

Report of Audit

on the

Financial Statements

of the

Township of Montgomery

in the

County of Somerset
New Jersey

for the

Year Ended
December 31, 2011



TOWNSHIP OF MONTGOMERY

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TOWNSHIP OF MONTGOMERY

PART I

INDEPENDENT AUDITOR'S REPORT ON
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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2011 AND 2010



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Montgomery
County of Somerset
Belle Mead, New Jersey 08502

We have audited the accompanying financial statements - regulatory basis of the various individual funds of the Township of Montgomery, County of Somerset, New Jersey as of and for the years ended December 31, 2011 and 2010, and for the year ended December 31, 2011, as listed as financial statements - regulatory basis in the foregoing table of contents. These financial statements - regulatory basis are the responsibility of the management of the Township of Montgomery, County of Somerset. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial statements contained in Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and State of New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

SUPLEE, CLOONEY & COMPANY

As described in Note 1, except for the omission of a Statement of General Fixed Assets, the Township of Montgomery, County of Somerset, prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, because the Township of Montgomery prepares 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 U.S. generally accepted accounting principles, the financial position of the various individual funds of the Township of Montgomery, County of Somerset, as of December 31, 2011 and 2010 or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year then ended December 31, 2011.

However, in our opinion, except for the effects of such adjustments, if any, that might have been determined to be necessary had we been able to audit the financial activities of the Statement of General Fixed Assets, the financial statements - regulatory basis present fairly, in all material respects, the financial position - regulatory basis of the various individual funds of the Township of Montgomery, County of Somerset, as of December 31, 2011 and 2010, and the results of its operations and changes in fund balance - regulatory basis for the year then ended and the revenues, expenditures and changes in fund balance - regulatory basis for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated May 11, 2012 on our consideration of the Township of Montgomery's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements - regulatory basis taken as a whole. The information included in the schedules of expenditures of federal awards and state financial assistance and the other supplementary schedules and data listed in the table of contents is presented for purposes of additional analysis as required by New Jersey OMB Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and the State of New Jersey, Department of Community Affairs, Division of Local Government Services, and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

SUPLEE, CLOONEY & COMPANY

This report is intended for the information of the Township of Montgomery, County of Somerset, New Jersey, the Division of Local Government Services and federal and state audit agencies and is not intended to be, and should not be, used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

May 11, 2012

CURRENT FUND

TOWNSHIP OF MONTGOMERY

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER <u>31, 2011</u>	BALANCE DECEMBER <u>31, 2010</u>
Current Fund:			
Cash	A-4	\$ 8,262,523.37	\$ 10,087,543.82
Change Funds	A-7	675.00	675.00
		<u>\$ 8,263,198.37</u>	<u>\$ 10,088,218.82</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	\$ 850,162.54	\$ 784,615.16
Tax Title Liens Receivable	A-10	230,229.34	204,091.25
Property Acquired for Taxes - Assessed Valuation	A-11	115,210.00	115,210.00
Revenue Accounts Receivable	A-12	15,261.49	18,029.23
Interfunds Receivable	A-13	201,660.19	256,338.95
	A	<u>\$ 1,412,523.56</u>	<u>\$ 1,378,284.59</u>
Deferred Charges:			
Emergency Authorization	A-29	\$ 82,500.00	\$ _____
		<u>\$ 9,758,221.93</u>	<u>\$ 11,466,503.41</u>
Grant Fund:			
Grants Receivable	A-26	\$ 1,124,127.66	\$ 1,533,462.87
Interfunds Receivable	A-25	806,644.63	750,000.00
		<u>\$ 1,930,772.29</u>	<u>\$ 2,283,462.87</u>
		<u>\$ 11,688,994.22</u>	<u>\$ 13,749,966.28</u>

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

TOWNSHIP OF MONTGOMERY

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>BALANCE DECEMBER 31, 2010</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-18	\$ 1,813,286.24	\$ 1,715,407.82
Encumbrances Payable	A-19	487,317.11	460,847.42
Due State of New Jersey-Senior Citizens and Veterans Deductions	A-8	9,320.46	10,820.46
Reserve for Sale of Municipal Assets	A-15	91,647.00	77,457.45
Tax Overpayments	A-16	159,279.93	155,866.69
Interfunds Payable	A-13	852,501.52	43,161.79
Prepaid Taxes	A-21	975,196.65	1,023,760.30
County Taxes Payable	A-22		24,570.51
Reserve for Miscellaneous Deposits	A-14	970,760.53	971,341.76
		<u>\$ 5,359,309.44</u>	<u>\$ 4,483,234.20</u>
Reserve for Receivables	A	1,412,523.56	1,378,284.59
Fund Balance	A-1	<u>2,986,388.93</u>	<u>5,604,984.62</u>
		<u>\$ 9,758,221.93</u>	<u>\$ 11,466,503.41</u>
Grant Fund:			
Reserve for Grants-Appropriated	A-27	\$ 1,808,524.42	\$ 2,085,086.36
Reserve for Grants-Unappropriated	A-28	2,329.08	7,238.08
Interfunds Payable	A-25		69,266.10
Encumbrances Payable	A-20	119,918.79	121,872.33
		<u>\$ 1,930,772.29</u>	<u>\$ 2,283,462.87</u>
		<u>\$ 11,688,994.22</u>	<u>\$ 13,749,966.28</u>

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

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

	REF.	YEAR ENDED DECEMBER 31, 2010	YEAR ENDED DECEMBER 31, 2009
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-1:A-2	\$ 5,300,000.00	\$ 5,507,146.00
Miscellaneous Revenues Anticipated	A-2	9,259,453.48	8,815,067.03
Receipts from Delinquent Taxes	A-2	758,070.73	825,695.67
Receipts from Current Taxes	A-2	99,702,156.54	97,996,456.48
Non-Budget Revenues	A-2	564,601.11	932,239.38
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-18	1,495,744.59	1,503,423.51
Grants Canceled			110,471.00
Interfunds Returned		54,678.76	
<u>Total Income</u>		\$ <u>117,134,705.21</u>	\$ <u>115,690,499.07</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Within "CAPS":			
Operations including Contingent	A-3	\$ 16,173,935.00	\$ 16,056,134.16
Deferred Charges and Regulatory			
Expenditures - Municipal	A-3	1,995,048.00	1,722,313.77
Excluded from "CAPS"			
Operations	A-3	2,832,247.31	2,022,293.77
Capital Improvement Fund	A-3	94,774.25	
Municipal Debt Service	A-3	4,682,076.68	4,821,979.66
County Tax	A-22	16,525,048.45	16,005,445.78
County Tax for Added and Omitted Taxes	A-22	44,195.25	24,570.51
Local District School Tax	A-23	69,125,898.53	67,714,749.00
Fire District Tax	A-17	1,480,050.00	1,553,550.00
Municipal Open Space Tax	A-24	1,501,619.50	1,502,963.89
Interfund Advances			85,705.72
Refund of Prior Years Revenues	A-4	80,907.93	94,349.50
<u>Total Expenditures</u>		\$ <u>114,535,800.90</u>	\$ <u>111,604,055.76</u>
Excess in Revenue		\$ 2,598,904.31	\$ 4,086,443.31
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	82,500.00	
Regulatory Excess to Fund Balance		\$ 2,681,404.31	\$ 4,086,443.31
<u>Fund Balance</u>			
Balance, January 1	A	\$ 5,604,984.62	\$ 7,025,687.31
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	5,300,000.00	5,507,146.00
Balance, December 31	A	\$ <u>2,986,388.93</u>	\$ <u>5,604,984.62</u>

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

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

REF.	ANTICIPATED		SPECIAL N.J.S. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
	BUDGET				
Fund Balance Anticipated	A-1	\$ 5,300,000.00		\$ 5,300,000.00	
Miscellaneous Revenues:					
Alcoholic Beverage Licenses	A-12	\$ 18,500.00		\$ 18,752.00	\$ 252.00
Construction Code Official - Fees and Permits	A-12	550,000.00		558,895.00	8,895.00
Other Fees and Permits	A-2	739,000.00		701,433.69	(37,566.31)
Fines and Costs - Municipal Court	A-12	190,000.00		225,315.36	35,315.36
Interest and Costs on Taxes	A-12	226,000.00		184,169.78	(41,830.22)
Interest on Investments and Deposits	A-12	17,500.00		10,561.88	(6,938.12)
Burglar Alarms	A-12	8,000.00		11,310.00	3,310.00
Energy Receipts Tax	A-12	1,379,037.00		1,379,037.00	
Preschool Registration	A-12	395,000.00		395,000.00	
Additional Preschool Registration	A-12	1,075,500.00		1,012,373.86	(63,126.14)
Municipal Alliance Drug Program	A-26	15,313.00		15,313.00	
Click it or Ticket it	A-26		4,000.00	4,000.00	
Child Safety Grant	A-26		4,500.00	4,500.00	
NJ Health Officers	A-26	10,000.00		10,000.00	
Somerset County Youth Services	A-26		5,000.00	5,000.00	
Drunk Driving Enforcement Fund	A-26		6,190.08	6,190.08	
NACCHO Grant	A-26	475.00		475.00	
Open Space - Rossmassler - State	A-26	704,167.20		704,167.20	
Open Space - KBA	A-26	275,000.00		275,000.00	
Open Space - Rossmassler - County	A-26	231,792.14		231,792.14	
State Body Armor Replacement Program	A-26		3,056.22	3,056.22	
Recycling Tonnage Grant	A-26	20,831.01	21,418.96	42,249.97	
Environmental Protection	A-26		35,126.38	35,126.38	
Clean Communities Grant	A-26		44,888.40	44,888.40	
Garden State Green Acres	A-26		44,500.00	44,500.00	
Safe Corridors	A-26		19,024.92	19,024.92	
Cell Phone Enforcement	A-26		10,000.00	10,000.00	
Shared Services - Pennington	A-12	35,300.00		35,205.00	(95.00)
Shared Services - Hopewell	A-12	27,800.00		27,800.00	
Utility Operating Surplus	A-12	974,350.00		974,350.00	
Zero Coupons Maturing	A-12	98,000.00		97,000.00	(1,000.00)
Open Space Trust Fund	A-12	1,401,605.06		1,401,605.06	
Lease Income - Cell Tower	A-12	175,000.00		185,185.56	10,185.56
Green Trust Fund	A-12	117,500.00		117,526.22	26.22
General Capital Fund - Premiums 2010	A-12	308,000.00		308,000.00	
General Capital Fund Surplus	A-12	125,000.00		125,000.00	
Cable Franchise Fee	A-12	25,000.00		35,649.76	10,649.76
	A-1	\$ 9,143,670.41	\$ 197,704.96	\$ 9,259,453.48	\$ (81,921.89)
Receipts From Delinquent Taxes	A-2	\$ 792,146.00		\$ 758,070.73	\$ (34,075.27)
Amount to be Raised by Taxes for Support of Municipal Budget	A-9:A-2	\$ 11,362,451.30		\$ 11,577,909.44	\$ 215,458.14
<u>Budget Totals</u>		\$ 26,598,267.71	\$ 197,704.96	\$ 26,895,433.65	\$ 99,460.98
Non-Budget Revenues	A-2			564,601.11	564,601.11
		\$ 26,598,267.71	\$ 197,704.96	\$ 27,460,034.76	\$ 664,062.09
REF.	A-3		A-3		

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

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>REF.</u>		
Allocations of Current Tax Collections:			
Revenues from Collections	A-1:A-9	\$	99,702,156.54
Allocated to:			
School and County Taxes		\$	86,235,125.71
Fire District Tax			1,480,050.00
Township Open Space Tax			<u>1,501,619.50</u>
			<u>89,216,795.21</u>
Balance for Support of Municipal Appropriations		\$	10,485,361.33
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		<u>1,092,548.11</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u><u>11,577,909.44</u></u>

ANALYSIS OF REALIZED REVENUES

Receipts from Delinquent Taxes:			
Delinquent Tax Collections	A-9	\$	757,938.23
Tax Title Lien Collections	A-10		<u>132.50</u>
	A-1:A-2	\$	<u><u>758,070.73</u></u>
Other Fees and Permits:			
Engineering Department	A-12	\$	2,948.50
Planning Board/Board of Adjustment	A-12		0.00
Recreation	A-12		645,569.40
Police Department	A-12		1,980.00
Health Officer	A-12		10,422.20
Township Clerk	A-12		19,920.00
Tax Assessor	A-12		340.00
Miscellaneous Fees	A-12		7,673.59
Zoning Board	A-12		<u>12,580.00</u>
	A-2	\$	<u><u>701,433.69</u></u>

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

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

ANALYSIS OF NON-BUDGET REVENUE

	<u>REF.</u>	
Miscellaneous Revenue Not Anticipated:		
Fire Safety		\$ 67,317.27
Code Enforcement		16,520.00
Planning		1,463.50
Police		6,705.90
Finance		281,256.45
Clerk		11,226.80
Health		62,984.50
Recreation		6,087.48
Collector		100.00
Engineering		334.42
Public Works		156.85
Court		125.00
Zoning		13,200.00
Kid Connection		1,547.93
Police Outside Overtime		23,315.00
DMV Inspections		19,400.00
Reimbursement of Costs		16,638.51
F.E.M.A.		19,071.09
Excess Animal Control		<u>20,387.71</u>
	A-4	567,838.41
Tax Collector	A-5	9,610.70
Refunds	A-4	<u>12,848.00</u>
	A-1:A-2	<u>\$ 564,601.11</u>

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

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

OPERATIONS WITHIN "CAPS"	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages	\$ 229,500.00	\$ 229,500.00	\$ 228,856.22	\$ 643.78	\$
Other Expenses	28,000.00	28,000.00	12,552.91	15,447.09	
Special Projects Expense	50,000.00	50,000.00	10,970.83	39,029.17	
Mayor and Committee:					
Salaries and Wages	20,500.00	20,500.00	18,964.99	1,535.01	
Other Expenses	4,960.00	4,960.00	2,709.28	2,250.72	
Municipal Clerk:					
Salaries and Wages	214,000.00	215,500.00	214,418.77	1,081.23	
Other Expenses	54,250.00	54,250.00	38,823.23	15,426.77	
Newsletter	6,350.00	6,350.00	1,575.00	4,775.00	
Financial Administration:					
Salaries and Wages	312,500.00	312,500.00	302,857.97	9,642.03	
Other Expenses	40,950.00	40,950.00	34,487.11	6,462.89	
Audit Services	45,000.00	45,000.00	30,656.25	14,343.75	
Data Processing:					
Salaries and Wages	66,500.00	66,500.00	65,234.78	1,265.22	
Other Expenses	75,650.00	75,650.00	32,455.42	43,194.58	
Geographic Information Technology:					
Salaries and Wages	88,500.00	88,500.00	75,622.37	12,877.63	
Other Expenses	48,505.00	48,505.00	38,441.58	10,063.42	
Assessment of Taxes:					
Salaries and Wages	100,800.00	100,800.00	100,694.43	105.57	
Other Expenses	21,100.00	21,100.00	12,254.61	8,845.39	
Revenue Administration (Collection of Taxes):					
Salaries and Wages	36,000.00	36,000.00	35,628.96	371.04	
Other Expenses	22,600.00	22,600.00	18,637.86	3,962.14	
Legal Services and Costs:					
Other Expenses	425,000.00	425,000.00	322,960.88	102,039.12	
Engineering Services and Costs:					
Salaries and Wages	405,000.00	405,000.00	396,843.93	8,156.07	
Other Expenses	64,150.00	64,150.00	54,168.18	9,981.82	
Public Buildings and Grounds:					
Salaries and Wages	87,500.00	89,000.00	87,881.47	1,118.53	
Other Expenses	80,900.00	80,900.00	80,821.31	78.69	
Municipal Land Use Law (N.J.S. 40:55D-1):					
Planning Board:					
Salaries and Wages	164,500.00	166,500.00	165,201.21	1,298.79	
Other Expenses	42,050.00	42,050.00	8,945.07	33,104.93	
Revision of Master Plan:					
Other Expenses	100,000.00	100,000.00	25,940.04	74,059.96	

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

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

OPERATIONS WITHIN "CAPS" (CONTINUED)	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
<u>GENERAL GOVERNMENT (CONTINUED)</u>					
Zoning Commission:					
Salaries and Wages	\$ 111,500.00	\$ 111,500.00	\$ 111,028.69	\$ 471.31	\$
Other Expenses	8,000.00	8,000.00	1,563.12	6,436.88	
Landmarks Commission:					
Other Expenses	6,500.00	6,500.00	21.78	6,478.22	
Environmental Commission (R.S. 40:56A-1 et. Seq.):					
Other Expenses	3,000.00	3,000.00	2,684.07	315.93	
Shade Tree Commission:					
Other Expenses	9,000.00	9,000.00	8,993.19	6.81	
Insurance:					
Group Insurance for Employees	1,974,000.00	1,974,000.00	1,963,432.96	10,567.04	
Health Benefit Waiver	20,000.00	20,000.00	20,000.00		
Other Insurance Premiums	358,400.00	358,400.00	256,873.23	101,526.77	
Workers Compensation	272,000.00	272,000.00	270,892.88	1,107.12	
Long Term Disability Fund:					
Other Expenses	65,000.00	65,000.00	54,756.87	10,243.13	
Deferred Compensation Plan:					
Other Expenses	155,000.00	155,000.00	105,923.91	49,076.09	
<u>PUBLIC SAFETY</u>					
Fire Hydrant Service	662,500.00	662,500.00	554,812.50	107,687.50	
Uniform Fire Safety Act:					
Salaries and Wages	116,500.00	117,500.00	117,098.69	401.31	
Other Expenses	10,375.00	10,375.00	7,183.62	3,191.38	
Police:					
Salaries and Wages	3,674,300.00	3,674,300.00	3,620,881.59	53,418.41	
Other Expenses	262,320.00	262,320.00	134,102.91	128,217.09	
First Aid Organization and Maintenance Contract:					
Other Expenses	32,500.00	32,500.00	27,500.21	4,999.79	
Emergency Management:					
Other Expenses	5,000.00	5,000.00	5,000.00		
Emergency Services Committee:					
Other Expenses	475.00	475.00	354.00	121.00	
Condominium Services Law (c.6. P.L. 1993):					
Other Expenses	65,000.00	65,000.00	34,513.96	30,486.04	

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

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

OPERATIONS WITHIN "CAPS" (CONTINUED)	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
<u>PUBLIC WORKS</u>					
Road Repairs and Maintenance:					
Salaries and Wages	\$ 726,900.00	\$ 726,900.00	\$ 652,946.18	\$ 73,953.82	\$
Other Expenses	541,000.00	541,000.00	526,365.90	14,634.10	
Vehicle Maintenance:					
Other Expenses	479,500.00	489,500.00	482,443.78	7,056.22	
Public Works:					
Salaries and Wages	100,000.00	100,500.00	100,378.76	121.24	
Other Expenses	44,350.00	44,350.00	29,606.63	14,743.37	
Hurricane Irene		82,500.00	78,065.00	4,435.00	
<u>HEALTH AND WELFARE</u>					
Board of Health:					
Salaries and Wages	302,000.00	302,000.00	287,210.19	14,789.81	
Other Expenses	44,300.00	44,300.00	39,770.29	4,529.71	
Animal Control Regulation:					
Salaries and Wages	59,500.00	60,500.00	58,848.12	1,651.88	
Other Expenses	6,000.00	6,000.00	5,405.45	594.55	
Administration of Public Assistance:					
Other Expenses	500.00	500.00		500.00	
Blood Borne Pathogens	1,000.00	1,000.00	794.60	205.40	
<u>RECREATION AND EDUCATION</u>					
Recreation :					
Salaries and Wages	407,500.00	407,500.00	339,034.73	68,465.27	
Other Expenses	412,600.00	412,600.00	339,799.11	72,800.89	
Parks and Playgrounds					
Salaries and Wages	345,000.00	345,000.00	327,278.97	17,721.03	
Other Expenses	80,875.00	70,875.00	52,012.41	18,862.59	
Economic Development Committee:					
Other Expenses	1,125.00	1,125.00	296.72	828.28	
Senior Citizen's Program:					
Salaries and Wages	15,000.00	15,000.00		15,000.00	
Other Expenses	83,650.00	83,650.00	75,596.65	8,053.35	
<u>SANITATION</u>					
Garbage and Trash Removal:					
Other Expenses	80,500.00	80,500.00	64,809.50	15,690.50	
Somerset County Mandatory Recycling Program:					
Other Expenses	200,000.00	200,000.00	188,748.92	11,251.08	

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

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>	<u>APPROPRIATIONS</u>		<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED BALANCE CANCELLED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>			
<u>MUNICIPAL COURT</u>					
Municipal Court:					
Salaries and Wages	\$ 133,000.00	\$ 125,500.00	\$ 100,203.39	\$ 25,296.61	\$
Other Expenses	24,250.00	24,250.00	11,127.07	13,122.93	
Public Defender:					
Other Expenses	2,000.00	2,000.00	1,200.00	800.00	
Prosecutor:					
Other Expenses	37,300.00	37,300.00	36,028.92	1,271.08	
<u>UNIFORM CONSTRUCTION CODE</u>					
Construction Official:					
Salaries and Wages	395,500.00	395,500.00	389,507.17	5,992.83	
Other Expenses	25,700.00	25,700.00	13,551.27	12,148.73	
<u>UNCLASSIFIED</u>					
Utilities:					
Electricity	282,800.00	277,800.00	163,719.77	114,080.23	
Telephones	108,400.00	108,400.00	91,717.21	16,682.79	
Water	32,700.00	32,700.00	19,216.58	13,483.42	
Natural Gas	82,400.00	82,400.00	63,483.80	18,916.20	
Gasoline	334,950.00	334,950.00	263,065.17	71,884.83	
Street Lighting	55,000.00	60,000.00	51,213.37	8,786.63	
<u>TOTAL OPERATIONS WITHIN "CAPS"</u>	<u>\$ 16,091,435.00</u>	<u>\$ 16,173,935.00</u>	<u>\$ 14,569,668.47</u>	<u>\$ 1,604,266.53</u>	<u>\$</u>
<u>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</u>	<u>\$ 16,091,435.00</u>	<u>\$ 16,173,935.00</u>	<u>\$ 14,569,668.47</u>	<u>\$ 1,604,266.53</u>	<u>\$</u>
<u>DEFERRED CHARGES AND REGULATORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</u>					
Regulatory Expenditures:					
Contribution to:					
Public Employees' Retirement System	\$ 619,520.00	\$ 619,520.00	\$ 619,520.00	\$	\$
Social Security System	722,500.00	722,500.00	664,257.10	58,242.90	
Police and Firemen's Retirement System of NJ	553,028.00	553,028.00	553,028.00		
Unemployment Insurance	100,000.00	100,000.00	62,500.00	37,500.00	
<u>TOTAL DEFERRED CHARGES AND REGULATORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</u>	<u>\$ 1,995,048.00</u>	<u>\$ 1,995,048.00</u>	<u>\$ 1,899,305.10</u>	<u>\$ 95,742.90</u>	<u>\$</u>

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

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION			
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 18,086,483.00	\$ 18,168,983.00	\$ 16,468,973.57	\$ 1,700,009.43	\$
MANDATED EXPENDITURES PER N.J.S. 40A:4-45.3g EXCLUDED FROM "CAPS"					
Aid to Borough of Rocky Hill Library (NJSA40:54-35)	\$ 42,500.00	\$ 42,500.00	\$ 42,500.00	\$	\$
TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"	\$ 42,500.00	\$ 42,500.00	\$ 42,500.00	\$	\$
Additional Appropriations Offset by Revenue:					
Pre-K Program:					
Salaries and Wages	\$ 1,163,000.00	\$ 1,163,000.00	\$ 1,079,767.90	\$ 83,232.10	\$
Other Expenses	162,800.00	162,800.00	132,755.29	30,044.71	\$
TOTAL ADDITIONAL APPROPRIATIONS OFFSET BY REVENUE	\$ 1,325,800.00	\$ 1,325,800.00	\$ 1,212,523.19	\$ 113,276.81	\$
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUE					
Clean Communities Program (N.J.S.A. 40A:4-87 +\$44,888.401)	\$	\$ 44,888.40	\$ 44,888.40	\$	\$
Municipal Alliance Fund:					
County	15,313.00	15,313.00	15,313.00		
Local Match	5,105.00	5,105.00	5,105.00		
NACCHO ACCR Prep	475.00	475.00	475.00		
NJ Health Officers Association	10,000.00	10,000.00	10,000.00		
Open Space - Rossmassler Acq. - State	704,167.20	704,167.20	704,167.20		
Recycling Tonnage Grant (N.J.S.A. 40A:4-87 + \$21,418.96)	20,831.01	42,249.97	42,249.97		
Open Space - Rossmassler Acq. - County	231,792.14	231,792.14	231,792.14		
Open Space - KBA Acquisition	275,000.00	275,000.00	275,000.00		
Drunk Driving Enforcement Fund (N.J.S.A. 40A:4-87 +\$6,190.08)		6,190.08	6,190.08		
Body Armor Replacement Fund (N.J.S.A. 40A:4-87 + \$3,056.22)		3,056.22	3,056.22		
Environmental Protection Grant (N.J.S.A. 40A:4-87 + \$35,126.38)		35,126.38	35,126.38		
Youth Services Grant 2010 (N.J.S.A. 40A:4-87 +\$5,000.00)		5,000.00	5,000.00		
Click It or Ticket (N.J.S.A. 40A:4-87 +\$4,000.00)		4,000.00	4,000.00		
Garden State Green Acres Trust (N.J.S.A. 40A:4-87 + \$44,500.00)		44,500.00	44,500.00		
Safe Corridors Grant (N.J.S.A. 40A:4-87 + \$19,024.92)		19,024.92	19,024.92		
Supplemental Fire 2011	3,559.00	3,559.00	3,559.00		
Driving with Hand Held Cell Phone Enforcement (N.J.S.A. 40A:4-87 + \$10,000.00)		10,000.00	10,000.00		
Child Passenger Safety Grant (N.J.S.A. 40A:4-87 + \$4,500.00)		4,500.00	4,500.00		
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUE	\$ 1,266,242.35	\$ 1,463,947.31	\$ 1,463,947.31	\$	\$
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	\$ 2,634,542.35	\$ 2,832,247.31	\$ 2,718,970.50	\$ 113,276.81	\$

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

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION			
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	\$ 94,774.25	\$ 94,774.25	\$ 94,774.25	\$	\$
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	\$ 94,774.25	\$ 94,774.25	\$ 94,774.25	\$	\$
<u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 2,715,000.00	\$ 2,715,000.00	\$ 2,715,000.00	\$	\$
Payment of Bond Anticipation Notes and Capital Notes	380,500.00	380,500.00	380,458.51		41.49
Interest on Bonds	664,420.00	664,420.00	664,420.00		
Interest on Notes	460,500.00	460,500.00	452,768.40		7,731.60
Loan Repayments for Principal and Interest	469,500.00	469,500.00	469,429.77		70.23
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"	\$ 4,689,920.00	\$ 4,689,920.00	\$ 4,682,076.68	\$	\$ 7,843.32
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 7,419,236.60	\$ 7,616,941.56	\$ 7,495,821.43	\$ 113,276.81	\$ 7,843.32
SUB-TOTAL GENERAL APPROPRIATIONS	\$ 25,505,719.60	\$ 25,785,924.56	\$ 23,964,795.00	\$ 1,813,286.24	\$ 7,843.32
RESERVE FOR UNCOLLECTED TAXES	1,092,548.11	1,092,548.11	1,092,548.11		
TOTAL GENERAL APPROPRIATIONS	\$ 26,598,267.71	\$ 26,878,472.67	\$ 25,057,343.11	\$ 1,813,286.24	\$ 7,843.32
	<u>REF.</u>	A-2	A-1	A:A-1	
Appropriation by 40A:4-87	A-3	\$ 197,704.96			
Emergency Authorizations	A-29	82,500.00			
Budget	A-2	26,598,267.71			
		<u>\$ 26,878,472.67</u>			
Cash Disbursements	A-4		\$ 22,307,569.31		
Reserve for Encumbrances	A-19		483,978.33		
Reserve for Grants Appropriated	A-27		1,455,283.31		
Reserve for Uncollected Taxes	A-2		1,092,548.11		
			<u>\$ 25,339,379.06</u>		
Less: Refunds Cash	A-4		282,035.95		
			<u>\$ 25,057,343.11</u>		

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

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TRUST FUND

TOWNSHIP OF MONTGOMERY

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2011</u>	BALANCE DECEMBER <u>31, 2010</u>
<u>ASSETS</u>			
Assessment Fund:			
Cash	B-2	\$ 158,130.63	\$ 158,042.27
Assessments Receivable	B-3	17,379.05	17,379.05
Prospective Assessments	B-5	138,223.80	138,223.80
Interfunds Receivable	B-4	<u>4,773.03</u>	<u>4,773.03</u>
		<u>\$ 318,506.51</u>	<u>\$ 318,418.15</u>
Animal Control Fund:			
Cash	B-2	\$ 111,858.90	\$ 86,523.52
Interfunds Receivable	B-11	<u>125.50</u>	<u>125.50</u>
		<u>\$ 111,984.40</u>	<u>\$ 86,649.02</u>
Other Funds:			
Cash	B-2	\$ 12,097,659.49	\$ 10,257,217.10
Interfunds Receivable	B-14	<u>27,773.76</u>	<u>43,161.79</u>
		<u>\$ 12,125,433.25</u>	<u>\$ 10,300,378.89</u>
		<u>\$ 12,555,924.16</u>	<u>\$ 10,705,446.06</u>

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

TOWNSHIP OF MONTGOMERY

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2010</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Fund:			
Interfunds Payable	B-4	\$ 99,815.44	\$ 99,727.08
Reserve for:			
Prospective Assessments Funded	B-6	138,223.80	138,223.80
Assessments Receivable	B-7	17,379.05	17,379.05
Fund Balance	B-1	<u>63,088.22</u>	<u>63,088.22</u>
		\$ <u>318,506.51</u>	\$ <u>318,418.15</u>
Animal Control Fund:			
Due State of New Jersey	B-8	\$ 2.20	\$ 13.60
Encumbrances Payable	B-10	3,663.99	
Interfunds Payable	B-11	67,229.51	46,841.80
Reserve for Animal Control Expenditures	B-9	<u>41,088.70</u>	<u>39,793.62</u>
		\$ <u>111,984.40</u>	\$ <u>86,649.02</u>
Other Funds:			
Encumbrances Payable	B-15	\$ 250,585.06	\$
Interfunds Payable	B-14	2,640,345.08	1,835,256.27
Reserve For:			
Township Open Space	B-13	3,571,833.45	2,790,083.17
Various Trust Deposits	B-12	<u>5,662,669.66</u>	<u>5,675,039.45</u>
		\$ <u>12,125,433.25</u>	\$ <u>10,300,378.89</u>
		\$ <u><u>12,555,924.16</u></u>	\$ <u><u>10,705,446.06</u></u>

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

TOWNSHIP OF MONTGOMERY

TRUST FUND

STATEMENT OF ASSESSMENT TRUST FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	63,088.22
Balance, December 31, 2011	B	\$	<u>63,088.22</u>

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

GENERAL CAPITAL FUND

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2010</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 23,844,167.85	\$ 14,276,033.01
Investments- U.S. Government Securities	C-16	291,265.90	380,258.90
Deferred Charges to Future Taxation - Funded	C-4	20,043,427.17	23,172,408.40
Deferred Charges to Future Taxation - Unfunded	C-5	27,562,129.04	27,388,177.04
Interfunds Receivable	C-10	2,653,229.68	1,830,057.74
Accounts Receivable	C-11	331,462.62	331,462.62
Due From Developers	C-17	333,937.75	333,937.75
		<u>\$ 75,059,620.01</u>	<u>\$ 67,712,335.46</u>

LIABILITIES, RESERVES AND FUND BALANCE

Serial Bonds Payable	C-13	\$ 17,582,000.00	\$ 20,297,000.00
Bond Anticipation Notes	C-14	23,928,100.00	24,768,500.00
Green Trust Loans Payable	C-12	2,461,427.17	2,875,408.40
Improvement Authorizations:			
Funded	C-7	6,634,708.75	6,788,931.95
Unfunded	C-7	2,214,016.69	1,660,529.24
Interfunds Payable	C-10	4,253,000.00	5,007,520.73
Reserve for:			
Contracts Payable	C-6	740,072.43	1,525,487.02
Various Reserves	C-15	14,885,949.30	2,475,204.82
Developers Contribution Deposits	C-9	665,479.39	1,637,028.55
Capital Improvement Fund	C-8	218,567.99	218,567.74
Fund Balance	C-1	1,476,298.29	458,157.01
		<u>\$ 75,059,620.01</u>	<u>\$ 67,712,335.46</u>

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

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2010	C	\$	458,157.01
Increased by:			
Reserves Canceled	C-9	\$	971,549.16
Cash Receipts	C-2		<u>479,592.12</u>
			1,451,141.28
		\$	<u>1,909,298.29</u>
Decreased by:			
Utilized as Anticipated Revenue-Current Fund	C-2		<u>433,000.00</u>
Balance, December 31, 2011	C	\$	<u><u>1,476,298.29</u></u>

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

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SEWER UTILITY FUND

TOWNSHIP OF MONTGOMERY

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2011</u>	BALANCE DECEMBER <u>31, 2010</u>
<u>ASSETS</u>			
Operating Fund:			
Cash-Treasurer	D-4	\$ 5,318,668.47	\$ 4,935,111.22
Interfunds Receivable	D-20	681,410.65	679,152.07
		<u>\$ 6,000,079.12</u>	<u>\$ 5,614,263.29</u>
Receivables With Full Reserves:			
Consumer Accounts Receivable	D-6	\$ 403,650.15	\$ 482,909.34
Sewer Liens Receivable	D-25	590.15	
		<u>\$ 404,240.30</u>	<u>\$ 482,909.34</u>
Deferred Charges:			
Emergency Authorizations	D-26	\$ 352,500.00	
<u>Total Operating Fund</u>		<u>\$ 6,756,819.42</u>	<u>\$ 6,097,172.63</u>
Capital Fund:			
Cash-Treasurer	D-4	\$ 4,423,145.77	\$ 2,431,198.54
Fixed Capital	D-18	896,345.93	896,345.93
Fixed Capital Authorized and Uncompleted	D-16	49,520,599.65	44,325,599.65
Loans Receivable	D-8	5,276,050.00	23,284,193.00
Interfunds Receivable	D-24	4,253,300.00	4,253,300.00
<u>Total Capital Fund</u>		<u>\$ 64,369,441.35</u>	<u>\$ 75,190,637.12</u>
		<u>\$ 71,126,260.77</u>	<u>\$ 81,287,809.75</u>

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

TOWNSHIP OF MONTGOMERY

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2010</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3:D-10	\$ 473,732.86	\$ 395,888.73
Sewer Overpayments	D-9	4,072.04	1,936.08
Encumbrances Payable	D-11	518,955.71	115,980.13
Prepaid Sewer Rents	D-13	3,358.01	6,480.74
Accrued Interest	D-19	35,106.86	37,880.83
Interfunds Payable	D-20	34,615.24	35,983.24
Miscellaneous Reserves	D-22	1,513,090.03	1,513,090.03
		\$ <u>2,582,930.75</u>	\$ <u>2,107,239.78</u>
Reserve for Receivables	D	404,240.30	482,909.34
Fund Balance	D-1	<u>3,769,648.37</u>	<u>3,507,023.51</u>
		\$ <u>6,756,819.42</u>	\$ <u>6,097,172.63</u>
<u>Total Operating Fund</u>			
Capital Fund:			
Capital Improvement Fund	D-14	\$ 869,300.00	\$ 869,300.00
Contracts Payable	D-12	3,168,034.41	19,201,661.15
New Jersey Environmental Infrastructure			
Trust Loans Payable	D-17	27,216,019.00	27,216,019.00
Bond Anticipation Notes	D-23	5,458,200.00	5,529,100.00
Interfunds Payable	D-24	681,410.65	679,152.07
Reserve for:			
Deferred Amortization	D-7	7,458,486.05	7,287,586.05
Amortization	D-21	755,259.53	755,259.53
Miscellaneous Deposits	D-4	100,000.00	
Improvement Authorizations:			
Funded	D-15	7,703,306.79	7,682,145.43
Unfunded	D-15	<u>10,959,424.92</u>	<u>5,970,413.89</u>
		\$ <u>64,369,441.35</u>	\$ <u>75,190,637.12</u>
<u>Total Capital Fund</u>			
		\$ <u>71,126,260.77</u>	\$ <u>81,287,809.75</u>

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

TOWNSHIP OF MONTGOMERYSEWER UTILITY FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>REF.</u>	YEAR ENDED DECEMBER 31, 2011	YEAR ENDED DECEMBER 31, 2010
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-2	\$ 1,100,000.00	\$ 1,152,610.00
Sewer Use Charges	D-2	4,717,397.85	4,281,790.42
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10	278,545.08	247,852.37
Accrued Interest Canceled			32,195.56
Miscellaneous Revenue Not Anticipated	D-2	<u>45,885.93</u>	<u>62,863.03</u>
<u>TOTAL INCOME</u>		<u>\$ 6,141,828.86</u>	<u>\$ 5,777,311.38</u>
<u>EXPENDITURES</u>			
Operating	D-3	\$ 3,596,960.00	\$ 3,052,210.00
Capital Improvements	D-3	100,000.00	129,500.00
Debt Service	D-3	236,900.00	202,900.00
Regulatory Expenditures and Deferred Charges	D-3	156,300.00	159,415.00
Surplus (General Budget)	D-3	974,350.00	989,160.00
Refund of Prior Year Revenues	D-4	<u>67,194.00</u>	
<u>TOTAL EXPENDITURES</u>		<u>\$ 5,131,704.00</u>	<u>\$ 4,533,185.00</u>
Excess in Revenue		\$ 1,010,124.86	\$ 1,244,126.38
Adjustments to Income before surplus:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year	D-26	<u>352,500.00</u>	
Regulatory Excess to Surplus		1,362,624.86	1,244,126.38
<u>Fund Balance</u>			
Balance, January 1	D	<u>3,507,023.51</u>	<u>3,415,507.13</u>
		\$ 4,869,648.37	\$ 4,659,633.51
Decreased by:			
Utilization by Sewer Operating Budget	D-1:D-2	<u>1,100,000.00</u>	<u>1,152,610.00</u>
Balance, December 31	D	<u>\$ 3,769,648.37</u>	<u>\$ 3,507,023.51</u>

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

TOWNSHIP OF MONTGOMERYSEWER UTILITY OPERATING FUNDSTATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS</u>
Fund Balance Anticipated	D-1	\$ 1,100,000.00	\$ 1,100,000.00	\$
Sewer Use Charges	D-1:D-2	3,612,010.00	4,717,397.85	1,105,387.85
Miscellaneous	D-1:D-2		<u>45,885.93</u>	<u>45,885.93</u>
	D-3	\$ <u>4,712,010.00</u>	\$ <u>5,863,283.78</u>	\$ <u>1,151,273.78</u>

ANALYSIS OF REALIZED REVENUE

Sewer Use Charges:

Consumer Accounts Receivable:

Collected	D-6	\$ 4,710,323.92
Prepaid Applied	D-6	6,480.74
Overpayments Applied	D-6	<u>593.19</u>
	D-2	\$ <u>4,717,397.85</u>

Miscellaneous:

Interest on Investments - Treasurer		\$ 8,333.69
Sump and Drain		<u>8,230.00</u>

	D-4	\$ 16,563.69
Collector:		
Interest on Delinquent Accounts	D-5	<u>29,322.24</u>
	D-2	\$ <u>45,885.93</u>

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

TOWNSHIP OF MONTGOMERY

SEWER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
Operating:				
Salaries and Wages	\$ 910,000.00	\$ 910,000.00	\$ 881,983.30	\$ 28,016.70
Other Expenses	2,334,460.00	2,686,960.00	2,245,055.98	441,904.02
<u>Total Operating</u>	<u>\$ 3,244,460.00</u>	<u>\$ 3,596,960.00</u>	<u>\$ 3,127,039.28</u>	<u>\$ 469,920.72</u>
Capital Improvements:				
Capital Improvement Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$
<u>Total Capital Improvements</u>	<u>\$ 100,000.00</u>	<u>\$ 100,000.00</u>	<u>\$ 100,000.00</u>	<u>\$</u>
Debt Service:				
Payment of Bond Anticipation Notes	\$ 70,900.00	\$ 70,900.00	\$ 70,900.00	\$
Interest on Notes	90,000.00	90,000.00	90,000.00	
NJ EIT Loan Payment for Principal and Interest	76,000.00	76,000.00	76,000.00	
<u>Total Debt Service</u>	<u>\$ 236,900.00</u>	<u>\$ 236,900.00</u>	<u>\$ 236,900.00</u>	<u>\$</u>
Regulatory Expenditures:				
Contributions To:				
Social Security System (O.A.S.I.)	\$ 70,000.00	\$ 70,000.00	\$ 66,244.86	\$ 3,755.14
Public Employees' Retirement System	86,300.00	86,300.00	86,243.00	57.00
<u>Total Regulatory Expenditures</u>	<u>\$ 156,300.00</u>	<u>\$ 156,300.00</u>	<u>\$ 152,487.86</u>	<u>\$ 3,812.14</u>
Surplus (General Budget)	\$ 974,350.00	\$ 974,350.00	\$ 974,350.00	\$
	<u>\$ 4,712,010.00</u>	<u>\$ 5,064,510.00</u>	<u>\$ 4,590,777.14</u>	<u>\$ 473,732.86</u>
	REF.	D-2	D-1	D:D-1
Budget	D-3	\$ 4,712,010.00		
Emergency Appropriation	D-26	352,500.00		
		<u>\$ 5,064,510.00</u>		
Cash Disbursements	D-4		\$ 3,905,821.43	
Accrued Interest	D-19		166,000.00	
Encumbrances Payable	D-11		518,955.71	
			<u>\$ 4,590,777.14</u>	

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

PUBLIC ASSISTANCE TRUST FUND

"E"

TOWNSHIP OF MONTGOMERY
PUBLIC ASSISTANCE TRUST FUND
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2011</u>	BALANCE DECEMBER <u>31, 2010</u>
<u>ASSETS</u>			
Cash - P.A.T.F. I	E-1	\$ 2,209.46	\$ 2,206.84
Cash - P.A.T.F. I	E-1	1,394.01	1,391.39
Due P.A.T.F. I - P.A.T.F. II		<u>188.49</u>	<u>188.49</u>
		\$	
		<u>3,791.96</u>	\$ <u>3,786.72</u>
 <u>LIABILITIES AND RESERVES</u>			
Due State of New Jersey		\$ 960.00	\$ 960.00
Due P.A.T.F. I - P.A.T.F. II		188.49	188.49
Reserve for Public Assistance		<u>2,643.47</u>	<u>2,638.23</u>
		\$	
		<u>3,791.96</u>	\$ <u>3,786.72</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF MONTGOMERY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Montgomery is an instrumentality of the State of New Jersey, established to function as a municipality. The governing body consists of five members, each elected on a partisan basis, serving the Township for staggered three-year terms.

Except as noted below, the financial statements of the Township of Montgomery include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Montgomery, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Montgomery do not include the operations of the first aid organizations, volunteer fire companies or the Board of Education, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Township of Montgomery 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 financial transactions and accounts of the Township of Montgomery are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the Township accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Sewer Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

Public Assistance Trust Funds – receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

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 accounting policies and differences in the State of New Jersey are as follows:

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. All grants are realized as revenues when anticipated in the Township's 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 to accrual, are also recorded as receivables with offsetting reserves and recorded as revenues when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's regulatory 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 canceled 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.

Encumbrances - Contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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. GAAP does not require the establishment of an offsetting reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$1,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on General Fixed Assets or reported in the financial statements.

The Township does not maintain a fixed assets accounting and reporting system.

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 has not been accounted for separately.

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 is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Compensated Absences - the Township has adopted written policies through employee contract and municipal ordinances which set forth the terms under which an employee may accumulate earned, but not used, vacation and sick leave. The Township records expenditures for payment of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available resources, and that expenditures be recorded in the enterprise (Sewer Utility) fund on an accrual basis.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital - Water Utility and Sewer Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the cost of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be held in accordance with GAAP. The Township presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Township considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Township of Montgomery had the following cash and cash equivalents at December 31, 2011:

FUND	CASH		LESS	TOTAL
	ON DEPOSIT	ON HAND	O/S CHECKS & DEDUCTIONS	
Current Fund	\$ 8,356,369.55	\$ 40,994.60	\$ 134,165.78	\$ 8,263,198.37
Assessment Trust Fund	158,130.63			158,130.63
Animal Control Fund	98,358.90	13,500.00		111,858.90
Other Trust Fund	12,227,244.45	30,225.97	159,810.93	12,097,659.49
General Capital Fund	23,844,497.85		330.00	23,844,167.85
Sewer Utility Operating Fund	5,343,961.55	183.59	25,476.67	5,318,668.47
Sewer Utility Capital Fund	4,423,145.77			4,423,145.77
Public Assistance Trust Fund	3,603.47			3,603.47
TOTAL DECEMBER 31,2011	\$ 54,455,312.17	\$ 84,904.16	\$ 319,783.38	\$ 54,220,432.95

Custodial Credit Risk-Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2011, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$500,000.00 was covered by Federal Depository Insurance and \$53,955,312.17 was covered under the provisions of NJGUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the Township is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (c.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (c.17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The Township of Montgomery had the following investments outstanding at December 31, 2011:

<u>DESCRIPTION</u>	<u>PAR VALUE</u>	<u>MATURITY</u>	<u>ESTIMATED MARKET VALUE</u>
U.S. TREASURY STRIPS	\$ 98,000.00	11/15/12	\$ 97,912.78
U.S. TREASURY STRIPS	97,000.00	11/15/13	96,476.20
U.S. TREASURY STRIPS	<u>98,000.00</u>	11/15/14	<u>96,876.92</u>
<u>TOTAL DECEMBER 31, 2011</u>	<u>\$ 293,000.00</u>		<u>\$ 291,265.90</u>

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the Township is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risk for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Township are general obligation bonds, based by the full faith and credit of the Township. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years if financed by the issuance of bonds.

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2011</u>	<u>YEAR 2010</u>	<u>YEAR 2009</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 43,971,527.17	\$ 47,940,908.40	\$ 52,560,869.52
Sewer Utility:			
Notes and Loans	32,674,219.00	32,745,119.00	5,600,000.00
Less:			
Funds Temporarily Held to Pay			
Bonds and Notes - General Capital	<u>2,068,592.44</u>	<u>2,232,900.06</u>	<u>1,549,579.00</u>
 <u>Net Debt Issued</u>	 <u>\$ 74,577,153.73</u>	 <u>\$ 78,453,127.34</u>	 <u>\$ 56,611,290.52</u>
Authorized But Not Issued:			
General - Bonds and Notes	\$ 3,634,029.53	\$ 2,730,118.53	\$ 2,361,414.62
Sewer Utility - Bonds and Notes	<u>9,528,981.00</u>	<u>4,433,981.00</u>	<u>35,150,000.00</u>
 <u>Total Authorized But Not Issued</u>	 <u>\$ 13,163,010.53</u>	 <u>\$ 7,164,099.53</u>	 <u>\$ 37,511,414.62</u>
 NET BONDS AND NOTES ISSUED AND AUTHORIZED <u>BUT NOT ISSUED</u>	 <u>\$ 87,740,164.26</u>	 <u>\$ 85,617,226.87</u>	 <u>\$ 94,122,705.14</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF REGULATORY 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 regulatory net debt of .97%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Regional School District Debt	\$ 13,083,476.36	\$ 13,083,476.36	\$
Local School District Debt	63,975,000.00	63,975,000.00	
Sewer Utility Debt	42,203,200.00	42,203,200.00	
General Debt	<u>47,605,556.70</u>	<u>2,068,592.44</u>	<u>45,536,964.26</u>
	<u>\$ 166,867,233.06</u>	<u>\$ 121,330,268.80</u>	<u>\$ 45,536,964.26</u>

NET DEBT \$45,536,964.26 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$4,680,115,666.00 EQUALS .97%.

EQUALIZED VALUATION BASIS

2009 Equalized Valuation Basis of Real Property	\$ 4,843,255,631.00
2010 Equalized Valuation Basis of Real Property	4,667,819,337.00
2011 Equalized Valuation Basis of Real Property	<u>4,529,272,030.00</u>
	<u>\$ 4,680,115,666.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S.40A:2-6 AS AMENDED

Equalized Valuation Basis* - December 31, 2011	\$ <u>4,680,115,666.00</u>
3-1/2% of Equalized Valuation Basis	\$ 163,804,048.31
Net Debt	<u>45,536,964.26</u>
Remaining Borrowing Power	\$ <u>118,267,084.05</u>

*Equalized Valuation basis is the average of the equalized valuation of Real Estate, including improvements, and the assessed valuation of Class II Railroad Property of the Township for the last three (3) preceding years.

SCHOOL DEBT DEDUCTION

School debt is deductible up to the extent of 4% of the Average Equalized Assessed Valuation of real property for the Local and Regional School Districts.

CALCULATION OF "SELF-LIQUIDATING PURPOSE"
SEWER UTILITY PER N.J.S.40A:2-45

Cash Receipts from Fees, Rents of Other Charges for Year and Anticipated Surplus	\$5,863,283.78
Deduction:	
Operating and Maintenance Cost	\$3,753,260.00
Debt Service Per Sewer Utility Account	<u>236,900.00</u>
	<u>3,990,160.00</u>
Excess in Revenue - Self Liquidating	<u>\$1,873,123.78</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

GENERAL CAPITAL FUND

General Serial Bonds

\$29,152,000, General Improvement Bonds Series 2003, due in annual installments of \$2,000,000 to \$652,000 through February 1, 2018, interest rate at 2.25% to 3.5%	\$ 10,652,000.00
\$8,850,000, General Improvement Bonds Series 2006, due in annual installments of \$800,000 to \$1,800,000 through November 1, 2017, interest rate at 3.8% to 3.85%	<u>6,930,000.00</u>
<u>Total General Serial Bonds</u>	<u>\$ 17,582,000.00</u>

Green Acres Loans

\$1,500,000, Open Space, due in annual installments of \$97,404.15 through December 27, 2013, interest at 2.00%	\$ 190,033.80
\$3,787,500, Open Space, due in annual installments of \$240,593.34 through October 11, 2016, interest at 2.00%	1,139,366.43
\$45,000, Open Space, due in annual installments of \$2,798.24 through April 20, 2021, interest at 2.00%	24,101.23
\$2,025,000, Open Space, due in annual installments of \$128,634.06 through June 27, 2021, interest at 2.00%	<u>1,107,925.71</u>
<u>Total Green Acres Loans</u>	<u>\$ 2,461,427.17</u>

Bond Anticipation Notes

\$11,696,000, Bond Anticipation Notes issued September 8, 2011, due September 7, 2012 at interest of 2.0%. Notes originally issued January 18, 2007	\$ 11,696,000.00
\$12,232,100, Bond Anticipation Notes issued September 8, 2011, due September 7, 2012 at interest of 2.0%. Notes originally issued September 26, 2007	<u>12,232,100.00</u>
<u>Total Bond Anticipation Notes</u>	<u>\$ 23,928,100.00</u>

TOTAL GENERAL CAPITAL DEBT	<u>\$ 43,971,527.17</u>
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NOTE 3: MUNICIPAL DEBT (CONTINUED)

SEWER UTILITY CAPITAL FUND

N.J. Environmental Infrastructure Trust Loans

\$10,939,534, Skillman Fund Loan, due in annual installments of \$329,974.11 through 2029, interest at 0.00%	\$ 5,939,534.00
\$3,780,000, Skillman Trust Loan, due in annual installments of \$140,000 to \$290,000 through August 1, 2029, interest at 3.00% to 5.00%	3,780,000.00
\$3,310,235, Pike Brook Fund Loan, due in annual installments of \$183,901.93 through 2029, interest at 0.00%	3,310,235.00
\$4,400,000, Pike Brook Trust Loan, due in annual installments of \$160,000 to \$335,000 through August 1, 2029, interest at 3.00% to 5.00%	4,400,000.00
\$8,111,250, Pike Brook Trust Loan, due in annual installments of \$426,907.89 through 2029, interest at 0.00%	8,111,250.00
\$1,675,000, Pike Brook Fund Loan, due in annual installments of \$65,000 to \$120,000 through August 1, 2030, interest at 3.00% to 4.38%	<u>1,675,000.00</u>
<u>Total N.J. Environmental Infrastructure Trust Loans</u>	<u>\$ 27,216,019.00</u>

Bond Anticipation Notes

\$1,462,000, Bond Anticipation Notes issued September 8, 2011, due September 7, 2012 at interest of 2.0%. Notes originally issued January 18, 2007	\$ 1,462,000.00
\$3,996,200, Bond Anticipation Notes issued September 8, 2011, due September 7, 2012 at interest of 2.0%. Notes originally issued September 26, 2007	<u>3,996,200.00</u>
<u>Total Bond Anticipation Notes</u>	<u>\$ 5,458,200.00</u>

TOTAL SEWER UTILITY CAPITAL DEBT	<u>\$ 32,674,219.00</u>
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Bonds and Notes Authorized But Not Issued

At December 31, 2011, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$3,634,029.53</u>
Sewer Utility Capital Fund	<u>\$9,528,981.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2011

CALENDAR YEAR	PRINCIPAL	INTEREST	TOTAL
2012	\$ 2,800,000.00	\$ 577,250.00	\$ 3,377,250.00
2013	2,890,000.00	486,850.00	3,376,850.00
2014	3,075,000.00	399,030.00	3,474,030.00
2015	3,185,000.00	290,430.00	3,475,430.00
2016	3,300,000.00	176,150.00	3,476,150.00
2017	1,680,000.00	56,000.00	1,736,000.00
2018	<u>652,000.00</u>	<u>11,410.00</u>	<u>663,410.00</u>
TOTAL	\$ <u>17,582,000.00</u>	\$ <u>1,997,120.00</u>	\$ <u>19,579,120.00</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR GREEN ACRES TRUST LOAN AS OF DECEMBER 31, 2011

CALENDAR YEAR	PRINCIPAL	INTEREST	TOTAL
2012	\$ 422,302.25	\$ 47,127.53	\$ 469,429.78
2013	430,790.53	29,639.26	460,429.79
2014	341,558.25	30,467.59	372,025.84
2015	348,423.57	23,602.07	372,025.64
2016	355,426.88	16,598.76	372,025.64
2017	120,774.65	10,657.65	131,432.30
2018	123,202.22	8,230.08	131,432.30
2019	125,678.59	5,753.71	131,432.30
2020	128,204.73	3,227.57	131,432.30
2021	<u>65,065.50</u>	<u>650.65</u>	<u>65,716.15</u>
TOTAL	\$ <u>2,461,427.17</u>	\$ <u>175,954.87</u>	\$ <u>2,637,382.04</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL
AND INTEREST FOR NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE
TRUST LOAN AS OF DECEMBER 31, 2011

CALENDAR <u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>FEES</u>	<u>TOTAL</u>
2012	\$ 1,305,783.93	\$ 412,762.50	\$ 90,181.26	\$ 1,808,727.69
2013	1,320,783.93	395,812.50	90,181.26	1,806,777.69
2014	1,345,783.93	378,112.50	71,948.76	1,795,845.19
2015	1,360,783.93	359,262.50	41,640.63	1,761,687.06
2016	1,380,783.93	339,662.50	29,565.00	1,750,011.43
2017	1,400,783.93	319,062.50	29,565.00	1,749,411.43
2018	1,420,783.93	297,562.50	29,565.00	1,747,911.43
2019	1,445,783.93	274,312.50	29,565.00	1,749,661.43
2020	1,460,783.93	254,112.50	29,565.00	1,744,461.43
2021	1,490,783.93	228,912.50	29,565.00	1,749,261.43
2022	1,505,783.93	211,562.50	29,565.00	1,746,911.43
2023	1,525,783.93	188,962.50	29,565.00	1,744,311.43
2024	1,555,783.93	165,562.50	29,565.00	1,750,911.43
2025	1,580,783.93	140,962.50	29,565.00	1,751,311.43
2026	1,605,783.93	115,362.50	29,565.00	1,750,711.43
2027	1,625,783.93	91,562.50	29,565.00	1,746,911.43
2028	1,655,783.93	64,025.00	29,565.00	1,749,373.93
2029	1,680,784.21	35,137.50	29,565.00	1,745,486.71
2030	546,907.98	5,250.00	5,025.00	557,182.98
	<u>\$ 27,216,019.00</u>	<u>\$ 4,277,962.50</u>	<u>\$ 712,886.91</u>	<u>\$ 32,206,868.41</u>

NOTE 4: 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	\$2,500,000.00
Sewer Operating Fund	\$2,131,300.00

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

Taxes collected in advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER <u>31, 2011</u>	BALANCE DECEMBER <u>31, 2010</u>
Prepaid Taxes	<u>\$975,196.65</u>	<u>\$1,023,760.30</u>

NOTE 6: PENSION PLANS

Township employees, who are eligible for a pension plan, are enrolled in one of two pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The plans are: the Public Employees Retirement System and the Police and Firemen's Retirement System. The Division annually charges participating government units for their respective contributions to the plans based upon actuarial methods. Certain portions of the costs are contributed by the employees. The Township's share of pension costs, which is based upon the annual billings received from the State, is as follows:

<u>FISCAL</u> <u>YEAR</u>		<u>P.E.R.S.</u>		<u>P.F.R.S.</u>		<u>TOTAL</u> <u>OBLIGATIONS</u>
2011	\$	705,763.00	\$	553,028.00	\$	1,258,791.00
2010		617,601.00		506,022.00		1,123,623.00
2009		496,226.00		494,689.00		990,915.00

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement System and, therefore, is not presented.

NOTE 7: COMPENSATED ABSENCES

The Township of Montgomery has established uniform personnel policy procedures which set forth the terms under which an employee may accumulate unused benefits as follows:

Sick Leave – Sick leave for permanent employees accumulates in accordance with the terms of approved contracts or personnel policies at the rate of one day per month. Any amount of sick leave allowance not used in a calendar year accumulates to the employee's credit to be used if and when needed for medical purposes only. Accumulated sick leave allowances are forfeited upon separation of services.

Vacations – Vacation pay for permanent employees also accumulated in accordance with the terms of approved contracts and policies. Vacation days are to be taken in the year earned and do not accumulate, except that a maximum of ten days vacation time may be carried over to the next succeeding year only. Upon separation of employment, an employee is entitled in time or in pay to any earned vacation accumulated and not previously used.

The payroll department maintains records of each employee's status relating to earned and unused sick and vacation pay. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which the payments are made.

NOTE 8: LITIGATION

The Township Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Township's insurance carrier or would have a material financial impact on the Township.

NOTE 9: TAX APPEALS

There are tax appeals filed with the County and State Tax Court of New Jersey requesting a reduction of assessments for the year 2011. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51.

NOTE 10: CONTINGENT LIABILITIES

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in Part II of the 2011 audit report. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2011, the Township does not believe that any material liabilities will result from such audits.

NOTE 11: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Township maintains commercial insurance coverage through the Mid Jersey Joint Insurance Fund covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following table is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Township's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 92,816.62	\$ 60,851.94	\$ 35,719.56
2010	96,852.60	95,188.71	3,754.88
2009	85,226.56	98,216.23	2,090.99

NOTE 12: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Township employees, permits them to defer a portion of their salaries until future years. The Township does not make any contribution to the Plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

The Township has engaged a private contractor to administer the plan.

The accompanying financial statements do not include the Township's Deferred Compensation Plan activities.

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2011:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current Fund	\$ 201,660.19	\$ 852,501.52
Grant Fund	806,644.63	
Assessment Trust Fund	4,773.03	99,815.44
Animal Control Trust Fund	125.50	67,229.51
Trust Other Fund	27,773.76	2,640,345.08
General Capital Fund	2,653,229.68	4,253,000.00
Sewer Utility Operating Fund	681,410.65	34,615.24
Sewer Utility Capital Fund	<u>4,253,300.00</u>	<u>681,410.65</u>
	<u>\$ 8,628,917.44</u>	<u>\$ 8,628,917.44</u>

All balances resulted from the time lag between the dates that payments between funds are made.

NOTE 14: DEFERRED LOCAL DISTRICT SCHOOL TAXES

New Jersey statutes provide for the deferral of liability for not more than 50% of the annual levy when school taxes are raised on a school year basis and such taxes have not been requisitioned by the school district.

LOCAL DISTRICT SCHOOL TAX

	BALANCE DECEMBER <u>31, 2011</u>	BALANCE DECEMBER <u>31, 2010</u>
Balance of Tax	\$34,832,940.01	\$34,292,956.53
Deferred	<u>34,832,940.01</u>	<u>34,292,956.53</u>
School Tax Payable	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>

NOTE 15: 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 following deferred charges are shown on the balance sheets of the various funds:

	BALANCE DECEMBER <u>31, 2011</u>	2012 BUDGET <u>APPROPRIATION</u>
Current:		
Emergency Authorization	<u>\$82,500.00</u>	<u>\$82,500.00</u>
Sewer Operating:		
Emergency Authorization	<u>\$352,500.00</u>	<u>\$352,500.00</u>

NOTE 16: POST-RETIRMENT HEALTH BENEFITS

As at December 31, 2011, the Township of Montgomery had no obligation to provide post-retirement health benefits.

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TOWNSHIP OF MONTGOMERY

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2011

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	REF.	CURRENT FUND	GRANT FUND
Balance, December 31, 2010	A	\$ 10,087,543.82	\$
Increased by Receipts:			
Property Taxes Receivable	A-5	\$ 102,024,256.90	\$
Reserve for Sale of Municipal Assets	A-15	15,466.10	
Revenue Accounts Receivable	A-12	7,620,000.39	
Miscellaneous Revenue Not Anticipated	A-2	567,838.41	
State of N.J.- Senior Citizens and Veterans Deductions	A-8	83,000.00	
Interfunds	A-13:A-25	3,148,329.04	2,239,307.79
Petty Cash Fund	A-6	1,000.00	
Grants Receivable	A-26		1,609,868.52
Grants-Appropriated- Refunds	A-27		600.00
2011 Appropriation-Refunds	A-3	<u>282,035.95</u>	
		113,741,926.79	<u>3,849,776.31</u>
		\$ 123,829,470.61	\$ 3,849,776.31
Decreased by Disbursements:			
2011 Appropriations	A-3	\$ 22,307,569.31	\$
2010 Appropriation Reserves	A-18	677,171.87	
Local District School Tax	A-23	69,125,898.53	
County Taxes Payable	A-22	16,593,814.21	
Reserve for Sale of Assets	A-15	1,276.55	
Refund of Tax Overpayments	A-16	254,722.45	
Reserve for Encumbrances - Grants Fund	A-20		2,021.50
Reserve for Grants-Appropriated	A-27		1,482,377.29
Reserve for Grants-Unappropriated	A-28		4,909.00
Petty Cash Fund	A-6	1,000.00	
Interfunds	A-13:A-25	2,284,310.55	2,360,468.52
Municipal Open Space Tax	A-24	1,501,619.50	
Reserve for Miscellaneous Deposits	A-14	1,245,758.34	
Refund of Prior Year Revenue	A-1	80,907.93	
Refund of Miscellaneous Revenue	A-2	12,848.00	
Special District Taxes Payable	A-17	<u>1,480,050.00</u>	
		115,566,947.24	<u>\$ 3,849,776.31</u>
Balance, December 31, 2011	A	\$ <u>8,262,523.37</u>	

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR

	<u>REF.</u>		
Increased by Receipts:			
Property Taxes Receivable	A-9	\$ 99,342,948.59	
Tax Overpayments	A-16	266,271.57	
Prepaid Taxes	A-21	975,196.65	
Tax Title Liens	A-10	132.50	
Revenue Accounts Receivable	A-12	184,169.78	
Miscellaneous Revenue Not Anticipated	A-2	9,610.70	
Senior Citizens Disallowed	A-8	750.00	
Outside Liens	A-14	<u>1,245,177.11</u>	
			\$ 102,024,256.90
Decreased by Disbursements:			
Payments to Treasurer	A-4		\$ <u><u>102,024,256.90</u></u>

"A-6"

TOWNSHIP OF MONTGOMERY
CURRENT FUND
SCHEDULE OF PETTY CASH FUND

<u>DEPARTMENT</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>CASH</u> <u>RECEIPTS</u>
Clerk	\$ <u>1,000.00</u>	\$ <u>1,000.00</u>
<u>REF.</u>	A-4	A-4

"A-7"

SCHEDULE OF CHANGE FUNDS

<u>DEPARTMENT</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2010 AND 2011</u>
Tax/Sewer Collector	\$ <u>675.00</u>
<u>REF.</u>	A

TOWNSHIP OF MONTGOMERYCURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS
PER CHAPTER 20, P.L. 1971

	<u>REF.</u>		
Balance, December 31, 2010 (Due To)	A		\$ 10,820.46
Decreased by:			
Senior Citizens Deductions Per Tax Billing		\$ 7,250.00	
Veterans Deductions Per Tax Billing		75,500.00	
Senior Citizens Deductions Allowed by Tax Collector		<u>3,250.00</u>	
			\$ <u>86,000.00</u>
			\$ (75,179.54)
Increased by:			
Deductions Disallowed by Collector:			
Received in Cash From State	A-4	\$ 83,000.00	
2011 Deductions Disallowed by Tax Collector		750.00	
2010 Deductions Disallowed by Tax Collector	A-5	<u>750.00</u>	
			<u>84,500.00</u>
Balance, December 31, 2011 (Due To)	A		\$ <u><u>9,320.46</u></u>

ANALYSIS OF STATE SHARE OF 2011
SENIOR CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens Deductions Per Tax Billing		\$ 7,250.00	
Veterans Deductions Per Tax Billing		75,500.00	
Deductions Allowed by Tax Collector:			
Senior Citizens		<u>3,250.00</u>	
			\$ <u>86,000.00</u>
Less: Deductions Disallowed by Tax Collector:			
Senior Citizens		<u>750.00</u>	
	A-9		\$ <u><u>85,250.00</u></u>

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE	2011	CASH COLLECTIONS		CANCELED	APPLIED	TRANSFERRED	BALANCE
	DECEMBER		LEVY	2010				
	31, 2010						TITLE LIENS	31, 2011
2009	\$ 6,729.11	\$	\$	\$ 263.31	\$	\$	\$	\$ 6,465.80
2010	777,886.05			757,674.92			3,263.07	16,948.06
	<u>\$ 784,615.16</u>	<u>\$</u>	<u>\$</u>	<u>\$ 757,938.23</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,263.07</u>	<u>\$ 23,413.86</u>
2011		100,829,780.51	1,023,760.30	98,670,260.36	279,088.85	8,135.88	21,786.44	826,748.68
	<u>\$ 784,615.16</u>	<u>\$ 100,829,780.51</u>	<u>\$ 1,023,760.30</u>	<u>\$ 99,428,198.59</u>	<u>\$ 279,088.85</u>	<u>\$ 8,135.88</u>	<u>\$ 25,049.51</u>	<u>\$ 850,162.54</u>
	REF. A		A-2:A-21	A-2		A-16	A-10	A
		REF.						
Cash-Collector		A-5		\$ 99,342,948.59				
State Share of Senior Citizens and Veterans Deductions		A-8		<u>85,250.00</u>				
				<u>\$ 99,428,198.59</u>				

ANALYSIS OF 2011 PROPERTY TAX LEVY

TAX YIELD				
General Property Tax			\$	100,564,247.17
Added and Omitted Tax (54:4-63.1 et.seq.)				<u>265,533.34</u>
			\$	<u>100,829,780.51</u>
TAX LEVY				
Local District School Tax	A-23		\$	69,665,882.01
County Taxes:				
County Tax	A-22	\$	13,219,799.24	
County Library Tax	A-22		1,915,355.32	
County Open Space	A-22		1,389,893.89	
Due County for Added Taxes (54:4-63.1 et.seq.)	A-22		<u>44,195.25</u>	
				16,569,243.70
Fire District Tax	A-17		1,480,050.00	
Local Tax for Municipal Purposes	A-2		11,362,451.30	
Local Open Space	A-24		1,501,619.50	
Additional Tax Levied			<u>250,534.00</u>	
				<u>14,594,654.80</u>
			\$	<u>100,829,780.51</u>

"A-10"

TOWNSHIP OF MONTGOMERY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2010	A	\$	204,091.25
Increased by:			
Transfers From Taxes Receivable	A-9	\$	25,049.51
Interest and Costs			<u>1,221.08</u>
			26,270.59
		\$	<u>230,361.84</u>
Decreased by:			
Cash Receipts	A-2:A-5		<u>132.50</u>
Balance, December 31, 2011	A	\$	<u><u>230,229.34</u></u>

"A-11"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance, December 31, 2010	A	\$	115,210.00
Balance, December 31, 2011	A	\$	<u><u>115,210.00</u></u>

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2010</u>	<u>ACCRUED</u> <u>IN 2011</u>	<u>COLLECTED BY</u> <u>TREASURER/</u> <u>COLLECTOR</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>
Clerk:					
Licenses:					
Alcoholic Beverage Licenses	A-2	\$	\$ 18,752.00	\$ 18,752.00	\$
Fees and Permits	A-2		19,920.00	19,920.00	
Board of Health:					
Fees and Permits	A-2		10,422.20	10,422.20	
Recreation:					
Fees and Permits	A-2		645,569.40	645,569.40	
Construction Code Official:					
Fees and Permits	A-2		558,895.00	558,895.00	
Planning/Zoning:					
Fees and Permits	A-2		12,580.00	12,580.00	
Miscellaneous:					
Fees and Permits	A-2		7,673.59	7,673.59	
Municipal Court:					
Fines and Costs	A-2	18,029.23	222,547.62	225,315.36	15,261.49
Police Department:					
Fees and Permits	A-2		1,980.00	1,980.00	
Engineering:					
Fees and Permits	A-2		2,948.50	2,948.50	
Tax Assessor:					
Fees and Permits	A-2		340.00	340.00	
Interest on Investments and Deposits	A-2		10,561.88	10,561.88	
Burglar Alarms	A-2		11,310.00	11,310.00	
Pre School Registrations	A-2		395,000.00	395,000.00	
Additional Pre School Registrations	A-2		1,012,373.86	1,012,373.86	
Energy Receipts Tax	A-2		1,379,037.00	1,379,037.00	
Shared Services - Pennington	A-2		35,205.00	35,205.00	
Shared Services - Hopewell	A-2		27,800.00	27,800.00	
Zero Coupons Maturing	A-2		97,000.00	97,000.00	
Open Space Trust Fund	A-2		1,401,605.06	1,401,605.06	
Interest and Costs on Taxes	A-2		184,169.78	184,169.78	
Utility Operating Surplus	A-2		974,350.00	974,350.00	
Cell Tower Leases	A-2		185,185.56	185,185.56	
Green Trust Fund	A-2		117,526.22	117,526.22	
Capital Premiums - 2010	A-2		308,000.00	308,000.00	
Capital Surplus	A-2		125,000.00	125,000.00	
Cable TV Fees	A-2		35,649.76	35,649.76	
		<u>\$ 18,029.23</u>	<u>\$ 7,801,402.43</u>	<u>\$ 7,804,170.17</u>	<u>\$ 15,261.49</u>
	<u>REF.</u>	A			A
Tax Collector	A-5			\$ 184,169.78	
Treasurer	A-4			<u>7,620,000.39</u>	
				<u>\$ 7,804,170.17</u>	

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>GRANT FUND</u>	<u>ASSESSMENT TRUST FUND</u>	<u>ANIMAL CONTROL TRUST FUND</u>	<u>TRUST OTHER FUNDS</u>	<u>GENERAL CAPITAL FUND</u>	<u>SEWER UTILITY OPERATING FUND</u>
Balance, December 31, 2010								
Due From	A	\$ 256,338.95	\$ 69,266.10	\$ 99,727.08	\$ 46,841.80	\$	\$ 4,520.73	\$ 35,983.24
Due To	A	<u>43,161.79</u>				<u>43,161.79</u>		
Treasurer-Receipts	A-4	3,148,329.04	2,365,218.52			9,138.66	772,603.86	1,368.00
Treasurer-Disbursements	A-4	<u>2,284,310.55</u>	<u>1,489,307.79</u>	<u>88.36</u>	<u>20,387.71</u>	<u>24,526.69</u>	<u>750,000.00</u>	
Balance, December 31, 2011								
Due From	A	\$ 201,660.19	\$	\$ 99,815.44	\$ 67,229.51	\$	\$	\$ 34,615.24
Due To	A	<u>852,501.52</u>	<u>806,644.63</u>			<u>27,773.76</u>	<u>18,083.13</u>	

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS DEPOSITS

	BALANCE DECEMBER <u>31, 2010</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE DECEMBER <u>31, 2011</u>
Unallocated Cash Receipts	\$ 1,790.15	\$	\$	\$ 1,790.15
Woodsedge Park	46,000.00			46,000.00
Due Developers	80,954.25			80,954.25
Revaluation	21,986.31			21,986.31
Bid Lease Deposits	18,200.00			18,200.00
Hurricane Damage	65,159.57			65,159.57
Rosewood Detention	21,000.00			21,000.00
Library State Aid	4,384.00			4,384.00
Brookside Harlingen	24,500.00			24,500.00
Belle Meade Bike Brook	525,184.88			525,184.88
Outside Lien Redemptions	47,245.64	1,245,177.11	1,245,758.34	46,664.41
Detention Basin	114,936.96			114,936.96
	<u>\$ 971,341.76</u>	<u>\$ 1,245,177.11</u>	<u>\$ 1,245,758.34</u>	<u>\$ 970,760.53</u>
<u>REF.</u>	A	A-5	A-4	A

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

	<u>REF.</u>		
Balance, December 31, 2010	A	\$	77,457.45
Increased by:			
Cash Receipts	A-4		15,466.10
		\$	<u>92,923.55</u>
Decreased by:			
Cash Disbursements	A-4		<u>1,276.55</u>
Balance, December 31, 2011	A	\$	<u><u>91,647.00</u></u>

"A-16"

TOWNSHIP OF MONTGOMERY
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2010	A	\$	155,866.69
Increased by:			
Cash Receipts	A-5		266,271.57
		\$	<u>422,138.26</u>
Decreased by:			
Cash Disbursements	A-4	\$	254,722.45
Applied	A-9		<u>8,135.88</u>
			<u>262,858.33</u>
Balance, December 31, 2011	A	\$	<u><u>159,279.93</u></u>

"A-17"

SCHEDULE OF SPECIAL DISTRICT TAXES PAYABLE

Increased by:			
Charges to Collections	A-1:A-9	\$	1,480,050.00
Decreased by:			
Cash Disbursements	A-4	\$	<u><u>1,480,050.00</u></u>

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF 2010 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2010	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>Salaries and Wages:</u>				
Administrative and Executive	\$ 4,521.23	\$ 4,521.23	\$	\$ 4,521.23
Mayor and Committee	199.83	199.83		199.83
Municipal Clerk	355.10	355.10		355.10
Financial Administration	4,818.07	4,818.07		4,818.07
Collector of Revenues	7.15	7.15		7.15
Assessor	423.43	423.43		423.43
Geographic Information Systems	8,820.16	8,820.16		8,820.16
Data Processing	2,029.42	2,029.42		2,029.42
Engineering Services	7,625.80	7,625.80		7,625.80
Planning Board	200.00	200.00		200.00
Police	172,056.67	172,056.67		172,056.67
Zoning Board of Adjustment	200.01	200.01		200.01
Construction Code Official	200.00	200.00		200.00
Uniform Fire Safety Act	3,265.27	3,265.27		3,265.27
Streets and Road Maintenance	35,968.19	968.19		968.19
Public Works	1,471.67	1,471.67		1,471.67
Buildings and Grounds	166.71	166.71		166.71
Environmental Commission	760.00	760.00		760.00
Public Health Services	25,469.29	25,469.29		25,469.29
Animal Control	667.73	667.73		667.73
Recreation	17,401.07	17,401.07		17,401.07
Senior Citizen's Program	15,000.00			
Municipal Court	2,962.98	2,962.98		2,962.98
Parks and Playgrounds	7,094.40	7,094.40		7,094.40
Pre K Program	90,017.18	90,017.18		90,017.18
<u>Other Expenses:</u>				
Administrative and Executive:				
Special Projects Expenses	192.13	13,942.13	7,090.00	6,852.13
Miscellaneous Other Expenses	2,878.13	3,973.85	1,229.23	2,744.62
Mayor and Committee	875.38	1,127.38	699.71	427.67
Municipal Clerk:				
Miscellaneous Other Expenses	17,071.25	9,073.02	1,011.83	8,061.19
Newsletter	812.03	1,112.03	300.00	812.03
Financial Administration:				
Miscellaneous Other Expenses	17,577.09	14,622.81	1,658.28	12,964.53
Audit Services	700.00	700.00		700.00
Data Processing	36,111.32	6,111.32		6,111.32
Geographic Information Systems	14,680.34	13,441.58	1,008.87	12,432.71
Collector of Revenues	6,219.41	6,238.24	142.07	6,096.17
Assessor	246.58	1,962.39	1,365.79	596.60
Legal Services	20,940.57	42,966.37	35,363.02	7,603.35
Engineering Services	24,445.21	30,388.28	13,247.76	17,140.52
Revision of Master Plan	50,901.91	40,901.91	921.41	39,980.50
Zoning Board of Adjustment	5,273.57	5,273.57	60.02	5,213.55
Construction Code Official	9,748.39	10,749.89	1,110.05	9,639.84
Landmarks Commission	3,598.97	6,473.97	2,877.27	3,596.70
Planning Board	27,668.73	28,386.23	819.50	27,566.73
Environmental Commission (N.J.S 40:56A-1) et. Seq.):	2,114.12	2,114.12		2,114.12
Police	70,002.80	101,216.61	22,798.02	78,418.59
Emergency Management	3,169.19	5,000.00	1,830.81	3,169.19
Emergency Committee	475.00	475.00		475.00
First Aid/Rescue Squad Aid and Maintenance Contract	5,334.17	5,334.17	5,334.17	
Fire Hydrant Service	110,604.17	110,604.17	50,437.50	60,166.67
Uniform Fire Safety Act	2,545.91	3,379.33	794.65	2,584.68
Supplemental Fire 2010		1,779.50	1,779.50	
Condominium Services Act (c.6. P.L. 1993)	8,921.24	63,359.10	51,315.19	12,043.91

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF 2010 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2010	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>Other Expenses (Continued):</u>				
Vehicle Maintenance	\$ 28,951.93	\$ 67,057.59	\$ 38,105.66	\$ 28,951.93
Buildings and Grounds	183.15	8,991.27	7,324.46	1,666.81
Shade Tree	64.07	2,871.07	2,832.67	38.40
Public Works	19,230.50	14,596.83	82.66	14,514.17
Streets and Road Maintenance	28,402.74	205,069.57	203,079.42	1,990.15
Public Health Services	11,300.26	14,052.90	2,869.31	11,183.59
Bloodborne Pathogens	419.00	1,419.00		1,419.00
Animal Control	10,163.19	10,765.74	1,186.53	9,579.21
Administration of Public Assistance	500.00	500.00		500.00
Recreation	72,795.40	75,419.95	3,422.22	71,997.73
Senior Citizen's Program	17,411.48	45,998.40	34,319.32	11,679.08
Parks and Playgrounds	35,840.56	40,859.67	701.71	40,157.96
Economic Development Committee	1,001.48	1,001.48		1,001.48
Garbage and Trash Removal	8,945.96	20,920.44	7,252.13	13,668.31
Municipal Court	794.47	2,122.12	1,392.60	729.52
Public Defender	1,000.00	1,000.00	732.00	268.00
Prosecutor	1,271.08	1,271.08		1,271.08
Somerset County Mandatory Recycling Program	11,968.20	59,060.90	46,793.70	12,267.20
Deferred Compensation Plan	54,937.63	54,937.63	39,011.46	15,926.17
Long Term Disability Fund	5,626.80	5,626.80		5,626.80
Insurance (NJSA 40A:4-45.3(00)):				
Other Insurance Premiums	90,009.70	95,300.51	19,691.87	75,608.64
Group Insurance Plan for Employees	96,552.25	96,552.25	8,372.73	88,179.52
Workers' Compensation	754.40	754.40		754.40
Unclassified:				
Electricity	168,194.90	164,279.22	6,084.32	158,194.90
Street Lighting	6,847.35	5,614.01	5,314.80	299.21
Telephone	22,848.62	24,259.51	5,598.39	18,661.12
Water	11,516.36	12,757.55	2,402.05	10,355.50
Heating Fuel (Gas)	26,781.50	38,471.62	7,802.82	30,668.80
Gasoline	99,656.37	172,517.75	20,417.32	152,100.43
Contribution to:				
Social Security System	10,025.83	10,025.83		10,025.83
Public Employees Retirement System	1.00	1.00		1.00
Pre-K Program	26,602.67	36,432.04	9,187.07	27,244.97
	<u>\$ 1,715,407.82</u>	<u>\$ 2,172,916.46</u>	<u>\$ 677,171.87</u>	<u>\$ 1,495,744.59</u>

REF.

A: A-18

A-4

A-1

Budget - Reserved	A-18	\$ 1,715,407.82
Reserve for Encumbrances	A-19	<u>457,508.64</u>
		<u>\$ 2,172,916.46</u>

"A-19"

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>REF.</u>		
Balance, December 31, 2010	A	\$	460,847.42
Increased by:			
Budget Appropriations	A-3		483,978.33
		\$	<u>944,825.75</u>
Decreased by:			
Transferred to Appropriation Reserves	A-18		<u>457,508.64</u>
Balance, December 31, 2011	A	\$	<u><u>487,317.11</u></u>

"A-20"

GRANT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

Balance, December 31, 2010	A	\$	121,872.33
Increased by:			
Reserve for Grants Appropriated	A-27		119,918.79
		\$	<u>241,791.12</u>
Decreased by:			
Transferred to Grants Appropriated	A-27	\$	119,850.83
Cash Disbursements	A-4		<u>2,021.50</u>
			<u>121,872.33</u>
Balance, December 31, 2011	A	\$	<u><u>119,918.79</u></u>

"A-21"

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2010 (2011 Taxes)	A	\$	1,023,760.30
Increased by:			
Collection - 2012 Taxes	A-5		975,196.65
		\$	<u>1,998,956.95</u>
Decreased by:			
Applied to Taxes Receivable	A-9		<u>1,023,760.30</u>
Balance, December 31, 2011 (2012 Taxes)	A	\$	<u><u>975,196.65</u></u>

"A-22"

SCHEDULE OF COUNTY TAXES PAYABLE

Balance, December 31, 2010	A	\$	24,570.51
2011 Tax Levy:			
County Tax	A-1:A-9	\$	13,219,799.24
County Library Tax	A-1:A-9		1,915,355.32
County Open Space	A-1:A-9		1,389,893.89
Added County Taxes	A-1:A-9		<u>44,195.25</u>
			<u>16,569,243.70</u>
		\$	<u>16,593,814.21</u>
Decreased by:			
Cash Disbursements	A-4	\$	<u><u>16,593,814.21</u></u>

"A-23"

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>REF.</u>		
Balance, December 31, 2010			
School Tax Deferred		\$ 34,292,956.53	
School Tax Payable			
		<hr/>	34,292,956.53
Increased by:			
Levy Calendar Year 2011	A-9		69,665,882.01
			<hr/>
			\$ 103,958,838.54
Decreased by:			
Payment to Local District School	A-1:A-4		69,125,898.53
			<hr/>
Balance, December 31, 2011:			
School Tax Deferred		\$ 34,832,940.01	
School Tax Payable			
		<hr/>	\$ 34,832,940.01
			<hr/>

"A-24"

SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

Increased by:			
Levy Calendar Year 2011	A-1:A-9	\$	1,501,619.50
Decreased by:			
Cash Disbursements	A-4	\$	1,501,619.50
			<hr/>

TOWNSHIP OF MONTGOMERY

GRANT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>GENERAL CAPITAL FUND</u>
Balance, December 31, 2010				
Due From	A	\$ 750,000.00	\$	\$ 750,000.00
Due To	A	<u>69,266.10</u>	<u>69,266.10</u>	<u> </u>
Treasurer-Receipts	A-4	2,239,307.79	1,489,307.79	750,000.00
Treasurer-Disbursements	A-4	2,360,468.52	2,360,468.52	
Canceled	A-26	<u>4,750.00</u>	<u>4,750.00</u>	<u> </u>
Balance, December 31, 2011				
Due From	A	<u>\$ 806,644.63</u>	<u>\$ 806,644.63</u>	<u>\$</u>

TOWNSHIP OF MONTGOMERY

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2010	ACCRUED 2011 BUDGET	RECEIVED	CANCELED	BALANCE DECEMBER 31, 2011
Environmental Services Grant	\$ 6,118.59	\$ 35,126.38	\$ 35,126.38	\$	\$ 6,118.59
Smart Future Plan	45,400.00				45,400.00
Municipal Alliance Drug Program		15,313.00	6,365.48		8,947.52
2005 Bikeway	100,000.00				100,000.00
Community Development Block Grant	7,790.90				7,790.90
Somerset County Youth Recreation	15,084.00		14,107.00		977.00
Public Health Mini Collaborative	1,500.00				1,500.00
Planning Assistance Grant	40,000.00				40,000.00
Pandemic Flu Preparedness Plan	5,971.00				5,971.00
Domestic Violence Grant	1,000.00			1,000.00	
Flood Mitigation Grant	7,838.00				7,838.00
Click it or Ticket it		4,000.00	4,000.00		
Driving with Hand Held Cell Phone Enforcement		10,000.00	10,000.00		
Storm Water Regulation	15,036.00				15,036.00
Environmental Services Grant	2,440.00				2,440.00
Campbell Farm Pathway	2,032.26				2,032.26
Child Safety Grant		4,500.00	4,500.00		
Domestic Violence Training Grant	3,750.00			3,750.00	
Green Acres Trust		44,500.00	44,500.00		
Historic Preservation Trust Fund	35,750.00				35,750.00
Safe Corridors Grant		19,024.92			19,024.92
Open Space Rossmassler Acquisition	250,000.00	935,959.34	935,959.34	250,000.00	
Open Space KBA Acquisition		275,000.00	275,000.00		
School Link Pathway	60,000.00				60,000.00
NPDC Smalley Theatre	9,300.00				9,300.00
COPS Technology Program Grant	7,202.65		7,202.65		
NJ DOT ISTEPA Pathways Master Plan Grant	667,249.47				667,249.47
Somerset County Youth Services		5,000.00	5,000.00		
Drunk Driving Enforcement Fund		6,190.08	6,190.08		
NJ Forest Services Grant	7,000.00				7,000.00
Clean Communities Grant		44,888.40	44,888.40		
New Jersey Health Officers Association		10,000.00	9,998.00		2.00
NAACHO ACCR Prep		475.00	475.00		
NJ DOT Cherry Valley Road	215,000.00		161,250.00		53,750.00
Share Grant	28,000.00				28,000.00
Recycling Tonnage Grant		42,249.97	42,249.97		
Body Armor Replacement Fund		3,056.22	3,056.22		
	<u>\$ 1,533,462.87</u>	<u>\$ 1,455,283.31</u>	<u>\$ 1,609,868.52</u>	<u>\$ 254,750.00</u>	<u>\$ 1,124,127.66</u>

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Grants Appropriated	A-27	\$ 250,000.00
Due Current Fund	A-25	4,750.00
		<u>\$ 254,750.00</u>

TOWNSHIP OF MONTGOMERY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-APPROPRIATED

<u>GRANT/PROGRAM</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2010</u>	<u>ENCUMBRANCES</u> <u>PAYABLE</u>	<u>2011</u> <u>BUDGET</u> <u>APPROPRIATIONS</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>
	\$	\$	\$	\$	\$	\$
Municipal Alliance Drug Program:						
County & Local - 2009	7,776.65	343.94		8,120.59		
County & Local - 2010		18,225.29		14,908.38		3,316.91
County & Local - 2011			15,313.00	15,042.17		270.83
2005 Bikeway	100,000.00					100,000.00
9-1-1 Grant	383.25					383.25
A T & T Family Development	988.50					988.50
Child Passenger Safety Grant			4,500.00	4,500.00		
Clean Communities Program	121,669.75	3,200.00	44,888.40	65,525.99		104,232.16
Click It or Ticket Grant			4,000.00	4,000.00		
Community Development Block Grant	6,953.22					6,953.22
Cross Acceptance	1,100.00					1,100.00
Driving with Hand Held Cell Phone Enforcement			10,000.00	10,000.00		
Drunk Driving Enforcement Fund	699.28		6,190.08	2,249.37		4,639.99
Environmental Protection Grants	10,243.35		35,126.38	35,126.38		10,243.35
Green Acres Trust			44,500.00	44,500.00		
Health Grant - Somerset County	10,160.55					10,160.55
Historic Preservation Grant - Maplewood	26,800.00	12,600.00		12,600.00		26,800.00
NJ DOT 2006	120,000.00	8,626.50		8,626.50		120,000.00
NJ DOT Ludlow	99,447.31	5,625.00		5,625.00		99,447.31
Open Space Rossmassler Acquisition	250,000.00		935,959.34	935,959.34	250,000.00	
Open Space KBA Acquisition			275,000.00	275,000.00		
Planning Assistance Grant	60,000.00					60,000.00
Recycling Tonnage Grant	3.00		42,249.97	42,252.97		
Safe Corridors Grant		21,396.66	19,024.92	40,421.58		
School Link Pathway	4,000.00					4,000.00
SLAHEOP Grant	230.92					230.92
Smart Future Plan	42,125.89					42,125.89
Somerset Co. Cross Acceptance Grant	2,000.00					2,000.00
Somerset Co. Planning Grant	10,612.45					10,612.45
Somerset Co. Recreation Grant	68,560.86			6,394.86		62,166.00
Somerset Co. Youth Services	7,950.00	1,200.00	5,000.00	7,000.00		7,150.00
Somerset Co. Youth Services New Initiative	5,559.49					5,559.49
State Park Trails	9,845.26					9,845.26
Stormwater Regulation	11,986.00	1,339.76		5,389.76		7,936.00

TOWNSHIP OF MONTGOMERY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-APPROPRIATED

GRANT/PROGRAM	BALANCE DECEMBER 31, 2010	ENCUMBRANCES PAYABLE	2011 BUDGET APPROPRIATIONS	PAID OR CHARGED	CANCELED	BALANCE DECEMBER 31, 2011
Alcohol Ed & Rehab Grant	\$ 160.64	\$	\$	\$	\$	\$ 160.64
Body Armor Grant	7,219.93		3,056.22	1,309.00		8,967.15
Canal Link	160,000.00					160,000.00
COPS Technology Program		6,212.65		6,212.65		
Mass Prophylaxis Equipment Grant	11,857.96	3,500.00		3,620.36		11,737.60
NAACHO ACCR Prep	6,887.72		475.00	975.00		6,387.72
NJ DOT Cherry Valley Road	215,000.00					215,000.00
NJ DOT ISTEPA Pathways Master Planning Grant	655,186.03	9,213.35		9,213.35		655,186.03
NJ Forest Services - Van Home Park		4,764.00		4,764.00		
NJ Health Officers Associations			10,000.00	8,755.15		1,244.85
NPDC Smalley Theatre		23,250.00		23,250.00		
Public Health Mini Collaborative	1,500.00					1,500.00
Share Grant	20,000.00					20,000.00
State Health Services	178.35	353.68		353.68		178.35
TDR Grant	20,000.00					20,000.00
Yard waste Study Grant	8,000.00					8,000.00
	<u>\$ 2,085,086.36</u>	<u>\$ 119,850.83</u>	<u>\$ 1,455,283.31</u>	<u>\$ 1,601,696.08</u>	<u>\$ 250,000.00</u>	<u>\$ 1,808,524.42</u>

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Cash Disbursements	A-4	\$ 1,482,377.29	\$
Encumbrances Payable	A-20	119,918.79	
Grants Receivable	A-26		250,000.00
		<u>\$ 1,602,296.08</u>	<u>\$ 250,000.00</u>
Less: Refunds	A-4	600.00	
		<u>\$ 1,601,696.08</u>	<u>\$ 250,000.00</u>

TOWNSHIP OF MONTGOMERY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-UNAPPROPRIATED

<u>GRANT/PROGRAM</u>	BALANCE DECEMBER 31, 2010	<u>CANCELED</u>	BALANCE DECEMBER 31, 2011
Municipal Alliance	\$ 4,909.00	\$ 4,909.00	\$
Mass Prophylaxis Exercise Grant	<u>2,329.08</u>	<u> </u>	<u>2,329.08</u>
	\$ <u>7,238.08</u>	\$ <u>4,909.00</u>	\$ <u>2,329.08</u>
<u>REF.</u>	A	A-4	A

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	<u>REF.</u>	<u>EMERGENCY</u> <u>AUTHORIZATION</u>		<u>TOTAL</u>
Increased by: 2011 Authorization	A-3	\$ 82,500.00	\$	82,500.00
Balance, December 31, 2011	A	\$ <u>82,500.00</u>	\$	<u>82,500.00</u>

TOWNSHIP OF MONTGOMERYTRUST FUNDSCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>ASSESSMENT</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance, December 31, 2010	B	\$ <u>158,042.27</u>	\$ <u>86,523.52</u>	\$ <u>10,257,217.10</u>
Increased by Receipts:				
Due State of New Jersey	B-8	\$	\$ 2,331.60	\$
Dog License Fees	B-9		60,694.90	
Interfunds	B-4:B-11:B-14	88.36	17,985.00	925,218.47
Reserve for Various Trust Deposits	B-12			17,096,682.97
Reserve for Township Open Space	B-13			2,473,357.40
		\$ <u>88.36</u>	\$ <u>81,011.50</u>	\$ <u>20,495,258.84</u>
		\$ <u>158,130.63</u>	\$ <u>167,535.02</u>	\$ <u>30,752,475.94</u>
Decreased by Disbursements:				
Interfunds	B-11:B-14	\$	\$ 17,985.00	\$ 104,741.63
Due State of New Jersey	B-8		2,343.00	
Reserve for Various Trust Deposits	B-12			16,871,026.52
Animal Control Fund Expenditures	B-9		35,348.12	
Reserve for Township Open Space	B-13			1,679,048.30
		\$	\$ <u>55,676.12</u>	\$ <u>18,654,816.45</u>
Balance, December 31, 2011	B	\$ <u>158,130.63</u>	\$ <u>111,858.90</u>	\$ <u>12,097,659.49</u>

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ANNUAL INSTALLMENTS</u>	<u>DUE DATE</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>BALANCE PLEGGED TO RESERVE</u>
212:214:405	Construction of Sanitary Sewer System	10	02/03/81-91	\$ 17,379.05	\$ 17,379.05	17,379.05
				<hr/>	<hr/>	<hr/>
				\$ <u>17,379.05</u>	\$ <u>17,379.05</u>	<u>17,379.05</u>
				<u>REF.</u>	B	B

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF INTERFUNDS - ASSESSMENT TRUST FUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>TRUST OTHER FUND</u>
Balance, December 31, 2010:				
Due From	B	\$ 4,773.03	\$	\$ 4,773.03
Due To	B	<u>99,727.08</u>	<u>99,727.08</u>	<u> </u>
Increased by:				
Cash Receipts	B-2	<u>88.36</u>	<u>88.36</u>	<u> </u>
Balance, December 31, 2011:				
Due From	B	\$ 4,773.03	\$	\$ 4,773.03
Due To	B	<u>99,815.44</u>	<u>99,815.44</u>	<u> </u>

"B-5"

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	138,223.80
Balance, December 31, 2011	B	\$	<u>138,223.80</u>

"B-6"

SCHEDULE OF RESERVE FOR PROSPECTIVE ASSESSMENTS

Balance, December 31, 2010	B	\$	138,223.80
Balance, December 31, 2011	B	\$	<u>138,223.80</u>

"B-7"

SCHEDULE OF RESERVE FOR ASSESSMENTS RECEIVABLE

Balance, December 31, 2010	B	\$	17,379.05
Balance, December 31, 2011	B	\$	<u>17,379.05</u>

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
ANIMAL CONTROL TRUST FUND

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	13.60
Increased by:			
Cash Receipts	B-2		2,331.60
		\$	<u>2,345.20</u>
Decreased by:			
Cash Disbursements	B-2		<u>2,343.00</u>
Balance, December 31, 2011	B	\$	<u><u>2.20</u></u>

"B-9"

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2010	B		\$ 39,793.62
Increased by:			
Dog License Fees Collected	B-2	\$ 27,574.90	
Other Receipts	B-2	<u>33,120.00</u>	
			60,694.90
			<u>\$ 100,488.52</u>
Decreased by:			
Expenditures Under R.S.4:49-15.11:			
Cash Disbursements	B-2	\$ 35,348.12	
Encumbrances Payable	B-10	3,663.99	
Regulatory Excess Due Current Fund	B-11	<u>20,387.71</u>	
			<u>59,399.82</u>
Balance, December 31, 2011	B		<u>\$ 41,088.70</u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2009	\$ 21,664.80
2010	<u>19,423.90</u>
	<u>\$ 41,088.70</u>

"B-10"

SCHEDULE OF ENCUMBRANCES PAYABLE-ANIMAL CONTROL FUND

Increased by:		
Transferred from Reserve for Animal Control Expenditures	B-9	\$ 3,663.99
Balance, December 31, 2011	B	<u>\$ 3,663.99</u>

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF INTERFUNDS - ANIMAL CONTROL TRUST FUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>TRUST OTHER FUND</u>
Balance, December 31, 2010:				
Due From	B	\$ 125.50	\$	\$ 125.50
Due To	B	<u>46,841.80</u>	<u>46,841.80</u>	<u></u>
Increased by:				
Cash Receipts	B-2	17,985.00	8,850.00	9,135.00
Regulatory Excess	B-9	<u>20,387.71</u>	<u>20,387.71</u>	<u></u>
		\$ 38,372.71	\$ 29,237.71	\$ 9,135.00
Decreased by:				
Cash Disbursements	B-2	<u>17,985.00</u>	<u>8,850.00</u>	<u>9,135.00</u>
Balance, December 31, 2011:				
Due From	B	\$ 125.50	\$	\$ 125.50
Due To	B	<u>67,229.51</u>	<u>67,229.51</u>	<u></u>

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF RESERVE FOR VARIOUS TRUST DEPOSITS

RESERVE	BALANCE DECEMBER 31, 2010	RECEIPTS	DISBURSEMENTS	ENCUMBRANCES PAYABLE	BALANCE DECEMBER 31, 2011
Unemployment Compensation Trust	\$ 3,754.88	\$ 92,816.62	\$ 60,851.94	\$	\$ 35,719.56
Recycling	218.00	4,499.00			4,717.00
Tax Title Lien Premiums	492,447.99	294,200.00	539,400.00		247,247.99
Police Special Duty	38,104.43	104,841.25	106,371.25	675.00	35,899.43
Arboretum Fund	1,876.55	600.00	2,476.55		0.00
Municipal Alliance Program	7,949.83	1,100.00	997.54		8,052.29
Affordable Housing Fund	1,491,270.37	105,605.19	34,420.37	6,808.20	1,555,646.99
Recreation Trip Account	177,426.15	363,525.24	316,095.50	45,051.25	179,804.64
Public Defender		3,975.00	2,963.00		1,012.00
POAA	479.50	10.00			489.50
DARE	200.00				200.00
Crime Victim Rewards Fund	3,341.12				3,341.12
Police Forfeiture Funds	5,791.52	1,123.14			6,914.66
Miscellaneous	22,466.86	32,720.33	4,224.36		50,962.83
Patriot Media	26,202.75				26,202.75
Food Pantry	23,232.20	3,196.00	2,000.00		24,428.20
Earth Day	1,057.75	2,760.00	2,174.05	292.50	1,351.20
Firework Donations		31,412.00	25,333.72		6,078.28
Donations	23,073.45				23,073.45
Canal Link (Waterline)	5,592.00				5,592.00
Barn Preservation	82,050.00				82,050.00
Marriage Licenses - Due State	(250.00)	1,250.00	850.00	325.00	(175.00)
DCA Fees - Due State	18,673.17	41,882.00	48,347.00		12,208.17
Reserve for Sewer Capacity Hook Up Fees	543,670.31	72,898.02	82.24		616,486.09
Payroll/Payroll Agency	80,749.93	12,136,026.37	12,115,516.07		101,260.23
Escrow:					
Maintenance and Performance	1,486,911.03	310,569.43	377,220.49		1,420,259.97
Planning	333,333.78	348,260.35	300,800.75	28,518.85	352,274.53
Inspection	492,035.85	142,260.91	79,714.93	9,563.80	545,018.03
Waterline	306,780.53	148.61			306,929.14
Water/Fire	6,599.50	1,003.51	50.94		7,552.07
Demolition Trust		3,000,000.00	2,851,135.82	146,791.64	2,072.54
	<u>\$ 5,675,039.45</u>	<u>\$ 17,096,682.97</u>	<u>\$ 16,871,026.52</u>	<u>\$ 238,026.24</u>	<u>\$ 5,662,669.66</u>

REF.

B

B-2

B-2

B-15

B

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF RESERVE FOR OPEN SPACE TRUST FUND

	<u>REF.</u>		
Balance, December 31, 2010	B		\$ 2,790,083.17
Increased by:			
Open Space Levy		\$ 1,501,619.50	
Refunds		965,959.34	
Interest Earned		<u>5,778.56</u>	
	B-2		<u>2,473,357.40</u>
			\$ <u>5,263,440.57</u>
Decreased by:			
Cash Disbursements	B-2	\$ 1,679,048.30	
Encumbrances Payable	B-15	<u>12,558.82</u>	
			<u>1,691,607.12</u>
Balance, December 31, 2011	B		\$ <u><u>3,571,833.45</u></u>

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF INTERFUNDS - OTHER FUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>ASSESSMENT TRUST FUND</u>	<u>ANIMAL CONTROL TRUST FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>SEWER UTILITY CAPITAL FUND</u>
Balance, December 31, 2010:							
Due From	B	\$ 43,161.79	\$ 43,161.79	\$	\$	\$	\$
Due To	B	<u>1,835,256.27</u>	<u></u>	<u>4,773.03</u>	<u>125.50</u>	<u>1,830,057.74</u>	<u>300.00</u>
Increased by:							
Cash Receipts	B-2	<u>925,218.47</u>	<u>20,129.66</u>	<u></u>	<u></u>	<u>805,088.81</u>	<u>100,000.00</u>
Decreased by:							
Cash Disbursements	B-2	<u>104,741.63</u>	<u>4,741.63</u>	<u></u>	<u></u>	<u></u>	<u>100,000.00</u>
Balance, December 31, 2011:							
Due From	B	\$ 27,773.76	\$ 27,773.76	\$	\$	\$	\$
Due To	B	<u><u>2,640,345.08</u></u>	<u><u></u></u>	<u><u>4,773.03</u></u>	<u><u>125.50</u></u>	<u><u>2,635,146.55</u></u>	<u><u>300.00</u></u>

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>REF.</u>		
Increased by:			
Open Space Trust Fund	B-13	\$ 12,558.82	
Various Trust Deposits	B-12	<u>238,026.24</u>	
			\$ <u>250,585.06</u>
Balance, December 31, 2011	B		\$ <u><u>250,585.06</u></u>

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2010	C		\$ 14,276,033.01
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-8	\$ 94,774.25	
Deferred Charge - Various Ordinances		349,500.00	
Developers Deposits	C-9	971,549.16	
Premium on Sale of Notes	C-1	479,592.12	
Interfunds	C-10	749,733.73	
Bond Anticipation Notes	C-14	35,776,100.00	
Various Reserves	C-15	12,499,737.48	
			<u>50,920,986.74</u>
			\$ <u>65,197,019.75</u>
Decreased by Disbursements:			
Contracts Payable	C-6	\$ 1,384,835.34	
Bond Anticipation Notes	C-14	36,236,041.00	
Developers Deposits	C-9	971,549.16	
Capital Fund Balance	C-1	433,000.00	
Interfunds	C-10	2,327,426.40	
			<u>41,352,851.90</u>
Balance, December 31, 2011	C:C-3		\$ <u><u>23,844,167.85</u></u>

"C-3"

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

ANALYSIS OF CASH

	BALANCE DECEMBER 31, 2011
Capital Improvement Fund	\$ 218,567.99
Fund Balance	1,476,298.29
Reserve for Encumbrances	740,072.43
Reserve for Developers Security Deposits Exhibit "C-9"	665,479.39
Unexpended Proceeds of Bond Anticipation Notes on "C-5"	1,075,436.97
Improvement Authorizations: Funded Improvements Listed on "C-7"	6,634,708.75
Improvements Expended Set Forth on "C-5"	(2,495,449.81)
Cash on Hand to Pay Notes	0.49
Various Reserves	14,885,949.30
Interfunds Receivable	(2,653,229.68)
Interfunds Payable	4,253,000.00
U.S. Securities	(291,265.90)
N.J.E.I.T. Loan Receivable	(333,937.75)
Grants Receivable	(331,462.62)
	<u>\$ 23,844,167.85</u>

REF.

C:C-2

"C-4"

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2010	C	\$ 23,172,408.40
Decreased by:		
2011 Budget Appropriation to Pay:		
Bond Principal	C-13	\$ 2,715,000.00
Loan Principal	C-12	413,981.23
		<u>3,128,981.23</u>
Balance, December 31, 2011	C	<u>\$ 20,043,427.17</u>

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER		BALANCE DECEMBER 31, 2011	ANALYSIS OF BALANCE DECEMBER 31, 2011		
			BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED BALANCE
836	General Improvements: Installation of Steel Sleeve	\$ 13,400.00	\$	\$ 13,400.00	\$
1129	Acquisition of Land	690,000.00		653,616.83	36,383.17
1189	NPDC Acquisition	14,996,400.00	14,996,400.00		
1200	Acquisition of Land (Vartan)	175,726.38		175,726.38	
1201	Acquisition of Land (Zeloof)	500,000.00		470,215.07	29,784.93
1205	Acquisition of Land	496,500.00	496,500.00		
1223	Purchase of Johnson Farm (Grant \$3,005,784)	78,242.15		9,312.31	68,929.84
1228	Restoration of Sylvan Lake	5,105,200.00	5,105,200.00		
1240	Purchase of Easement	207,500.00	207,500.00		
1247	Purchase of Drake Property (Grant \$2,343,982)	1,430,600.00	1,430,600.00		
1289	Spring Hill Reconstruction	1,691,899.51	1,691,899.51		
1295	Various Capital Acquisitions	516,800.00		471,970.50	44,829.50
1326	Fairview (Grant \$112,500)	375,000.00		213,161.45	161,838.55
1361A	Reconstruction Various Roads	262,200.00		231,580.27	30,619.73
1361B	Acquisition of Mason Dump Truck	118,750.00		118,745.00	5.00
1387	Various Capital Improvements	903,911.00		137,722.00	766,189.00
		<u>\$ 27,562,129.04</u>	<u>\$ 23,928,099.51</u>	<u>\$ 2,495,449.81</u>	<u>\$ 1,138,579.72</u>
	REF.	C		C-3	
Bond Anticipation Notes	C-14		\$ 23,928,100.00		
Cash on Hand to Pay Notes	C-3		<u>0.49</u>		
			<u>\$ 23,928,099.51</u>		
Improvement Authorizations - Unfunded	C-7				\$ 2,214,016.69
Unexpended Proceeds of Bond Anticipation Notes	C-3				<u>1,075,436.97</u>
					<u>\$ 1,138,579.72</u>

TOWNSHIP OF MONTGOMERY
GENERAL CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2010	C	\$	1,525,487.02
Increased by:			
Improvement Authorizations	C-7		633,858.55
		\$	<u>2,159,345.57</u>
Decreased by:			
Cash Disbursements	C-2	\$	1,384,835.34
Canceled	C-7		<u>34,437.80</u>
			<u>1,419,273.14</u>
Balance, December 31, 2011	C	\$	<u><u>740,072.43</u></u>

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2010		2011 AUTHORIZATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2011	
		DATE	AMOUNT	FUNDED	UNFUNDED			FUNDED	UNFUNDED
641	Preliminary Plans for Connecting Road	11/09/89	\$ 300,000.00	\$ 58,539.47	\$	\$	\$	58,539.47	\$
742	Improv. to Orchard Rd./Rte. 206	08/20/92	900,000.00	131,267.17				131,267.17	
819	Construction of a Pathway System	04/17/97	840,000.00	491,561.68				491,561.68	
862	Construction of Soccer Fields	03/27/97	200,000.00	28,524.95				28,524.95	
878	Acquisition of Land	07/18/97	4,500,000.00	131,615.77				131,615.77	
896d	1860 House Imoray (Barn & Basement)	03/20/97	90,000.00	1,134.95				1,134.95	
947	Stage II Expansion of Sewer Plant	09/03/98	5,900,000.00	24,501.75				24,501.75	
985/1004	Various Capital Improvements	10/21/99	9,000,000.00	4,077,289.57			(7,226.20)	4,084,515.77	
1011	Various Capital Acquisitions	07/06/00	1,310,000.00	1,500.00				1,500.00	
1034	Acquisition of Certain Equipment	07/12/01	368,200.00	2,500.00			1,478.40	1,021.60	
1108	Improv. To Township Line Rd.	07/02/03	1,000,000.00	7,268.06				7,268.06	
1129	Acquisition of Land - Brown		1,050,000.00		36,383.17				36,383.17
1131	Acquisition of Land - Raymond			30,000.00				30,000.00	
1141a	Office Equipment		181,500.00	2,298.22				2,298.22	
1141b	Emergency Equipment		73,000.00	6,440.64				6,440.64	
1141d	Various Equipment		197,500.00	498.00				498.00	
1143	Public Improvements - Bridgepoint		26,622.36	21,722.36				21,722.36	
1151	Ludlow Reconstruction		520,000.00	6,828.76				6,828.76	
1153	Tigers Tale Loop(DOT Grant 5140,000)		140,000.00	15,620.34				15,620.34	
1156	County Park Construction		1,300,000.00	5,417.80				5,417.80	
1169	Acquisition or Easement		500,000.00	22,089.59				22,089.59	
1172	Landfill Remediation		950,000.00	67,831.22				67,831.22	
1184a	Office Equipment		148,835.00	493.25			455.04	38.21	
1184b	Police Equipment		42,500.00	27,107.05				27,107.05	
1184c	Facility & Building Improvements		291,000.00	50,000.00			50,000.00		
1184e	Road Improvements		1,746,500.00	259,352.79			1,280.00	258,072.79	
1184f	Tiger Tales Loop Sanitary Sewer		85,000.00	169.17				169.17	
1189	NPDC Acquisition		16,850,000.00		20,753.66		6,121.28		14,632.38
1199	Land Acquisition (Wengel)		200,000.00	198,930.00				198,930.00	
1201	Land Acquisition (Zeloof)		1,450,000.00		29,784.93				29,784.93
1205	Acquisition of Sunoco Loop	02/16/06	535,000.00		11,165.86				11,165.86
1207	Rt. 206/ Benjamin Blvd. Traffic Light Design	06/15/06	100,000.00	39,485.64				39,485.64	
1223	Johnson Farm Acquisition(Grant 3,005,784)	07/20/06	4,050,000.00		68,929.84				68,929.84
1225	Improve. To Fox Chase Lane	07/20/06	23,850.00	23,850.00				23,850.00	
1227	Various Equipment Purchases	07/20/06	1,669,800.00	236,127.28			33,386.10	202,741.18	
1228	Restoration & Improv. Of Sylvan Lake	09/07/06	5,500,000.00		91,266.41		(25,000.00)		116,266.41
1240	Purchase of Easement	12/07/06	700,000.00		23,779.15				23,779.15

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE DECEMBER 31, 2010		2011 AUTHORIZATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2011	
				FUNDED	UNFUNDED			FUNDED	UNFUNDED
1247	Purchase of Drake Property (Grant 2,343,982)	03/08/07	\$ 3,625,000.00	\$	\$ 909,593.17	\$	\$	\$	\$ 909,593.17
1261	Improv. To Parks, Acq. of Equip, Rd. Improv.	09/20/07	415,000.00	90,474.13				90,474.13	
1293a	Acquisition of Office Equipment	07/24/08	133,500.00	33,414.85				33,414.85	
1293c	Improvements/Upgrades 10 Public Facilities	07/24/08	60,500.00	1,119.44				1,119.44	
1293d	Shade Trees	07/24/06	10,000.00	3.00				3.00	
1295a	Acquisition of Equipment Police	09/18/08	160,000.00		176.52				176.52
1295c	Acquisition of Equipment Roads	09/18/08	274,000.00		6,910.83				6,910.83
1295d	Acquisition of Equipment Parks	09/18/08	95,000.00		37,742.15				37,742.15
1314	Relocation of Mun. Comm. Center	04/02/09	125,000.00	11,274.65			116.05	11,158.60	
1316	Install of Vehicle Washing Facilities	05/21/09	72,000.00						
1326	Fairview Road Reconstruction (5,150,000 Grant)	07/01/09	525,000.00		161,838.55				161,838.55
1327	Acquisition of Equip. & Fac. Improvement	07/01/09	208,800.00	83,681.00			23,675.00	60,006.00	
1343	Replacement of Furnace	02/04/10	15,000.00	94.00				94.00	
1360a	Reconstruction of Cherry Valley Rd	07/29/10	550,000.00	550,000.00			43,018.52	506,981.48	
1360b	Improvements to Facilities	07/29/10	15,000.00	15,000.00			12,817.57	2,182.43	
1360c	Acquisition of Computer Equipment	07/29/10	41,500.00	19,624.40			(2,211.60)	21,836.00	
1360d	Acquisition of Shade Tree	07/29/10	3,000.00	481.00			481.00		
1361a	Reconstruction of Various Roads	09/02/10	276,000.00	13,800.00	262,200.00		245,380.27		30,619.73
1361b	Acquisition of Mason Dump Truck	09/02/10	125,000.00		5.00				5.00
1385	Acquisition of Certain Equipment	06/16/11	47,200.00			47,200.00	30,353.32	16,846.68	
1387	Various Capital Improvements	06/16/11	951,485.00			951,485.00	185,296.00		766,189.00
				\$ 6,788,931.95	\$ 1,660,529.24	\$ 998,685.00	\$ 599,420.75	\$ 6,634,708.75	\$ 2,214,016.69
		REF.		C	C			C:C-3	C:C-5
	Capital Improvement Fund	C-8				\$ 94,774.00	\$		
	Bonds and Notes Authorized					903,911.00			
	Contracts Payable	C-6					633,858.55		
	Contracts Payable Canceled	C-6					34,437.80		
						\$ 998,685.00	\$ 599,420.75		

"C-8"

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2010	C	\$ 218,567.74
Increased by:		
2011 Budget Appropriation	C-2	94,774.25
		<u>\$ 313,341.99</u>
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-7	<u>94,774.00</u>
Balance, December 31, 2011	C	<u><u>\$ 218,567.99</u></u>

"C-9"

SCHEDULE OF DEVELOPERS' CONTRIBUTION DEPOSITS

Balance, December 31, 2010	C	\$ 1,637,028.55
Decreased by:		
Canceled	C-2	<u>971,549.16</u>
Balance, December 31, 2011	C:C-3	<u><u>\$ 665,479.39</u></u>

Note: An analysis of Developers' Deposits is on file in the Finance Office.

TOWNSHIP OF MONTGOMERY
GENERAL CAPITAL FUND
SCHEDULE OF ACCOUNTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2010	C	\$ 331,462.62
Balance, December 31, 2011	C	\$ <u>331,462.62</u>

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF GREEN ACRES TRUST LOANS PAYABLE

IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	AMOUNT OF ORIGINAL ISSUE	OUTSTANDING DECEMBER 31, 2011		INTEREST RATE	BALANCE DECEMBER 31, 2010	DECREASED	BALANCE DECEMBER 31, 2011
			DATE	AMOUNT				
Open Space	6/24/1994	\$ 1,500,000.00	2012	\$ 94,071.48	2.00%	\$ 282,251.70	\$ 92,217.90	\$ 190,033.80
			2013	95,962.32	2.00%			
Open Space	4/11/1998	3,787,500.00	2012	218,895.05	2.00%	1,353,948.38	214,581.95	1,139,366.43
			2013	223,294.84	2.00%			
			2014	227,783.07	2.00%			
			2015	232,361.50	2.00%			
			2016	237,031.97	2.00%			
Open Space	7/20/2001	45,000.00	2012	2,327.80	2.00%	26,383.16	2,281.93	24,101.23
			2013	2,374.59	2.00%			
			2014	2,422.31	2.00%			
			2015	2,471.00	2.00%			
			2016	2,520.66	2.00%			
			2017	2,571.33	2.00%			
			2018	2,623.01	2.00%			
			2019	2,675.74	2.00%			
			2020	2,729.52	2.00%			
			2021	1,385.27	2.00%			
Open Space	10/19/2001	2,025,000.00	2012	107,007.92	2.00%	1,212,825.16	104,899.45	1,107,925.71
			2013	109,158.78	2.00%			
			2014	111,352.87	2.00%			
			2015	113,591.07	2.00%			
			2016	115,874.25	2.00%			
			2017	118,203.32	2.00%			
			2018	120,579.21	2.00%			
			2019	123,002.85	2.00%			
			2020	125,475.21	2.00%			
			2021	63,680.23	2.00%			
						\$ 2,875,408.40	\$ 413,981.23	\$ 2,461,427.17
REF.						C	C-4	C

TOWNSHIP OF MONTGOMERY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2011</u>			<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2011</u>
			<u>DATE</u>	<u>AMOUNT</u>					
2003 General Improvement Bonds	06/01/03	\$ 29,152,000.00	2/1/2012-13	\$ 2,000,000.00	3.00	\$	\$	\$	
			2/1/14	1,500,000.00	3.20				
			2/1/15	1,500,000.00	3.30				
			2/1/16	1,500,000.00	3.40				
			2/1/17	1,500,000.00	3.50				
			2/1/18	652,000.00	3.50				
						12,652,000.00	2,000,000.00	10,652,000.00	
2006 General Improvement Bonds	11/1/06	8,850,000.00	11/1/12	800,000.00	3.80				
			11/1/13	890,000.00	3.80				
			11/1/14	1,575,000.00	3.80				
			11/1/15	1,685,000.00	3.80				
			11/1/16	1,800,000.00	3.80				
			11/1/17	1,800,000.00	3.85				
						<u>7,645,000.00</u>	<u>715,000.00</u>	<u>6,930,000.00</u>	
						<u>\$ 20,297,000.00</u>	<u>\$ 2,715,000.00</u>	<u>\$ 17,582,000.00</u>	
					<u>REF.</u>	C	C-4	C	

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2011</u>
1189	NPDC STP Acquisition	1/18/2007	01/14/10	01/14/11	1.50%	\$ 8,392,400.00	\$	\$ 8,392,400.00	\$
			01/13/11	09/22/11	1.00%		8,392,400.00	8,392,400.00	
			09/08/11	09/07/12	2.00%		8,284,800.00		8,284,800.00
1228	Improv. Of Sylan Lake	1/18/2007	01/14/10	01/14/11	1.50%	3,455,600.00		3,455,600.00	
			01/13/11	09/22/11	1.00%		3,455,600.00	3,455,600.00	
			09/08/11	09/07/12	2.00%		3,411,200.00		3,411,200.00
1189	NPDC STP Acquisition	9/26/2007	09/23/10	09/22/11	1.500%	6,817,300.00		6,817,300.00	
			09/08/11	09/07/12	2.00%		6,711,600.00		6,711,600.00
1228	Improv. Of Sylvan Lake	9/26/2007	09/23/10	09/22/11	1.500%	1,716,000.00		1,716,000.00	
			09/08/11	09/07/12	2.00%		1,694,000.00		1,694,000.00
1205	Acquisition Of Real Property	9/26/2007	09/23/10	09/22/11	1.500%	503,000.00		503,000.00	
			09/08/11	09/07/12	2.00%		496,500.00		496,500.00
1240	Purchase of Easement	9/26/2007	09/23/10	09/22/11	1.500%	491,000.00		491,000.00	
			09/08/11	09/07/12	2.00%		207,500.00		207,500.00
1247	Purchase of Drake Property	9/26/2007	09/23/10	09/22/11	1.500%	1,504,800.00		1,504,800.00	
			09/08/11	09/07/12	2.00%		1,430,600.00		1,430,600.00
1289	Spring Hill Road Reconstruction	9/26/2007	09/23/10	09/22/11	1.500%	1,888,400.00		1,888,400.00	
			09/08/11	09/07/12	2.00%		1,691,900.00		1,691,900.00
						<u>\$ 24,768,500.00</u>	<u>\$ 35,776,100.00</u>	<u>\$ 36,616,500.00</u>	<u>\$ 23,928,100.00</u>
					<u>REF.</u>	C	C-2		C:C-5
	Notes Paid by Budget Disbursements				C-2			\$ 380,459.00	
								<u>36,236,041.00</u>	
								<u>\$ 36,616,500.00</u>	

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES

<u>RESERVE</u>	BALANCE DECEMBER 31, 2010	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE DECEMBER 31, 2011
Payment of Debt Service	\$ 2,122,458.57	\$ 43,133.38	\$ 97,000.00	\$ 2,068,591.95
Preliminary Expenses	151.54			151.54
Grants Receivable	331,462.62			331,462.62
Proceeds from Sale of Property		12,459,750.00		12,459,750.00
Unallocated Interest	6,091.95	4,861.10		10,953.05
Unallocated Receipts	15,040.14			15,040.14
	<u>\$ 2,475,204.82</u>	<u>\$ 12,507,744.48</u>	<u>\$ 97,000.00</u>	<u>\$ 14,885,949.30</u>

REF.

C

C

Cash	C-2	\$ 12,499,737.48	\$
Investments	C-16	8,007.00	97,000.00
		<u>\$ 12,507,744.48</u>	<u>\$ 97,000.00</u>

"C-16"

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF INVESTMENTS
U.S. GOVERNMENT SECURITIES

	<u>REF.</u>	
Balance, December 31, 2010	C	\$ 380,258.90
Increased by:		
Net Increase in Market Value	C-15	<u>8,007.00</u>
		\$ <u>388,265.90</u>
Decreased by:		
Securities Matured	C-15	<u>97,000.00</u>
Balance, December 31, 2011	C	\$ <u><u>291,265.90</u></u>

"C-17"

SCHEDULE OF DUE FROM DEVELOPERS

Balance, December 31, 2010	C	\$ 333,937.75
Balance, December 31, 2011	C	\$ <u><u>333,937.75</u></u>

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2011</u>
836	Installation of Steel Sleeve	\$ 13,400.00
1129	Acquisition of Land	690,000.00
1200	Acquisition of Land (Vartan)	175,726.38
1201	Acquisition of Land (Zeloof)	500,000.00
1223	Purchase of Johnson Farm (Grant \$3,005,784)	78,242.15
1295	Various Capital Acquisitions	516,800.00
1326	Fairview (Grant \$112,500)	375,000.00
1361A	Reconstruction Various Roads	262,200.00
1361B	Acquisition of Mason Dump Truck	118,750.00
1387	Various Capital Improvements	<u>903,911.00</u>
		<u>\$ 3,634,029.53</u>

TOWNSHIP OF MONTGOMERY

SEWER UTILITY FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
Balance, December 31, 2010	D	\$ <u>4,935,111.22</u>	\$ <u>2,431,198.54</u>
Increased by Receipts:			
Collector	D-5	\$ 4,749,694.31	\$
Miscellaneous	D-2	16,563.69	
Interfunds	D-24		2,258.58
Budget Appropriation			
Capital Improvement Fund	D-14		100,000.00
Refund of Improvement Authorization	D-15		457,963.08
Bond Anticipation Notes	D-23		6,939,200.00
Miscellaneous Reserves			100,000.00
Loans Receivable	D-8		18,008,143.00
		\$ <u>4,766,258.00</u>	\$ <u>25,607,564.66</u>
		\$ <u>9,701,369.22</u>	\$ <u>28,038,763.20</u>
Decreased by Disbursements:			
2011 Appropriations	D-3	\$ 3,905,821.43	\$
2010 Appropriation Reserves	D-10	233,323.78	
Sewer Overpayment Refunds	D-9	3,960.99	
Refund of Prior Years Revenue	D-1	67,194.00	
Contracts Payable	D-12		16,676,417.43
Interfunds	D-20:D-24	3,626.58	
Bond Anticipation Notes	D-23		6,939,200.00
Accrued Interest	D-19	168,773.97	
		\$ <u>4,382,700.75</u>	\$ <u>23,615,617.43</u>
Balance, December 31, 2011	D	\$ <u><u>5,318,668.47</u></u>	\$ <u><u>4,423,145.77</u></u>

"D-5"

TOWNSHIP OF MONTGOMERY
SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR

	<u>REF.</u>		<u>OPERATING</u>
Increased by Receipts:			
Consumer Accounts Receivable	D-6	\$	4,710,323.92
Overpayments	D-9		6,690.14
Interest on Delinquent Accounts	D-2		29,322.24
Prepaid Sewer Charges	D-13		<u>3,358.01</u>
			\$ 4,749,694.31
Decreased by Disbursements:			
Payment to Treasurer:			
Sewer Operating Fund	D-4		\$ <u><u>4,749,694.31</u></u>

"D-6"

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance, December 31, 2010	D	\$	482,909.34
Increased by:			
Sewer Rents Levied-Net			<u>4,638,676.17</u>
		\$	\$ <u><u>5,121,585.51</u></u>
Decreased by:			
Collection	D-2:D-5	\$	4,710,323.92
Prepays Applied	D-2:D-13		6,480.74
Overpayments Applied	D-2:D-9		593.19
Transfer to Liens	D-25		<u>537.51</u>
			<u>4,717,935.36</u>
Balance, December 31, 2011	D	\$	\$ <u><u>403,650.15</u></u>

TOWNSHIP OF MONTGOMERY

SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORDINANCE</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>INCREASED BY</u>	<u>BALANCE DECEMBER 31, 2011</u>
General Improvements:					
03-1101	Study of Sewer Treatment Plants	05/15/03	\$ 23,650.95	\$	23,650.95
04-1140	Pike Brook/Riverside Sewage Collection System	05/06/04	4,235.10		4,235.10
05-1186	Study of Sewer Treatment Plant	06/05/05	607,100.00		607,100.00
05-1190	NPDC STP Acquisition	06/05/05	70,900.00	70,900.00	141,800.00
06-1226	Sewer Plant and Collection Improvements	07/20/06	361,000.00		361,000.00
07-1253	Study of Sewer Treatment Plant	08/02/07	208,700.00		208,700.00
08-1292	Acquisition of Equipment and Study of STP	07/24/08	356,000.00		356,000.00
09-1315	Copper Translator	05/21/09	49,500.00		49,500.00
09-1328	Acquisition of Equipment	06/18/09	477,000.00		477,000.00
09-1321	Skillman Village Wastewater Treatment	06/18/09	5,000,000.00		5,000,000.00
10-1363	Sewer Utility Improvements	08/19/10	129,500.00		129,500.00
11-1384	Acquisition of Various Equipment	06/16/11		100,000.00	100,000.00
			\$ <u>7,287,586.05</u>	\$ <u>170,900.00</u>	\$ <u>7,458,486.05</u>
		<u>REF.</u>	D		D
	Capital Improvement Fund	D-14		\$ 100,000.00	
	Bond Anticipation Notes Payable	D-23		<u>70,900.00</u>	
				\$ <u>170,900.00</u>	

"D-8"

TOWNSHIP OF MONTGOMERY
SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2010	D	\$	23,284,193.00
Decreased by:			
Cash Receipts	D-4		<u>18,008,143.00</u>
Balance, December 31, 2011	D	\$	<u><u>5,276,050.00</u></u>

"D-9"

SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER OVERPAYMENTS

Balance, December 31, 2010	D	\$	1,936.08
Increased by:			
Collector Receipts	D-5		<u>6,690.14</u>
		\$	8,626.22
Decreased by:			
Cash Disbursements	D-4	\$	3,960.99
Overpayments Applied	D-6		<u>593.19</u>
			<u>4,554.18</u>
Balance, December 31, 2011	D	\$	<u><u>4,072.04</u></u>

TOWNSHIP OF MONTGOMERY
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2010</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Operating:				
Salaries and Wages	\$ 11,937.02	\$ 11,937.02		\$ 11,937.02
Other Expenses	382,324.23	498,304.36	233,323.78	264,980.58
Regulatory Expenditures:				
Contributions to:				
Social Security System (O.A.S.I.)	<u>1,627.48</u>	<u>1,627.48</u>		<u>1,627.48</u>
	<u>\$ 395,888.73</u>	<u>\$ 511,868.86</u>	<u>\$ 233,323.78</u>	<u>\$ 278,545.08</u>
	<u>REF.</u>	<u>D</u>		<u>D-1</u>
Balance, December 31, 2010	D-10	\$ 395,888.73		
Cash Disbursements	D-4		233,323.78	
Encumbrances Payable	D-11		<u>115,980.13</u>	
		<u>\$ 511,868.86</u>	<u>\$ 233,323.78</u>	

"D-11"

TOWNSHIP OF MONTGOMERY
SEWER UTILITY OPERATING FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2010	D	\$	115,980.13
Increased by:			
Charges to 2011 Appropriations	D-3		518,955.71
		\$	<u>634,935.84</u>
Decreased by:			
Transferred to Appropriation Reserves	D-10		<u>115,980.13</u>
Balance, December 31, 2011	D	\$	<u><u>518,955.71</u></u>

"D-12"

SEWER UTILITY CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE

Balance, December 31, 2010	D	\$	19,201,661.15
Increased by:			
Charges to Improvement Authorizations	D-15		642,790.69
		\$	<u>19,844,451.84</u>
Decreased by:			
Cash Disbursements	D-4		<u>16,676,417.43</u>
Balance, December 31, 2011	D	\$	<u><u>3,168,034.41</u></u>

"D-13"

TOWNSHIP OF MONTGOMERY
SEWER UTILITY OPERATING FUND
SCHEDULE OF PREPAID SEWER RENTS

	<u>REF.</u>		
Balance, December 31, 2010	D	\$	6,480.74
Increased by:			
Prepaid Sewer Rents	D-5		3,358.01
		\$	<u>9,838.75</u>
Decreased by:			
Prepayments Applied	D-6		<u>6,480.74</u>
Balance, December 31, 2011	D	\$	<u><u>3,358.01</u></u>

"D-14"

SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2010	D	\$	869,300.00
Increased by:			
Budget Appropriation	D-4		100,000.00
		\$	<u>969,300.00</u>
Decreased by:			
Appropriation to Finance Improvement Authorizations	D-15		<u>100,000.00</u>
Balance, December 31, 2011	D	\$	<u><u>869,300.00</u></u>

TOWNSHIP OF MONTGOMERY
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2010		2011 AUTHORIZATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2011							
				FUNDED	UNFUNDED			FUNDED	UNFUNDED						
99-984	Beden Brook Watershed	10/21/99	\$ 150,000.00	\$	\$ 8,913.60	\$	\$	\$	\$ 8,913.60						
03-1101	Study of Sewer Treatment Plants	05/15/03	184,000.00		23,650.95			23,650.95							
05-1186	Study of Sewer Treatment Plants	06/02/05	607,100.00		489,488.41			489,488.41							
05-1190	NPDC STP Acquisition	06/02/05	5,600,000.00			1,677,519.29	16,740.97		1,660,778.32						
06-1226	Sewer Plant and Collection Improvements	07/20/06	410,500.00		178,237.53			178,237.53							
07-1253	Study of Sewer Treatment Plants	08/02/07	208,700.00		118,630.08			118,630.08							
08-1292A	Acquisition of Misc. Equipment	07/24/08	38,500.00		194.40			194.40							
08-1292C	Improvement to Pike Brook	07/24/08	200,000.00		95,191.48			95,191.48							
09-1320	Upgrade to Pike Brook Wastewater Treat.	06/18/09	19,000,000.00		2,947,005.51	1,503,515.00	(103,225.00)	3,050,230.51	1,503,515.00						
09-1321	Skillman Village Wastewater Treatment	06/18/09	16,000,000.00		3,468,368.43	1,280,466.00	18,741.65	3,449,626.78	1,280,466.00						
09-1328	Acquisition of Misc. Equipment	06/18/09	477,000.00		346,703.14		140,000.00	206,703.14							
10-1362	Acquisition of Misc. Equipment	07/29/10	129,500.00		14,675.50		10,321.99	4,353.51							
10-1363	Sewer Utility Improvements	08/19/10	1,500,000.00			1,500,000.00			1,500,000.00						
11-1388	Various Sewer Utility Improvements	5/16/2011	5,095,000.00			5,095,000.00	89,248.00		5,005,752.00						
11-1384	Acquisition of Various Equipment	6/16/2011	100,000.00			100,000.00	13,000.00	87,000.00							
				\$	<u>7,682,145.43</u>	\$	<u>5,970,413.89</u>	\$	<u>5,195,000.00</u>	\$	<u>184,827.61</u>	\$	<u>7,703,306.79</u>	\$	<u>10,959,424.92</u>
				REF.	D	D		D	D						
	Deferred Charges to Future Taxation - Unfunded Capital Improvement Fund						\$	5,095,000.00							
				D-14				100,000.00							
				D-16			\$	<u>5,195,000.00</u>							
	Contracts Payable			D-12			\$	642,790.69							
	Less Refunds			D-4				<u>457,963.08</u>							
							\$	<u>184,827.61</u>							

TOWNSHIP OF MONTGOMERY

SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2010	AUTHORIZED	BALANCE DECEMBER 31, 2011
		DATE	AMOUNT			
General Improvements:						
99-984	Beden Brook Watershed	10/21/1999	\$ 150,000.00	\$ 8,913.60	\$	8,913.60
03-1101	Study of Sewer Treatment Plant	5/15/2003	184,000.00	23,650.95		23,650.95
04-1140	Pike Brook/Riverside Sewage Collection System	5/6/2004	80,000.00	4,235.10		4,235.10
05-1186	Study of Sewer Treatment Plant	6/5/2005	607,100.00	607,100.00		607,100.00
05-1190	NPDC STP Acquisition	6/5/2005	5,600,000.00	5,600,000.00		5,600,000.00
06-1226	Sewer Plant and Collection Improvements	7/20/2006	410,500.00	361,000.00		361,000.00
07-1253	Study of Sewer Treatment Plant	8/2/2007	208,700.00	208,700.00		208,700.00
08-1292	Acquisition of Equipment and Study of STP	7/24/2008	356,000.00	356,000.00		356,000.00
09-1315	Copper Translator	5/21/2009	49,500.00	49,500.00		49,500.00
09-1320	Upgrade to Pike Brook Wastewater Treatment	6/18/2009	19,000,000.00	19,000,000.00		19,000,000.00
09-1321	Skillman Village Wastewater Treatment	6/18/2009	16,000,000.00	16,000,000.00		16,000,000.00
09-1328	Acquisition of Equipment	6/18/2009	477,000.00	477,000.00		477,000.00
10-1362	Acquisition of Equipment	7/29/2010	129,500.00	129,500.00		129,500.00
10-1363	Sewer Utility Improvements	8/19/2010	1,500,000.00	1,500,000.00		1,500,000.00
11-1388	Various Sewer Utility Improvements	5/16/2011	5,095,000.00		5,095,000.00	5,095,000.00
11-1384	Acquisition of Various Equipment	6/16/2011	100,000.00		100,000.00	100,000.00
				\$ 44,325,599.65	\$ 5,195,000.00	\$ 49,520,599.65
				REF.	D	D-15
						D

TOWNSHIP OF MONTGOMERY

SEWER UTILITY CAPITAL FUND

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST FUND LOANS PAYABLE

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF LOANS OUTSTANDING DECEMBER 31, 2011		INTEREST RATE	BALANCE DECEMBER 31, 2010	BALANCE DECEMBER 31, 2011
			DATE	AMOUNT			
Skillman - Fund Loan	2010	\$ 10,939,534.00	2012-2028	\$ 329,974.11	0%	\$ 5,939,534.00	\$ 5,939,534.00
			2029	329,974.13	0%		
Skillman - Trust Loan	2010	3,780,000.00	08/01/2012	140,000.00	5.00%	3,780,000.00	3,780,000.00
			08/01/2013	145,000.00	5.00%		
			08/01/2014	155,000.00	5.00%		
			08/01/2015	160,000.00	5.00%		
			08/01/2016	170,000.00	5.00%		
			08/01/2017	180,000.00	5.00%		
			08/01/2018	185,000.00	5.00%		
			08/01/2019	195,000.00	4.00%		
			08/01/2020	205,000.00	3.00%		
			08/01/2021	215,000.00	3.00%		
			08/01/2022	220,000.00	4.00%		
			08/01/2023	230,000.00	4.00%		
			08/01/2024	240,000.00	4.00%		
			08/01/2025	250,000.00	4.00%		
			08/01/2026	260,000.00	3.50%		
			08/01/2027	265,000.00	4.00%		
			08/01/2028	275,000.00	4.00%		
			08/01/2029	290,000.00	4.00%		
Pike Brook - Trust Loan	2010	3,310,235.00	2012-2028	183,901.93	0%	3,310,235.00	3,310,235.00
			2029	183,902.19	0%		
Pike Brook - Fund Loan	2010	4,400,000.00	08/01/2012	160,000.00	5.00%	4,400,000.00	4,400,000.00
			08/01/2013	170,000.00	5.00%		
			08/01/2014	180,000.00	5.00%		
			08/01/2015	190,000.00	5.00%		
			08/01/2016	200,000.00	5.00%		
			08/01/2017	205,000.00	5.00%		
			08/01/2018	220,000.00	5.00%		
			08/01/2019	230,000.00	4.00%		
			08/01/2020	235,000.00	3.00%		
			08/01/2021	250,000.00	3.00%		
			08/01/2022	255,000.00	4.00%		
			08/01/2023	265,000.00	4.00%		
			08/01/2024	280,000.00	4.00%		
			08/01/2025	290,000.00	4.00%		
			08/01/2026	300,000.00	3.50%		
			08/01/2027	310,000.00	4.00%		
			08/01/2028	325,000.00	4.00%		
			08/01/2029	335,000.00	4.00%		

TOWNSHIP OF MONTGOMERY

SEWER UTILITY CAPITAL FUND

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST FUND LOANS PAYABLE

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF LOANS OUTSTANDING DECEMBER 31, 2011		INTEREST RATE	BALANCE DECEMBER 31, 2010	BALANCE DECEMBER 31, 2011
			DATE	AMOUNT			
Pike Brook - Trust Loan	2010	\$ 8,111,250.00	2012-2028	\$ 426,907.89	0%	\$ 8,111,250.00	\$ 8,111,250.00
			2029	426,907.98	0%		
Pike Brook - Fund Loan	2010	1,675,000.00	8/1/12-13	65,000.00	3.00%	1,675,000.00	1,675,000.00
			8/1/14-16	70,000.00	3.00%		
			8/1/17	75,000.00	3.00%		
			8/1/18	75,000.00	4.00%		
			8/1/19-20	80,000.00	4.00%		
			8/1/21	85,000.00	4.00%		
			8/1/22-23	90,000.00	4.00%		
			8/1/24	95,000.00	4.00%		
			8/1/25	100,000.00	4.00%		
			8/1/26	105,000.00	4.00%		
			8/1/27	110,000.00	4.13%		
			8/1/28-29	115,000.00	4.25%		
			8/1/30	120,000.00	4.38%		
						\$ <u>27,216,019.00</u>	\$ <u>27,216,019.00</u>
REF.						D	D

"D-18"

TOWNSHIP OF MONTGOMERY

SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL

<u>ACCOUNT</u>	BALANCE DECEMBER 31, 2011	BALANCE DECEMBER 31, 2010
Various Sewer Utility Improvements	\$ <u>896,345.93</u>	\$ <u>896,345.93</u>
	\$ <u><u>896,345.93</u></u>	\$ <u><u>896,345.93</u></u>
<u>REF.</u>	D	D

TOWNSHIP OF MONTGOMERY
SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST

	<u>REF.</u>	
Balance, December 31, 2010	D	\$ 37,880.83
Increased by:		
Budget Appropriation	D-3	166,000.00
		\$ <u>203,880.83</u>
Decreased by:		
Cash Disbursements	D-4	<u>168,773.97</u>
Balance, December 31, 2011	D	\$ <u><u>35,106.86</u></u>

TOWNSHIP OF MONTGOMERY
SEWER UTILITY OPERATING FUND
SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>SEWER CAPITAL FUND</u>
Balance, December 31, 2010:				
Due From	D	\$ 679,152.07	\$	\$ 679,152.07
Due To	D	<u>35,983.24</u>	<u>35,983.24</u>	<u></u>
Decreased by:				
Disbursements	D-4	\$ <u>3,626.58</u>	\$ <u>1,368.00</u>	\$ <u>2,258.58</u>
Balance, December 31, 2011:				
Due From	D	\$ 681,410.65	\$	\$ 681,410.65
Due To	D	<u><u>34,615.24</u></u>	<u><u>34,615.24</u></u>	<u><u></u></u>

"D-21"

TOWNSHIP OF MONTGOMERY

SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>REF.</u>		
Balance, December 31, 2010	D	\$	755,259.53
Balance, December 31, 2011	D	\$	<u>755,259.53</u>

TOWNSHIP OF MONTGOMERY
SEWER UTILITY OPERATING FUND
SCHEDULE OF MISCELLANEOUS RESERVES

<u>ACCOUNT</u>	BALANCE DECEMBER 31, 2011	BALANCE DECEMBER 31, 2010
Sinking Fund	\$ 1,317,709.33	\$ 1,317,709.33
Plant Operations	<u>195,380.70</u>	<u>195,380.70</u>
	<u>\$ 1,513,090.03</u>	<u>\$ 1,513,090.03</u>
<u>REF.</u>	D	D

TOWNSHIP OF MONTGOMERY
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2011</u>
05-1190	NPDC STP Acquisition	1/18/2007	1/14/10	1/14/11	1.50%	\$ 1,481,000.00	\$	\$ 1,481,000.00	\$
			1/13/11	9/22/11	1.00%		1,481,000.00	1,481,000.00	
			09/08/11	09/07/12	2.00%		1,462,000.00		1,462,000.00
05-1190	NPDC STP Acquisition	9/26/2007	09/23/10	09/22/11	1.50%	4,048,100.00		4,048,100.00	
			09/08/11	09/07/12	2.00%		3,996,200.00		3,996,200.00
						<u>\$ 5,529,100.00</u>	<u>\$ 6,939,200.00</u>	<u>\$ 7,010,100.00</u>	<u>\$ 5,458,200.00</u>
					<u>REF.</u>	D	D-4		D
				Cash Disbursements	D-4			\$ 6,939,200.00	
				Notes Paid by Budget	D-7			70,900.00	
								<u>\$ 7,010,100.00</u>	

TOWNSHIP OF MONTGOMERY

SEWER UTILITY CAPITAL FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>TRUST OTHER FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>SEWER OPERATING FUND</u>
Balance, December 31, 2010:					
Due From	D	\$ 4,253,300.00	\$ 300.00	\$ 4,253,000.00	\$
Due To	D	<u>679,152.07</u>	<u> </u>	<u> </u>	<u>679,152.07</u>
Increased by:					
Cash Receipts	D-4	<u>\$ 2,258.58</u>	<u> </u>	<u> </u>	<u>\$ 2,258.58</u>
Balance, December 31, 2011:					
Due From	D	\$ 4,253,300.00	\$ 300.00	\$ 4,253,000.00	\$
Due To	D	<u><u>681,410.65</u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u>681,410.65</u></u>

"D-25"

TOWNSHIP OF MONTGOMERY
SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER LIENS RECEIVABLE

	<u>REF.</u>			
Increased by:				
Transferred from Sewer Receivable	D-5	\$	537.51	
Interest and Cost Accrued by Sale			<u>52.64</u>	
			\$	590.15
Balance, December 31, 2011	D		\$	<u><u>590.15</u></u>

"D-26"

SCHEDULE OF DEFERRED CHARGES

Increased by:				
Emergency Authorizations	D-3	\$		352,500.00
Balance, December 31, 2011	D	\$		<u><u>352,500.00</u></u>

"D-27"

TOWNSHIP OF MONTGOMERY

SEWER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2011</u>
99-984	Beden Brook Watershed	\$ 150,000.00
09-1320	Upgrade to Pike Brook Wastewater Treatment Plant	1,503,515.00
09-1321	Skillman Village Wastewater Treatment Plant	1,280,466.00
10-1363	Sewer Utility Improvements	1,500,000.00
11-1388	Various Sewer Improvements	<u>5,095,000.00</u>
		\$ <u><u>9,528,981.00</u></u>

TOWNSHIP OF MONTGOMERY

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

	<u>REF.</u>	P.A.T.F. <u>I</u>	P.A.T.F. <u>II</u>	<u>FUND TOTAL</u>
Balance, December 31, 2010	E	\$ <u>2,206.84</u>	\$ <u>1,391.39</u>	\$ <u>3,598.23</u>
Increased by:				
Interest Earned	E-4	<u>2.62</u>	<u>2.62</u>	<u>5.24</u>
Balance, December 31, 2011	E	\$ <u><u>2,209.46</u></u>	\$ <u><u>1,394.01</u></u>	\$ <u><u>3,603.47</u></u>

TOWNSHIP OF MONTGOMERY

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND
RECONCILIATION PER N.J.S.A. 40A:5-5

	<u>REF.</u>		
Balance, December 31, 2011	E-1	\$	3,603.47
Increased by:			
Cash Receipts			<u>0.92</u>
Balance, March 31, 2012		\$	<u><u>3,604.39</u></u>

<u>RECONCILIATION - MARCH 31, 2012</u>	<u>P.A.T.F. I ACCOUNT</u>	<u>P.A.T.F. II ACCOUNT</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:			
Bank of America:			
Account #000928703649	\$ 2,209.92	\$	\$ 2,209.92
Account #000928703665		<u>1,394.47</u>	<u>1,394.47</u>
Balance, March 31, 2012	<u>\$ 2,209.92</u>	<u>\$ 1,394.47</u>	<u>\$ 3,604.39</u>

TOWNSHIP OF MONTGOMERY

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND
RECONCILIATION AS OF DECEMBER 31, 2011

	<u>REF.</u>		
Balance, December 31, 2010	E-1	\$	3,598.23
Increased by Receipts:			
Interest Earned	E-4		<u>5.24</u>
Balance, December 31, 2011	E-1	\$	<u><u>3,603.47</u></u>

<u>RECONCILIATION - DECEMBER 31, 2011</u>	<u>P.A.T.F. I ACCOUNT</u>	<u>P.A.T.F. II ACCOUNT</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:			
Bank of America:			
Account #000928703649	\$ 2,209.46	\$	\$ 2,209.46
Account #000928703665		<u>1,394.01</u>	<u>1,394.01</u>
Balance, December 31, 2011	<u>\$ 2,209.46</u>	<u>\$ 1,394.01</u>	<u>\$ 3,603.47</u>

TOWNSHIP OF MONTGOMERY

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE REVENUES
YEAR ENDED DECEMBER 31, 2011

	<u>P.A.T.F. I</u>	<u>P.A.T.F. II</u>	<u>FUND TOTAL</u>
Interest Earned	\$ <u>2.62</u>	\$ <u>2.62</u>	\$ <u>5.24</u>
<u>TOTAL REVENUES</u>	\$ <u>2.62</u>	\$ <u>2.62</u>	\$ <u>5.24</u>
<u>REF.</u>			E-1

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TOWNSHIP OF MONTGOMERY

PART II

SINGLE AUDIT SECTION

REPORTS 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

REPORT ON COMPLIANCE WITH INDEPENDENT AUDITOR'S
REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR STATE FINANCIAL ASSISTANCE
PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH STATE OF NEW JERSEY OMB CIRCULAR 04-04

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S 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 Montgomery
County of Somerset
Belle Mead, New Jersey 08502

We have audited the accompanying financial statements - regulatory basis of the Township of Montgomery, County of Somerset, New Jersey as of and for the year ended December 31, 2011, and have issued our report thereon dated May 11, 2012. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Montgomery prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. In addition, our report was qualified for the omission of a Statement of General Fixed Assets. We conducted our audit in accordance with U.S. generally accepted auditing standards, audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY

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 Township's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we noted certain immaterial matters involving the internal control that we have reported to the Township of Montgomery in the General Comments and Recommendations Section of this report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Montgomery's financial statements - regulatory basis 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. However, we noted immaterial instances of noncompliance which are discussed in Part III, General Comments and Recommendations Section of this report.

This report is intended solely for the information of the Township of Montgomery, County of Somerset, New Jersey, the Division of Local Government Services and federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

May 11, 2012



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO MAJOR STATE
FINANCIAL ASSISTANCE PROGRAMS AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH STATE OF NEW JERSEY OMB CIRCULAR 04-04

The Honorable Mayor and Members
of the Township Committee
Township of Montgomery
County of Somerset
Belle Mead, New Jersey 08502

Compliance

We have audited the compliance of the Township of Montgomery, County of Somerset, with the types of compliance requirements described in the State of New Jersey, Department of Treasury, Office of Management and Budget's State Grant Compliance Supplement that is applicable to each of its major state programs for the year ended December 31, 2011. The Township of Montgomery's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Township of Montgomery's management. Our responsibility is to express an opinion on the Township of Montgomery's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133 "Audits of States, Local Governments and Non-Profit Organizations" and State of New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Township of Montgomery's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township of Montgomery's compliance with those requirements.

SUPLEE, CLOONEY & COMPANY

In our opinion, the Township of Montgomery complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2011.

Internal Control Over Compliance

The management of the Township of Montgomery is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Township of Montgomery's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

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

This report is intended for the information of the Township of Montgomery, County of Somerset, New Jersey, the Division of Local Government Services and federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

May 11, 2012

TOWNSHIP OF MONTGOMERY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2011

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2011 FUNDS RECEIVED	2011 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2011
			FROM	TO				
<u>U.S. FORESTRY SERVICES</u>								
PASS THROUGH STATE OF NEW JERSEY								
<u>BUREAU OF FORESTRY</u>								
Van Horne Park	20.219	N/A	1/1/11	12/31/11	\$ 7,000.00	\$ _____	\$ _____	\$ 7,000.00
<u>U.S. DEPARTMENT OF JUSTICE</u>								
PASS THROUGH STATE OF NEW JERSEY								
<u>DIVISION TRAFFIC SAFETY</u>								
Driving w/Hand-Held Cell Phone Enforcement	20.602	1160-100-066-1160-137-YHTS-6120	1/1/2011	12/31/2011	10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Child Passenger Safety	20.602	1160-100-066-1160-137-YHTS-6120	1/1/2011	12/31/2011	4,500.00	4,500.00	4,500.00	4,500.00
Click It or Ticket	20.602	1160-100-066-1160-113-YHTS-6020	1/1/2011	12/31/2011	4,000.00	4,000.00	4,000.00	4,000.00
						\$ 18,500.00	\$ 18,500.00	\$ 18,500.00
<u>DEPARTMENT OF JUSTICE</u>								
Bulletproof Vest Partnership Program	16.607		Various		3,776.48	\$ _____	\$ _____	\$ 654.50
Cops Technology Grant	16.710	2008CKWX0498	12/26/2007	3/31/2011	233,825.00	7,202.65	_____	233,825.00
						\$ 7,202.65	_____	234,479.50
						\$ 25,702.65	\$ 18,500.00	\$ 259,979.50

TOWNSHIP OF MONTGOMERY
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2011

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2011 RECEIVED	2011 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2011
		FROM	TO				
<u>Pass through County of Somerset</u>							
Municipal Alliance	N/A	1/1/11	12/31/11	\$ 15,313.00	\$ 6,365.48	\$ 15,042.17	\$ 15,042.17
<u>Department of Agriculture</u>							
Farmland Preservation - Rossmassler Tract	3380-579-010-3380-003-CCC-6010	1/1/11	12/31/11	704,167.20	704,167.20	704,167.20	704,167.20
<u>Department of Environmental Protection</u>							
Municipal Stormwater Grant	N/A	1/1/08	12/31/08	20,086.00		4,050.00	12,150.00
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	Prior Years		95,924.49		62,325.99	86,898.71
Clean Communities Program	4900-765-042-4900-004-Y42Y-6020	1/1/11	12/31/11	44,888.40	44,888.40		
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	1/1/10	12/31/10	50,317.98			
Environmental Services Grant	N/A	1/1/11	12/31/11	35,126.38	35,126.38	35,126.38	35,126.38
Open Space - Drake #1813-96-004	4800-533-042-4800-003-V22G-6020	1/1/11	12/31/11	44,500.00	44,500.00	44,500.00	44,500.00
Farmland Preservation - KBA/Grosso Tract	3380-579-010-3380-003-CCC-6010	1/1/11	12/31/11	275,000.00	275,000.00	275,000.00	275,000.00
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	1/1/11	12/31/11	42,252.97	42,249.97	42,252.97	42,252.97
				\$	441,764.75	\$ 463,255.34	\$ 495,928.06
<u>Department of Law and Public Safety</u>							
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	1/1/11	12/31/11	9,184.87	6,190.08	2,249.37	4,544.88
Body Armor Replacement Fund - 2010	1020-718-066-1020-001-YCJS-6120	1/14/10	12/31/10	4,097.95		1,309.00	1,309.00
Body Armor Replacement Fund - 2011	1020-718-066-1020-001-YCJS-6120	1/1/11	12/31/11	3,056.22	3,056.22		
Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-x100-6020	Prior Years		160.64			
				\$	9,246.30	\$ 3,558.37	\$ 5,853.88
<u>Department of Health</u>							
NJ Health Officers Association	N/A	1/1/11	12/31/11	10,000.00	9,998.00	8,755.15	8,755.15
Public Health Mini Collaborative		Continuous		3,000.00			1,500.00
				\$	9,998.00	\$ 8,755.15	\$ 10,255.15
<u>Department of Transportation</u>							
Safe Corridors	6100-100-051-07	Continuous		19,024.92		19,024.92	19,024.92
Cherry Valley Road	6320-480-078-6320-AKN-TCAP-6010	Continuous		215,000.00	161,250.00		
				\$	161,250.00	\$ 19,024.92	\$ 19,024.92
				\$	1,332,791.73	\$ 1,213,803.15	\$ 1,250,271.38

TOWNSHIP OF MONTGOMERY

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2011

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state financial awards of the Township of Montgomery, County of Somerset, New Jersey. All federal and state financial awards received directly from federal or state agencies, as well as federal financial awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Township's financial statements - regulatory basis.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's regulatory basis financial statements. These amounts are reported in either the Current Fund, Grant Fund, General Capital Fund or Trust Other Fund. Reconciliations of revenues and expenses are presented on the following page.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS
(CONTINUED)

Revenues:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ <u>25,702.65</u>	\$ <u>1,332,791.73</u>	\$ <u>251,374.14</u>	\$ <u>1,609,868.52</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ <u>18,500.00</u>	\$ <u>1,213,803.15</u>	\$ <u>249,542.10</u>	\$ <u>1,481,845.25</u>

NOTE 5. OTHER

Matching contributions expended by the Township in accordance with terms of the various grants are not reported in the accompanying schedule.

TOWNSHIP OF MONTGOMERY
SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|--|-----------|
| (1) Type of Auditor Report Issued: | Qualified |
| (2) Internal Control Over Financial Reporting: | |
| (a) Material weakness identified? | No |
| (b) Significant deficiencies identified that are not considered to be material weaknesses? | N/A |
| (3) Noncompliance material to the financial statements noted ? | No |

Federal Program(s)

Not Applicable

State Program(s)

- | | |
|---|---------------|
| (1) Internal Control Over Major State Programs: | |
| (a) Material weakness identified? | No |
| (b) Significant deficiencies identified that are not considered to be material weaknesses? | N/A |
| (2) Type of Auditor's Report issued on compliance for major state program(s). | Unqualified |
| (3) Any audit findings disclosed that are required to be reported in accordance with Circular OMB 04-04 and listed in Section III of this schedule? | None Reported |

TOWNSHIP OF MONTGOMERY
SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Section I - Summary of Auditor's Results (Continued)

(4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
Farmland Preservation Program	579-010-3380-xxx-003-CCCC-6010

(5) Program Threshold Determination:

Type A State Program Threshold > \$300,000.00
Type B State Program Threshold <= \$300,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular A-133? No

**Section II - Financial Statement Audit - Reported Findings Under
Government Auditing Standards**

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III - Findings and Questioned Costs Relative to Major State Programs

State Programs - None Reported

Status of Prior Year Audit Findings

Not Applicable

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PART III

TOWNSHIP OF MONTGOMERY

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

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

	YEAR 2011		YEAR 2010	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 5,300,000.00	4.52	\$ 5,507,146.00	4.76
Miscellaneous-From Other Than Local				
Property Tax Levies	11,374,477.94	9.71	11,361,200.92	9.82
Collection of Delinquent Taxes and Tax Title Liens	758,070.73	0.65	825,695.67	0.71
Collection of Current Tax Levy	99,702,156.54	85.12	97,996,456.48	84.71
<u>TOTAL INCOME</u>	<u>\$ 117,134,705.21</u>	<u>100.00%</u>	<u>\$ 115,690,499.07</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 25,778,081.24	22.51	\$ 24,622,721.36	22.06
County Taxes	16,569,243.70	14.47	16,030,016.29	14.36
School Taxes	69,125,898.53	60.35	67,714,749.00	60.67
Municipal Open Space Taxes	1,501,619.50	1.31	1,502,963.89	1.35
Special District Taxes	1,480,050.00	1.29	1,553,550.00	1.39
Other	80,907.93	0.07	180,055.22	0.16
<u>TOTAL EXPENDITURES</u>	<u>\$ 114,535,800.90</u>	<u>100.00%</u>	<u>\$ 111,604,055.76</u>	<u>100.00%</u>
Excess in Revenue	\$ 2,598,904.31		\$ 4,086,443.31	
Adjustments to Income Before Fund Balance				
Expenditures Included Above Which are by Statute Deferred Charges to the Budget of the Succeeding Year	82,500.00			
Regulatory Excess to Fund Balance	\$ 2,681,404.31		\$ 4,086,443.31	
Fund Balance, January 1	5,604,984.62		7,025,687.31	
	\$ 8,286,388.93		\$ 11,112,130.62	
Less: Utilization as Anticipated Revenue	5,300,000.00		5,507,146.00	
Fund Balance, December 31	<u>\$ 2,986,388.93</u>		<u>\$ 5,604,984.62</u>	

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

	YEAR 2011		YEAR 2010	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,100,000.00	17.91	\$ 1,152,610.00	19.95
Collection of Sewer Use Charges	4,717,397.85	76.81	4,281,790.42	74.11
Miscellaneous-From Other Than Sewer Use	324,431.01	5.28	342,910.96	5.94
<u>TOTAL INCOME</u>	<u>\$ 6,141,828.86</u>	<u>100.00%</u>	<u>\$ 5,777,311.38</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 3,596,960.00	70.09	\$ 3,052,210.00	67.33
Capital Improvements	100,000.00	1.95	159,415.00	3.52
Debt Service	236,900.00	4.62	202,900.00	4.48
Deferred Charges and Regulatory Expenditures	156,300.00	3.05	129,500.00	2.86
Surplus (General Budget)	974,350.00	18.99	989,160.00	21.82
Other	67,194.00	1.31		
<u>TOTAL EXPENDITURES</u>	<u>\$ 5,131,704.00</u>	<u>100.00%</u>	<u>\$ 4,533,185.00</u>	<u>100.00%</u>
Excess in Revenue	\$ 1,010,124.86		\$ 1,244,126.38	
Adjustments to Income Before Surplus:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	352,500.00			
Regulatory Excess to Surplus	1,362,624.86		1,244,126.38	
Fund Balance, January 1	3,507,023.51		3,415,507.13	
	\$ 4,869,648.37		\$ 4,659,633.51	
Decreased by:				
Utilization as Anticipated Revenue	1,100,000.00		1,152,610.00	
Fund Balance, December 31	<u>\$ 3,769,648.37</u>		<u>\$ 3,507,023.51</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	<u>\$2.659</u>	<u>\$2.595</u>	<u>\$2.567</u>
Appointment of Tax Rate:			
Municipal	\$0.304	\$0.299	\$0.300
Municipal Open Space	0.040	0.040	0.039
County	0.355	0.342	0.362
County Open Space	0.038	0.039	0.041
County Library	0.052	0.047	0.050
Local District School	<u>1.870</u>	<u>1.828</u>	<u>1.775</u>

Assessed Valuation:

2011	\$ <u>3,726,177,037.00</u>		
2010		\$ <u>3,751,709,034.00</u>	
2009			\$ <u>3,766,716,686.00</u>

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>CURRENTLY</u>	
		<u>CASH COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2011	\$100,829,780.51	\$99,702,156.54	98.88%
2010	99,080,618.21	97,996,456.48	98.91%
2009	98,265,141.24	97,265,898.20	98.98%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>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	\$230,229.34	\$850,162.54	\$1,080,391.88	1.07%
2010	204,091.25	784,615.16	988,706.41	1.00%
2009	174,723.01	846,219.16	1,020,942.17	1.04%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>YEAR</u>	<u>AMOUNT</u>
2011	\$115,210.00
2010	115,210.00
2009	115,210.00

COMPARISON OF SEWER UTILITY LEVIES

<u>YEAR</u>	<u>LEVY</u>	<u>CASH COLLECTIONS *</u>
2011	\$ 4,638,676.17	\$ 4,717,397.85
2010	4,365,524.23	4,281,790.42
2009	4,141,150.65	3,796,292.45

* Includes Collection of Prior Year Levies

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE</u> <u>DECEMBER 31</u>	<u>UTILIZED</u> <u>IN BUDGET OF</u> <u>SUCCEEDING YEAR</u>
Current Fund	2011	\$ 2,986,388.93	\$ 2,500,000.00
	2010	5,604,984.62	5,300,000.00
	2009	7,025,687.31	5,507,146.00
	2008	7,907,087.07	5,262,470.00
	2007	5,361,070.53	5,000,300.00
Sewer Utility Operating Fund	2011	\$ 3,769,648.37	\$ 2,131,300.00
	2010	3,507,023.51	1,100,000.00
	2009	3,415,507.13	1,152,610.00
	2008	3,541,819.42	1,220,000.00
	2007	3,790,390.04	1,100,000.00

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 SURETY</u>
Mark Caliguire	Mayor		
Kacey Dyer	Deputy Mayor		
Thom Carter	Committeeman		
Patricia Graham	Committeewoman		
Ed Trzaska	Committeeman		
Kristina P. Hadinger	Attorney		
Donato Nieman	Administrator		
Donna Kukla	Township Clerk		
Walter Sheppard	Chief Financial Officer		
Randy W. Bahr	Tax Collector	\$1,000,000.00	M.J.J.I.F.
Claire Higgins	Assistant Chief Financial Officer		
Gina Rojek	Senior Financial Aide		
Eric Perkins	Magistrate	\$1,000,000.00	M.J.J.I.F.
Marilyn Staats	Court Administrator	\$1,000,000.00	M.J.J.I.F.
Judy Norris	Deputy Court Administrator		
Robert Palmer	Police Captain/Director		
John Marold	Construction Code Official		
Gail Smith	Municipal Engineer		

All other employees were covered under a blanket bond in the amount of \$950,000.00 issued by the Mid Jersey Joint Insurance Fund (M.J.J.I.F.)

All bonds were examined and were properly executed.

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GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED
TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c.198 (C.40A:11-3), except by contract or agreement.

Effective July 1, 2010, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$26,000.00. In accordance with N.J.S.A. 40A:11-3 and authorized by a resolution dated July 1, 2010 of the governing body, the bid threshold for all purchases made by the Township's qualified purchasing agent is \$36,000.00.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute the Counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

- Sewer Chemicals
- Road and Paving Materials
- Skillman Village Building Demolition Project
- Collection & Disposal of Solid Waste
- Purchase of a Crane Truck
- Chip Sealing Various Roads
- Repair of Various Roads

Inasmuch as 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 reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed. Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$36,000.00 "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.A. 40A:11-6.

CONTRACTS AND AGREEMENTS REQUIRED
TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4) (CONTINUED)

The minutes indicate that resolution authorizing contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 was advertised during 2011 for the following professional services:

Township Auditor
Township Engineer
Township Attorney
Bond Counsel
Township Planner

Risk Management Consultant
Appraisal Services
Financial Advisors
Appraisal Services

COLLECTION OF INTEREST ON DELINQUENT
TAXES AND ASSESSMENTS

The governing body on January 3, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes.

WHEREAS, N.J.S.A. 54:4-67 permits the Township to establish by resolution the rate of interest to be charged for the nonpayment of taxes or assessments on any installment which is not made within the tenth calendar day following the date upon which same became due and payable; and

WHEREAS, Chapter 75, P.L. 1991, now permits the governing body to establish a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year: and

WHEREAS, the Township Committee of the Township of Montgomery finds it to be in the best interests of the Township to establish said penalty.

BE IT RESOLVED By the Township Committee of the Township of Montgomery as follows:

1. Pursuant to N.J.S.A. 54:4-67, the Township Committee of the Township of Montgomery reaffirms that the following interest shall be charged for the nonpayment of taxes or assessments on any installment which is not made within the tenth calendar day following the date upon which same became payable: 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00, to be calculated from the date the tax was payable until the date of actual payment. The term "delinquent" as used herein shall mean the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters or years.
2. In addition, the Township Committee hereby fixes as a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year an additional sum of 6% of the amount of the delinquency.

COLLECTION OF INTEREST ON DELINQUENT
TAXES AND ASSESSMENTS (CONTINUED)

BE IT RESOLVED, that the Tax Collector is hereby authorized to waive the interest charge on delinquent taxes where payment is received within 10 days after the due date and that any installment receiver after the expiration of this grace period bear interest from the due date.

It appears from an examination of the records that interest was collected in accordance with the forgoing resolution.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on June 14, 2011 and was complete.

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

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2011	24
2010	21
2009	21

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

CONFIRMATION OF DELINQUENT TAXES
AND OTHER CHARGES

A confirmation of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services consisting of verification notices as follows:

<u>TYPE</u>	<u>NUMBER</u>
Delinquent Tax Positive Confirmation	25
Delinquent Utility Rent Positive Confirmation	25
Information Tax Current Positive Confirmation	25
Information Utility Rent Positive Confirmation	25

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. References to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year.

Purchasing

Our review of cash disbursements noted several vouchers were processed after products or services were received.

Fixed Assets

The Township has not updated its fixed assets ledger.

Finance

The month end bank reconciliations had numerous reconciling items that needed to be adjusted for audit.

There are many outstanding receivable and reserve balances that should be reviewed for liquidation or cancellation.

Payroll

We noted that the person who processes the payroll also reconciles the net payroll and payroll agency bank accounts.

Tax

The tax collector did not submit monthly tax reports to the finance office.

There are assessment receivable balances in the trust fund that have been inactive for several years.

OTHER COMMENTS (CONTINUED)

Municipal Court

The bail bank account was not reconciled in a timely manner for the months of November and December 2011.

Not all fines and costs were remitted to the proper agencies on or before the 15th of each month.

RECOMMENDATIONS

*That the Township update its fixed asset ledger.

*That all reconciling items on the month end bank reconciliations be investigated prior to audit.

*That outstanding receivable and reserve balances be investigated for cancellation.

*That an individual other than the person that processes the payroll reconciles the payroll and payroll agency bank accounts.

*That all interfund balances be liquidated.

That all vouchers presented for payment be recorded prior to the receipt of goods or services.

That the municipal court bail account be reconciled on a monthly basis.

That all fines and costs be remitted to the proper agencies on or before the 15th of each month.

That the tax collector submit monthly reports to the finance office.

That old assessment receivable balances be reviewed for cancellation.

*Prior Year Recommendations

