

TOWNSHIP OF MONTGOMERY

PART II

SINGLE AUDIT SECTION

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

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MAJOR FEDERAL AND STATE FINANCIAL  
ASSISTANCE PROGRAMS AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH U.S. OMB CIRCULAR A-133  
AND 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

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@scnco.com](mailto:info@scnco.com)

**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, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Township of Montgomery, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements, and have issued our report thereon dated October 24, 2013. 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.

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

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

## 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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

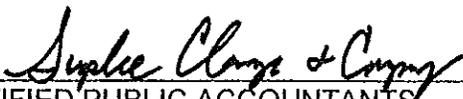
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We noted other matters in the internal control which are discussed in Part III, General Comments and Recommendations section of the audit report.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from 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*. We noted immaterial items of noncompliance which are discussed in Part III, General Comments and Recommendations section of the audit report.

### ***Purpose of This Report***

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

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

October 24, 2013



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@scnco.com](mailto:info@scnco.com)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL  
AND STATE FINANCIAL ASSISTANCE PROGRAMS AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
U.S. OMB CIRCULAR A-133 AND 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

***Report on Compliance for Each Major Federal and State Program***

We have audited the Township of Montgomery's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Township of Montgomery's major federal and state programs for the year ended December 31, 2012. The Township's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Township of Montgomery's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04 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 federal or 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Township of Montgomery's compliance.

**Opinion on Each Major Federal and State Program**

In our opinion, the Township of Montgomery complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012.

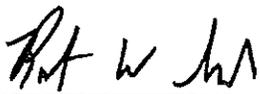
**Report on Internal Control Over Compliance**

Management of the Township of Montgomery is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of Montgomery's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Montgomery's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of New Jersey OMB 04-04. Accordingly, this report is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

October 24, 2013

TOWNSHIP OF MONTGOMERY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2012

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE ACCOUNT NUMBER	GRANT PERIOD FROM TO	GRANT AWARD AMOUNT	2012 FUNDS RECEIVED	2012 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2012
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION Capitalization Grants for Drinking Water State Revolving Fund - Indirect Programs - Passed Through the New Jersey Department of Environmental Protection (Fund Portion) Skillman Village (S340-130-01) Pikebrook (S340-130-02-1)	66.458 66.458	707-042-4840-011-xxxxxxx 707-042-4840-011-xxxxxxx	3/10/2010 To Completion 12/22/2010 To Completion	\$ 10,939,534.00 8,111,250.00	\$ 202,697.00 2,485,011.00	\$ 202,697.00 2,485,011.00	\$ 10,585,282.00 7,474,928.00
U.S. DEPARTMENT OF JUSTICE				\$ 2,887,708.00	\$ 2,887,708.00	\$ 2,887,708.00	\$ 18,060,210.00
PASS THROUGH STATE OF NEW JERSEY DIVISION TRAFFIC SAFETY Driving w/Hand-Held Cell Phone Enforcement Child Passenger Safety Click It or Ticket	20.602 20.602 20.602	1160-100-066-1160-137-YHTS-6120 1160-100-066-1160-137-YHTS-6120 1160-100-066-1160-113-YHTS-6020	1/1/2012 12/31/2012 1/1/2012 12/31/2012 1/1/2012 12/31/2012	10,000.00 4,000.00 3,850.00	10,000.00 4,000.00 3,850.00	10,000.00 4,000.00 3,850.00	10,000.00 4,000.00 3,850.00
DEPARTMENT OF JUSTICE Bulletproof Vest Partnership Program	16.607		Various	3,776.48			17,850.00
				\$ 2,705,558.00	\$ 2,705,558.00	\$ 2,705,558.00	\$ 18,078,714.50

TOWNSHIP OF MONTGOMERY  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 YEAR ENDED DECEMBER 31, 2012

STATE GRANT OR PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD FROM TO	GRANT AWARD AMOUNT	2012 RECEIVED	2012 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2012
Pass through County of Somerset Municipal Alliance	N/A	1/1/12 12/31/12 \$	15,313.00	4,802.75	11,701.81	11,701.81
Municipal Alliance	N/A	1/1/11 12/31/11	15,313.00	8,947.52	270.83	15,313.00
			\$	13,750.27	11,972.64	27,014.81
Department of Environmental Protection Municipal Stormwater Grant	N/A	1/1/08 12/31/08	20,086.00	\$	\$	12,150.00
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	Prior Years	95,924.49		9,025.78	95,924.49
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	1/1/10 12/31/10	50,317.98		25,069.04	25,069.04
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	1/1/11 12/31/11	44,888.40			
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	1/1/12 12/31/12	44,302.59	44,302.59		
Revolving Fund (Trust Portion) Skillman Village (S340-130-01)	707-042-4840-011-xxxxxx	3/10/10 To Completion	3,780,000.00	215,235.00	215,235.00	3,407,070.00
Pikebrook (S340-130-02-1)	707-042-4840-011-xxxxxx	12/02/10 To Completion	1,675,000.00	473,447.00	473,447.00	1,551,295.00
Open Space	4800-533-042-4800-003-V22G-6020	1/1/12 12/31/12	34,600.00	34,600.00		
Recycling Tonnage Grant	4900-752-042-4900-001-V62Y-6020	1/1/12 12/31/12	24,788.82	24,788.82	24,788.82	24,788.82
			\$	792,373.41	747,565.64	5,116,297.35
Department of Law and Public Safety Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	12/1/12 12/31/12	4,849.35	4,849.35	\$	
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	1/1/11 12/31/11	9,194.87		3,587.84	8,132.72
Body Armor Replacement Fund - 2012	1020-718-066-1020-001-YCJS-6120	1/1/12 12/31/12	3,126.97	3,126.97		
Body Armor Replacement Fund - 2011	1020-718-066-1020-001-YCJS-6120	1/1/11 12/31/11	3,056.22		3,056.22	3,056.22
Body Armor Replacement Fund - 2010	1020-718-066-1020-001-YCJS-6120	1/1/10 12/31/10	4,097.95			1,309.00
Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-x100-6020	Prior Years	160.64			
			\$	7,976.32	6,644.06	12,497.94
Department of Health NJ Health Officers Association	N/A	1/1/11 12/31/11	10,000.00	\$	\$	8,755.15
Public Health Mini Collaborative		Continuous	3,000.00			1,500.00
			\$	\$	\$	10,255.15
Department of Transportation Safe Corridors	6100-100-051-07	Continuous	19,009.98	\$	18,671.92	18,671.92
Cherry Valley Road	6320-480-078-6320-AKN-TCAP-6010	Continuous	215,000.00			
			\$	\$	18,671.92	18,671.92
			\$	814,100.00	784,854.26	5,184,737.17

TOWNSHIP OF MONTGOMERY

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

YEAR ENDED DECEMBER 31, 2012

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	\$ 17,850.00	\$ 125,418.00	\$ 25,050.00	\$ 168,318.00
Sewer Utility Capital Fund	<u>2,687,708.00</u>	<u>688,682.00</u>	<u>                  </u>	<u>3,376,390.00</u>
	<u>\$ 2,705,558.00</u>	<u>\$ 814,100.00</u>	<u>\$ 25,050.00</u>	<u>\$ 3,544,708.00</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 17,850.00	\$ 96,172.26	\$ 17,380.71	\$ 131,402.97
Sewer Utility Capital Fund	<u>2,687,708.00</u>	<u>688,682.00</u>	<u>                  </u>	<u>3,376,390.00</u>
	<u>\$ 2,705,558.00</u>	<u>\$ 784,854.26</u>	<u>\$ 17,380.71</u>	<u>\$ 3,507,792.97</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, 2012

**Section I - Summary of Auditor's Results**

**Financial Statements**

- |  |               |
|--|---------------|
| (1) Type of Auditor Report Issued:   | Unmodified    |
| (2) Internal Control Over Financial Reporting:                                 |               |
| (a) Material weakness(es) identified?  | No            |
| (b) Significant deficiencies identified?                                       | None Reported |
| (3) Noncompliance material to the financial statements noted during the audit? | None Reported |

**Federal Program(s)**

- |   |               |
|---|---------------|
| (1) Internal Control Over Major Federal Programs:   |               |
| (a) Material weakness(es) identified?   | No            |
| (b) Significant deficiencies identified?  | None Reported |
| (2) Type of Auditor's Report issued on compliance for major federal program(s)?   | Unqualified   |
| (3) Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133 and listed in Section III of this schedule? | None Reported |
| (4) Identification of Major Federal Program(s):   |               |

<u>Program</u>	<u>C.F.D.A. #</u>
U.S. Department of Environmental Protection: Capitalization Grants for Clean Water State Revolving Fund	66.468

- |   |    |
|---|----|
| (5) Program Threshold Determination:<br>Type A Federal Program Threshold > \$300,000.00<br>Type B Federal Program Threshold <= \$300,000.00 |    |
| (6) Auditee qualified as a low-risk auditee under OMB Circular A-133?   | No |

TOWNSHIP OF MONTGOMERY  
SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

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

**State Program(s)**

(1) Internal Control Over Major State Programs:

- |  |               |
|--|---------------|
| (a) Material weakness(es) identified?    | No            |
| (b) Significant deficiencies identified? | None Reported |

(2) Type of Auditor's Report issued on compliance for major state program(s)?

Unmodified

(3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04 and listed in Section III of this schedule?

None Reported

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

<u>Program</u>	<u>Grant Number</u>
New Jersey Department of Environmental Protection: Capitalization Grants for Clean Water State Revolving Fund	707-042-4840-011

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

TOWNSHIP OF MONTGOMERY  
SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

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

Federal Programs - None Reported

State Programs - None Reported

**Status of Prior Year Audit Findings** - Not Applicable

PART III

TOWNSHIP OF MONTGOMERY

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

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

	YEAR 2012		YEAR 2011	
	AMOUNT	%	AMOUNT	%
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 2,500,000.00	1.97	\$ 5,300,000.00	4.52
Miscellaneous-From Other Than Local				
Property Tax Levies	21,959,160.85	17.35	11,374,477.94	9.71
Collection of Delinquent Taxes and				
Tax Title Liens	839,468.57	0.66	758,070.73	0.65
Collection of Current Tax Levy	101,303,357.11	80.02	99,702,156.54	85.12
<b>TOTAL INCOME</b>	<b>\$ 126,601,986.53</b>	<b>100.00%</b>	<b>\$ 117,134,705.21</b>	<b>100.00%</b>
<b>EXPENDITURES</b>				
Budget Expenditures:				
Municipal Purposes	\$ 32,940,815.61	26.79	\$ 25,778,081.24	22.51
County Taxes	16,581,835.06	13.48	16,569,243.70	14.47
School Taxes	70,275,816.44	57.15	69,125,898.53	60.35
Municipal Open Space Taxes	1,487,977.77	1.21	1,501,619.50	1.31
Special District Taxes	1,496,050.00	1.22	1,480,050.00	1.29
Other	183,552.02	0.15	80,907.93	0.07
<b>TOTAL EXPENDITURES</b>	<b>\$ 122,966,046.90</b>	<b>100.00%</b>	<b>\$ 114,535,800.90</b>	<b>100.00%</b>
Excess in Revenue	\$ 3,635,939.63		\$ 2,598,904.31	
Adjustments to Income Before Fund Balance				
Expenditures Included Above Which are by Statute				
Deferred Charges to the Budget of the Succeeding Year	90,550.00		82,500.00	
Statutory Excess to Fund Balance	\$ 3,726,489.63		\$ 2,681,404.31	
Fund Balance, January 1	2,986,388.93		5,604,984.62	
	\$ 6,712,878.56		\$ 8,286,388.93	
Less: Utilization as Anticipated Revenue	2,500,000.00		5,300,000.00	
Fund Balance, December 31	\$ 4,212,878.56		\$ 2,986,388.93	

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

	YEAR 2012		YEAR 2011	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 2,131,300.00	23.19	\$ 1,100,000.00	17.91
Collection of Sewer Use Charges	5,140,889.11	55.93	4,717,397.85	76.81
Miscellaneous-From Other Than Sewer Use	1,918,823.79	20.88	324,431.01	5.28
<u>TOTAL INCOME</u>	<u>\$ 9,191,012.90</u>	<u>100.00%</u>	<u>\$ 6,141,828.86</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 3,258,400.00	47.65	\$ 3,596,960.00	70.09
Capital Improvements	100,000.00	1.46	100,000.00	1.95
Debt Service	1,988,627.69	29.08	236,900.00	4.62
Deferred Charges and Regulatory Expenditures	514,500.00	7.52	156,300.00	3.05
Surplus (General Budget)	957,100.00	14.00	974,350.00	18.99
Other	19,501.48	0.29	67,194.00	1.31
<u>TOTAL EXPENDITURES</u>	<u>\$ 6,838,129.17</u>	<u>100.00%</u>	<u>\$ 5,131,704.00</u>	<u>100.00%</u>
Excess in Revenue	\$ 2,352,883.73		\$ 1,010,124.86	
Adjustments to Income Before Surplus:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	22,100.00		352,500.00	
Statutory Excess to Surplus	2,374,983.73		1,362,624.86	
Fund Balance, January 1	3,769,648.37		3,507,023.51	
	\$ 6,144,632.10		\$ 4,869,648.37	
Decreased by:				
Utilization as Anticipated Revenue	2,131,300.00		1,100,000.00	
Fund Balance, December 31	<u>\$ 4,013,332.10</u>		<u>\$ 3,769,648.37</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	<u>\$2.709</u>	<u>\$2.659</u>	<u>\$2.595</u>
Appointment of Tax Rate:			
Municipal	\$0.311	\$0.304	\$0.299
Municipal Open Space	0.040	0.040	0.040
County	0.358	0.355	0.342
County Open Space	0.037	0.038	0.039
County Library	0.052	0.052	0.047
Regional School	<u>1.911</u>	<u>1.870</u>	<u>1.828</u>

Assessed Valuation:

2012	\$ <u>3,708,887,217.00</u>	
2011		\$ <u>3,726,177,037.00</u>
2010		\$ <u>3,751,709,034.00</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>
2012	\$ 102,265,612.35	\$ 101,303,357.11	99.05%
2011	100,829,780.51	99,702,156.54	98.88%
2010	99,080,618.21	97,996,456.48	98.90%

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>
2012	\$ 253,064.75	\$ 739,141.46	\$ 992,206.21	0.97%
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%

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>
2012	\$115,210.00
2011	115,210.00
2010	115,210.00

COMPARISON OF SEWER UTILITY LEVIES

<u>YEAR</u>	<u>LEVY</u>	<u>CASH COLLECTIONS *</u>
2012	\$ 5,019,181.83	\$ 5,140,889.11
2011	4,638,676.17	4,717,397.85
2010	4,365,524.23	4,281,790.42

\*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	2012	\$ 4,212,878.56	\$ 3,014,500.00
	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
Sewer Utility Operating Fund	2012	\$ 4,013,332.10	\$ 2,427,500.00
	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

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>
Ed Trzaska	Mayor		
Patricia Graham	Deputy Mayor		
Mark Conforti	Committeeperson		
Christine Madrid	Committeeperson		
Rick Smith	Committeeperson		
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		
John Richardson	Magistrate	\$1,000,000.00	M.J.J.I.F.
Lori Zelasko	Court Administrator	\$1,000,000.00	M.J.J.I.F.
Judy Norris	Deputy Court Administrator		
Robert Palmer	Police Captain/Director		
Roy Mondí	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.

**THIS PAGE INTENTIONALLY LEFT BLANK**