub-Code Official:					
Other Expenses	2,802	2,802	604	2,198	
Contribution to First Aid Organizations					
Other Expenses	5,442	5,442	397	5,045	
Fire Department:					
Other Expenses	65	65	3,188		3,123
Streets and Road Maintenance:					
Salaries and Wages	27,475	27,475	2,768	24,707	
Other Expenses	31,889	31,889	937	30,952	
Recycling Program:					
Other Expenses			4,433		4,433
Buildings and Grounds:					
Other Expenses	2,306	2,306	920	1,386	
Vehicle Maintenance (Including Police Vehicles):					
Other Expenses	17,242	17,242	70	17,172	
Public Health Services(Board Of Health):					
Other Expenses	706	706	9,656		8,950
Environmental Health Services:					
Other Expenses	401	401	1,427		1,026
Recreation Services and Programs:					
Other Expenses	2,909	2,909	3,671		762
Electricity	600	600	1,200		600
Telephone (excluding equipment acquisition)	5,275	5,275	906	4,369	
Propane			1,598		1,598
Gasoline	20,000	20,000	1,626	18,374	
Municipal Court:					
Other Expenses	2,859	2,859	17,981		15,122
COAH			6,263		6,263
Losap			41,100		41,100
Other Accounts - No Change	113,563	113,563	-	113,563	
TOTALS	\$ 283,976	\$ 283,976	\$ 131,754	\$ 254,416	\$ 102,194
	A		A-4	A-1	A

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES-CURRENT YEAR BUDGET

A-12

	<u>REF.</u>	
Balance December 31, 2010	A	\$ 340,849
Increased by:		
Additional Encumbrances		
Transfer from Current Year Appropriations	A-3	\$ <u>2,157,654</u>
		<u>2,157,654</u>
		2,498,503
Decreased by:		
Encumbrances Prior Year Cancelled	A-1	340,799
Encumbrances Paid	A-4	<u>2,135,770</u>
		<u>2,476,569</u>
Balance December 31, 2011	A	<u>\$ 21,934</u>

CURRENT FUND
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-13

	<u>REF.</u>	
Balance December 31, 2010	A	\$ 81,174
Increased by:		
2012 Taxes Collected in Advance	A-5	<u>41,443</u>
		122,617
Decreased by:		
Applied to 2011 Taxes Receivable	A-7	<u>81,174</u>
Balance December 31, 2011	A	<u>\$41,443</u>

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

A-14

REF.

Increased by:
Overpayments

A-5 \$ 2,024

Decreased by:
Refunds

A-4 \$ 2,024

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-15

REF.

Increased by:

Levy - Calendar Year 2011

A-7 \$3,787,201

Decreased by:

Payments

A-4 \$3,787,201

Tax Paid

\$3,787,201

Tax Payable 12/31/11

3,787,201

Less -- Tax Payable 12/31/10

-

Amount Charged to 2011 Operations

A-1 \$3,787,201

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

A-16

REF.

Increased by:

Levy - Calendar Year 2011

A-7 \$3,332,965

Decreased by:

Payments

A-4 \$3,332,965

Tax Paid

\$3,332,965

Tax Payable 12/31/11

3,332,965

Less -- Tax Payable 12/31/10

Amount Charged to 2011 Operations

A-1 \$3,332,965

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

A-17

	<u>REF.</u>	
Balance December 31, 2010	A	\$ 4,676
Increased by:		
2011 Levy:		
County Taxes	A-7	\$ 2,167,530
County Library Taxes	A-7	157,641
County Health Taxes	A-7	58,049
County Open Space Tax	A-7	19,106
Prior Year Added and Omitted Taxes	A-7	<u>2,070</u>
		<u>2,404,396</u>
		2,409,072
Decreased by:		
Payments	A-4	<u>\$ 2,409,072</u>

CURRENT FUND
SCHEDULE OF THIRD PARTY LIENS PAYABLE

A-18

REF.

Increased by:

Outside Liens and Tax Sale Premiums

A-5 \$ 1,770
1,770

Decreased by:

Refunds

A-4 \$ 1,770

CURRENT FUND
SCHEDULE OF RESERVE FOR GARDEN STATE GRANT FUND

A-19

	<u>REF.</u>	
Balance December 31, 2010	A	\$ 64,272
Increased by:		
Garden State Grant Fund - 2012 Allocation	A-4	<u>64,272</u>
		128,544
Decreased by:		
Realized as Revenue 2011 Budget	A-2	<u>64,272</u>
Balance December 31, 2011	A	<u>\$ 64,272</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

A-20

	<u>REF.</u>	
Balance December 31, 2010	A	<u>\$ 30,741</u>
Balance December 31, 2011	A	<u>\$ 30,741</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR MASTER PLAN

A-21

	<u>REF.</u>	
Balance December 31, 2010	A	<u>\$ 37,088</u>
Balance December 31, 2011	A	<u>\$ 37,088</u>

CURRENT FUND
SCHEDULE OF STATE GRANTS RECEIVABLE

A-22

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/11</u>
Energy Efficiency Grant		\$ 15,883	\$ 15,883	
Municipal Alliance Program	\$ 13,354	13,354	13,354	\$ 13,354
Stormwater Grant	3,750			3,750
Clean Communities		12,920	12,920	
NJ Transportation Trust - Middleville Road	50,000			50,000
Totals	\$ 67,104	\$ 42,157	\$ 42,157	\$ 67,104
REF.	A	A-2	A-4	A

CURRENT FUND
SCHEDULE OF RESERVE FOR STATE GRANTS

A-23

	BALANCE <u>12/31/10</u>	TRANSFER FROM 2011 BUDGET <u>APPROPRIATIONS</u>	<u>EXPENDED</u>	BALANCE <u>12/31/11</u>
Clean Communities Program:				
2003	\$ 2,779		\$ 2,779	
2011		\$ 12,920	7,749	\$ 5,171
Drunk Driving Enforcement Funds				
Municipal Alliance Program:				
State Share	13,354	13,354	6,655	20,053
Local Share	3,339	3,339		6,678
Energy Efficiency Grant		15,883	5,473	10,410
Stormwater Grant	10,000			10,000
OEM Grant	2,406			2,406
Bullet Proof Vest Program	12			12
Body Armor Grant	1,000			1,000
Environmental Grant	3,710			3,710
N J Transportation Trust Fund	200,000			200,000
Totals	\$ 236,600	\$ 45,496	\$ 22,656	\$ 259,440
	A	A-3	A-4	A

CURRENT FUND
SCHEDULE OF DEFERRED CHARGES

A-24

	BALANCE	APPROPRIATED	RESULTING	BALANCE
	<u>12/31/10</u>	<u>2011</u>	<u>FROM 2011</u>	<u>12/31/11</u>
		<u>BUDGET</u>		
Emergency - Hurricane Irene and Tropical Storm Lee			\$ 69,995	\$ 69,995
Tax Maps	\$ 35,040	\$ 35,040		
Over Expended Appropriations	43,900	43,900		
Totals	<u>\$ 78,940</u>	<u>\$ 78,940</u>	<u>\$ 69,995</u>	<u>\$ 69,995</u>
REF.	A	A-3	A-3	A

CURRENT FUND
SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

A-25

	<u>REF.</u>		
Balance December 31, 2010	A	\$	24
Increased by:			
Tax Levy	A-7	\$	12,492
Added and Omitted taxes	A-7	<u>11</u>	<u>\$ 12,503</u>
			12,527
Balance December 31, 2011	A	<u>\$</u>	<u>12,527</u>

CURRENT FUND
SCHEDULE OF WATER DISTRICT TAX PAYABLE

A-26

REF.

Increased by:

Tax Levy

A-7 \$ 104,741
 104,741

Decreased by:

Payments

A-4 100,737

Balance December 31, 2011

A \$ 4,004

TRUST FUND SCHEDULES

TRUST FUND
SCHEDULE OF CASH - TREASURER

B-2

	<u>REF.</u>	<u>DOG LICENSES</u>	<u>OTHER</u>
Balance December 31, 2010	B	\$ <u>16,958</u>	\$ <u>257,128</u>
Increased by Receipts:			
Dog License Fees	B-3	6,379	
State Dog License Fees	B-4	1,120	
Due Current Fund - Dog License Fund	B-5	26	
Due Current Fund - Other Trust Fund	B-6		
Subdivision Deposits	B-8		23,336
Tax Sale Premiums	B-9		72
Recycling Program	B-11		29,474
Recreation Receipts	B-12		1,404
DNA Lifeprint Deposits	B-13		1
COAH	B-15		1,335
Municipal Open Space	B-16		66
State Surcharges	B-17		22,138
Police Outside Employment	B-18		4
Performance Bond	B-19		26,679
Total Receipts		<u>7,525</u>	<u>104,509</u>
		<u>24,483</u>	<u>361,637</u>
Decreased by Disbursements:			
Expenditures Under R. S. 4:19-15.11	B-3	1,200	
State Dog License Fees	B-4	1,157	
Due Current Fund - Dog License Fund	B-5	25	
Due Current Fund	B-6		
Liquidate Fund Balance	B		
Subdivision Payments	B-8		22,319
Recycling Program	B-11		13,454
Recreation Commission Deposits	B-12		4,642
Municipal Open Space	B-16		8,625
State Surcharges	B-17		1,628
Police Equipment Payments	B-18		3,085
Total Disbursements		<u>2,382</u>	<u>53,753</u>
Balance December 31, 2011	B	<u>\$ 22,101</u>	<u>\$ 307,884</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-3

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 12,539
Increased by:		
Dog License Fees Collected	B-2	<u>6,379</u> 18,918
Decreased by:		
Excess Due to Current Fund	B-5	\$ 5,308
Expenditures Under R.S. 4:29-15.11 - Encumbured	B	542
Expenditures Under R.S. 4:29-15.11	B-2	<u>1,200</u> <u>7,050</u>
 Balance December 31, 2011	 B	 <u>\$ 11,868</u>

Dog License Fees Collected:

2010	\$ 6,506
2009	<u>5,868</u>
	<u>\$ 12,374</u>

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

B-4

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 1
Increased by:		
Collected in 2011:		
State Board of Health Fees	B-2	<u>1,120</u>
		1,121
Decreased By:		
Payments	B-2	<u>1,157</u>
Balance December 31, 2011	B	<u>\$ (36)</u>

March 2011 Overpayment-Due from State of New Jersey	\$	(50)
Amount Due State Of New Jersey		<u>14</u>
		<u>\$ (36)</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
DOG LICENSE FUND

B-5

	<u>REF.</u>					
Balance December 31, 2010	B	\$ 4,418				
Increased by:						
Statutory Excess	B-3	\$ 5,308				
Interest Credits Due Current Fund	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">26</td> <td style="text-align: right; border-bottom: 1px solid black;">5,334</td> </tr> <tr> <td></td> <td style="text-align: right;">9,752</td> </tr> </table>	26	5,334		9,752
26	5,334					
	9,752					
Decreased by:						
Amount Paid to Current Fund	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">25</td> <td></td> </tr> </table>	25			
25						
Balance December 31, 2011	B	<u>\$ 9,727</u>				

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
OTHER TRUST FUND

B-6

	<u>REF.</u>		<u>OTHER TRUST FROM/(TO)</u>
Balance December 31, 2010	B	\$	2,242
Increased by:			
Subdivision Receipts Deposited into Current Fund	B-8	\$ 6,953	
Tax Sale Premiums Due from Current Fund	B-9	110,300	
Other Trust Fund - Open Space Levy	B-16	<u>12,503</u>	<u>129,756</u>
			<u>131,998</u>
Decreased by:			
Subdivision Expenses Paid by Current Fund	B-8		<u>9,506</u>
Balance December 31, 2011	B	\$	<u><u>122,492</u></u>

Detail Analysis of Other Trust Balance:

Due From Current Fund:

Public Defender		\$ 5,250	
Tax Sale Premiums		110,300	
Open Space		<u>12,527</u>	<u>\$ 128,077</u>

Due To Current Fund:

Recreation		15	
Recycling		(29)	
Special Trust		(352)	
Subdivision		(2,564)	
State Surcharge		832	
COAH		<u>(3,487)</u>	<u>(5,585)</u>
			<u><u>\$ 122,492</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR DRIVEWAY BONDS

B-7

REF.

Balance December 31, 2010

B \$ 48,982

Balance December 31, 2011

B \$ 48,982

TRUST FUND
SCHEDULE OF RESERVE FOR SUBDIVISION DEPOSITS

	<u>REF.</u>	B-8
Balance December 31, 2010	B	\$ 13,621
Increased by:		
Due Current Fund	B-6	\$ 6,953
Developers Deposits	B-2	<u>23,336</u>
		30,289
		<u>43,910</u>
Decreased by:		
Due Current Fund	B-6	9,506
Developers Payments	B-2	<u>22,319</u>
		<u>31,825</u>
Balance December 31, 2011	B	<u>\$ 12,085</u>

TRUST FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

B-9

	<u>REF.</u>		
Balance December 31, 2010	B		\$ 12,300
Increased by:			
Due Current Fund	B-6	\$ 110,300	
Interest	B-2	<u>72</u>	<u>110,372</u>
			122,672
Balance December 31, 2011	B		<u>\$122,672</u>

TRUST FUND
SCHEDULE OF RESERVE FOR LANDFILL ESCROW
TRUST DEPOSITS

B-10

REF.

Balance December 31, 2010

B \$ 7,974

Balance December 31, 2011

B \$ 7,974

TRUST FUND
SCHEDULE OF RESERVE FOR RECYCLING EXPENDITURES

B-11

	<u>REF.</u>
Balance December 31, 2010	B \$ 34,021
Increased by:	
Deposits	B-2 <u>29,474</u>
	63,495
Decreased by:	
Expenses	B-2 <u>13,454</u>
Balance December 31, 2011	B <u>\$ 50,041</u>

TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION COMMISSION

B-12

	<u>REF.</u>
Balance December 31, 2010	B \$ 4,707
Increased by:	
Recreation Receipts	B-2 <u>1,404</u> 6,111
Decreased by:	
Recreation Payments	B-2 <u>4,642</u>
Balance December 31, 2011	B <u>\$ 1,469</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DNA LIFEPRINT

B-13

REF.

Balance December 31, 2010

B \$ 1,058

Increased by:

Interest Credits

B-2 1

Balance December 31, 2011

B \$ 1,059

TRUST FUND
SCHEDULE OF RESERVE FOR PUBLIC DEFENDER

B-14

	<u>REF.</u>	
Balance December 31, 2010	B	<u>\$ 6,707</u>
Balance December 31, 2011	B	<u>\$ 6,707</u>

TRUST FUND
SCHEDULE OF RESERVE FOR COAH FEES

B-15

REF.

Balance December 31, 2010	B	\$ 88,242
Increased by:		
Deposits	B-2	<u>1,335</u> 89,577
Balance December 31, 2011	B	<u>\$ 89,577</u>

TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE

B-16

	<u>REF.</u>					
Balance December 31, 2010	B	\$ 57,512				
Increased by:						
Levy	B-6	\$ 12,503				
Deposits - Interest Credits	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">66</td> <td style="text-align: right; border-bottom: 1px solid black;">12,569</td> </tr> <tr> <td></td> <td style="text-align: right;">70,081</td> </tr> </table>	66	12,569		70,081
66	12,569					
	70,081					
Decreased by:						
Expenses	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">8,625</td> <td></td> </tr> </table>	8,625			
8,625						
Balance December 31, 2011	B	<u>\$ 61,456</u>				

TRUST FUND
SCHEDULE OF RESERVE FOR STATE SURCHARGES

B-17

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 1,165
Increased by:		
Deposits	B-2	<u>22,138</u>
		23,303
Decreased by:		
Expenses	B-2	<u>1,628</u>
Balance December 31, 2011	B	<u>\$ 21,675</u>

TRUST FUND
SCHEDULE OF RESERVE FOR POLICE EMPLOYMENT

B-18

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 3,081
Increased by:		
Deposits	B-2	<u> 4</u>
		3,085
Decreased by:		
Payments	B-2	<u>\$ 3,085</u>

TRUST FUND
SCHEDULE OF RESERVE FOR AF & EFJ LLC PERFORMANCE BOND

B-19

REF.

Increased by:

Deposits	B-2	\$ 26,679
		<u>26,679</u>
Balance December 31, 2011	B	\$ <u>26,679</u>

ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE

B-20

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF CONFIRM.</u>	<u>ANNUAL INSTALLMENTS</u>	<u>BALANCE 12/31/10</u>	<u>BALANCE 12/31/11</u>	<u>PLEGDED TO RESERVE FOR ASSESSMENT</u>
Woodlyn Estate Road	10/28/96	10	\$ 183	\$ 183	\$ 183
			\$ 183	\$ 183	\$ 183

REF.

B

B

ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENTS LIENS RECEIVABLE

B-21

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF CONFIRM.</u>	<u>BALANCE 12/31/10</u>	<u>BALANCE 12/31/11</u>	<u>PLEGGED TO RESERVE FOR ASSESSMENT</u>
Road Assessment	04/29/83	\$ 848	\$ 848	\$ 848
Woodlyn Estate Road	10/28/96	6,964	6,964	6,964
		<u>\$ 7,812</u>	<u>\$ 7,812</u>	<u>\$ 7,812</u>
	REF.	B	B	

ASSESSMENT TRUST FUND
SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS RECEIVABLE

B-22

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF CONFIRM.</u>	<u>BALANCE 12/31/10</u>	<u>BALANCE 12/31/11</u>
Road Assessment	04/29/83	\$ 1,054	\$ 1,054
Woodlyn Estate Road	10/28/96	6,941	6,941
		<u>\$ 7,995</u>	<u>\$ 7,995</u>
	REF.	B	B
 <u>Detail:</u>			
Reserve for Assessments		\$ 183	\$ 183
Reserve for Liens		<u>7,812</u>	<u>7,812</u>
		<u>\$ 7,995</u>	<u>\$ 7,995</u>

GENERAL CAPITAL FUND SCHEDULES

GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

C-2

	<u>REF.</u>		
Balance December 31, 2010	C		\$ 365,522
Increased by:			
COAH Receipts	C-10	\$ 11,004	
Bond Anticipation Note Proceeds	C-6	155,000	
Interest Receipts	C-8	381	
Current Fund - Interfund Returned from Current Fund	C-8	3,128	
Capital Improvement Fund - Contribution Appropriated in Current Fund Budget	C-9	<u>25,000</u>	<u>194,513</u>
			560,035
Decreased by:			
Payment of Interest Receipts to Current Fund	C-8	399	
Interfund Returned - Grant Fund	C-3	180,018	
Current Fund - Interfund Advanced to Current Fund	C-8	300	
COAH Disbursements	C-10	24,024	
Improvement Authorizations	C-11	<u>121,075</u>	<u>325,816</u>
Balance December 31, 2011	C		<u>\$ 234,219</u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE GRANTS FUND

C-3

<u>DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>DECREASED</u>	<u>BALANCE</u> <u>12/31/11</u>
NJ DOT Grants Receivable-Millbrook Road - 75%	\$ 150,000	\$ 150,000	-
Interfund Return-December		30,018	\$ (30,018)
Improvement Authorization paid by Grants Fund (Middleville Rd)		(30,018)	30,018
	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>-</u>
REF.	C	C-2	C
	C-2	\$ 180,018	
	C-11	<u>(30,018)</u>	
		<u>\$ 150,000</u>	

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

C-4

	<u>REF.</u>	
Balance December 31, 2010	C	\$ 26,217
Decreased by:		
2011 Budget Appropriations - Green Acres Loan	C-7	<u>10,331</u>
Balance December 31, 2011	C	<u>\$ 15,886</u>

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

C-5

<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>2011</u> <u>AUTHORIZATIONS</u>	<u>NOTES PAID</u>	<u>DEF. CHGS</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>ANALYSIS OF BALANCE</u>	
			<u>BY</u> <u>CURRENT</u> <u>BUDGET</u>	<u>PAID BY</u> <u>CURRENT</u> <u>BUDGET</u>		<u>BOND</u> <u>ANTICIPATION</u> <u>NOTES</u>	<u>AUTHORIZED</u> <u>NOT</u> <u>ISSUED</u>
Purchase of a Fire Truck	37,800		\$ 18,900		\$ 18,900	\$ 18,900	-
Reconstruction of Ridge Road II	18,360		9,180		9,180	9,180	-
Restoration of Crandon Lakes Dam	42,200		13,000		29,200	13,500	\$ 15,700
Construction of a Rescue Squad Building	19,390			\$ 19,390	-		-
COAH Rehab.Housing Project	20,000			20,000	-		-
Purchase of a Fire Truck	10,614			10,614	-		-
Old Foundry Road Reconstruction	135,000		27,000		108,000	108,000	-
4x4 Police Vehicle	4,626			4,626	-		-
Dump Truck	62,180			13,770	48,410		48,410
Mt. Benevolence Road	115,200				115,200	115,200	-
Ambulance	65,460			10,000	55,460	12,800	42,660
4x4 Police Vehicle (Durango)	5,150			5,150	-		-
4x4 Police Vehicle (Durango)	5,150			5,150	-		-
Mt. Benevolence Road (Phase II)	223,200				223,200	223,200	-
Mill Brook Road	207,000		23,000		184,000	184,000	-
Two Dump Trucks	195,300			19,530	175,770		175,770
Reconstruction of Balwin Gate Bridge	100,000			10,000	90,000		90,000
Phase I Middleville Road		\$ 155,000			155,000	155,000	-
PEOSHA Gear and Fire Truck Pump		100,000			100,000		100,000
	\$ 1,266,630	\$ 255,000	\$ 91,080	\$ 118,230	\$ 1,312,320	\$ 839,780	\$ 472,540
REF.	C	C-11	C-6	C-8	C		

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

C-6

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/10</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE 12/31/11</u>
02-04	Purchase of Fire Truck	10/16/02	9/29/11	9/28/12	1.35%	\$ 37,800		\$ 18,900	\$ 18,900
02-05	Reconstruction of Ridge Road - Phase II	10/16/02	9/29/11	9/28/12	1.35%	18,360		9,180	9,180
02-10	Restoration of Crandon Lakes Dam	10/16/03	9/29/11	9/28/12	1.35%	26,500		13,000	13,500
05-11	Old Foundry Road	10/06/05	9/29/11	9/28/12	1.35%	135,000		27,000	108,000
08-02	Mill Brook Road	10/1/09	9/29/11	9/28/12	1.35%	207,000		23,000	184,000
06-16	Ambulance	3/11/09	9/29/11	9/28/12	1.35%	12,800			12,800
06-12	Mt. Benevolence Road - Phase I	3/11/09	9/29/11	9/28/12	1.35%	115,200			115,200
07-12	Mt. Benevolence Road - Phase II	3/11/09	9/29/11	9/28/12	1.35%	223,200			223,200
11-04	Phase I - Middleville Road	10/18/11	10/18/11	9/28/12	1.75%		155,000		155,000
						\$ 775,860	\$ 155,000	\$ 91,080	\$ 839,780
REF.						C	C-2	C-5	C

GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES TRUST LOAN PROGRAM

C-7

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>MATURITIES</u> <u>DATE</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>DECREASED</u>	<u>BALANCE</u> <u>12/31/11</u>
Development of Property	3/25/94	3/25/11 - \$5,140 - 3/25/13 5,348	2.00%	\$ 26,217	\$ 10,331	\$ 15,886
				<u>\$ 26,217</u>	<u>\$ 10,331</u>	<u>\$ 15,886</u>
REF.				C	C-4	C

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE TO CURRENT FUND

C-8

	<u>REF.</u>		
Balance December 31, 2010	C		\$ (43,868)
Increased by:			
Interfund Returned - Current Fund	C-2	3,128	
Interest Credits	C-2	381	
Improvement Authorization paid by Current Fund	C-11	<u>27,237</u>	<u>30,746</u>
			(13,122)
Decreased by:			
Receivable from Current Fund for Deferred Charges paid thru Budget	C-5	118,230	
DPW & Emergency Equipment - Contribution Appropriated in Current Fund Budge	C-10	6,000	
NJDOT Grant Received in Current Fund	C-13	150,000	
Interfund Advanced - Current Fund	C-2	300	
Payment to Current Fund - Interest Credits	C-2	<u>399</u>	<u>274,929</u>
Balance December 31, 2011	C		<u>\$ (288,051)</u>

GENERAL CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

C-9

	<u>REF.</u>	
Balance December 31, 2010	C	\$ 245,774
Increased by:		
2011 Budget Appropriation	C-2	<u>25,000</u>
		270,774
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-11	<u>13,000</u>
Balance December 31, 2011	C	<u>\$ 257,774</u>

GENERAL CAPITAL FUND
SCHEDULE OF VARIOUS RESERVES

C-10

<u>DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>COAH</u> <u>RECEIPTS</u>	<u>COAH</u> <u>DISBURSEMENTS</u>	<u>ANTICIPATED</u> <u>AS REVENUE</u> <u>IN 2011 BUDGET</u>	<u>BALANCE</u> <u>12/31/11</u>
Debt Service	\$ 396	11,004	\$ (24,024)		\$ (12,624)
Emergency Vehicle	114,700			\$ 3,000	117,700
DPW Equipment	20,795			3,000	23,795
Municipal Building Improvements	38,975				38,975
Courthouse Improvements	21,900				21,900
	\$ 196,766	\$ 11,004	(24,024)	\$ 6,000	\$ 189,746

REF.

C C-2 C-2 C-8 C

1.44
51.05
351.04
50.61
0.60
27,235.00
150.58
50.56
50.65
7,550.18
2,696.61
0.06
50.03
11,003.41
13,120.87
24,124.28
(100.28)

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-11

<u>IMPROVEMENT DESCRIPTION</u>	<u>NUMBER</u>	<u>ORDINANCE DATE</u>	<u>AMOUNT</u>	<u>BALANCE 12/31/10</u>		<u>CAPITAL IMPROVEMENT FUND</u>	<u>STATE ROAD ALLOTMENTS</u>	<u>DEFERRED CHARGES TO FUTURE TAXATION</u>	<u>PAID OR CHARGED</u>	<u>BALANCE 12/31/11</u>	
				<u>FUNDED</u>	<u>UNFUNDED</u>					<u>FUNDED</u>	<u>UNFUNDED</u>
Rehabilitation of Low Income Housing	93-17	8/17/93	\$ 340,000	\$ 1,894						\$ 1,894	
	00-04	3/7/00	100,000		\$ 28,369						\$ 28,369
Development of Property	96-03	4/2/96	150,000								
	02-02	5/21/02			5,105						5,105
COAH Rehabilitation Housing Proj.	03-11	7/1/03	100,000		18,368						18,368
Pond Brook Park	06-17	8/15/06	36,548	18,803						18,803	
4x4 Police Vehicle (Durango)	06-20	9/5/06	30,900	5,150	25,750					5,150	25,750
Police Computer	07-21	8/08/07	3,000	3,000						3,000	
Mill Brook Road	08-02	4/24/08	392,000		102,409						102,409
Mower Arm	09-04	5/5/09	20,000	2,800						2,800	
Upgrade of Municipal Electronic Equip.	09-09	6/9/09	25,000	4,824						4,824	
Two Dump Trucks	09-10	8/4/09	217,000		22,541						22,541
Reconstruction of Balwin Gate Bridge	10-02	2/2/10	110,000		46,073				\$ 1,730		44,343
Replacement of Hot Air Furnace	10-04	5/18/10	8,000	2,410						2,410	
Phase I Middleville Road	11-04	4/5/11	363,000			\$ 8,000	\$ 200,000	\$ 155,000	253,385		109,615
PEOSHA Gear and Fire Truck Pump	11-10	6/14/11	105,000			5,000		100,000	65,554		39,446
				\$ 38,881	\$ 248,615	\$ 13,000	\$ 200,000	\$ 255,000	\$ 320,669	\$ 38,881	\$ 395,946

REF.

C C C-9 C-13 C-5 C-8 C C

C-2 121,075
C-3 30,018
C-8 27,237
Encumbrances 142,339
320,669

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE TO OTHER TRUST

C-8

REF.

Balance December 31, 2010	C	\$ 20,000
Increased by:		
Coah Debt Service Reserve Anticipated as Revenue in Current Fund Budget Paid by Other Trust Account	C-8	
Balance December 31, 2011	C	<u>\$ 20,000</u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE FROM STATE OF NEW JERSEY

C-13

<u>DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE</u> <u>12/31/11</u>
NJ DOT Grants Receivable - Stillwater/Middleville Road		\$ 200,000	\$ 150,000	\$ 50,000
	-	\$ 200,000	\$ 150,000	\$ 50,000
REF.	C	C-11	C-8	C

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, 2010	E	<u>\$ 4,753</u>	<u>\$ 4,753</u>
Increased by Receipts:			
Interest Credits on Bank Deposits		<u>6</u>	<u>6</u>
Total Receipts		<u>6</u>	<u>6</u>
Balance December 31, 2011	E	<u>\$ 4,759</u>	<u>\$ 4,759</u>

SCHEDULE OF GENERAL FIXED ASSETS

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

F-1

	<u>BALANCE</u> <u>12/31/10</u>	<u>ADDITIONS</u>	<u>BALANCE</u> <u>12/31/11</u>
General Fixed Assets:			
Land & Improvements	\$ 2,755,615		\$ 2,755,615
Buildings & Improvements	414,215		414,215
Machinery and Equipment	2,608,695	\$ 65,554	2,674,249
Total General Fixed Assets	<u>\$ 5,778,525</u>	<u>\$ 65,554</u>	<u>\$ 5,844,079</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 Stillwater, County of Sussex, 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 the records of the various outside departments.

Contracts and Agreements Requiring Advertisement for Bids

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

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

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

N.J.S.A.40A:11-4 (as amended) states, "Every contract or agreement for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

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

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

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

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

My examination of expenditures did 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, 2011, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500 and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency."

The above resolution also allows for a ten-day grace period before interest is assessed on delinquent taxes.

Under provisions of C.75, P.L. 1991 (amending N.J.S. 54:4-67), enacted March 28, 1991, the definition of tax delinquency was defined as the sum of all taxes and municipal charges due on a given parcel or property covering any number of quarters or years. In addition, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six (6%) per cent of the amount of the delinquency.

The governing body, on January 1, 2011, adopted a resolution enabling the \$10,000 delinquency penalty provisions.

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

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2011, include property taxes outstanding from the 2011 and 2010 tax levy.

A tax sale was held on December 29, 2011, and was complete with respect to all items eligible for sale.

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

<u>Year</u>	<u>Number of Liens</u>
2011	61
2010	51
2009	45

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 21, 2011. The items that were returned were compared to and are in agreement with the Township's records. For items not returned, alternative procedures were performed.

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

<u>Verification Type</u>	Type of Receivable - Real Property Tax		Date of Circulars - November 21, 2011	
	<u>Request Form</u>	<u>Total No. of Items</u>	<u>Total No. of Circular</u>	<u>Total No. Returned</u>
2011 Property Tax	Positive	2,730	60	25
2012 Property Tax	Positive	2,730	60	25
2011 Delinquent Tax	Negative	218	25	11

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 Stillwater to these new directives are as follows:

<u>Requirement</u>	FY 2011 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 2011</u>	<u>%</u>	<u>YEAR 2010</u>	<u>%</u>
Fund Balance Utilized	\$ 538,200	3.94%	\$ 550,920	4.13%
Miscellaneous - From Other Than				
Local Property Tax Levies	1,316,656	9.64%	1,337,285	10.04%
Collection of Delinquent Taxes and				
Tax Title Liens	421,421	3.08%	409,327	3.07%
Collection of Current Tax Levy	<u>11,385,818</u>	<u>83.34%</u>	<u>11,026,961</u>	<u>82.76%</u>
Total Income	<u>13,662,095</u>	<u>100.00%</u>	<u>13,324,493</u>	<u>100.00%</u>

EXPENDITURES

Budget Expenditures:				
Municipal Purposes	2,865,363	22.82%	3,139,290	25.07%
County Taxes	2,404,396	19.14%	2,343,778	18.72%
Local and Regional Taxes	7,120,166	56.69%	6,933,507	55.37%
Water District Taxes	104,741	0.83%	104,741	0.84%
Other Expenditures	<u>64,278</u>	<u>0.51%</u>	<u>72</u>	<u>0.00%</u>

Total Expenditures	<u>\$ 12,558,944</u>	<u>100.00%</u>	<u>\$ 12,521,388</u>	<u>100.00%</u>
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Excess in Revenue	1,103,151		803,105	
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Adjustments to Income Before Fund Balance:

 Expenditures Included Above Which are by Statute

Deferred Charges to Budget of Succeeding Ye	<u>69,995</u>		<u>-</u>	
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Statutory Excess To Fund Balance	1,173,146		803,105	
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Fund Balance January 1	1,086,747		834,562	
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Less:

Utilization as Anticipated Revenue	<u>538,200</u>		<u>550,920</u>	
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Fund Balance December 31	<u>\$ 1,721,693</u>		<u>\$ 1,086,747</u>	
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Comparative Schedule of Tax Rate Information

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate</u>	<u>\$4.661</u>	<u>\$4.544</u>	<u>\$4.419</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	0.843	0.825	0.802
Municipal Open Space	0.005	0.004	0.004
County	0.964	0.939	0.911
Local School	1.515	1.483	1.451
Regional High School	1.334	1.293	1.251

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2011	\$249,838,036
2010	\$249,764,913
2009	\$250,060,393

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2011	\$11,761,204	\$11,385,782	96.80%
2010	\$11,473,895	\$11,026,961	96.10%
2009	\$11,164,235	\$10,721,734	96.03%

Delinquent Taxes and Tax Title Liens

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

<u>Dec.31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$141,123	\$325,956	\$467,079	3.97%
2010	\$95,219	\$424,400	\$519,619	4.53%
2009	\$70,354	\$410,315	\$480,669	4.31%

Property Acquired by Tax Title Lien Liquidation

The value of property acquired by liquidation of tax title liens on Decemer 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2011	\$1,492,600
2010	\$1,492,600
2009	\$1,492,600

Comparitive Schedule of Fund Balances

<u>Year</u>	<u>Balance December 31</u>		<u>Regular</u>	<u>Utilized In Budget of Succeeding Year</u>	
					<u>Defer School Tax</u>
2011	\$ 1,721,693	*	\$ 574,000		NONE
2010	\$ 1,086,747		\$ 538,200		NONE
2009	\$ 834,562		\$ 550,920		NONE
2008	\$ 554,593		\$ 400,920		NONE
2007	\$ 867,133		\$ 612,608		NONE

*Approved (Introduced) Budget

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
George Scott	Mayor		
Timmy Fisher	Township Committee		
Charles Gross	Township Committee		
Anita Straway	Township Committee		
William Morrison	Township Committee		
Lynda Knott	Township Clerk; Dog Registrar; Registrar of Vital Statistics; Assessment Search Officer		
Gerry Pflugh/ Dana J. Mooney	Chief Financial Officer; Treasurer	\$250,000	Blanket - Statewide Insurance Fund
	Eff. 12/2011		

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Gisela Boltzer	Tax Collector; Tax Search Officer	\$250,000	Blanket - Statewide Insurance Fund
Lawrence P. Cohen, Esq.	Attorney		
Penny Hostenstein	Assessor		
Charles O'Conner	Construction Code Official; Fire Code Official		
Alfia Schemm	Planning Board Secretary		
Kathryn Wunder	Zoning Board Secretary		

The minimum bond coverage for the Tax Collector and Municipal Court based on prior years' tax levies is as follows:

	<u>Year</u>	<u>Amount</u>
Tax Collector	2011	\$106,829

There is a Faithful Performance Blanket Position Bond with the Statewide Insurance Fund in the amount of \$250,000.

All the bonds were examined and were properly executed.

SCHEDULE OF FEDERAL/STATE AWARDS

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

N/A

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

STATE GRANTOR/PROGRAM TITLE	ACCOUNT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH ACCRUED OR DEFERRED REVENUE BALANCE	RECEIPTS		DISBURSEMENTS	CASH ACCRUED OR DEFERRED REVENUE BALANCE
					AT 1/1/11	PROGRAM	OTHER	AT 12/31/11	
<u>DEPT. OF LAW & PUBLIC SAFETY</u>									
Body Armor Replacement	718-066-1020-001-6120		2004	A	\$ 12				\$ 12
Body Armor Replacement	718-066-1020-001-6120	1,000	2005	A	1,000				1,000
<u>DEPT. OF COMMUNITY AFFAIRS</u>									
Municipal Alliance Program N.J.S.40A:11-5(a)	N/A	13,354	2011	A		\$ 13,354		\$ 6,655	6,699
<u>DEPT. OF ENVIRON. PROTECT.& ENERGY</u>									
Clean Communities Grant	765-042-4900-004-6020	11,717	2004	A	2,779			2,779	-
Clean Communities Grant	765-042-4900-004-6020	12,920	2011	A		12,920		7,749	5,171
<u>DEPT. OF Transportation</u>									
Middleville Road	N/A	200,000	2011	A	150,000				150,000
<u>OTHER STATE AIDS</u>									
Environmental Grant	N/A		Prior Years	A	1,210				1,210
Environmental Grant	N/A	2,500	2005	A	2,500				2,500
Storm Water Management Grant	N/A	5,000	2005	A	6,250				6,250
OEM Grant	N/A	2,406	Prior Years	A	2,406				2,406
Energy Efficiency Grant	N/A	15,883	2011	A		15,883		5,473	10,410
TOTAL STATE ASSISTANCE					\$ 166,157	\$ 42,157	-	\$ 22,656	\$ 185,658

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

SCHEDULE OF PRIOR AUDIT FINDINGS

TOWNSHIP OF STILLWATER

STATUS OF PRIOR AUDIT FINDINGS

CY

Occurrence

2010-1 We recommend that aged purchase orders included as encumbrances are reviewed for disposition by liquidation or cancelation.

STATUS - Finding is cleared in CY 2011.

2010-2 We recommend that the Township ensure controls are present to prevent overexpenditures in the current fund budget.

STATUS - Finding is cleared in CY 2011.

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

TOWNSHIP OF STILLWATER

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, including payroll preparation, 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.

Other Findings

2011-1 Bank reconciliations were not prepared for all funds throughout calendar year 2011.

We recommend that bank statements are reconciled to the general ledger cash balances on a monthly basis and that a control process is implemented to monitor the monthly completion of the bank reconciliations.

2011-2 Receipts exceeding nine million dollars were not posted to the general ledger until October 2011.

We recommend that the Township implement controls to ensure receipts/deposits are posted to the general ledger within 48 hours of deposit.

2011-3 Payroll disbursements were not posted to the general ledger until December 2011.

We recommend that the Township implement controls to ensure the semi-monthly payroll disbursements are posted at least on a monthly basis.

2011-4 Resolutions were not adopted or noted in the minutes for purchases exceeding the bid limitation, but exempt from bidding requirements. In 2011, these purchases included state contract purchases and state of emergency purchases.

We recommend all contracts over the bid threshold be awarded by resolution of the governing body. This includes professional services, EUS, competitive contracting and State contracts as per N.J.S.A. 40A-11-1 et. Seq.

TOWNSHIP OF STILLWATER

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

GENERAL FINDINGS-(CONTINUED)

- 2011-5 Excess/Idle cash balances in excess of \$24,000 exists in the payroll and payroll agency accounts.

We recommend that excess payroll cash be transferred to the current fund and minimal cash balances be maintained in the payroll and payroll agency accounts.

- 2011-6 Complete financial statements were not provided to the governing body throughout calendar year 2011.

We recommend that a minimum monthly financial reporting package be provided to the governing body, including the trial balance (balance sheet), budget trial balance (revenues and appropriations compared to budget), budget reserve trial balance (prior year open appropriations), and bank reconciliations. This reporting package should be provided not later than 60 days after the end of each month.

- 2011-7 Various interfund balances in excess of \$450,000 existed as of December 31, 2011.

We recommend that all interfund loans be transferred back to their respective funds before the end of the calendar year.

- 2011-8 Appropriation reserve line items were over-expended in the amount of \$102,194.

We recommend that the Township implement controls to ensure the prior year's open budget appropriations are not over-expended.

- 2011-9 Various employees were not enrolled in the New Jersey State Pension system as required by NJ statute.

We recommend that the Township implement controls to ensure newly hired employees are properly enrolled in the pension system.

- 2011-10 The Housing Rehabilitation Fund account was over-expended by \$12,624 in 2011.

We recommend that the Township implement controls to ensure funds are not over-expended.

TOWNSHIP OF STILLWATER

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

GENERAL FINDINGS-(CONTINUED)

- 2011-11 Dog license fees due to the State of New Jersey were overpaid for the month of March 2011, and January and November 2011 remain unpaid.

We recommend that the Township implement controls to ensure the monthly dog fund required monthly reporting to the State of New Jersey is reconciled to the dog fund financial statements, and any amounts due are promptly remitted to the State of New Jersey.

- 2011-12 Cash books are not being maintained for all departments that receive payments.

We recommend that all departments maintain cash books recording all receipts of township revenues and subsequent turn over of cash to the Treasurer/CMFO. This process will ensure proper monitoring and reconciliation between the various departments and the finance office books of record.

- 2011-13 During 2011, building inspection DCA monies were paid directly from the building inspector department account instead of the Treasurer's accounts.

We recommend that all building inspection DCA disbursements be made by the CMFO and included on the monthly list of claims to be approved by the governing body.