

**BOROUGH OF NORTH PLAINFIELD  
COUNTY OF SOMERSET  
NEW JERSEY**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY DATA  
AND INFORMATION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2011 AND 2010**

***HODULIK & MORRISON, P.A.***

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
HIGHLAND PARK, N.J.

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

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BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

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PART I  
INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS

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AMERICAN INSTITUTE OF CPA'S  
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REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Borough Council  
Borough of North Plainfield  
County of Somerset, New Jersey

We have audited the accompanying balance sheets – regulatory basis of the various funds and governmental fixed assets of the Borough of North Plainfield, County of Somerset, New Jersey as of and for the years ended December 31, 2011 and 2010 and the related statements of operations and changes in fund balance- regulatory basis for the years then ended and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2011, which collectively comprises the Borough's financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as noted in the following paragraph we conducted our audit 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 the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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.

The financial statements referred to above include the assets and liabilities of the Borough's Length of Service Awards Program Plan (LOSAP), which by regulation, is subject to an accountant's review report and is unaudited. The Length of Service Awards Program Plan is included in the Trust Fund.

These financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, United States of America, that demonstrate 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 accounting principles generally accepted in the United States of America. This regulatory basis of accounting is more fully described in Note 2. These prescribed principles 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. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America.

In our opinion, because the prescribed regulatory basis of accounting as described in the preceding paragraph is utilized by the Borough of North Plainfield, County of Somerset, New Jersey for the purpose of financial statement preparation, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of North Plainfield, County of Somerset, New Jersey as of December 31, 2011 and 2010 or the results of its operations, or cash flows for the years ended.

However, in our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and governmental fixed assets of the Borough of North Plainfield, County of Somerset, New Jersey as of December 31, 2011 and 2010 and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2011 on the basis of accounting described in Note 2.

In accordance with Government Auditing Standards, we have also issued a report dated November 9, 2012 on our consideration of the Borough of North Plainfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 on 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 performed for the purpose of forming an opinion on the financial statements of the Borough of North Plainfield, County of Somerset, New Jersey taken as a whole. The information included in the fund financial statements and supplementary data listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the financial statements of the Borough of North Plainfield, County of Somerset, New Jersey. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by New Jersey OMB Circular 04-04 and is also not a required part of the financial statements. The information, contained in the fund financial statements and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to 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 – regulatory basis taken as a whole. The supplementary data have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants

*Robert S. Morrison*

Robert S. Morrison  
Registered Municipal Accountant  
No. 412

Highland Park, New Jersey  
November 9, 2012



FINANCIAL STATEMENTS

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - A

CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2011 AND 2010

ASSETS	REF.	BALANCE DEC. 31, 2011	BALANCE DEC. 31, 2010	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2011	BALANCE DEC. 31, 2010
Cash and Investments - Treasurer	A-4	\$ 3,381,114.39	\$ 3,258,706.27	Liabilities:			
Change Funds	A-5	700.00	700.00	Appropriation Reserves	A-3, A-14	\$ 511,043.90	\$ 654,343.39
				Reserve for Encumbrances	A-21	385,785.85	213,023.38
		<u>3,381,814.39</u>	<u>3,259,406.27</u>	Reserve for Various Reserves	A-13	111,726.95	307,931.87
Receivables and Other Assets With				Accounts Payable	A-15	127,869.64	91,722.49
Full Reserves:				Tax Overpayments	A-16	529,787.62	390,153.77
Taxes Receivable	A-7	956,307.20	1,144,118.42	Prepaid Taxes	A-17	353,560.08	157,507.50
Tax Title Liens Receivable	A-8	12,894.62	12,137.40	Due to State of NJ - Sr. Cit. Ded.	A-18	7,438.88	4,350.25
Property Acquired for Taxes (At				Due to State of NJ - Various Fees	A-19	1,793.05	3,663.05
Assessed Valuation)	A-9	827,500.00	827,500.00	Due to Outside Lien Holders	A-20		<u>116,074.31</u>
Revenue Accounts Receivable	A-10	29,326.78	29,468.62			<u>2,029,005.97</u>	<u>1,938,770.01</u>
Interfund Accounts Receivable	A-11	17,364.45	25,625.00	Reserve for Receivables	Reserve	1,843,393.05	2,038,849.44
				Fund Balance	A-1	<u>1,527,808.42</u>	<u>1,524,636.26</u>
		1,843,393.05	2,038,849.44				
Deferred Charges:							
Preparation of Tax Maps	A-12		4,000.00				
Revaluation Program	A-12	100,000.00	200,000.00				
Master Plan	A-12	75,000.00					
		<u>175,000.00</u>	<u>204,000.00</u>				
Total Current Fund		<u>5,400,207.44</u>	<u>5,502,255.71</u>	Total Current Fund		<u>5,400,207.44</u>	<u>5,502,255.71</u>
Federal and State Grant Fund:				Federal and State Grant Fund:			
Cash and Investments	A-4	196,450.21	37,978.76	Reserve for State and Federal Grants:			
Federal and State Grants Receivable	A-24	916,527.25	722,016.99	Appropriated	A-26	776,912.12	608,151.66
				Unappropriated	A-27	325,099.22	139,093.42
				Reserve for Encumbrances	A-21	10,966.12	7,750.67
				Interfund Payable	A-25		<u>5,000.00</u>
Total Grant Fund		<u>1,112,977.46</u>	<u>759,995.75</u>	Total Grant Fund		<u>1,112,977.46</u>	<u>759,995.75</u>
		<u>\$ 6,513,184.90</u>	<u>\$ 6,262,251.46</u>			<u>\$ 6,513,184.90</u>	<u>\$ 6,262,251.46</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2011</u>	<u>YEAR 2010</u>
Fund Balance Appropriated	A-1, A-2	\$ 700,000.00	\$ 750,000.00
Miscellaneous Revenues Anticipated	A-2	3,862,953.03	3,372,579.56
Receipts from Delinquent Taxes	A-2	765,258.99	996,498.68
Receipts from Current Taxes	A-2	49,954,537.83	48,119,916.87
Non-Budget Revenue	A-2	238,405.67	120,559.27
Other Credits to Income:			
Interfund Loan Returns (Net)	A-11	25,262.55	8,042.77
Accounts Payables Canceled			33,634.70
Unexpended Balances of Approp. Reserves	A-14	<u>397,820.91</u>	<u>599,258.38</u>
Total Revenues		<u>55,944,238.98</u>	<u>54,000,490.23</u>
 <u>EXPENDITURES AND OTHER CHARGES</u>			
Budget Appropriations:			
Operating:			
Salaries and Wages	A-3	10,399,406.00	10,309,908.00
Other Expenses	A-3	5,786,324.32	5,116,905.72
Capital Improvements	A-3	51,000.00	60,000.00
Municipal Debt Service	A-3	1,361,698.85	1,209,570.54
Def. Charges and Statutory Expend.	A-3	2,594,863.00	2,359,237.81
Refunds of Prior Year Revenues	A-4	275,493.43	
State Tax Appeals Refunded			30,641.30
Prior Year Sr. Cit. and Vet. Ded.			
Disallowed by Collector (Net)	A-7	860.16	
Local District School Tax	A-23	28,602,563.00	27,697,968.50
School Tax Canceled			0.02
County Tax	A-22	<u>6,243,858.06</u>	<u>6,024,443.69</u>
Total Expenditures		<u>55,316,066.82</u>	<u>52,808,675.58</u>
Excess in Revenue (Balance Forward)		628,172.16	1,191,814.65

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

CURRENT FUND  
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
 REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2011</u>	<u>YEAR 2010</u>
Excess in Revenue (Balance Brought Forward)		\$ <u>628,172.16</u>	\$ <u>1,191,814.65</u>
Adjust. to Income Before Fund Balance: Expenditures Included Above Which are by Statutes Deferred Charges to Budget of Succeeding Years	A-3	<u>75,000.00</u>	<u>                    </u>
Statutory Excess to Fund Balance		703,172.16	1,191,814.65
<u>FUND BALANCE</u>			
Balance - January 1	A	<u>1,524,636.26</u>	<u>1,082,821.61</u>
		2,227,808.42	2,274,636.26
Decreased by: Utilization as Anticipated Revenue	A-1	<u>700,000.00</u>	<u>750,000.00</u>
Balance - December 31	A	\$ <u><u>1,527,808.42</u></u>	\$ <u><u>1,524,636.26</u></u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - A-2

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	REF.	ANTICIPATED 2011 BUDGET	APPROP. N.J.S.A. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Surplus Anticipated	A-1	\$ 700,000.00	\$	\$ 700,000.00	\$
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	16,000.00		27,505.20	11,505.20
Other	A-2	30,000.00		34,588.20	4,588.20
Fees and Permits	A-2	145,000.00		154,645.59	9,645.59
Fines and Costs:					
Municipal Court	A-2	375,000.00		438,895.92	63,895.92
Interest and Costs on Taxes	A-2	220,000.00		243,056.36	23,056.36
Parking Meters	A-10	100,000.00		106,008.59	6,008.59
Interest on Investments and Deposits	A-2	22,000.00		32,807.17	10,807.17
Energy Receipts Tax	A-10	1,227,854.00		1,227,854.00	
Supplemental Energy Receipts Taxes	A-10	48,056.00		48,056.00	
Consolidated Municipal Property Tax Relief Aid	A-10	262,703.00		262,703.00	
Uniform Construction Code	A-2	150,000.00		183,162.00	33,162.00
Cable Television Franchise Fee	A-10	50,000.00		148,118.51	98,118.51
EMS Fees	A-2	150,000.00		252,564.01	102,564.01
Uniform Fire Safety Act	A-2	18,203.00		40,955.16	22,752.16
Miscellaneous Revenues (Cont'd.):					
State & Federal Revenue Offset With Approps.:					
Body Armor Replacement Grant	A-11	4,105.00		4,105.00	
Clean Communities	A-11	27,128.89		27,128.89	
Smart Future Grant	A-11	5,799.02		5,799.02	
New Jersey Small Grant	A-11		1,000.00	1,000.00	
FEMA Firefighter Grant	A-11	46,490.00		46,490.00	
Drunk Driving Enforcement	A-11	12,460.35		12,460.35	
Municipal Alliance	A-11		17,420.00	17,420.00	
Fireman Safer Grant	A-11	184,242.00	229,528.00	413,770.00	
Safe and Secure Communities	A-11	75,877.00		75,877.00	
Somerset County Youth Commission	A-11	5,000.00		5,000.00	
Community Development Block Grant	A-11	47,983.06		47,983.06	
Click it, Ticket it	A-11	4,000.00		4,000.00	
Somerset Youth Services Athletic Grant	A-11		1,000.00	1,000.00	
Total Miscellaneous Revenues	A-1	3,227,901.32	248,948.00	3,862,953.03	386,103.71
Receipts from Delinquent Taxes	A-1, A-7	1,000,000.00		765,258.99	(234,741.01)
Subtotal General Revenues		4,927,901.32	248,948.00	5,328,212.02	151,362.70
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal purposes Including Reserve for Uncollected Taxes	A-2, A-7	16,541,874.29		16,708,116.77	166,242.48
Budget Totals		21,469,775.61	248,948.00	22,036,328.79	\$ 317,605.18
Non-Budget Revenues	A-1, A-10			238,405.67	
		\$ 21,469,775.61	\$ 248,948.00	\$ 22,274,734.46	

( ) Denotes Deficit

Ref. A-3 A-3

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - A-2

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>ANALYSIS OF REALIZED REVENUES</u>	<u>REF.</u>		
<u>Allocation of Current Tax Collections:</u>			
2010 Collections	A-7	\$ 49,283,063.51	
Prepaid Taxes Applied	A-7	157,507.50	
Tax Overpayments Applied		390,216.82	
State Share of Sr. Citizen's and Veteran's Deductions Allowed	A-7	<u>123,750.00</u>	
	A-1	\$ 49,954,537.83	
Allocated to:			
Local District School Tax and County Taxes	A-7	<u>34,846,421.06</u>	
		15,108,116.77	
Add: Reserve for Uncollected Taxes	A-3	<u>1,600,000.00</u>	
Amount for Support of Municipal Budget	A-2	\$ <u>16,708,116.77</u>	
<u>Licenses - Other:</u>			
Revenue Accounts Receivable	A-10	\$ 38,438.20	
Less: Refunds	A-4	<u>3,850.00</u>	
	A-2	\$ <u>34,588.20</u>	
<u>Fees and Permits - Other:</u>			
Revenue Accounts Receivable	A-10	\$ 171,158.59	
Less: Refunds	A-4	<u>16,513.00</u>	
	A-2	\$ <u>154,645.59</u>	
<u>Municipal Court Fines and Costs</u>			
Revenue Accounts Receivable	A-10	\$ 459,143.92	
Less: Refunds	A-4	<u>20,248.00</u>	
	A-2	\$ <u>438,895.92</u>	
<u>Interest and Costs on Taxes:</u>			
Revenue Accounts Receivable	A-10	\$ 247,283.81	
Less: Refunds	A-4	<u>4,227.45</u>	
	A-2	\$ <u>243,056.36</u>	
<u>Interest on Investments</u>			
Revenue Accounts Receivable	A-10	\$ 33,232.11	
Less: Refunds	A-4	<u>424.94</u>	
	A-2	\$ <u>32,807.17</u>	
<u>Uniform Construction Code Fees:</u>			
Revenue Accounts Receivable	A-10	\$ 183,620.00	
Less: Refunds	A-4	<u>458.00</u>	
	A-2	\$ <u>183,162.00</u>	
<u>EMS Fees:</u>			
Revenue Accounts Receivable	A-10	\$ 256,458.84	
Less: Refunds	A-4	<u>3,894.83</u>	
	A-2	\$ <u>252,564.01</u>	
<u>Uniform Fire Safety Act</u>			
Revenue Accounts Receivable	A-10	\$ 41,159.16	
Less: Refunds	A-4	<u>204.00</u>	
	A-2	\$ <u>40,955.16</u>	

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - A- 3

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

	2011	BUDGET AFTER	EXPENDED			UNEXPENDED
	BUDGET	MODIFICATION	PAID OR	ENCUMBERED	RESERVED	BALANCE
			CHARGED			CANCELLED
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>MAYOR - COUNCIL - PLAN E</u>						
Department of Administration						
Salaries and Wages	\$ 175,000.00	\$ 175,000.00	\$ 156,512.45		\$ 18,487.55	
Other Expenses	15,850.00	15,850.00	14,896.99	953.01		
Borough Council						
Other Expenses	5,250.00	5,250.00	725.00	1,003.93	3,521.07	
Borough Clerk						
Salaries and Wages	115,000.00	115,000.00	112,488.40		2,511.60	
Other Expenses	25,000.00	25,000.00	17,929.87	3,221.85	3,848.28	
Annual Audit	37,000.00	37,000.00		37,000.00		
Planning Board						
Salaries and Wages	1,200.00	1,200.00	360.00		840.00	
Other Expenses	26,000.00	26,000.00	5,393.78	4,257.60	16,348.62	
Historical Commission						
Salaries and Wages	3,600.00	3,600.00	757.50		2,842.50	
Other Expenses	3,000.00	3,000.00			3,000.00	
Board of Adjustment						
Salaries and Wages	1,200.00	1,200.00	720.00		480.00	
Other Expenses	7,500.00	8,000.00	7,996.11		3.89	
Borough Prosecutor						
Salaries and Wages	20,000.00	20,000.00	15,816.44		4,183.56	
Office of Health, Housing & Property						
Salaries and Wages	203,000.00	203,000.00	189,289.54		13,710.46	
Other Expenses	115,000.00	115,000.00	97,603.18	5,145.85	12,250.97	
Rescue Squad						
Contribution	10,000.00	10,000.00	10,000.00			
Office of Recreation						
Salaries and Wages	81,300.00	88,800.00	88,487.00	313.00		
Other Expenses	17,000.00	17,000.00	12,528.16	611.25	3,860.59	
Maintenance of Parks						
Other Expenses	6,500.00	6,500.00	115.00		6,385.00	
<u>DEPARTMENT OF FINANCE</u>						
Division of Assessments						
Salaries and Wages	69,000.00	69,000.00	64,453.56		4,546.44	
Other Expenses	5,850.00	5,850.00	5,287.22	541.20	21.58	
Reserve for Tax Appeals pending	15,000.00	15,000.00	3,750.00		11,250.00	

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BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - A- 3

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

	2011 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>OPERATIONS WITHIN "CAPS" (CONT'D.)</u>						
<u>DEPARTMENT OF FINANCE (CONT'D.)</u>						
Department of Finance						
Salaries and Wages	\$ 225,000.00	\$ 225,000.00	\$ 216,693.27	\$	\$ 8,306.73	\$
Other Expenses	13,200.00	13,200.00	11,460.12	1,680.60	59.28	
Insurance						
Group Insurance for Employees	1,643,200.00	1,643,200.00	1,494,333.15	148,866.85		
Liability Insurance	700,000.00	700,000.00	696,884.42		3,115.58	
Municipal Court						
Salaries and Wages	288,000.00	288,000.00	245,119.63		42,880.37	
Other Expenses	14,575.00	14,575.00	12,357.87	1,765.77	451.36	
Public Defender						
Other Expenses	4,000.00	4,000.00	2,600.00		1,400.00	
Division of Taxation						
Other Expenses	9,500.00	10,500.00	9,337.28	1,162.72		
<u>DEPARTMENT OF LAW</u>						
Other Expenses	220,000.00	220,000.00	161,317.93		58,682.07	
<u>DEPARTMENT OF POLICE</u>						
Police						
Salaries and Wages	5,134,000.00	5,134,000.00	5,097,921.06		36,078.94	
Other Expenses	60,850.00	60,850.00	42,231.99	16,731.62	1,886.39	
School Crossing Guards						
Salaries and Wages	160,000.00	160,000.00	146,778.20		13,221.80	
Parking Authority - Admin. Services	69,000.00	69,000.00	61,669.68		7,330.32	
<u>DEPARTMENT OF FIRE</u>						
<u>PREVENTION AND PROTECTION</u>						
Fire Protection						
Salaries and Wages	2,435,000.00	2,421,000.00	2,421,000.00			
Other Expenses	48,200.00	50,200.00	39,909.29	10,256.13	34.58	
Fire Hydrant Service						
Uniform Fire Code Safety Act (P.L. 1983 C. 383, 1984 CD)	191,600.00	191,600.00	175,601.25	15,963.75	35.00	
Salaries and Wages	12,000.00	12,000.00	11,999.78		0.22	
Other Expenses	6,203.00	6,203.00	5,347.12	855.88		
Emergency Medical Services						
Other Expenses	14,875.00	19,875.00	13,349.13		6,525.87	



BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - A- 3

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

	2011 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
<u>OPERATIONS WITHIN "CAPS" (CONT'D.)</u>						
<u>DEPARTMENT OF PUBLIC WORKS</u>						
Streets and Roads						
Salaries and Wages	\$ 756,000.00	\$ 756,000.00	\$ 745,504.40	\$	\$ 10,495.60	\$
Other Expenses	427,000.00	447,000.00	425,086.99	21,913.01		
Buildings and Grounds						
Other Expenses	50,000.00	55,000.00	49,823.08	5,111.92	65.00	
Vehicle Maintenance						
Other Expenses	154,000.00	171,000.00	156,987.02	13,520.31	492.67	
Engineering Services						
Inside CAP	18,000.00	25,000.00	10,699.12	11,647.48	2,653.40	
Office of Emergency Management						
Salaries and Wages	6,700.00	6,700.00	2,000.00	251.80	4,448.20	
Other Expenses	2,600.00	2,600.00	1,513.87	1,086.13		
<u>UNIFORM CONSTRUCTION CODE -</u>						
<u>APPROPRIATIONS - OFFSET BY</u>						
<u>DEDICATED REVENUES (N.J.A.C. 5:23-4.17):</u>						
State Uniform construction Code (N.J.S.A. 52:27D-120 et seq.)						
Salaries and Wages	128,000.00	133,000.00	129,823.29		3,176.71	
Other Expenses	3,100.00	3,100.00	2,934.04	65.00	100.96	
<u>Unclassified:</u>						
Celebration of Public Events	6,500.00	6,500.00	6,500.00			
Electricity	385,000.00	339,000.00	304,015.33	34,984.67		
Telephone	78,000.00	78,000.00	68,160.31	9,839.69		
Water	20,000.00	20,000.00	15,641.04	4,358.96		
Natural Gas/Propane	60,000.00	60,000.00	42,741.43	17,258.57		
Gasoline	172,500.00	207,500.00	202,473.28	4,958.30	68.42	
Technology -Communications	15,000.00	15,000.00	14,979.74	20.26	0.00	
Postage	32,000.00	32,000.00	31,820.08	117.64	62.28	
Unemployment Insurance	50,000.00	50,000.00	50,000.00			
Dog Regulation						
Other Expenses	40,000.00	40,000.00	27,547.27		12,452.73	
Retirement Benefits	275,000.00	230,000.00	129,498.72		100,501.28	

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - A- 3

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

	2011 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
Total Operations Within "CAPS"	\$ 14,886,853.00	\$ 14,886,853.00	\$ 14,088,770.38	\$ 375,464.75	\$ 422,617.87	\$
Contingent	5,500.00	5,500.00	5,402.50	30	67.50	
Total Operations Incl. Contingent Within "CAPS"	14,892,353.00	14,892,353.00	14,094,172.88	375,494.75	422,685.37	
DETAIL:						
Salaries and Wages	10,082,300.00	10,035,800.00	9,773,223.24	313.00	262,263.76	
Other Expenses (Including Contingent)	4,810,053.00	4,856,553.00	4,320,949.64	375,181.75	160,421.61	
<u>STATUTORY EXPENDITURES WITHIN "CAPS":</u>						
Contribution to:						
Social Security System (O.A.S.I.)	335,000.00	335,000.00	311,109.12		23,890.88	
Public Employees' Retirement System of N.J.	252,086.00	252,086.00	252,086.00			
Police and Firemen's Retirement System of N.J.	1,828,777.00	1,828,777.00	1,828,777.00			
Total Deferred Charges and Statutory Expend. Municipal Within "CAPS"	2,415,863.00	2,415,863.00	2,391,972.12	-	23,890.88	
Total General Appropriations for Municipal Purposes Within "CAPS"	17,308,216.00	17,308,216.00	16,486,145.00	375,494.75	446,576.25	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
Length of Service Awards Program (LOSAP)						
Other Expenses	8,400.00	8,400.00	1,800.00		6,600.00	
"COAH" Housing Rehabilitation						
Other Expenses	5,000.00	5,000.00			5,000.00	
Engineering Expenses						
Outside CAP	18,000.00	18,000.00	17,542.50		457.50	
Group Insurance for Employees	106,800.00	106,800.00	106,800.00			
Interlocal Municipal Service Agreements						
Somerset County - Recycling	190,000.00	190,000.00	140,345.34		49,654.66	
NJ DEP Permit Fees	5,250.00	5,250.00	5,250.00			

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - A- 3

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

PUBLIC AND PRIVATE PROGRAMS <u>OFFSET BY REVENUES</u>	2011 <u>BUDGET</u>	BUDGET AFTER <u>MODIFICATION</u>	<u>EXPENDED</u>			UNEXPENDED BALANCE <u>CANCELLED</u>
			<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
Historic Preservation Grant						
NJLM Jersey Small Grant	\$	\$	\$	\$	\$	\$
Drunk Driving Enforcement Fund	12,460.35	12,460.35	12,460.35			
Somerset County Municipal Alliance Grant						
County Share		17,420.00	17,420.00			
Local Match		-				
Community Development Block Grant	47,983.06	47,983.06	47,983.06			
FEMA Firefighter Program						
Federal Share	46,490.00	46,490.00	46,490.00			
Local Match	5,165.00	5,165.00	5,165.00			
Safety & Secure Communities Program						
State Share	75,877.00	75,877.00	75,877.00			
Local Match	287,729.00	287,729.00	287,729.00			
Body Armor Replacement Grant	5,799.02	5,799.02	5,799.02			
Firemen's Safer Grant	184,242.00	413,770.00	413,770.00			
Clean Communities Grant	27,128.89	27,128.89	27,128.89			
Click it, Ticket it	4,000.00	4,000.00	4,000.00			
Somerset Cty Youth Services	5,000.00	6,000.00	6,000.00			
Somerset Cty Youth Athletic Facility	4,105.00	4,105.00	4,105.00			
Stormwater Management		-				
Recycling Tonnage Grant	5,000.00	5,000.00	4,355.00		645.00	
Matching Funds Grant		-				
<b>Total Operations Excluded from "CAPS"</b>	<u>1,044,429.32</u>	<u>1,293,377.32</u>	<u>1,231,020.16</u>	<u>-</u>	<u>62,357.16</u>	
<b>DETAIL:</b>						
Salaries and Wages	363,606.00	363,606.00	363,606.00			
Other Expenses	<u>680,823.32</u>	<u>929,771.32</u>	<u>867,414.16</u>	<u>-</u>	<u>62,357.16</u>	

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - A- 3

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

	2011 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>						
Purchase of Capital Equipment	\$ 41,000.00	\$ 41,000.00	\$ 28,603.41	\$ 10,291.10	\$ 2,105.49	\$
Purchase of Shade Tree	10,000.00	10,000.00	9,995.00		5.00	
Total Capital Improvement Fund - Excl. from "CAPS"	51,000.00	51,000.00	38,598.41	10,291.10	2,110.49	
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	715,000.00	715,000.00	715,000.00			
Interest on Bonds	102,719.38	102,719.38	102,719.38			
Note Principal	396,725.00	396,725.00	396,725.00			
Interest on Notes	147,685.91	147,685.91	147,254.47		0.00	431.44
Total Municipal Debt Service - Excl. from "CAPS"	1,362,130.29	1,362,130.29	1,361,698.85		0.00	431.44
<u>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</u>						
Deferred Charges						
Special Emergency Appropriations-5 yr	4,000.00	4,000.00	4,000.00			
Special Emergency Re-evaluation	100,000.00	100,000.00	100,000.00			
Special Emergency Master Plan 2011		75,000.00	75,000.00			
Total Deferred Charges - Municipal Excluded from "CAPS"	104,000.00	179,000.00	179,000.00			

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - A- 3

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

	2011 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 2,561,559.61	\$ 2,885,507.61	\$ 2,810,317.42	\$ 10,291.10	\$ 64,467.65	\$ 431.44
Subtotal General Appropriations	19,869,775.61	20,193,723.61	19,296,462.42	385,785.85	511,043.90	431.44
Reserve for Uncollected Taxes	<u>1,600,000.00</u>	<u>1,600,000.00</u>	<u>1,600,000.00</u>			
Total General Appropriations	\$ <u>21,469,775.61</u>	\$ <u>21,793,723.61</u>	\$ <u>20,896,462.42</u>	\$ <u>385,785.85</u>	\$ <u>511,043.90</u>	\$ <u>431.44</u>
REF.	A-2	A-2	A-1	A-1, A-21	A, A-1	
Adopted Budget	A-2	\$ 21,469,775.61				
Emergency Approp.	A-13	75,000.00				
Approp. by N.J.S.A. 40A:4-87	A-2	<u>248,948.00</u>				
		\$ <u>21,793,723.61</u>				
Disbursed	A-4		\$ 18,158,180.10			
Reserve for Uncollected Taxes	A-2		1,600,000.00			
Res. for State & Federal Grants - Appropriated	A-11		959,282.32			
Deferred Charges	A-12		<u>179,000.00</u>			
			\$ <u>20,896,462.42</u>			

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - B

TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2011 AND 2010

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31,2011</u>	<u>BALANCE</u> <u>DEC. 31,2010</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31,2011</u>	<u>BALANCE</u> <u>DEC. 31,2010</u>
Trust Assessment Fund:				Assessment Fund:			
Cash - Treasurer	B-2, B-6	\$ 81,892.78	\$ 72,871.03	Reserve for Assessments Receivable	B-7	109,604.92	118,546.49
Assessments Receivable	B-3	41,401.48	50,343.05	Fund Balance	B-1	81,530.33	72,588.76
Prospective Assessments Funded	B-4, B-6	<u>68,203.44</u>	<u>68,203.44</u>	Due to Current Fund	B-6	362.45	282.27
Total Trust Assessment Fund		<u>191,497.70</u>	<u>191,417.52</u>	Total Assessment Fund		<u>191,497.70</u>	<u>191,417.52</u>
Animal Control Fund:				Animal Control Fund:			
Cash-Treasurer	B-6	<u>19,899.96</u>	<u>25,244.93</u>	Res. For Animal Control Expend.	B-6	<u>19,899.96</u>	<u>25,244.93</u>
Total Animal Control Fund		<u>19,899.96</u>	<u>25,244.93</u>	Total Animal Control Fund		<u>19,899.96</u>	<u>25,244.93</u>
General Trust Fund:				General Trust Fund:			
Cash - Treasurer	B-6	<u>1,301,477.61</u>	<u>713,142.01</u>	Restricted Accounts Various Reserves	B-6, B-8	<u>1,301,477.61</u>	<u>713,142.01</u>
Total General Trust Fund		<u>1,301,477.61</u>	<u>713,142.01</u>	Total General Trust Fund		<u>1,301,477.61</u>	<u>713,142.01</u>
LOSAP Fund (Unaudited):				LOSAP Fund (Unaudited):			
Cash and Investments - Trustee	B	<u>42,221.60</u>	<u>53,455.64</u>	Res. for LOSAP Funds Held by Trustee	B	<u>42,221.60</u>	<u>53,455.64</u>
Total LOSAP Fund		<u>42,221.60</u>	<u>53,455.64</u>	Total LOSAP Fund		<u>42,221.60</u>	<u>53,455.64</u>
		<u>\$ 1,555,096.87</u>	<u>\$ 983,260.10</u>			<u>\$ 1,555,096.87</u>	<u>\$ 983,260.10</u>

Note: See Notes to Financial Statements.

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

TRUST ASSESSMENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGES IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>REF.</u>	<u>YEAR 2011</u>	<u>YEAR 2010</u>
<u>Revenue</u>			
Collections of Unpledged Assessments to Reserve	B-3	\$ 8,941.57	\$ 12,981.49
Collections of Interest on Assessments	B-6		1,519.78
Interest on Investments	B-6	362.45	282.27
Interfund Accrued (Net)		<hr/>	<hr/>
Total Revenues		9,304.02	14,783.54
<u>Expenditures</u>			
Interfund Accrued (Net)		<hr/> 362.45	<hr/> 282.27
Excess in Revenue		8,941.57	14,501.27
<u>Fund Balance</u>			
Balance - January 1	B	<hr/> 72,588.76	<hr/> 58,087.49
Balance - December 31	B	<u>\$ 81,530.33</u>	<u>\$ 72,588.76</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2011 AND 2010

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>BALANCE</u> <u>DEC. 31, 2010</u>
Cash and Investments	C-2	\$ 1,077,204.55	\$ 2,043,592.83
Due from Sewer Capital Fund	C-4	230,000.00	157,636.16
Grants Receivable	C-10	50,000.00	237,500.00
Deferred Charges:			
To Future Taxation:			
Funded	C-5	2,310,000.00	3,025,000.00
Unfunded	C-6	<u>9,143,821.56</u>	<u>9,528,277.35</u>
		<u>\$ 12,811,026.11</u>	<u>\$ 14,992,006.34</u>
<u>LIABILITIES, RESERVES</u>			
<u>AND FUND BALANCE</u>			
General Serial Bonds	C-11	\$ 2,310,000.00	\$ 3,025,000.00
Bond Anticipation Notes	C-12	9,142,160.00	9,845,727.00
Due to Current Fund	C-4	17,002.00	
Reserves for:			
Capital Improvement Fund	C-8	194,071.55	126,545.00
Encumbrances	C-13	91,543.42	311,094.79
BAN Premium	C-9		64,556.06
Improvement Authorizations:			
Funded	C-7	294,799.34	373,418.61
Unfunded	C-7	618,184.13	1,207,298.27
Fund Balance	C-1	<u>143,265.67</u>	<u>38,366.61</u>
		<u>\$ 12,811,026.11</u>	<u>\$ 14,992,006.34</u>
Note:			
Bonds and Notes Authorized but not Issued	C-14	<u>\$ 6,395.00</u>	<u>\$ 6,395.00</u>

Note: See Notes to Financial Statements



BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
 STATEMENT OF FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>REF.</u>		
Balance - December 31, 2010	C	\$	38,366.61
Increased by:			
Premium on BANs Cancelled	C-9	64,556.06	
Premium on Bans	C-2	<u>40,343.00</u>	
			<u>104,899.06</u>
Balance - December 31, 2011	C	\$	<u><u>143,265.67</u></u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

Exhibit - D

SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2011 AND 2010

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>BALANCE</u> <u>DEC. 31, 2010</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>BALANCE</u> <u>DEC. 31, 2010</u>
Operating Fund:				Operating Fund:			
Cash	D-5	\$ 253,043.85	\$ 122,931.30	Liabilities:			
Change Fund	D-7	<u>150.00</u>	<u>150.00</u>	Appropriation Reserves	D-4, D-15	\$ 4,918.11	\$ 36,430.03
		<u>253,193.85</u>	<u>123,081.30</u>	Reserve for Encumbrances	D-16	12,366.34	
				Interfund Payable	D-9		20,342.73
Receivables With Full Reserves:				Accounts Payable	D-17	1,000.00	1,000.00
Consumer Accounts Receivable	D-8	238,854.20	233,214.75	Sewer Rent Overpayments	D-18	5,626.09	2,092.25
Sewer Liens	D-10	<u>433.47</u>	<u>433.47</u>	Accrued Interest on Bonds	D-19	<u>16,571.65</u>	<u>14,721.10</u>
		<u>239,287.67</u>	<u>233,648.22</u>			40,482.19	74,586.11
				Reserve for Receivables	Reserve	239,287.67	233,648.22
				Fund Balance	D-1	<u>212,711.66</u>	<u>48,495.19</u>
Total Operating Fund		<u>492,481.52</u>	<u>356,729.52</u>	Total Operating Fund		<u>492,481.52</u>	<u>356,729.52</u>
Capital Fund:				Capital Fund:			
Cash	D-5	7,091.71	5,335.29	Serial Bonds Payable	D-23	50,000.00	75,000.00
Accounts Receivable - NJEITF	D-12		1,061,850.00	Bond Anticipation Notes	D-26	508,558.00	508,558.00
Fixed Capital	D-13	2,142,327.95	2,142,327.95	Loans Payable - NJEITF	D-25	131,316.16	1,231,864.78
Fixed Capital - Authorized and Uncompleted	D-14	<u>1,365,125.56</u>	<u>1,365,125.56</u>	Due to General Capital Fund	D-11	230,000.00	157,636.16
				Reserve for Encumbrances	D-16	73,808.35	113,983.28
				Capital Improvement Fund	D-20	29,575.04	29,575.04
				Reserve for Amortization	D-21	1,626,320.51	1,562,618.89
				Deferred Reserve for Amortization	D-22	29,163.69	29,163.69
				Improvement Authorizations			
				Funded	D-24	73.28	376,202.96
				Unfunded	D-24	808,616.25	478,236.00
				Fund Balance	D-2	<u>27,116.94</u>	<u>11,800.00</u>
Total Capital Fund		<u>3,514,545.22</u>	<u>4,574,638.80</u>	Total Capital Fund		<u>3,514,548.22</u>	<u>4,574,638.80</u>
		<u>\$ 4,007,026.74</u>	<u>\$ 4,931,368.32</u>			<u>\$ 4,007,029.74</u>	<u>\$ 4,931,368.32</u>

There were Bonds and Notes Authorized but Not Issued in the amount of \$1,161,850.00 (Exhibit D-27)

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
 SOMERSET COUNTY, NEW JERSEY  
 SEWER UTILITY OPERATING FUND  
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
 REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

<u>REVENUE AND OTHER INCOME REALIZED</u>	REF.	YEAR 2011	YEAR 2010
Fund Balance	D-3	\$ 14,952.02	\$
Sewer User Charges	D-3	1,856,032.84	1,890,431.59
Miscellaneous	D-3	88,076.02	29,599.80
Deficit (General Budget)			63,505.11
Other Credits to Income:			
Reserves Lapsing	D-15	<u>34,880.03</u>	<u>                    </u>
Total Revenues		<u>1,993,940.91</u>	<u>1,983,536.50</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operating	D-4	1,736,000.00	1,684,000.00
Debt Service	D-4	63,772.42	164,381.13
Deferred Charges	D-4		120,155.37
Statutory Expenditures	D-4	<u>15,000.00</u>	<u>15,000.00</u>
		1,814,772.42	1,983,536.50
Excess (Deficit) in Revenues		179,168.49	-
<u>FUND BALANCE</u>			
Balance - January 1	D	<u>48,495.19</u>	<u>48,495.19</u>
Decreased by:			
Fund Balance Utilized	D-1	<u>14,952.02</u>	<u>-</u>
Balance - December 31	D	<u>\$ 212,711.66</u>	<u>\$ 48,495.19</u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE-REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

	<u>REF.</u>	
Balance - December 31, 2010	D	\$ 11,800.00
Increased by:		
Refund prior years expenditures	D-5	<u>\$ 15,316.94</u>
Balance - December 31, 2011	D	<u>\$ 27,116.94</u>

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>REF.</u>	2011 <u>BUDGET</u>	<u>REALIZED</u>	EXCESS OR <u>(DEFICIT)</u>
Operating Surplus Anticipated	D-1	\$ 14,952.02	\$ 14,952.02	\$
Sewer User Charges	D-3,D-8	\$ 1,890,000.00	\$ 1,856,032.84	\$ (33,967.16)
Miscellaneous	D-3	<u>26,000.00</u>	<u>88,076.02</u>	<u>62,076.02</u>
		<u>\$ 1,930,952.02</u>	<u>\$ 1,959,060.88</u>	<u>\$ 28,108.86</u>

<u>Ref.</u>	D-4	D-1, D-3
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Analysis of Realized Revenues:

Sewer User Charges:

Collections	D-3,D-8	\$ <u>1,856,032.84</u>
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	D-3	<u>1,856,032.84</u>
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Miscellaneous:

Interest on Delinquent Sewer User Charges - Cash	D-5	\$ 27,573.21
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Miscellaneous	D-5	58,236.73
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Interest on Investments:

Cash	D-5	<u>2,266.08</u>
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	D-3	<u>\$ 88,076.02</u>
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Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operating:						
Salaries and Wages	\$ 187,000.00	\$ 187,000.00	\$ 183,828.82	\$	\$ 3,171.18	\$
Other Expenses	42,000.00	42,000.00	28,852.72	12,366.34	780.94	
Plainfield Area Reg Sewer Auth- Regional Sewer	1,507,000.00	1,507,000.00	1,506,034.01		965.99	
Debt Service:						
Payment on Bond Principal	130,941.76	130,941.76	55,647.76			75,294.00
Interest on Bonds	41,381.89	41,381.89	4,310.47			37,071.42
Interest on Notes	7,628.37	7,628.37	3,814.19			3,814.18
Statutory Expenditures:						
Contribution to:						
Social Security System	14,000.00	14,000.00	14,000.00			
Unemployment Compensation Insurance	1,000.00	1,000.00	1,000.00			
Total Water & Sewer Utility Appropriations	\$ <u>1,930,952.02</u>	\$ <u>1,930,952.02</u>	\$ <u>1,797,487.97</u>	\$ <u>12,366.34</u>	\$ <u>4,918.11</u>	\$ <u>116,179.60</u>
	Ref.	D-3	D-1	D-1, D-16	D, D-1	
Disbursed	D-5		\$ 1,789,363.31			
Accrued Interest on Bonds	D-19		<u>8,124.66</u>			
			\$ <u>1,797,487.97</u>			

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

PAYROLL FUND  
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2011 AND 2010

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>BALANCE</u> <u>DEC. 31, 2010</u>
Cash	E-1	\$ <u>120,310.45</u>	\$ <u>230,438.25</u>
		\$ <u><u>120,310.45</u></u>	\$ <u><u>230,438.25</u></u>
 <u>LIABILITIES</u>			
Net Payroll	E-1	\$ 9,651.20	\$ 42,602.22
Payroll Deductions Payable	E-1	<u>110,659.25</u>	<u>187,836.03</u>
		\$ <u><u>120,310.45</u></u>	\$ <u><u>230,438.25</u></u>

Note: See Notes to Financial Statements

BOROUGH OF NORTH PLAINFIELD  
MIDDLESEX COUNTY, NEW JERSEY

STATEMENT OF GOVERNMENTAL FIXED ASSETS-  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

<u>Governmental Fixed Assets</u>	<u>December 31, 2010</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>December 31, 2011</u>
Building	\$ 19,251,000.00	\$	\$	\$ 19,251,000.00
Land	2,604,800.00			2,604,800.00
Equipment	750,083.72			750,083.72
Furniture & fixtures	2,865,901.35			2,865,901.35
Vehicles	<u>2,440,704.00</u>	<u>41,778.00</u>	<u>19,470.00</u>	<u>2,463,012.00</u>
Total Governmental Fixed Assets	<u>\$ 27,912,489.07</u>	<u>\$ 41,778.00</u>	<u>\$ 19,470.00</u>	<u>\$ 27,934,797.07</u>
Investments in Governmental Fixed Assets	<u>\$ 27,912,489.07</u>			<u>\$ 27,934,797.07</u>

Note: See Notes to Financial Statements



BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

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

Note 1: FORM OF GOVERNMENT

The Borough of North Plainfield operates as a Mayor-Council Plan E form of Borough Government. The Mayor is elected in a general election and serves a four-year term. The Mayor is the head of the municipal government. The Legislative function of government is performed by Borough Council consisting of seven members, each elected in a general election to terms of four years. At its annual reorganization meeting, the Council elects a President of the Council who shall preside at all its meetings. The Borough has adopted an administrative code, which provides for the delegation of a portion of executive responsibilities to an Administrator. The Borough Administrator is appointed by the Mayor and Council and carries out the Council's plans and orders. All Borough departments report to the Administrator, who is responsible for personnel policy and organization, interdepartmental coordination, budget planning and procurement of goods and services necessary to the Borough's operations.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of North Plainfield include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of North Plainfield, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of North Plainfield do not include the operations of the municipal library, which is a branch of the Somerset County Library System, and includable in that entity.

B. Description of Funds

The accounting policies of the Borough of North Plainfield 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 Borough of North Plainfield accounts for its financial transactions through the following separate funds:

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A:4-39, the financial transactions of the following funds and accounts are reported within the Trust Fund:

- Animal Control Trust Fund
- Unemployment Compensation Insurance Trust Fund
- Disposal of Forfeited Property (P.L. 1985, Ch. 135)
- Developer's Escrow Fund
- Uniform Fire Safety Act - Penalty Monies (N.J.S.A. 52:27D-192 et seq.)
- Municipal Alliance Program
- Outside Employment of Off-Duty Municipal Police Officers
- Public Defender Fees
- Recreation Trust Fund

## NOTES TO FINANCIAL STATEMENTS

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

#### B. Description of Funds (Cont'd.)

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

Sewer Utility Fund - resources and expenditures for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. Note that while the fund still remains in the Borough's records, the Borough has transferred all statutory responsibilities relating to the provision of Public Assistance to the County of Somerset.

Payroll Fund - Net salaries, certain payroll deductions and social security contributions of municipal and utility operations are deposited into various bank accounts of the Payroll Fund. A Payroll Fund does not exist under GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards recognizes three fund categories and two account groups as appropriate for the accounting and reporting of the financial position and results of operations in accordance with generally accepted accounting principles. This structure of funds and account groups differs from the organization of funds prescribed under the regulatory basis of accounting utilized by the Borough. The resultant presentation of financial position and results of operations in the form of basic financial statements is not intended to present the general purpose financial statements required by GAAP.

#### C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences between the Borough's statutory accounting basis and GAAP at the fund and account group level are as follows:

Revenues - Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Borough's budget. Receivables for property taxes and water and sewer consumer charges are recorded with offsetting reserves within the Current Fund and Sewer Utility Fund, respectively. Other amounts that are due to the Borough which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of water and sewer charges, which should be recognized in the period they are earned and become measurable.

## NOTES TO FINANCIAL STATEMENTS

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### C. Basis of Accounting (Cont'd.)

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Borough's "budgetary" basis of accounting. Generally, these 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. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. An appropriation reserve refers to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts, which may be cancelled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP. For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include two general categories of over expenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets.

In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

New Jersey statutes require municipalities to provide annual funding to Free Public Libraries through the Current Fund Budget. Amounts paid on behalf of the Free Public Library or transferred to the custody of the Library's management are recorded as budgetary expenditures of the municipality, notwithstanding the fact that the Library is recognized as a separate entity for financial reporting purposes. Under GAAP, the Library would be recognized, as a "component unit" of the municipality, and discrete reporting of the Library's financial position and operating results would be incorporated in the municipality's financial statements. The Borough of North Plainfield is a member of the Somerset County Library System and does not provide funding to a Free Public Library.

Compensated Absences - The Borough has adopted written policies via employee contracts and municipal ordinances which set forth the terms under which an employee may accumulated earned, but unused, vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vests with the employee. The Borough records expenditures for payments 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 financial resources, and that expenditures be recorded in the enterprise (Sewer Utility) fund on a full accrual basis.

Property Acquired for Taxes - 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 asset account group at the lower of cost or fair market value.

## NOTES TO FINANCIAL STATEMENTS

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### C. Basis of Accounting (Cont'd.)

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property are reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the accounting period 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.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires recognition of the value of inventories of supplies of the Sewer Utility.

Fixed Assets - Property and equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in these utility capital funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utilities.

General Fixed Assets - Technical Accounting Directive No. 85-2, issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, established a mandate for fixed accounting by municipalities, effective December 31, 1985. Assets acquired through that date were to be valued based on actual costs, where available, and other methods, including current replacement values and estimated historical costs. Assets acquired subsequent to December 31, 1985 were required to be valued based on actual costs. Assets having a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit are required to be capitalized in the general fixed asset account group. Infrastructure assets are excluded from the general fixed asset account group. Depreciation is not recorded in the general fixed asset account group.

#### Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments: The carrying amount approximates fair value because of the short maturity of those instruments.

Long-term debt: The Borough's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Borough's long-term debt is provided in Note 3 to the financial statements.

## Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

## C. Basis of Accounting (Cont'd.)

New Accounting Standard

GASB issued Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements" in November 2010. This Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties.

GASB issued Statement No. 61, "The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34 in November 2010. This Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

GASB issued Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" in December 2010. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements (1) Financial Accounting Standards Board (FASB) Statements and Interpretations; (2) Accounting Principles Board Opinions; (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

GASB issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" in June 2011. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively.

GASB issued Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53" in June 2011. The Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

GASB issued Statement No. 65, "Summary of Statement No. 65 Items Previously Reported as Assets and Liabilities" in March 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

## NOTES TO FINANCIAL STATEMENTS

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### C. Basis of Accounting (Cont'd.)

##### New Accounting Standard (Cont'd.)

GASB issued Statement No. 66, "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62" in March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and No. 62, "Codification of accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."

The Borough does not prepare its financial statements in accordance with Generally Accepted Accounting Principles. Unless these new standards are incorporated into the other comprehensive basis of accounting that is utilized by the Borough through legislation or rulemaking they will not become part of the standards followed by the Borough for financial reporting. The Division of Local Government Services has adopted rules, which require full disclosure in the Notes to Financial Statements of OPEB related matters, as set forth.

##### Comparative Data

Comparative data for the prior year has been presented in order to provide an understanding of changes on the Borough's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

A. Summary of Municipal Debt for Capital Projects

	<u>YEAR 2011</u>	<u>YEAR 2010</u>	<u>YEAR 2009</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 11,452,160.00	\$ 12,870,727.00	\$ 10,890,302.00
Assessment:			
Bonds and Notes			
Sewer Utility:			
Bonds and Notes	<u>1,128,558.00</u>	<u>1,815,422.78</u>	<u>1,944,809.63</u>
Total Debt Issued	<u>12,580,718.00</u>	<u>14,686,149.78</u>	<u>12,835,111.63</u>
Net Debt Issued	<u>12,580,718.00</u>	<u>14,686,149.78</u>	<u>12,835,111.63</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds & Notes	6,395.00	6,395.00	2,889,045.00
Sewer Utility			
Bonds & Notes	<u>1,161,850.00</u>	<u>100,000.00</u>	<u>100,000.00</u>
Total Authorized but not Issued	<u>1,168,245.00</u>	<u>106,395.00</u>	<u>2,989,045.00</u>
Net Bonds & Notes Issued and Authorized but not Issued	<u>\$ 13,748,963.00</u>	<u>\$ 14,792,544.78</u>	<u>\$ 15,824,156.63</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. Summary of Municipal Debt for Capital Projects (Cont'd.)

Summarized below are the Borough's individual bond & loan issues which were outstanding at December 31, 2011:

	<u>AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>FINAL MATURITY</u>
<u>General Improvement Debt:</u>				
General Improvement Bonds of 1997	\$ 3,575,000.00	\$ 550,000.00	5.150%-5.200%	2013
General Improvement Bonds of 2003	4,875,000.00	1,760,000.00	2.950%-3.25%	2015
Bond Anticipation Notes	9,142,160.00	<u>9,142,160.00</u>	1.500%	2012
Total General. Improv. Debt		<u>11,452,160.00</u>		
<u>Utility Debt:</u>				
Sewer Bonds of 1997	400,000.00	50,000.00	5.150%-5.200%	2013
NJEIT Trust Loan of 2001	1,070,000.00	570,000.00	5.0%-5.25%	2020
Bond Anticipation Notes	508,558.00	<u>508,558.00</u>	1.500%	2012
Total Utility Debt		<u>1,128,558.00</u>		
Total Debt Issued and Outstanding		<u>\$12,580,718.00</u>		

Summarized below are the Borough's individual bond & loan issues which were outstanding at December 31, 2010:

	<u>AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>FINAL MATURITY</u>
<u>General Improvement Debt:</u>				
General Improvement Bonds of 1997	\$ 3,575,000.00	\$ 825,000.00	5.125%-5.20%	2013
General Improvement Bonds of 2003	4,875,000.00	2,200,000.00	2.875%-3.25%	2015
Bond Anticipation Notes	7,175,302.00	<u>9,845,727.00</u>	1.500%	2011
Total General. Improv. Debt		<u>12,870,727.00</u>		
<u>Utility Debt:</u>				
Sewer Bonds of 1997	400,000.00	75,000.00	5.125%-5.20%	2013
NJEIT Trust Loan of 2001	1,070,000.00	680,000.00	5.0%-5.25%	2020
NJEIT Fund Loan of 2001	1,084,442.00	551,864.78	0.00%	2020
Bond Anticipation Notes	508,558.00	<u>508,558.00</u>	1.500%	2011
Total Utility Debt		<u>1,815,422.78</u>		
Total Debt Issued and Outstanding		<u>\$14,686,149.78</u>		



Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement

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

FYE 2011

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 14,575,000.00	\$ 14,575,000.00	\$ -
Sewer Utility Debt	1,228,558.00	1,228,558.00	-
General Debt	<u>11,458,555.00</u>	<u>                                </u>	<u>11,458,555.00</u>
	<u>\$ 27,262,113.00</u>	<u>\$ 15,803,558.00</u>	<u>\$ 11,458,555.00</u>

Net Debt \$ 11,458,555.00 Divided by Equalized Valuation Basis per  
 N.J.S.A. 40A:2-2 as amende \$ 1,780,569,274 = 0.64%

Equalized Valuation Basis

2009 Equalized Valuation Basis of Real Property	1,832,489,635.00
2010 Equalized Valuation Basis of Real Property	1,776,852,786.00
2011 Equalized Valuation Basis of Real Property	<u>1,732,365,400.00</u>
Average Equalized Valuation	<u>\$ 1,780,569,273.67</u>

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

3 1/2% of Equalized Valuation Basis Municipal	62,319,924.58
Net Debt	<u>11,458,555.00</u>
Remaining Borrowing Power	<u>\$ 50,861,369.58</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement

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

FYE 2010

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 15,325,000.00	\$ 15,325,000.00	\$ -
Sewer Utility Debt	1,915,422.78	1,915,422.78	-
General Debt	<u>12,877,122.00</u>	<u>12,877,122.00</u>	<u>12,877,122.00</u>
	<u>\$ 30,117,544.78</u>	<u>\$ 17,240,422.78</u>	<u>\$ 12,877,122.00</u>

Net Debt \$ 12,877,122.00 Divided by Equalized Valuation Basis per  
N.J.S.A. 40A:2-2 as amende \$ 1,845,673,104 = 0.70%

Equalized Valuation Basis

2008 Equalized Valuation Basis of Real Property	1,927,676,891.00
2009 Equalized Valuation Basis of Real Property	1,832,489,635.00
2010 Equalized Valuation Basis of Real Property	<u>1,776,852,786.00</u>
Average Equalized Valuation	<u>\$ 1,845,673,104.00</u>

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

3 1/2% of Equalized Valuation Basis Municipal Net Debt	<u>64,598,558.64</u> <u>12,877,122.00</u>
Remaining Borrowing Power	<u>\$ 51,721,436.64</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)

Calculation of "Self-Liquidating Purpose" Sewer Utility Per N.J.S.A. 40A:2-45

The calculation of "Self-Liquidating Purpose" for the Sewer Utility, per N.J.S.A. 40A:2-45 is as follows:

FYE 2011

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 1,944,108.86
Deductions:		
Operating & Maintenance Cost	1,751,000.00	
Debt Service Per Sewer Acct.	<u>63,772.42</u>	
Total Deductions		<u>1,814,772.42</u>
Excess in Revenues		\$ <u><u>129,336.44</u></u>

FYE 2010

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 1,920,031.39
Deductions:		
Operating & Maintenance Cost	1,699,000.00	
Debt Service Per Sewer Acct.	<u>164,381.13</u>	
Total Deductions		<u>1,863,381.13</u>
Excess in Revenues		\$ <u><u>56,650.26</u></u>

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd.)

Deduction of Self-Liquidating Utility Debt for Statutory Net Debt (N.J.S.A. 40A:2-45)

The difference between the excess in revenues for debt statement purposes and the statutory cash basis for the Sewer Utility is as follows:

FYE 2011

Excess in Revenues - Cash Basis (D-1)		\$	179,168.49
Less:	Lapsed Reserves		34,880.03
	Fund Balance Utilized		14,952.02
			<u>49,832.05</u>
Excess in Revenues		\$	<u>129,336.44</u>

FYE 2010

Deficit in Revenues - Cash Basis (D-1)		\$	0.00
Add:	Deferred Charges		<u>120,155.37</u>
			120,155.37
Less:	Deficit General Budget		<u>63,505.11</u>
Excess in Revenues		\$	<u>56,650.26</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

C. Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding at December 31, 2011

Calendar Year	General		Sewer Utility*		Total
	Principal	Interest	Principal	Interest	
2012	715,000.00	75,941.00	25,000.00	8,725.78	824,666.78
2013	715,000.00	48,730.00	77,933.74	7,425.29	849,089.03
2014	440,000.00	28,160.00	57,533.09	4,110.33	529,803.42
2015	440,000.00	14,300.00	12,272.79	1,261.35	467,834.14
2016			1,743.40	617.62	2,361.02
2017			1,208.65	500.27	1,708.92
2018			802.05	410.04	1,212.09
2019			138.31	323.33	461.64
2020			4,681.13	275.95	4,957.08
	<u>\$ 2,310,000.00</u>	<u>\$ 167,131.00</u>	<u>\$ 181,313.16</u>	<u>\$ 23,649.96</u>	<u>\$ 2,682,094.12</u>

\* - Includes Debt Service on NJEIT Trust Loans and Fund Loans

D. New Jersey Environmental Infrastructure Loan Deobligation

On January 28, 2009 the New Jersey Department of Environmental Protection notified the Borough they were deobligating the Borough of \$1,076,292 of the loan principals due on the \$1,070,000 Trust Fund loan and \$1,084,442 Fund Loan. The loans were reduced by \$538,146 respectively, which resulted in the Fund Loan being paid off, the Trust loan is being reduced as each principal payment comes due.

NOTES TO FINANCIAL STATEMENTS

Note 4: NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE ACCOUNTS RECEIVABLE

In FYE 2000 the Borough financed \$2,154,442 of costs associated with Ordinance #00-12, which provided an appropriation for Sewer Improvements, through the New Jersey Environmental Infrastructure Trust. Of the \$2,154,442 loan balance the Borough had received \$1,092,592.00 in cash and has been carrying an accounts receivable balance of \$1,061,851.00. On January 28, 2009 the New Jersey Department of Environmental Protection approved the deobligation of \$1,076,292 of the \$2,154,442 loan resulting in the cancelation of the accounts receivable balance of \$1,061,850 in the current Fiscal Year.

Note 5: DEFERRED COMPENSATION TRUST FUND

The Borough of North Plainfield Deferred Compensation Plan was established pursuant to Section 457 of the Internal Revenue Code and the provisions of N.J.S.A. 43:15B-1. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more the types of investments permitted under the governing regulations. The Borough has engaged a private contractor to administer the plan.

The borough adopted a resolution on December 14, 1998 amending its plan in accordance with the amendments to Section 457 of the Code included in the Small Business Job Protection Act of 1996. This legislation eliminated provisions of the law that required compensation, which was deferred under the Plan to remain assets of the employer. The Plan amendment specifies that Plan assets are held "for the exclusive benefit of Plan participants and their beneficiaries". Accordingly, the financial statements of the Plan are not included in the Borough's financial statements for periods ending subsequent to December 31, 1997.

Note 6: FUND BALANCES APPROPRIATED

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

	FUND BALANCE <u>DEC 31,2011</u>	UTILIZED IN <u>SUCCEEDING BUDGET</u>
Current Fund	\$1,527,808.42	\$800,000
Sewer Utility Fund	212,711.66	10,000
	FUND BALANCE <u>DEC 31,2010</u>	UTILIZED IN <u>SUCCEEDING BUDGET</u>
Current Fund	\$1,524,636.26	\$700,000
Sewer Utility Fund	48,495.19	14,952.02

NOTES TO FINANCIAL STATEMENTS

Note 7: DEFERRED CHARGES TO BE RAISED IN FUTURE BUDGETS

Certain expenditures are required to be deferred to budgets of future years. At December 31, 2011 and 2010, the following deferred charges are shown on the balance sheets of the various funds:

	<u>BALANCE DEC. 31, 2011</u>	<u>RAISED IN 2012 BUDGET</u>	<u>BALANCE TO SUCCEEDING YEARS</u>
Current Fund:			
Revaluation Program	\$100,000.00	\$100,000.00	\$ -0-
Master Plan	75,000.00	15,000.00	60,000.00
General Capital Fund:		NONE	
Sewer Operating Fund:		NONE	

	<u>BALANCE DEC. 31, 2010</u>	<u>RAISED IN 2011 BUDGET</u>	<u>BALANCE TO SUCCEEDING YEARS</u>
Current Fund:			
Revaluation Program	\$200,000.00	\$100,000.00	\$100,000.00
Tax Map Preparation	4,000.00	4,000.00	-0-
General Capital Fund:		NONE	
Sewer Operating Fund:		NONE	

Note 8: DEPOSITS AND INVESTMENTS

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of governmental units.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. 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 their deposits to the Governmental Units.

At December 31, 2011, the Borough's recorded cash, cash equivalents and investments amounted to \$6,438,985.22, and an amount of \$8,928,187.12 was on deposit with the respective institutions.

Note 8: DEPOSITS AND INVESTMENTS (CONT'D.)

Deposits (Cont'd.)

At December 31, 2010, the Borough's recorded cash, cash equivalents and investments amounted to \$6,480,559.37, and an amount of \$8,783,311.41 was on deposit with the respective institutions.

An Analysis of the Borough's cash, cash equivalents and investments at December 31, 2011 and 2010, by Fund/Category (Type) is as follows:

By Fund:

<u>Fund</u>	<u>2011 Amount</u>	<u>2010 Amount</u>
Current	\$3,381,614.39	\$3,259,006.27
Grant	196,450.21	37,978.76
General Capital	1,077,204.55	2,043,592.83
Trust	1,403,270.05	781,276.67
Sewer Utility Operating	253,043.85	122,931.30
Sewer Utility Capital	7,091.72	5,335.29
Payroll	<u>120,310.45</u>	<u>230,438.25</u>
Total Cash, Cash Equivalents & Investments	<u>\$6,438,985.22</u>	<u>\$6,480,559.37</u>

By Category (Type)

<u>Cash &amp; Cash Equivalents:</u>	<u>2011 Amount</u>	<u>2010 Amount</u>
Change Fund	\$ 700.00	\$ 500.00
Demand Accounts	<u>6,438,285.22</u>	<u>6,480,059.37</u>
Total Cash & Cash Equivalents	<u>\$6,438,985.22</u>	<u>\$6,480,559.37</u>

Based upon GASB criteria, the Borough considers change funds, cash in banks, investments in certificates of deposit and State of New Jersey Cash Management Fund as cash and cash equivalents. At year-end, the carrying amount of the Borough's deposits was \$6,438,985.22 and the bank balance was \$8,928,187.12. Of the bank balance, \$346,569.12 was covered by Federal depository insurance and \$8,581,618.00 was covered under the provisions of NJGUDPA.

Custodial Credit Risk – The Borough's deposits are exposed to custodial credit risk if they are not covered by depositor insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Borough and are held by either: the counterparty or the counterparty's trust department or agent but not in the Borough's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Borough will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. The government does not have a deposit policy for custodial credit risk. As of December 31, 2011, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amount of the Borough's bank balance was exposed to custodial risk.



NOTES TO FINANCIAL STATEMENTS

Note 8: DEPOSITS AND INVESTMENTS (CONT'D.)

Deposits (cont'd.)

Concentration of Credit Risk – This is the risk associated with the amount of investment the Borough has with any one issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This risk is that an issuer or other counterparty to an investment will not fulfill its obligations. The Borough does not have an investment policy regarding Credit Risk. The Cash Management Fund is not rated.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal policy that limits investments maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured FDIC	\$ 346,569.12
Insured – NJGUDPA (N.J.S.A. 17:941)	<u>8,581,618.00</u>
Total	<u>\$8,928,187.12</u>

Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
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 such obligation bear 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 of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of the Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52:18A-90.4); or

Note 8: DEPOSITS AND INVESTMENTS (CONT'D.)

Investments (Cont'd.)

8. Agreements for the repurchase of fully collateralized securities, if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
  - 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.19:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

Note 9: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District, County and Fire Districts, the tax rate is struck by the board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector on or before May 13<sup>th</sup>.

Tax bills are prepared and mailed by the Collector of Taxes of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1<sup>st</sup> and November 1<sup>st</sup> of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1<sup>st</sup> and May 1<sup>st</sup>. The New Jersey Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1<sup>st</sup> of the current tax year even though the amount due is not known.

Note 10: PENSION AND RETIREMENT PLANS

Employees of the Borough of North Plainfield are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). The Division of Pensions in the Department of Treasury, State of New Jersey, administers the PERS and PFRS plans. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Borough who are members of the plans are not available. The contributions in 2011 and 2010 were \$252,086 and \$219,467.00 respectively for PERS, consisting of employer and employee contributions, and \$1,828,777.00 and \$1,639,366.00 respectively for PFRS, which includes both employer and employee contributions.

## NOTES TO FINANCIAL STATEMENTS

### Note 10: PENSION AND RETIREMENT PLANS (CONT'D.)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues publicly available financial reports that include the financial statements and required supplementary information for PERS and PFRS. These financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

### Note 11: POST RETIREMENT HEALTH BENEFITS

P.L. 1997, C.330 provides State paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State is responsible for 80% of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge.

The Borough of North Plainfield PERS employees do not receive any post-retirement medical benefits.

### Note 12: ACCRUED SICK AND VACATION BENEFITS

The code of the Borough of North Plainfield sets forth the terms under which an employee may accumulate unused benefits for sick leave, compensatory time, and vacations. Currently, employees are eligible upon normal retirement to receive a termination payment for unused sick leave, at current pay rates, equal to one-half (1/2) the value of accumulated and unused sick leave up to ninety (90) days, plus five-sixths (5/6) the value of each full day of accumulated and unused sick leave in excess of ninety (90) days, up to and including the one hundred eightieth (180th) day.

The Borough maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. It is estimated that the cost at December 31, 2011 and 2010 of such unpaid sick, compensatory and vacation pay would approximate \$3,779,420.00 and \$3,789,425.60. These amounts represents the current value of all accumulations, as limited by the Borough Code for sick pay, and is not intended to portray amounts that would be recorded under GAAP. The Borough has not discounted the total based upon a study of utilization by employees separating from service. Neither has it excluded the accumulations of any employees based upon the likelihood that the right to receive termination payments for such accumulations will vest with the employees. The amount that the valuation reported above would be reduced under either of the methodologies permitted under GAAP has not been determined. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which payments are made as part of the current year's operating budget appropriations.

### Note 13: RISK MANAGEMENT

Commencing in the year ended December 31, 2000, The Borough managed its insurable risks through the procurement of traditional, risk-transfer policy coverages. In previous years, the Borough was a participant in the Middlesex County Municipal Joint Insurance Fund ("JIF"). The Borough continues to participate in the JIF for claims relating to fund years prior to 2000. In accordance with the by-laws of the JIF, the Borough will be entitled to a refund of its proportionate share of any excess funding, or, in the alternative, may be required to fund its proportionate share of any deficits that arise through the final settlement of the claims relating to each fund year.

On February 1, 2002 the Borough joined the Garden State Municipal Joint Insurance Fund. This fund provides for a pooling of self-retained risks of insurable losses, as well as cost effective excess insurance coverage.

Note 13: RISK MANAGEMENT (CONT'D)

Summary of Risk Management Program

The GSMJIF provides the following coverages to its participants:

1. Workers Compensation

The Fund covers \$500,000.00 for each accident or each employee for disease. The State National Insurance Company covers excess claims to the following limits: Workers Compensation – statutory

2. General Liability

The Fund covers \$250,000.00 Combined Single Limit (CSL)

The State National Insurance Company covers excess claims to the following limits:

General Liability -\$15,000,000.00\*

Public Officials -\$15,000,000.00\*

\*-subject to annual aggregate limits

3. Automobile Liability

The Fund covers \$250,000.00 (CSL) for bodily injury, property damage and PIP. The Fund covers \$15,000.00/person and \$30,000.00/occurrence for uninsured/underinsured motorist liability.

The Travelers Insurance Company covers excess claims as part of its excess General Liability Limit.

4. Property

Coverage is provided through the State National Insurance Company.

Basic Limit -\$500,000,000.00/occurrence\*

\*Subject to per occurrence and annual aggregate limits

Note 14: COMMITMENTS AND CONTINGENCIES

A. Litigation Pending or Threatened

As at the date of this report, the Borough had various litigations pending. The majority of the cases pending or threatened are defended and/or covered through the Borough's insurance coverages and risk management plan. Based upon all available information, the Borough does not believe that there are any legal matters pending which, in the event of an adverse or unfavorable outcome, would have a material impact upon the Borough's financial position.

B. Deferral of Health Benefits Costs

During a prior fiscal period, the Borough opted to defer, for budgetary purposes and cash flow enhancement, one month of its obligation. Since that period, the Borough has annually budgeted and reported expenditures for health benefit costs for a twelve-month period covering December of the pre-budget year through November of the budget year. The deferred payment will become due and payable in the event that the Borough withdraws from the Plan. The amount of health care costs incurred but not reported as expenditures at December 31, 2011 is \$134,828.90.

## NOTES TO FINANCIAL STATEMENTS

### Note 15: LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED

The Borough has instituted a Length of Service Award Program (LOSAP) pursuant to section 457(e) of the Internal Revenue Code and P.L. 1997, C. 388 as amended by P.L. 2001, C. 272 of the Statutes of New Jersey. The Program provides for fixed annual contributions to a deferred income account for volunteer firefighters and first aid and rescue squad members who meet specified service criteria. The Borough sponsors the Program, which is administered by a private contractor. The LOSAP section of this document includes the relevant unaudited financial statements and notes for the Program.

### Note 16: SUBSEQUENT EVENTS

Subsequent to December 31, 2011, the following items are reported subsequent to the balance sheet date.

On March 23, 2012, Borough Council adopted the 2012 Municipal and Utility Budgets, current revenues and appropriations totaled \$22,040,549.85 and \$1,886,500 respectively.

On April 23, 2012, Borough Council adopted Bond Ordinance 12-03 providing for various capital improvements by and in the Borough of North Plainfield in the aggregate amount of \$3,150,000, including grants received in the aggregate amount of \$200,000 and authorizing the issuance of \$2,807,550 in bonds and notes.

The Borough issued Bond Anticipation Notes dated June 12, 2012 maturing on June 11, 2013 for 111,321,218 with an interest rate of 1.50%.

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY



PART II  
SUPPLEMENTARY DATA AND SCHEDULES

SINGLE AUDIT SECTION

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
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MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

**REPORT ON COMPLIANCE AND 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**

Honorable Mayor and Members  
of the Borough Council  
Borough of North Plainfield  
County of Somerset, New Jersey

We have audited the financial statements – regulatory basis of the Borough of North Plainfield, County of Somerset, New Jersey, as of and for the year ended December 31, 2011 as set forth in the foregoing table of contents, which collectively comprise the Borough of North Plainfield's financial statements, and have issued our report thereon dated November 9, 2012. Our report was modified because of a departure from accounting principles generally accepted in the United States of America, as described in Note 2 and was unqualified based upon the other comprehensive basis of accounting financial statements presentation. Except as noted in our report, we conducted our audit in accordance with auditing standards generally accepted in United States of America and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

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

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

Our consideration of the 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 the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of North Plainfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Audit.

We noted certain matters that we have reported to the management of the Borough in the General Comments section of the Report of Audit.

This report is intended for the information of the Mayor and Borough Council, management, and the Division of Local Government Services, and state awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants

Highland Park, New Jersey  
November 9, 2012

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
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NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04**

Honorable Mayor and Members  
of the Borough Council  
Borough of North Plainfield  
County of Somerset, New Jersey

Compliance

We have audited the compliance of the Borough of North Plainfield, County of Somerset, New Jersey with the types of compliance requirements described in the New Jersey Compliance Manual "State Grant Compliance Supplement" that are applicable to its major state programs for the year ended December 31, 2011. The Borough of North Plainfield'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 Borough of North Plainfield's management. Our responsibility is to express an opinion on the Borough of North Plainfield's compliance based on our audit.

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; audit requirements as prescribed by the Division of Division of Local Government Services, Department of Community Affairs, State of New and New Jersey; and New Jersey OMB Circular 04-04. Those standards and New Jersey OMB's Circular 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 state program occurred. An audit includes examining, on a test basis, evidence about the Borough of North Plainfield'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 of the Borough of North Plainfield's compliance with those requirements.

In our opinion, the Borough of North Plainfield complied, in all material respects, with the compliance 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 Borough of North Plainfield 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 Borough of North Plainfield's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with NJ OMB Circular 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 Borough of North Plainfield'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 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 the material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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 deficiencies, 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 solely for the information of the Mayor and Borough Council, management, the Division of Local Government Services and state awarding agencies and is not intended to be and should not be used by anyone other than these specific parties.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Public School Accountants

Highland Park, New Jersey  
November 9, 2012

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDING DECEMBER 31, 2011

State of New Jersey Department / Program Title	Grant Number /State Loan Number	Grant Period	Grant Award	2011 Grant Receipts	2011 Expenditures	Cummulative Expenditures/ Cancellations
<u>Pass Through County of Somerset</u>						
Municipal Alliance	082-2000-100-044-09	2009	17,420.00		3,329.45	21,775.00
Municipal Alliance	082-2000-100-044-09	2010	17,420.00	6,290.17	12,003.14	21,775.00
Municipal Alliance	082-2000-100-044-09	2010	17,420.00	653.57	1,413.75	1,413.75
Historic Preservation Grant	NA	2009	118,540.00		6,529.20	99,531.00
Justice Assistance Grant (JAG)	NA	2010	36,050.00		10,422.47	29,719.47
Juvenile Justice Incentive	NA	2010	2,894.75		2,894.75	2,894.75
<b>Total Pass Through County of Somerset</b>			<b>209,744.75</b>	<b>6,943.74</b>	<b>36,592.76</b>	<b>177,108.97</b>
<u>Division of Criminal Justice</u>						
Safe & Secure Communities Act	066-1020-100-232-07	2007	86,581.00		1,552.00	317,167.00
Safe & Secure Communities Act	066-1020-100-232-07	2010	86,581.00	19,081.00	29,075.00	363,606.00
Safe & Secure Communities Act	066-1020-100-232-07	2011	75,877.00	75,877.00	363,302.00	363,302.00
Body Armor Replacement	066-1020-718-001-08	2007-2008	5,178.70		1,945.30	5,178.70
Body Armor Replacement	066-1020-718-001-08	2009	4,652.97		3,705.95	3,705.95
Body Armor Replacement	066-1020-718-001-08	2010	5,799.02			0.00
Alcohol Education & Rehabilitation Fund	NA	2010			204.50	204.50
<b>Total Department of Community Affairs</b>			<b>684,159.19</b>	<b>108,845.48</b>	<b>472,970.27</b>	<b>1,407,382.09</b>
<u>New Jersey Department of Environmental Protection</u>						
Clean Communities Program	042-4900-765-004-09	2010	26,311.69		23,120.87	26,311.69
Clean Communities Program	042-4900-765-004-09	2011	27,128.89	27,128.89	27,100.67	27,100.67
Solid Waste Recycling Tonnage	042-4900-752-001-09	2009	22,345.83			
Recycling Tonnage Grant	042-4900-752-001	2010	19,309.59		18,752.21	18,752.21
Infrastructure Loan	S340960-01	2000	1,078,150.00		125,247.73	1,801,930.68
<b>Total New Jersey Department of Environmental Protection</b>			<b>1,173,246.00</b>	<b>27,128.89</b>	<b>194,221.48</b>	<b>1,874,095.25</b>

BOROUGH OF NORTH PLAINFIELD  
 SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDING DECEMBER 31, 2011

State of New Jersey Department / Program Title	Grant Number / State Loan Number	Grant Period	Grant Award	2011 Grant Receipts	2011 Expenditures	Cummulative Expenditures/ Cancellations
<u>Department of Transportation:</u>						
Livable Communities	022-8030-100-655	2006	100,000.00			97,392.41
Improvements to Crab Brooke	078-6320-480	2006	5,000.00			0.00
Improvements to Somerset St	078-6320-480	2007	250,000.00			248,702.48
Improvements to Rockview Ave	480-078-6320AKE-TCAP-6010	2009	200,000.00		198,625.00	200,000.00
Snow Removal Assistance	NA	2011	923.02		923.02	923.02
Total Department of Transportation			<u>555,923.02</u>	<u>0.00</u>	<u>199,548.02</u>	<u>547,017.91</u>
<u>New Jersey Department of Argiculture</u>						
Jersey Fresh	NA	2010	500.00		500.00	500.00
New Jersey Department of Agriculture			<u>500.00</u>	<u>0.00</u>	<u>500.00</u>	<u>500.00</u>
Grand Total			<u>\$ 2,623,572.96</u>	<u>\$ 142,918.11</u>	<u>\$ 903,832.53</u>	<u>\$ 4,006,104.22</u>

Footnotes:

N/A - Not Available or Not Applicable

BOROUGH OF NORTH PLAINFIELD  
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
DECEMBER 31, 2011

NOTE 1: GENERAL

The accompanying schedules of expenditures of state financial assistance present the activity of all state financial assistance programs of the Borough of North Plainfield. The Borough is defined in Note 1 to the Borough's financial statements.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance is presented using the basis of accounting as described in Note 2 to the Borough's financial statements.

NOTE 3: RELATIONSHIP TO GENERAL FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the Borough's financial statements.

NOTE 4: RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related state financial reports, where required.

BOROUGH OF NORTH PLAINFIELD  
COUNTY OF MIDDLESEX, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified/ (OCBOA)

Internal Control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

2) Significant Deficiencies identified that  
are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  No

Noncompliance material to financial  
statements noted

\_\_\_\_\_ Yes  X  No

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  X  Yes \_\_\_\_\_ No

Type of auditor’s report issued on compliance for major programs:

Internal Control over financial reporting:

1) Material weakness (es) identified? \_\_\_\_\_ Yes  X  No

2) Significant Deficiencies identified that  
are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  No

Any audit findings disclosed that are required to be reported

in accordance with NJ OMB Circular Letter 04-04? \_\_\_\_\_ Yes  X  No

Identification of major programs:

State Account Number(s)

Name of State Program

480 078 6320 AKE TCAP 6010

New Jersey Dept. Transportation-Rockview Ave

S340960-01

NJ Environmental Infrastructure Trust Loan



BOROUGH OF NORTH PLAINFIELD  
COUNTY OF MIDDLESEX, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

(continued)

**Section II – Financial Statement Findings**

**Noncompliance:**

There were no instances of non-compliance noted.

**Significant Deficiencies:**

None Noted

BOROUGH OF NORTH PLAINFIELD  
COUNTY OF MIDDLESEX, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

*Section III - State Financial Assistance Findings and Questioned Costs*

NONE

BOROUGH OF NORTH PLAINFIELD  
COUNTY OF MIDDLESEX, NEW JERSEY  
SUMMARY SCHEDULE OF PRIOR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2011

*Section 1 – Summary of Prior Year State Findings*

SUMMARY OF PRIOR YEAR FINDINGS

Auditor  
Reference  
Number

NONE

FUND FINANCIAL STATEMENTS

CURRENT FUND

SCHEDULE OF CURRENT FUND CASH AND INVESTMENTS -  
COLLECTOR - TREASURER

Exhibit - A-4

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>STATE AND FEDERAL GRANT FUND</u>
Balance - December 31, 2010	A	\$ 3,258,706.27	\$ 37,978.76
Increased by Receipts:			
Petty Cash Returned	A-6	\$ 400.00	
Taxes Receivable	A-7	50,048,322.50	
Revenue Accounts Receivable	A-10	3,488,941.90	
Interfund Accounts Returned	A-11, A-25	4,627,876.64	663,249.47
Various Reserves	A-13	259,099.18	
Tax Overpayments	A-16	780,387.61	
Prepaid Taxes	A-17	136,667.38	
State of NJ Sr. Citizen's & Vet. Deductions	A-18	125,978.45	
Due to State of N.J. - Various Fees	A-19	6,647.00	
Due to Outside Lien Holders	A-20	793,187.43	
State and Federal Grants Receivable	A-24		361,046.74
State and Federal Grants Unappropriated	A-27		292,482.12
		<u>60,267,508.09</u>	<u>1,316,778.33</u>
Balance Carried Forward		63,526,214.36	1,354,757.09

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SCHEDULE OF CURRENT FUND CASH AND INVESTMENTS -  
COLLECTOR - TREASURER

Exhibit - A-4

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>STATE AND FEDERAL GRANT FUND</u>
Balance Brought Forward		\$ 63,526,214.36	\$ 1,354,757.09
Decreased by Disbursements:			
Prior Years Refunds	A-1	\$ 275,493.43	
Refunds:			
Interest on Investments	A-2	424.94	
Licenses Other	A-2	3,850.00	
Fees & Permits	A-2	16,513.00	
Municipal Court - Fines & Costs	A-2	20,248.00	
Uniform Construction Code	A-2	458.00	
Interest & Costs on Taxes	A-2	4,227.45	
Uniform Fire Safety	A-2	204.00	
EMS Fees	A-2	3,894.83	
Budget Appropriations	A-3	18,158,180.10	
Petty Cash Advanced	A-6	400.00	
Interfund Accounts Advanced	A-11, A-25	5,043,997.85	371,000.47
Various Reserves	A-13	191,806.63	
Appropriation Reserves	A-14	469,545.86	
Accounts Payable	A-15	158,011.84	
Tax Overpayments	A-16	33,644.24	
Due to State of N.J. - Various Fees	A-19	8,517.00	
Due to Outside Lien Holders	A-20	909,261.74	
County Taxes	A-22	6,243,858.06	
Local District School Tax	A-23	28,602,563.00	
State and Federal Grants Appropriated	A-26		<u>787,306.41</u>
		<u>60,145,099.97</u>	<u>1,158,306.88</u>
Balance - December 31, 2011	A	<u>\$ 3,381,114.39</u>	<u>\$ 196,450.21</u>

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SCHEDULE OF CHANGE FUNDS  
CURRENT FUND

<u>DEPARTMENT</u>	<u>BALANCE</u> <u>DEC. 31, 2010</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>
Tax Collector	\$ 150.00	\$ 150.00
Clerk	50.00	50.00
Municipal Court	300.00	300.00
Health Officer	50.00	50.00
Public Works Department	50.00	50.00
Police Department	50.00	50.00
Construction Office	50.00	50.00
	<u>\$ 700.00</u>	<u>\$ 700.00</u>
<u>Ref.</u>	A	A

SCHEDULE OF PETTY CASH FUNDS  
CURRENT FUND

Increased by:		
Petty Cash Advanced	A-4	\$ 400.00
Decreased by:		
Petty Cash Returned	A-4	<u>\$ 400.00</u>



SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
CURRENT FUND

Exhibit - A-7

YEAR	BALANCE	TAX LEVY	COLLECTIONS BY CASH		STATE SHARE	TAX	TRANSFER	REMITTED	BALANCE
	DEC. 31, 2010	2011	2010	2011	OF SR. CIT & VET. DEDUCTIONS	OVER - PAYMENTS APPLIED	TO TAX TITLE LIENS	OR CANCELLED	DEC. 31, 2011
2006	\$ 906.59	\$	\$ -	\$	\$	\$	\$	\$	\$ 906.59
2007	709.51		-						709.51
2008	720.73								720.73
2009	3,266.74							566.60	2,700.14
2010	1,138,514.85			765,258.99	(860.18)			367,820.06	6,295.98
	<u>1,144,118.42</u>			<u>765,258.99</u>	<u>(860.18)</u>			<u>368,386.66</u>	<u>11,332.95</u>
2011		<u>\$51,399,286.86</u>	<u>157,507.50</u>	<u>49,283,063.51</u>	<u>123,750.00</u>	<u>390,216.82</u>	<u>757.12</u>	<u>499,017.66</u>	<u>944,974.25</u>
Total	<u>1,144,118.42</u>	<u>51,399,286.86</u>	<u>157,507.50</u>	<u>50,048,322.50</u>	<u>122,889.82</u>	<u>390,216.82</u>	<u>757.12</u>	<u>867,404.32</u>	<u>956,307.20</u>
Ref.	A	Reserve	A-2, A-17	A-2, A-4	A-1, A-2, A-18	A-16	A-8	Reserve	A

Analysis of 2009 Property Tax Levy:

Ref.

Tax Yield:

General Purpose \$ 51,386,774.01  
 Added Taxes (54:4-63.1 et seq.) 12,512.85

\$51,399,286.86

Tax Levy:

Local District School Tax (Abstract) A-2, A-23 \$ 28,602,563.00  
 County Tax (Abstract) A-2, A-22 4,993,927.78  
 County Library Tax (Abstract) A-2, A-22 723,624.68  
 County Open Space Tax (Abstract) A-2, A-22 524,784.26  
 Added County Tax A-2, A-22 1,521.34

34,846,421.06

Local Tax for Mun. Purposes (Abstract) A-2 16,541,874.29  
 Add: Additional Tax Levied 10,991.51

16,552,865.80

\$51,399,286.86

SCHEDULE OF TAX TITLE LIENS  
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2010	A	\$ 12,137.40
Increased by:		
Transfers from Taxes Receivable	A-7	<u>757.12</u>
Balance - December 31, 2011	A	<u>\$ 12,894.52</u>

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

	<u>REF.</u>	
Balance - December 31, 2010	A	\$ 827,500.00
Balance - December 31, 2011	A	<u>\$ 827,500.00</u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE - CURRENT FUND

	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2010</u>	<u>ACCRUED</u> <u>IN 2011</u>	<u>COLLECTED</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>
Licenses:					
Alcoholic Beverages	A-2	\$ -	\$ 27,505.50	\$ 27,505.50	\$ -
Other	A-2	-	38,438.20	38,438.20	-
Fees and Permits	A-2	-	171,158.59	171,158.59	-
Municipal Court - Fines and Costs	A-2	29,468.62	459,002.08	459,143.92	29,326.78
Interest and Costs on Taxes	A-2	-	247,283.81	247,283.81	-
Interest on Investments and Deposits	A-2	-	33,232.11	33,232.11	-
Uniform Construction Code	A-2	-	183,620.00	183,620.00	-
Cable Television Franchise Fees	A-2	-	148,118.51	148,118.51	-
Parking Authority	A-2	-	106,008.59	106,008.59	-
EMS Fees	A-2	-	256,458.84	256,458.84	-
State and Federal Grants and Aid:					
Extraordinary Aid	A-2	-	-	-	-
Consolidated Municipal Property Tax Relief Aid	A-2	-	262,703.00	262,703.00	-
Energy Receipts Tax	A-2	-	1,275,910.00	1,275,910.00	-
Uniform Fire Safety Act	A-2	-	40,955.16	40,955.16	-
Total Anticipated Miscellaneous Revenues		<u>29,468.62</u>	<u>3,250,394.39</u>	<u>3,250,536.23</u>	<u>29,326.78</u>
Miscellaneous Revenues Not Anticipated	A-2		<u>238,405.67</u>	<u>238,405.67</u>	<u>-</u>
		<u>\$ 29,468.62</u>	<u>\$ 3,488,800.06</u>	<u>\$ 3,488,941.90</u>	<u>\$ 29,326.78</u>
	<u>REF.</u>	A	Reserve	A-4	A

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE/(PAYABLE)  
CURRENT FUND

	<u>BALANCE</u> <u>DEC. 31, 2010</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>
Due Federal and State Grant Fund	5,000.00	\$ 1,595,289.03	\$ 1,600,289.03	
Due Animal Control Fund	\$ -	20,416.23	20,416.23	
Due Other Trust Fund	-	416,913.24	416,913.24	
Due SUI Trust	-	20,000.00	20,000.00	
Due General Capital Fund	-	2,299,456.55	2,282,454.55	17,002.00
Due Sewer Operating Fund	20,342.73	1,717,967.94	1,738,310.67	
Due Sewer Capital Fund	-	85,924.36	85,924.36	
Due Assessment Trust Fund	282.27	9,021.75	8,941.57	362.45
	<u>\$ 25,625.00</u>	<u>\$ 6,164,989.10</u>	<u>\$ 6,173,249.65</u>	<u>\$ 17,364.45</u>

Ref.

Receivables	A	<u>\$ 25,625.00</u>		<u>\$ 17,364.45</u>
Cash Receipts	A-4		\$ 4,627,876.64	
Cash Disbursements	A-4			5,043,997.85
Budget Revenues	A-2		662,033.32	
Charges to 2011 Budget	A-3			959,282.32
Interfunds Returned (Net)	A-1		17,364.45	25,625.00
Deficit Utility Budget	Reserve		857,714.69	
Various Reserves	A-13			144,344.48
			<u>\$ 6,164,989.10</u>	<u>\$ 6,173,249.65</u>

SCHEDULE OF DEFERRED CHARGES  
CURRENT FUND

	<u>BALANCE</u> <u>DEC. 31, 2010</u>	<u>INCREASES</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>
Tax Maps	\$ 4,000.00	\$ -	\$ 4,000.00	\$ -
Revaluation Project	200,000.00		100,000.00	100,000.00
Master Plan		75,000.00		75,000.00
	<u>\$ 204,000.00</u>	<u>\$ 75,000.00</u>	<u>\$ 104,000.00</u>	<u>\$ 175,000.00</u>
<u>Ref.</u>	A	A-3	A-3	A

SCHEDULE OF VARIOUS RESERVES  
CURRENT FUND

	<u>BALANCE</u> <u>DEC. 31, 2010</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>
Maintenance of Free Public Library with State Aid	\$ 11,071.94	\$ 614.00	\$ -	\$ 11,685.94
Tax Appeals Pending	200,000.00		194,158.99	5,841.01
Snow Removal	20,824.14	72,457.74	93,281.88	-
LOSAP Contributions	19,200.00			19,200.00
Police/Fire Special Duty	48,082.79	180,520.44	228,603.23	-
Fire Penalty	8,753.00	5,507.00	14,260.00	-
Master Plan		75,000.00		75,000.00
	<u>\$ 307,931.87</u>	<u>\$ 334,099.18</u>	<u>\$ 530,304.10</u>	<u>\$ 111,726.95</u>
<u>REF.</u>	A			A
Cash Received	A-4	\$ 259,099.18		
Cash Disbursed	A-4		191,800.63	
Budget Appropriation	A-3	\$ 75,000.00		
Accounts Payable	A-15		194,158.99	
Due to Trust	A-11		144,344.48	
		<u>\$ 334,099.18</u>	<u>\$ 530,304.10</u>	

SCHEDULE OF 2010 APPROPRIATION RESERVES

Exhibit - A- 14

	<u>BALANCE - DEC. 31, 2010</u>		<u>AMOUNT AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
	<u>RESERVED</u>	<u>ENCUMBERED</u>			
<u>OPERATIONS WITHIN "CAPS"</u>					
Department of Administration					
Salaries and Wages	\$ 21,990.10	\$	\$ 21,990.10	\$	\$ 21,990.10
Other Expenses	4,469.46	1,360.42	5,829.88	1,859.06	3,970.82
Borough Council					
Other Expenses	3,720.00	70.00	3,790.00	35.00	3,755.00
Borough Clerk					
Salaries and Wages			-		-
Other Expenses	4,422.14	6,246.03	10,668.17	6,512.12	4,156.05
Department of Finance					
Salaries and Wages	20,581.50		20,581.50		20,581.50
Other Expenses	5,602.61	281.11	5,883.72	1,820.60	4,063.12
Annual Audit		28,000.00	28,000.00	28,000.00	-
Division of Taxation					
Other Expenses	2,338.91	37.80	2,376.71	37.80	2,338.91
Division of Assessments					
Salaries and Wages	5,034.34		5,034.34		5,034.34
Other Expenses	343.85		343.85		343.85
Reserve for Tax Appeals pending	15,000.00		15,000.00	15,000.00	-
Department of Law					
Other Expenses	21,032.17	13,022.40	34,054.57	13,472.40	20,582.17
Engineering Services					
Inside CAP	3,641.60	1,500.00	5,141.60	5,141.60	-
Historical Commission					
Historical Society	3,600.00		3,600.00		3,600.00
Historical Commission	3,000.00		3,000.00		3,000.00
Planning Board					
Salaries and Wages	900.00		900.00		900.00
Other Expenses	2,429.48		2,429.48	1,250.00	1,179.48
Board of Adjustment					
Salaries and Wages	240.00		240.00		240.00
Other Expenses	1,514.90		1,514.90	1,505.00	9.90
Human Resources					
Other Expenses			-		-
State Uniform construction Code (N.J.S.A. 52:27D-120 et seq.)					
Salaries and Wages	60.36		60.36		60.36
Other Expenses	736.89	790.48	1,527.37	1,527.37	-
Insurance					
Group Insurance for Employees	47,790.69	5,251.96	53,042.65	5,251.96	47,790.69
Liability Insurance	5,082.47		5,082.47		5,082.47

SCHEDULE OF 2010 APPROPRIATION RESERVES

Exhibit - A- 14

	<u>BALANCE - DEC. 31, 2010</u>		<u>AMOUNT AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
	<u>RESERVED</u>	<u>ENCUMBERED</u>			
Police					
Salaries and Wages	9,921.46		9,921.46	9,900.00	21.46
Other Expenses	670.74	9,959.67	10,630.41	10,125.03	505.38
School Crossing Guards					
Salaries and Wages	11,859.80		11,859.80		11,859.80
Fire Protection					
Salaries and Wages	118,960.58		118,960.58	85,444.61	33,515.97
Other Expenses	27.70	7,053.31	7,081.01	6,923.55	157.46
Fire Hydrant Service	35.00	15,963.75	15,998.75	15,963.75	35.00
Office of Emergency Management					
Salaries and Wages	1,030.52	255.48	1,286.00	255.48	1,030.52
Other Expenses		1,640.09	1,640.09	1,640.09	-
Rescue Squad					
Contribution	10,000.00		10,000.00		10,000.00
Uniform Fire Code Safety Act (P.L. 1983 C. 383, 1984 CD)					
Salaries and Wages	923.28		923.28		923.28
Other Expenses	69.82	1,039.02	1,108.84	994.02	114.82
Emergency Medical Services					
Other Expenses	3,168.01	3,013.80	6,181.81	2,678.13	3,503.68
Borough Prosecutor					
Salaries and Wages	655.88		655.88		655.88
Streets and Roads					
Salaries and Wages	47,553.39		47,553.39		\$ 47,553.39
Other Expenses	61,084.59	12,610.44	73,695.03	73,695.03	-
Buildings and Grounds					
Other Expenses	2,973.65	3,266.87	6,240.52	3,289.79	2,950.73
Vehicle Maintenance					
Other Expenses	1,201.72	10,277.08	11,478.80	10,198.49	1,280.31
Office of Health, Housing & Property					
Salaries and Wages	2,077.40		2,077.40		2,077.40
Other Expenses		9,339.58	9,339.58	9,339.58	-
Dog Regulation					
Other Expenses	98.90		98.90		98.90
Office of Recreation					
Salaries and Wages	302.11	500.00	802.11	500.00	302.11
Other Expenses	5,734.45	2,601.41	8,335.86	1,210.05	7,125.81
Maintenance of Parks					
Other Expenses	4,488.45		4,488.45		4,488.45
Municipal Court					
Salaries and Wages	20,865.23		20,865.23		20,865.23
Other Expenses	763.11	1,806.61	2,569.72	1,956.31	613.41
Public Defender					
Other Expenses	800.00		800.00		800.00
Postage	334.83	65.91	400.74	136.59	264.15
Celebration of Public Events	2,300.00		2,300.00		2,300.00
Gasoline	12,951.06	7,745.15	20,696.21	7,745.15	12,951.06
Natural Gas/Propane	3,570.60	8,000.00	11,570.60	3,884.36	7,686.24

SCHEDULE OF 2010 APPROPRIATION RESERVES

Exhibit - A- 14

	<u>BALANCE - DEC. 31, 2010</u>		<u>AMOUNT</u>	<u>PAID OR</u>	<u>BALANCE</u>
	<u>RESERVED</u>	<u>ENCUMBERED</u>	<u>AFTER</u>	<u>CHARGED</u>	<u>LAPSED</u>
			<u>MODIFICATION</u>		
Water	3,184.22	1,365.34	4,549.56	1,952.91	2,596.65
Telephone		5,968.81	5,968.81	5,968.81	-
Electricity	17,514.21	40,000.00	57,514.21	49,972.61	7,541.60
Technology -Communications	189.91		189.91		189.91
Contingent	1,697.00	1,519.11	3,216.11	3,216.11	-
Contribution to:					
Social Security System (O.A.S.I.)	34,172.59		34,172.59		\$ 34,172.59
Public Employees Retirement Sysytem	533.00		533.00		\$ 533.00
Police and Firemen's Retirement Sysytem	634.00		634.00		\$ 634.00
<b>Total Reserves Within "CAPS"</b>	<u>555,878.68</u>	<u>200,551.63</u>	<u>756,430.31</u>	<u>388,403.36</u>	<u>368,026.95</u>
<b><u>OPERATIONS EXCLUDED FROM "CAPS"</u></b>					
Length of Service Awards Program (LOSAP)					
Other Expenses	7,200.00		7,200.00	7,200.00	-
"COAH" Housing Rehabilitation					
Other Expenses	5,000.00		5,000.00		5,000.00
Engineering Expenses					
Outside CAP	7,679.67	1,550.00	9,229.67	9,229.67	-
Statutory Expenditure (P.L. 2003, c.108)					
PERS Contribution			-		-
PFRS Contribution			-		-
Interlocal Municipal Service Agreements					
Somerset County - Recycling	50,334.40		50,334.40	46,555.20	3,779.20
Parking Authority - Admin. Services	2,240.81		2,240.81		2,240.81
NJ DEP Permit Fees					-
Matching Funds Grant	5,000.00		5,000.00		5,000.00
<b><u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u></b>					
Capital Improvement Fund					
Purchase of Capital Equipment	21,009.83	10,446.75	31,456.58	17,682.63	13,773.95
Purchase of Shade Tree		475.00	475.00	475.00	-
<b>Total Reserves Excluded from "CAPS"</b>	<u>98,464.71</u>	<u>12,471.75</u>	<u>110,936.46</u>	<u>81,142.50</u>	<u>29,793.96</u>
<b>Total General Appropriations</b>	\$ <u>654,343.39</u>	\$ <u>213,023.38</u>	\$ <u>867,366.77</u>	\$ <u>469,545.86</u>	\$ <u>397,820.91</u>
<u>REF</u>	A	A-21		A-4	A-1



SCHEDULE OF ACCOUNTS PAYABLE  
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2010	A	\$ 91,722.49
Increased by:		
Transfer from Reserve for Tax Appeals	A-13	<u>194,158.99</u>
		\$ 285,881.48
Decreased by:		
Payments	A-4	<u>\$158,011.84</u>
Balance - December 31, 2011	A	<u><u>\$ 127,869.64</u></u>

SCHEDULE OF TAX OVERPAYMENTS -  
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2010	A	\$ 390,153.77
Increased by:		
Tax Overpayments Collected	A-4	<u>780,387.61</u>
		1,170,541.38
Decreased by:		
Refunds	A-4	\$ 33,644.24
Applied 2011 Taxes	A-7	390,216.82
Applied 2012 Prepaid Taxes	A-17	<u>216,892.70</u>
		<u>640,753.76</u>
Balance - December 31, 2011	A	<u><u>\$ 529,787.62</u></u>

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance - December 31, 2010	A		\$ 157,507.50
Increased by:			
Collections	A-4	\$ 136,667.38	
Overpayments Applied	A-16	<u>216,892.70</u>	
			<u>353,560.08</u>
			511,067.58
Decreased by:			
Applied to 2011 Taxes Receivable	A-7		<u>157,507.50</u>
Balance - December 31, 2011	A		<u><u>\$ 353,560.08</u></u>

SCHEDULE OF DUE TO OR FROM STATE OF NEW JERSEY  
 SENIOR CITIZENS' AND VETERANS' DEDUCTIONS  
 (CHAPTER 129, P.L. 1976)

	<u>REF.</u>		
Balance - December 31, 2010			
Due to State	A		\$ 4,350.25
Increased by:			
Deductions per 2011 Tax Duplicate:			
Senior Citizens	A-7	\$ 31,250.00	
Veterans	A-7	93,250.00	
Deductions Allowed by Tax Collector:			
2011 Tax	A-7	<u>1,000.00</u>	
			<u>125,500.00</u>
			121,149.75
Decreased by:			
Collections	A-4	125,978.45	
Deductions Disallowed by Tax Collector:			
2011 Tax	A-7	<u>2,610.18</u>	
			<u>128,588.63</u>
Balance - December 31, 2011			
Due to State	A		<u><u>\$ 7,438.88</u></u>

SCHEDULE OF DUE TO STATE OF NEW JERSEY - VARIOUS FEES  
CURRENT FUND

	<u>REF.</u>		
Balance - December 31, 2010	A	\$	3,663.05
Increased by:			
Collections	A-4		<u>6,647.00</u>
			10,310.05
Decreased by:			
Payments	A-4		<u>8,517.00</u>
Balance - December 31, 2011	A	\$	<u><u>1,793.05</u></u>

SCHEDULE OF DUE TO OUTSIDE LIEN HOLDERS  
CURRENT FUND

	<u>REF.</u>		
Balance - December 31, 2010	A	\$	116,074.31
Increased by:			
Cash Receipts	A-4		<u>793,187.43</u>
			909,261.74
Decreased by:			
Payments	A-4		<u><u>909,261.74</u></u>

SCHEDULE OF RESERVE FOR ENCUMBRANCES  
CURRENT FUND

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>STATE AND FEDERAL GRANT FUND</u>
Balance - December 31, 2010	A	\$ 213,023.38	\$ 7,750.67
Increased by:			
Charges to:			
Grant Appropriation Reserves	A-26		10,966.12
2011 Budget Appropriations	A-3	385,785.85	
Subtotal		598,809.23	18,716.79
Decreased by:			
Transferred to Approp. Reserves	A-14	213,023.38	
Transferred to Grant Approp. Reserves	A-26		7,750.67
Balance - December 31, 2011	A	\$ 385,785.85	\$ 10,966.12

SCHEDULE OF COUNTY TAXES PAYABLE  
CURRENT FUND

REF.

Increased by:

2011 Levy:

County Tax	A-1, A-2, A-7	\$	4,993,927.78
County Library Tax	A-1, A-2, A-7		723,624.68
County Open Space Preservation	A-1, A-2, A-7		524,784.26
Added Taxes (R.R. 54:4-63.1 et seq.)	A-1, A-2, A-7		<u>1,521.34</u>

\$6,243,858.06

Decreased by:

Payments

A-4

\$6,243,858.06

SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES  
CURRENT FUND

REF.

Increased by:

2011 Levy

A-1, A-2, A-7

28,602,563.00

Decreased by:

Payments

A-4

\$ 28,602,563.00

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
GRANT FUND

Exhibit - A-24

GRANT	BALANCE DEC. 31, 2010	2011 BUDGET REVENUE REALIZED	COLLECTED 2011	TRANS. FROM STATE & FED. GRANTS UNAPPROP.	BALANCE DEC. 31, 2011
Body Armor Fund	\$ -	\$ 5,799.02	\$ -	\$ 5,799.02	\$ -
Clean Communities Program	-	27,128.89	-	27,128.89	-
Community Development Block Grant	-	47,983.06	-	47,983.06	-
Cops Fast Program	25,000.00	-	25,000.00	-	-
Domestic Violence	1,397.93	-	-	-	1,397.93
Drunk Driving Enforcement Fund	-	12,460.35	-	12,460.35	-
FEMA-Firefighter Grant	-	46,490.00	-	-	46,490.00
Firemans Safer Grant	21,756.40	184,242.00	205,998.40	-	207,306.40
2011	-	229,528.00	22,221.60	-	-
Forestry Program	23,163.00	-	-	-	23,163.00
Highway Safety - Click it or Ticket	-	4,000.00	-	4,000.00	-
Highway Safety - Pedestrian Safety	11,153.02	-	4,925.00	-	6,228.02
Historic Preservation	75,070.00	-	-	-	75,070.00
JAG Grant	36,050.00	-	-	-	36,050.00
NJLM Jersey Small Grant	-	1,000.00	-	-	1,000.00
NJDOT-Centers of Place	112,500.00	-	-	-	112,500.00
DOT - Livable Communities Program	75,000.00	-	-	-	75,000.00
New Jersey SHARE Grant-Fireman	7,505.47	-	-	-	7,505.47
Safe & Secure Communities Program	19,081.00	75,877.00	94,958.00	-	-
Somerset County - Youth Athletic & Rec. Fac.	-	4,105.00	-	4,105.00	-
Somerset County Drug Alliance Program:-2010	6,290.17	17,420.00	6,943.74	-	16,766.43
Somerset County Greenways Partnership	267,400.00	-	-	-	267,400.00
Somerset County Historic Preservation	-	-	-	-	-
Trust - Vermuele Mansion - 2003	36,600.00	-	-	-	36,600.00
Somerset County Planning Partnership	4,050.00	-	-	-	4,050.00
Youth Services Commission	-	6,000.00	1,000.00	5,000.00	-
	<u>\$ 722,016.99</u>	<u>\$ 662,033.32</u>	<u>\$ 361,046.74</u>	<u>\$ 106,476.32</u>	<u>\$ 916,527.25</u>

Ref.	A	A-25	A-4	A-27	A
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Adopted Budget	\$	413,085.32
NJSA 40A:4-87		248,948.00
		662,033.32

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE/PAYABLE  
GRANT FUND

		<u>BALANCE</u> <u>DEC. 31, 2010</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>
Due to Current Fund		\$ 5,000.00	\$ 1,287,782.79	\$ 1,292,782.79	\$ -
Due to General Capital Fund		-	37,500.00	37,500.00	-
		<u>\$ 5,000.00</u>	<u>\$ 1,325,282.79</u>	<u>\$ 1,330,282.79</u>	<u>\$ -</u>
	<u>Ref.</u>	A			A
Disbursed	A-4			371,000.47	
Cash Receipts	A-4		663,249.47		
Transfers from 2011 Budget	A-26			959,282.32	
2011 Grant Revenues	A-24		<u>662,033.32</u>		
			<u>\$ 1,325,282.79</u>	<u>\$ 1,330,282.79</u>	

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED  
GRANT FUND

<u>GRANT/AID PROGRAM</u>	<u>BALANCE DEC. 31, 2010</u>	<u>RESERVE FOR ENCUMBRANCE DEC. 31, 2010</u>	<u>TRANSFERRED FROM 2011 BUDGET</u>	<u>PAID OR CHARGED</u>	<u>RESERVE FOR ENCUMBRANCE DEC. 31, 2011</u>	<u>BALANCE DEC. 31, 2011</u>
Alcohol Education and Rehabilitation Fund	2,683.00			204.50		2,478.50
Body Armor Fund	5,351.27	1,247.00	5,799.02	5,651.25		6,746.04
Clean Communities Act	23,120.87		27,128.89	50,221.54		28.22
Community Stewardship	23,000.00					23,000.00
Community Development Block Grant Program:	9,737.48		47,983.06	38,972.43		18,748.11
Click it Ticket it			4,000.00	4,000.00		
Drunk Driving Enforcement Fund	4,574.80	210.95	12,460.35	17,246.10		
Economic Development Incentive Program	374.94			374.94		
Emergency Mgmt. Assistance Grant	0.90			0.90		0.00
Emergency Mgmt. Exercise Improvement	0.18			0.18		0.00
Fire Fighters Grant-2007	30,881.44					30,881.44
FEMA Fire Fighters Grant			51,655.00	45,902.05	5,250.00	502.95
Fireman's Safer Grant	23,366.00		413,770.00	168,000.84		269,135.16
Forestry Grant	25,000.00					25,000.00
JAG Grant	16,753.00			10,422.47		6,330.53
Jersey Fresh	500.00			500.00		
Juvenile Justice Incentive	2,894.75			2,894.75		
Local Law Enforcement Block Grant	31,516.67					31,516.67
Municipal Court Adjudication Act	24,244.09					24,244.09
Municipal Waterways Reclamation Program	2,498.25					2,498.25
New Jersey Signage Program	5,285.00					5,285.00
NJ SHARE Grant-Schools	6,400.00					6,400.00
NJDEP Recycling Tonnage Grant	19,311.68			18,752.21		559.47
NJDOT - Livable Communities Program	2,607.59					2,607.59
NJDOT - Crab Brooke	5,000.00					5,000.00
NJDOT - Somerset Streetscape	1,297.52					1,297.52
NJLM Jersey Small			1,000.00			1,000.00
Parking Adjudication	6,882.00					6,882.00



SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED  
GRANT FUND

<u>GRANT/AID PROGRAM</u>	<u>BALANCE DEC. 31, 2010</u>	<u>RESERVE FOR ENCUMBRANCE DEC. 31, 2010</u>	<u>TRANSFERRED FROM 2011 BUDGET</u>	<u>PAID OR CHARGED</u>	<u>RESERVE FOR ENCUMBRANCE DEC. 31, 2011</u>	<u>BALANCE DEC. 31, 2011</u>
Prior Year Grants	8,625.28					8,625.28
Safe & Secure Communities	\$ 30,627.00	\$	\$ 363,606.00	393,929.00		\$ 304.00
Smart Future Downtown Redevelopment	12,800.00					12,800.00
Snow Removal Assistance Program	923.02			923.02		
Somerset County Cultural Arts	1,500.00			1,500.00		
Somerset County Drug Alliance Program	37,923.39	4,126.65	21,775.00	16,746.34	5,216.12	41,862.58
Somerset County Greenways Partnership	191,687.77					191,687.77
Somerset County Historic Preservation	24,717.00	821.20		6,529.20		19,009.00
Somerset County Planning Partnership	7,800.00					7,800.00
Somerset Cty. Cross Acceptance Grant	1,100.00			1,100.00		
Somerset Cty. Youth Athletic & Recreation Facility Grants			4,105.00			4,105.00
State Treasury-Mun. Bldg. Improv.		944.87				944.87
Stormwater Management	14,977.00					14,977.00
Youth Services Commission - 2005	2,189.77	400.00	6,000.00	3,434.69	500.00	4,655.08
	<u>\$ 608,151.66</u>	<u>\$ 7,750.67</u>	<u>\$ 959,282.32</u>	<u>\$ 787,306.41</u>	<u>10,966.12</u>	<u>\$ 776,912.12</u>

Ref.

A

A-21

A-25

A-4

A-21

A

Adopted budget  
NJS A 40A:4-87

\$ 705,979.32  
253,303.00

\$ 959,282.32

- 18 -

SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS  
UNAPPROPRIATED  
GRANT FUND

Exhibit - A-27

<u>GRANTS</u>	<u>BALANCE</u> <u>DEC. 31,2010</u>	<u>COLLECTED</u> <u>2011</u>	<u>APPROPRIATED</u> <u>2011</u>	<u>BALANCE</u> <u>DEC. 31,2011</u>
NJ Dept of Transportation	\$ 5,860.29	\$ 206,250.00		\$ 212,110.29
Community Stewardship	-			-
Body Armor Fund	5,799.02	4,334.34	5,799.02	4,334.34
Clean Communities Act	27,128.89	26,526.02	27,128.89	26,526.02
Recycling Tonnage Grant	-	33,251.75		33,251.75
Municipal Alliance	-			-
Drunk Driving Enforcement Fund	12,460.35	3,981.54	12,460.35	3,981.54
Justice Police Cops Fast	-	4,719.47		4,719.47
Alcohol Education and Rehabilitation	-			-
Community Development Block Grant	47,983.06		47,983.06	-
Click It Or Ticket	4,000.00	4,000.00	4,000.00	4,000.00
Youth Services Commission	5,000.00	5,000.00	5,000.00	5,000.00
Youth Atheletic	4,105.00		4,105.00	-
NJ Sinage Grant	-	1,000.00		1,000.00
Jersey Fresh	-			-
Economic Development Incentive Program	24,407.96			24,407.96
Safe & Secure	-	3,419.00		3,419.00
Smart Future Growth	-			-
Unidentified	<u>2,348.85</u>			<u>2,348.85</u>
	<u>\$ 139,093.42</u>	<u>\$ 292,482.12</u>	<u>\$ 106,476.32</u>	<u>\$ 325,099.22</u>
<u>Ref.</u>	A	A-4	A-24	A

TRUST FUND

ANALYSIS OF ASSESSMENT CASH  
ASSESSMENT FUND

Exhibit - B-2

	BALANCE	<u>Receipts</u>	<u>Disbursements</u>	<u>TRANSFERS</u>		BALANCE
	<u>DEC. 31,2010</u>			<u>To</u>	<u>From</u>	<u>DEC. 31,2010</u>
Fund Balance	\$72,588.76			\$8,941.57		81,530.33
Assessment Receivable	(50,343.05)	8,941.57				(41,401.48)
Prospective Assessments Funded	(68,203.44)					(68,203.44)
Reserve for Assessments	118,546.49	362.45			9,304.02	109,604.92
Due to Current Fund	282.27		282.27	362.45		362.45
	<u>\$72,871.03</u>	<u>\$9,304.02</u>	<u>\$282.27</u>	<u>\$9,304.02</u>	<u>\$9,304.02</u>	<u>\$81,892.78</u>

Ref.      B

B

SCHEDULE OF ASSESSMENTS RECEIVABLE  
TRUST FUND

Exhibit - B-3

ORD. NO.	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> DEC. 31,2010	<u>RECEIPTS</u>	<u>BALANCE</u> DEC. 31,2011
91-08	Construction of Curbs - Brook to North Jackson Avenue	\$31,479.31	\$5,258.85	\$26,220.46
93-09	Granite Block Curbing - Farragut Place	6,977.17	2,810.52	\$4,166.65
93-10	Granite Block Curbing - Brook Avenue	<u>11,886.57</u>	<u>872.20</u>	<u>\$11,014.37</u>
		<u>\$50,343.05</u>	<u>\$8,941.57</u>	<u>\$41,401.48</u>
<u>Ref.</u>		B	B-1	B

SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED  
TRUST FUND

Exhibit - B-4

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31,2010	BALANCE DEC. 31,2011	BALANCE PLEDGED TO	
				ASSESSMENT BONDS	RESERVE
757	Improvement of Various Streets	\$25,000.00	\$25,000.00		\$25,000.00
83-15	Construction of Concrete Curbs	17,000.00	17000.00		17,000.00
84-17	Reconstruction of Interhaven Avenue	15,000.00	15000.00		15,000.00
91-08	Construction of Curbs - Brook to North Jackson Avenue	2,749.79	2749.79		2,749.79
93-10	Granite Block Curbing - Brook Avenue	6,373.65	6373.65		6,373.65
06-08	Granite Block-Rockview Avenue	<u>2,080.00</u>	<u>2080.00</u>		<u>2,080.00</u>
		<u>\$68,203.44</u>	<u>\$68,203.44</u>	<u>\$0.00</u>	<u>\$68,203.44</u>
		Ref. B	B		

SCHEDULE OF SPECIAL ACCOUNT BALANCE CALCULATION  
ANIMAL CONTROL FUND

Footnote: R.S. 4:19-15.11

" ..... there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

<u>SFY Year</u>	<u>Amount</u>
2009	13,858.20
2010	<u>13,608.40</u>
	<u>\$ 27,466.60</u>
Animal Control Balance - December 31, 2011	<u>\$ 19,899.96</u>

TRUST FUNDS  
SCHEDULE OF CASH AND RESERVE ACTIVITY

	Balance		Cash		Adjustments	Balance	
	December 31, 2010		Receipts	Disbursements		December 31, 2011	
<b>Assessment Trust:</b>							
Due from/to Current Fund	\$	282.27		\$ (282.27)	\$ 362.45	\$	362.45
Assessments Receivable		(50,343.05)	8,941.57				(41,401.48)
Prospective Assessments Funded		(68,203.44)					(68,203.44)
Reserve for Assessments		118,546.49	362.45		(9,304.02)		109,604.92
Assessment Fund Balance		72,588.76			8,941.57		81,530.33
<b>Total</b>		<b>72,871.03</b>	<b>9,304.02</b>	<b>(282.27)</b>	<b>-</b>		<b>81,892.78</b>
<b>Animal Control:</b>							
Due from/to Current Fund		-	20,461.23	(20,461.23)			-
Due NJ - State License Fees		-	1,179.60	(1,179.60)			-
Accounts Payable		-					-
Animal Control Reserves		25,244.93	14,158.28	(19,503.25)			19,899.96
<b>Total</b>		<b>25,244.93</b>	<b>35,799.11</b>	<b>(41,144.08)</b>	<b>-</b>		<b>19,899.96</b>
<b>Trust - Other Funds:</b>							
Small Cities Receivable		-					-
Encumbrances Payable		-					-
Escrow Funds and Reserves		713,142.01	1,231,445.03	(643,109.43)			1,301,477.61
Due from/to Current Fund		-					-
<b>Total</b>		<b>713,142.01</b>	<b>1,231,445.03</b>	<b>(643,109.43)</b>	<b>-</b>		<b>1,301,477.61</b>
<b>Total</b>	\$	<b>811,257.97</b>	\$ <b>1,276,548.16</b>	\$ <b>(684,535.78)</b>	\$ <b>-</b>	\$	<b>1,403,270.35</b>

Ref.            B

B



SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS  
TRUST FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	<u>BALANCE</u> <u>DEC. 31,2010</u>	<u>COLLECTIONS</u>	<u>BALANCE</u> <u>DEC. 31,2011</u>
	<u>Assessment Receivable</u>			
91-08	Construction of Curbs - Brook to North Jackson	\$ 31,479.31	\$ 5,258.85	\$ 26,220.46
93-09	Granite Block Curbing - Farragut Place	6,977.17	2,810.52	4,166.65
93-10	Granite Block Curbing - Brook Avenue	11,886.57	872.20	11,014.37
	 <u>Prospective Assessments Funded</u>			
757	Improvement - Various Streets	25,000.00		25,000.00
83-15	Construction of Concrete Curbs	17,000.00		17,000.00
84-17	Reconstruction of Interhaven Avenue	15,000.00		15,000.00
91-08	Construction of Curbs - Brook to North Jackson	2,749.79		2,749.79
93-10	Granite Block Curbing - Brook Avenue	6,373.65		6,373.65
06-08	Granite Block Curbing - Rockview Avenue	2,080.00		2,080.00
		<u>\$118,546.49</u>	<u>\$8,941.57</u>	<u>\$109,604.92</u>
	<u>REF.</u>	B	B-6	B

SCHEDULE OF ESCROW FUND DEPOSITS AND RESERVES  
TRUST - OTHER FUND

	BALANCE <u>December 31, 2010</u>	INCREASE	DECREASE	BALANCE <u>December 31, 2011</u>
Trust - Other Fund:				
Unemployment Compensation Insurance	\$ 4,581.66	\$ 51,106.21	\$ 51,004.66	\$ 4,683.21
Small Cities Repayment Fund	66,696.79	7,951.79		74,648.58
Federal and County Forfeiture Funds	38,063.65	4,026.41		42,090.06
Special Events Deposits	34,975.54	29,492.10	32,853.89	31,613.75
Performance Bonds and Escrow Deposits	82,178.32	33,974.00	23,813.15	92,339.17
Redemption and Premium Received at Tax Sale	350,406.45	772,504.53	355,954.13	766,956.85
Solid Waste Management	5,350.94			5,350.94
Uniform Fire Safety Act Penalties	4.15			4.15
Parking Offenses Adjudication Act	15,659.26	2,619.24		18,278.50
Public Defender Fees	16,140.97	5,714.81	8,800.00	13,055.78
Municipal Alliance on Alcoholism And Drug Abuse	-			-
3rd Party Contracts-Uniform Construction				
Code Fire and Subcode	35,564.20	382.15		35,946.35
Recreation Activities	18,791.99	186,968.32	163,095.60	42,664.71
Community Development	3,966.96	19.83		3,986.79
Uniform Fire Code Enforcement	-			-
And Dedicated Penalties (P.L. 1991, Ch. 489)	15,250.00		1,630.00	13,620.00
Police Recovered Funds	13,723.13	790.88	300.00	14,214.01
Gifts for Library/Vermuele	11,788.00		5,658.00	6,130.00
Snow Removal		93,281.88		93,281.88
Police Off-Duty		28,402.88		28,402.88
Fire Penalty		14,210.00		14,210.00
Undistributed Cash Receipt	-			-
Total Trust - Other Fund	<u>\$ 713,142.01</u>	<u>\$ 1,231,445.03</u>	<u>\$ 643,109.43</u>	<u>\$ 1,301,477.61</u>
Ref.	B, B-6			B, B-6

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL FUND  
CASH AND INVESTMENTS-TREASURER

	<u>REF.</u>	
Balance - December 31, 2010	C	\$ 2,043,592.83
Increased by Receipts:		
Premium Received on Sale of		
Bond Anticipation Notes	C-1	\$ 40,343.00
Grant Receipts	C-10	187,500.00
Interfund Accounts Receipts	C-4	2,801,189.07
Bond Anticipation Notes	C-12	<u>9,142,160.00</u>
		<u>12,171,192.07</u>
		14,214,784.90
Decreased by Disbursements:		
Interfund Accounts Disbursements	C-4	2,856,550.91
Improvement Authorizations	C-7	815,025.44
Bond Anticipation Notes	C-12	<u>9,466,004.00</u>
		<u>13,137,580.35</u>
Balance - December 31, 2011	C	<u>\$ 1,077,204.55</u>

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	<u>BALANCE</u> <u>DEC. 31, 2010</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>
Fund Balance	\$ 38,366.61	\$ 143,265.67
Due from Grant Fund		
Due from/to Current Fund	0.00	17,002.00
Due from/to Sewer Capital Fund	(157,636.16)	(230,000.00)
Due from/to Sewer Operating Fund		
Grant Receivable	(237,500.00)	(50,000.00)
Excess BAN's	323,844.65	4,732.79
Reserve for BAN Premium	64,556.06	
Capital Improvement Fund	126,545.00	194,071.55
Reserve for Encumbrances	311,094.79	91,543.42

ORD.

NO.IMPROVEMENT AUTHORIZATION

	<u>General Improvements</u>		
89-12	Constr. of Granite Block Curbs - Abbotsford	17,317.71	-
89-13	Constr. of Granite Block Curbs - Muriel	23,890.44	-
93-09	Granite Block Curbing - Farragut Place	4,732.79	-
93-10	Granite Block Curbing - Brook Avenue	1,513.56	-
93-12	Acquisition of "911" System	2,026.52	-
95-17	Environ. Remediation - Public Wks. Garage	1,074.50	-
95-23b	Computer System for Police Dept.; Public Wks. Garage Improv.; Vermule Mansion Improvements	203.51	-
96-20	Improv. To Various Public Roads & Streets		-
98-04	Various Improvements:		-
	(f) Land Acquisition - Recreational Purposes	151,154.36	151,154.36
	(g) Green Acres Improvements	9.54	9.54
99-07	Professional Services in Connection with Removal of Underground Storage Tanks	7,074.88	-
99-12	Various Improvements:		-
	a) HVAC & Roof Renovations	35,008.57	25,851.64
	b) Resurfacing of Roadways	(2,000.00)	(2,000.00)
	c) Acquis. of Fire/Rescue Ambulance	(250.00)	(250.00)
	d) Acquis. of Aerial Truck & Stump Cutter	7,219.89	7,219.89
	e) Acquis. of Diesel Exhaust System	3,958.73	3,958.73
	f) Acquis. of Playground Equip. & Renovations	(470.00)	(470.00)
	g) PD Security System/Trans. Vehicle Renov.	(850.00)	(850.00)

		<u>General Improvements (Cont'd.)</u>	
00-08	Various Improvements:		-
	i) Acquis. of Public Works Vehicles	\$ 15.96	15.96
	iii) Replacement of Emerg. Generator	59,755.22	59,755.22
	iv) Improv. at Green Acres Park	31,393.80	22,216.80
	v) Acquis. Of Telephone System and Flooring	5,309.93	-
	vi) Acquis. of Fire Equip.	(275.00)	(275.00)
01-07	Various Improvements:		-
	iii) Acquis. of Fire Equip.	16,115.50	-
02-07	Renovation of Municipal Bldg and Acquis. and Renovation Bldg for Municipal Purposes		13,915.35
02-08	Various Improvements		-
03-14	Equip. & Various Capital Improv.		-
	i) Police Communications Equipment	354.50	254.50
	ii) Fire Protective Gear, Apparatus Bay Door and Ambulance	15,418.34	14,493.34
	iii) DPW Equipment	10,110.59	4,808.98
	iv) Overlays of Roadways & Parking Lots		-
04-23	Computers & Electronic Equipment		-
05-08	Acquis. & Rehab. Of Sr. Center		-
05-17	Equip. & Various Capital Improv.		-
	i) Municipal Bldg. Renovations	1,161.62	36,301.03
	ii) Aff. Action Training Fund	19,997.50	19,997.50
06-03	Acquis. Of Senior Citizen Bus (CDBG \$21,300)	9,281.04	4,000.00
06-12	Various Capital Improvements:		-
	i) Acquis. Various Police Equipment	1,331.46	1,331.46
	ii) Acquis Various Flood and Rescue Equipment	5,076.52	5,076.52
	iii) Acquis & Install Sprinkler and HVAC System in Memorial Library of Borough		-
	iv) Municipal Parking Lot - Lincoln Pl	80,252.96	80,252.96
	v) Acquis & Install Exterior Lighting Vermeule Mansion		-
	vi) Acquis & Install Equipment Green Acres Park		-
	vii) Acquis & Install Various Street Signs	19,245.00	19,245.00
	viii) Overlays of Roadways & Parking Lots (NJDOT Grant \$274,000)		-
06-08	Granite Block Curbing - Rockview Avenue	13,265.50	3,500.00
07-09	Various Capital Improvements:		-
	i) Acquis. Various Police Equipment	7,033.10	7,033.10
	ii) Acquis Radios for Fire Department	5,831.04	5,831.04
	iii) Renov. HVAC System, Replace roof & sidewalks Install Sprinkler System at Memorial Library of Borough		-
	iv) Acquis. Of Block 93, Lots 7 & 8 and construction for Parking Lot	150,000.00	150,000.00

<u>General Improvements (Cont'd.)</u>			
			-
			-
07-09	Various Capital Improvements:		-
	v) Acquis various Office Equipment for Various Departments with in Municipal Complex	8,828.79	234.92
	vi) Demolition of Structures at Vermeule Mansion		-
	vii) Various Capital Improvements-Green Acres Park		-
	viii) Repair Sidewalks, Remove Trees & Overlay Various Roads	175.00	-
	ix) Replace Pick-up Truck in DPW		-
	x) Funding Borough's Coalition on Affordable Housing obligation	40,597.00	15,597.00
07-22	Acquis. & Purchase of Real Property	6,596.02	4,000.00
09-05	Equip. & Various Capital Improv.		-
	i) Acquis. Public Works Equipment		-
	ii) 2009 Road Program	454,790.72	17,147.38
	iii) Mun. Complex/Library/Parking Lot	291,182.95	169,651.41
	iv) Police Dept. Computer	2,614.32	332.99
	v) Fire Dept. Trailer/Fire Bay Door	51,000.00	51,000.00
	vi) Stormwater Improvements	840.00	840.00
	vii) COAH Housing Rehabilitation	15,407.50	15,407.50
		<u>\$ 2,043,592.83</u>	<u>\$ 1,077,204.55</u>
	<u>Ref.</u>	C	C

( ) Denotes Deficit or Deduction

SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE/PAYABLE

		<u>BALANCE</u> <u>DEC. 31, 2010</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>
Due from Sewer Operating Fund		\$ -	\$ 7,628.37	\$ 7,628.37	\$ -
Due from Current Fund		-	2,268,000.70	2,285,002.70	(17,002.00)
Due from Grant Fund		-			-
Due from Sewer Capital Fund		<u>157,636.16</u>	<u>580,921.84</u>	<u>508,558.00</u>	<u>230,000.00</u>
		<u>\$ 157,636.16</u>	<u>\$ 2,856,550.91</u>	<u>\$ 2,801,189.07</u>	<u>\$ 212,998.00</u>
	<u>REF.</u>		C-2	C-2	C
Interfund Receivable	C	157,636.16			230,000.00
Interfund Payable	C				<u>(17,002.00)</u>
		<u>157,636.16</u>			<u>212,998.00</u>

( ) Denotes Payable

SCHEDULE OF DEFERRED CHARGES TO  
FUTURE TAXATION - FUNDED

	<u>REF.</u>	
Balance - December 31, 2010	C	\$ 3,025,000.00
Decreased by:		
Serial Bonds Payments	C-11	<u>715,000.00</u>
Balance - December 31, 2011	C	<u>\$ 2,310,000.00</u>



SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2010	BOND ANTIC. NOTES PAY DOWN	CANCELED	BALANCE DEC. 31, 2011	ANALYSIS OF BALANCE DECEMBER 31, 2011		
						BOND ANTIC. NOTES	EXPENDED	UNEXPEND. IMPROV. AUTHOR.
93-09	Granite Block Curbing - Farragut Place	\$ 35,750.00	\$	\$ 4,732.79	\$ 31,017.21	\$ 31,017.21	\$	\$
96-20	Improvements to Various Roads & Streets	51,882.00			51,882.00	51,882.00		
99-12	Various Improvements:							
	a) HVAC & Roof Renovations	750.00			750.00		750.00	
	b) Resurfacing of Roadways	2,000.00			2,000.00		2,000.00	
	c) Acquis. of Fire/Rescue Ambulance	250.00			250.00		250.00	
	d) Acquis. of Aerial Truck & Stump Cutter	400.00			400.00			400.00
	e) Acquis. of Diesel Exhaust System	500.00			500.00			500.00
	f) Acquis. of Playground Equip. & Renovations	470.00			470.00		470.00	
	g) PD Security System/Trans. Vehicle Renov.	850.00			850.00		850.00	
00-08	Various Improvements:							
	iii) Replacement of Emerg. Generator	250.00			250.00		-	250.00
	vi) Acquis. of Fire Equip.	275.00			275.00		275.00	
02-07	Renovation of Municipal Bldg. & Acquis. and Renovation Bldg. For Mun. Purposes	2,240,840.00	89,660.00		2,151,180.00	2,151,180.00		
02-08	Various Improvements:							
	a) DPW Vehicles	58,245.00	5,930.00		52,315.00	52,315.00		
	b) Improv. of Various Roads	62,580.00	6,370.00		56,210.00	56,210.00		
	c) Fire Dept. Protective Clothing	6,850.00	700.00		6,150.00	6,150.00		
	d) Computer Equip.	14,750.00	1,500.00		13,250.00	13,250.00		
	e) Heavy-Duty Police Vehicle	5,675.00	575.00		5,100.00	5,100.00		
03-14	Equip. & Various Capital Improv.							
	i) Police Communications Equipment	114,510.00	10,245.00		104,265.00	104,165.00	100.00	
	ii) Fire Protective Gear, Apparatus Bay Door and Ambulance	112,985.00	10,120.00		102,865.00	102,415.00	-	450.00
	iii) DPW Equipment	28,435.00	2,545.00		25,890.00	25,790.00	-	100.00
	iv) Overlays of Roadways & Parking Lots	224,370.00	20,140.00		204,230.00	204,230.00		
04-23	Computers & Electronic Equipment	78,250.00	13,500.00		64,750.00	64,750.00		
05-08	Acquis. & Rehab. Of Sr. Center	180,000.00	5,000.00		175,000.00	175,000.00		
05-17	Municipal Bldg. Renovations	1,238,185.00	45,940.00		1,192,245.00	1,192,245.00		
06-03	Acquis. Of Senior Citizen Bus (CDBG \$21,300)	38,600.00			38,600.00	38,600.00		

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SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2010	BOND ANTIC. NOTES PAY DOWN	CANCELED	BALANCE DEC. 31, 2011	ANALYSIS OF BALANCE DECEMBER 31, 2011		
						BOND ANTIC. NOTES	EXPENDED	UNEXPEND. IMPROV. AUTHOR.
06-12	Various Capital Improvements:							
	i) Acquis. Various Police Equipment	\$ 132,350.00	\$ 16,996.02	\$	\$ 115,354.00	\$ 115,354.00	\$	\$
	ii) Acquis Various Flood and Rescue Equipment	66,600.00	8,552.59		58,048.00	58,048.00		
	iii) Acquis & Install Sprinkler and HVAC System in Memorial Library of Borough	116,100.00	14,909.24		101,190.78	101,190.78		
	iv) Municipal Parking Lot - Lincoln Pl	271,259.35	34,834.37		236,425.00	236,425.00		
	v) Acquis & Install Exterior Lighting Vermeule Mansion	11,250.00	1,444.69		9,805.31	9,805.31		
	vi) Acquis & Install Equipment Green Acres Park	47,500.00	6,099.82		41,400.18	41,400.18		
	vii) Acquis & Install Various Street Signs	23,500.00	3,017.80		20,482.20	20,482.20		
	viii) Overlays of Roadways & Parking Lots (NJDOT Grant \$274,000)	140,896.00	18,093.47		122,802.53	122,802.53		
06-08	Granite Block Curbing - Rockview Avenue	39,520.00			39,520.00	39,520.00		
07-09	Various Capital Improvements:							
	i) Acquis. Various Police Equipment	93,809.00	4,743.32	0.65	89,065.03	89,065.03		
	ii) Acquis Radios for Fire Department	32,189.00	1,627.59		30,561.41	30,561.41		
	iii) Renov. HVAC System, Replace roof & sidewalks Install Sprinkler System at Memorial Library	128,567.00	6,500.81		122,066.19	122,066.19		
	iv) Acquis. Of Block 93, Lots 7 & 8 and construction for Parking Lot	142,852.00	7,223.11		135,628.89	135,628.89		
	v) Acquis various Office Equipment for Various Departments with in Municipal Complex	89,045.00	4,502.44		84,542.56	84,542.56		
	vi) Demolition of Structures at Vermeule Mansion	71,426.00	3,611.56		67,814.44	67,814.44		
	vii) Various Capital Improvements-Green Acres Park	23,809.00	1,203.87		22,605.13	22,605.13		
	viii) Repair Sidewalks, Remove Trees & Overlay Various Roads	439,985.00	22,247.23		417,737.77	417,737.77		
	ix) Replace Pick-up Truck in DPW	30,474.00	1,540.88		28,933.12	28,933.12		
	x) Funding Borough's Coalition on Affordable Housing obligation	189,844.00	9,599.20		180,244.80	180,244.80		
07-22	Acquis. & Purchase of Real Property	57,000.00	750.00		56,250.00	56,250.00		

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2010	BOND ANTIC. NOTES		BALANCE DEC. 31, 2011	ANALYSIS OF BALANCE DECEMBER 31, 2011		UNEXPEND. IMPROV. AUTHOR.
			PAY DOWN	CANCELED		BOND ANTIC. NOTES	EXPENDED	
09-05	Equip. & Various Capital Improv.							
	i) Acquis. Public Works Equipment	\$ 166,500.00	\$	\$	\$ 166,500.00	\$ 166,500.00	\$	\$
	ii) 2009 Road Program	1,611,150.00			1,611,150.00	1,611,150.00		
	iii) Mun. Complex/Library/Parking Lot	857,000.00			857,000.00	857,000.00		
	iv) Police Dept. Computer	80,450.00			80,450.00	80,450.00		
	v) Fire Dept. Trailer/Fire Bay Door	48,550.00			48,550.00	48,550.00		
	vi) Stormwater Improvements	71,400.00			71,400.00	71,400.00		
	vii) COAH Housing Rehabilitation	47,600.00			47,600.00	47,600.00		
		<u>\$ 9,528,277.35</u>	<u>\$ 379,723.00</u>	<u>\$ 4,733.44</u>	<u>\$ 9,143,821.56</u>	<u>\$ 9,137,426.56</u>	<u>\$ 4,695.00</u>	<u>\$ 1,700.00</u>
Ref.		C	C-12	C-7	C			
	Excess Note Cash -					<u>4,733.44</u>		
	Bond Anticipation Notes Outstanding December 31, 2011					<u>\$ 9,142,160.00</u>		
	Unexpended Balances of Unfunded Improv. Authors.							\$ 618,184.13
	Less: Unexpended Proceeds of Bond Anticipation Notes							<u>616,484.13</u>
								<u>\$ 1,700.00</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Exhibit - C-7

ORD. NO.	ORDINANCE		BALANCE - DEC. 31, 2010		2010 ENCUMBRANCES	CANCELLED	2011 ENCUMBRANCES	PAID OR CHARGED	BALANCE - DEC. 31, 2011	
	DATE	AMOUNT	FUNDED	UNFUNDED					FUNDED	UNFUNDED
89-12	Constr. of Granite Block Curbs - Abbottsford	08/21/89	\$ 55,000.00	\$ 17,317.71	\$					
89-13	Constr. of Granite Block Curbs - Muriel	09/05/89	135,000.00	23,890.44		23,890.44				
93-09	Granite Block Curbing - Farragut Place	09/27/93	50,000.00		4,732.79	4,732.79				
93-10	Granite Block Curbing - Brook Avenue	09/27/93	55,000.00	1,513.56		1,513.56				
93-12	Acquisition of "911" System	09/27/93	40,000.00	2,026.52		2,026.52				
95-17	Environmental Remediation - Public Works Garage	07/18/95	200,000.00	1,074.50		1,074.50				
95-23b	Computer System for Police Dept.; Public Works Garage Improv.; Vermeule Mansion Improvements	09/11/95	195,000.00	203.51		203.51				
98-04	Various Improvements: (f) Land Acquisition - Recreational Purposes (g) Green Acres Park Improvements	04/27/98 04/27/98	300,000.00 30,000.00	151,154.36 9.54					151,154.36 9.54	
99-07	Professional Services in Connection with Removal of Underground Storage Tanks	04/26/99	120,000.00	7,074.88		4,274.88		2,800.00		
99-12	Various Improvements: a) HVAC & Roof Renovations d) Acquis. of Aerial Truck & Stump Cutter e) Acquis. of Diesel Exhaust System	07/12/99 07/12/99 07/12/99	505,000.00 152,000.00 30,000.00	35,758.57 7,219.89 3,958.73		3,104.15		11,907.23	26,955.49 7,219.89 3,958.73	400.00 500.00
00-08	Various Improvements: i) Acquis. of Public Works Vehicles iii) Replacement of Emerg. Generator iv) Improv. at Green Acres Park v) Acquis. Of Telephone System and Flooring		195,000.00 65,000.00 50,000.00 100,000.00	15.96 59,755.22 31,393.80 5,309.93	250.00	2,700.00	1,252.00	10,625.00	15.96 59,755.22 22,216.80	250.00
01-07	Various Improvements: iii) Acquis. of Fire Equip.		650,000.00	16,115.50		1,250.00		5,450.00		
02-07	Renovation of Municipal Bldg and Acquis. and Renovation Bldg for Municipal Purposes		3,000,000.00	27.99		13,887.36				13,915.35

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SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Exhibit - C-7

ORD. NO.	ORDINANCE		BALANCE - DEC. 31, 2010		2010 ENCUMBRANCES	CANCELLED	2011 ENCUMBRANCES	PAID OR CHARGED	BALANCE - DEC. 31, 2011	
	DATE	AMOUNT	FUNDED	UNFUNDED					FUNDED	UNFUNDED
03-14	Equip. & Various Capital Improv.									
	i)	Police Communications Equipment	01/02/04	\$ 153,000.00	\$	\$ 454.50		\$ 454.50	\$	\$ -
	ii)	Fire Protective Gear, Apparatus Bay Door and Ambulance	01/02/04	151,000.00		15,868.34				
	iii)	DPW Equipment	01/02/04	38,000.00		10,210.59		925.00		14,943.34
								5,301.61		4,908.98
05-17	Equip. & Various Capital Improv.									
	i)	Municipal Bldg. Renovations		1,400,000.00		1,133.63	68,068.55		32,901.15	36,301.03
	ii)	Aff. Action Training Fund				19,997.50				19,997.50
06-03	Acquis. Of Senior Citizen Bus (CDBG \$21,300)		02/27/06	62,000.00		9,281.04	\$		\$ 5,281.04	4,000.00
06-12	Various Capital Improvements:									
	i)	Acquis. Various Police Equipment	08/14/06	139,000.00		1,331.46				1,331.46
	ii)	Acquis Various Flood and Rescue Equipment	08/14/06	70,000.00		5,076.52				5,076.52
	iii)	Acquis & Install Sprinkler and HVAC System in Memorial Library of Borough	08/14/06	122,000.00		-	12,339.00		12,339.00	-
	iv)	Municipal Parking Lot - Lincoln Pl	08/14/06	500,000.00	-	80,252.96				80,252.96
	vii)	Acquis & Install Various Street Signs	08/14/06	25,000.00	-	19,245.00				19,245.00
06-08	Granite Block Curbing - Rockview Avenue		05/22/06	41,600.00		13,265.50			9,765.50	3,500.00
07-09	Various Capital Improvements:									
	i)	Acquis. Various Police Equipment	07/23/07	98,500.00		7,033.10				7,033.10
	ii)	Acquis Radios for Fire Department	07/23/07	33,800.00		5,831.04				5,831.04
	iii)	Renov. HVAC System, Replace roof & sidewalks Install Sprinkler System at Memorial Library of Borough	07/23/07	135,000.00		-	1,843.00		1,843.00	-
	iv)	Acquis. Of Block 93, Lots 7 & 8 and construction for Parking Lot	07/23/07	150,000.00	7,148.00	142,852.00				7,148.00
	v)	Acquis various Office Equipment for Various Departments with in Municipal Complex	07/23/07	93,500.00	-	8,828.79		7,729.09	864.78	234.92
	vii)	Various Capital Improvements-Green Acres Park	07/23/07	25,000.00		-	1,745.00		1,745.00	-
	viii)	Repair Sidewalks, Remove Trees & Overlay Various Roads	07/23/07	462,000.00		175.00			175.00	-
	x)	Funding Borough's Coalition on Affordable Housing obligation	07/23/07	200,000.00		40,597.00			25,000.00	15,597.00
07-22	Acquis. & Purchase of Real Property		11/26/07	60,000.00		6,596.02			2,596.02	4,000.00

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SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NO.	ORDINANCE		BALANCE - DEC. 31, 2010		2010	CANCELLED	2011	PAID OR CHARGED	BALANCE - DEC. 31, 2011		
	DATE	AMOUNT	FUNDED	UNFUNDED	ENCUMBRANCES		ENCUMBRANCES		FUNDED	UNFUNDED	
09-05	Equip. & Various Capital Improv.										
	ii) 2009 Road Program (\$300,000 NJDOT grant)	07/13/09	2,042,000.00	-	454,790.72	122,956.72	80,275.90	480,324.16	-	17,147.38	
	iii) Mun. Complex/Library/Parking Lot	07/13/09	900,000.00	-	291,182.95	58,201.01	1,361.43	178,371.12	-	169,651.41	
	iv) Police Dept. Computer	07/13/09	84,500.00	-	2,614.32			2,281.33	-	332.99	
	v) Fire Dept. Trailer/Fire Bay Door	07/13/09	51,000.00	2,450.00	48,550.00				2,450.00	48,550.00	
	vi) Stormwater Improvements	07/13/09	75,000.00	-	840.00				-	840.00	
	vii) COAH Housing Rehabilitation	07/13/09	50,000.00	-	15,407.50	25,000.00		25,000.00	-	15,407.50	
			<u>\$ 373,418.61</u>	<u>\$ 1,207,298.27</u>	<u>\$ 311,094.79</u>	<u>72,259.34</u>	<u>\$ 91,543.42</u>	<u>\$ 815,025.44</u>	<u>\$ 294,799.34</u>	<u>\$ 618,184.13</u>	
	Ref				C-13		C-13	C-2	C	C	
	Capital Improvement Fund		C-8			67,526.55					
	Deferred Charges to Future Taxation - Unfunded		C-6			<u>4,733.44</u>					
						<u>72,259.99</u>					

Exhibit - C-8

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance - December 31, 2010	C	\$ 126,545.00
Increased by:		
Canceled Improvement Authorizations	C-7	<u>67,526.55</u>
Balance - December 31, 2011	C	<u>\$ 194,071.55</u>

Exhibit - C-9

SCHEDULE OF RESERVE FOR BAN PREMIUM

	<u>REF.</u>	
Balance - December 31, 2010	C	\$ 64,556.06
Decreased by:		
Transferred to Fund Balance	C-1	<u>64,556.06</u>

Exhibit - C-10

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance - December 31, 2010	C	\$ 237,500.00
Grants Received	C-2	<u>187,500.00</u>
Balance - December 31, 2011	C	<u>\$ 50,000.00</u>

SCHEDULE OF GENERAL SERIAL BONDS

Exhibit - C-11

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2010</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2011</u>
			<u>OUTSTANDING - DEC. 31, 2011</u>	<u>DATE</u>				
General Improvement Bonds	6/15/97	\$ 3,575,000.00	6/15/12	275,000.00	5.150%	\$ 825,000.00	\$ 275,000.00	\$ 550,000.00
			6/15/13	275,000.00	5.200%			
General Improvement Bonds	7/15/03	\$ 4,875,000.00	7/15/12	440,000.00	2.950%	<u>2,200,000.00</u>	<u>440,000.00</u>	<u>1,760,000.00</u>
			7/15/13	440,000.00	3.050%			
			7/15/14	440,000.00	3.150%			
			7/15/15	440,000.00	3.250%			
						<u>\$ 3,025,000.00</u>	<u>\$ 715,000.00</u>	<u>\$ 2,310,000.00</u>
<u>Ref.</u>						C	C-5	C





SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>REF.</u>	
Balance - December 31, 2010	C	\$ 311,094.79
Increased by:		
Charges to Improvement Authorizations	C-7	<u>91,543.42</u>
		402,638.21
Decreased by:		
Transfer to Improvement Authorizations	C-7	<u>311,094.79</u>
Balance - December 31, 2011	C	<u><u>\$ 91,543.42</u></u>

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31,2010	BOND ANTICIPATION NOTES ISSUED	BALANCE DEC. 31,2011
99-12	Various Improvements:			
	a) HVAC & Roof Renovations	750.00		750.00
	b) Resurfacing of Roadways	2,000.00		2,000.00
	c) Acquis. of Fire/Rescue Ambulance	250.00		250.00
	d) Acquis. of Aerial Truck & Stump Cutter	400.00		400.00
	e) Acquis. of Diesel Exhaust System	500.00		500.00
	f) Acquis. of Playground Equip. & Renovations	470.00		470.00
	g) PD Security System/Trans. Vehicle Renov.	850.00		850.00
00-08	Various Improvements:			
	iii) Replacement of Emerg. Generator	250.00		250.00
	vi) Acquis. of Fire Equip.	275.00		275.00
03-14	Equip. & Various Capital Improv.			
	i) Police Communications Equipment	100.00		100.00
	ii) Fire Protective Gear, Apparatus Bay Door and Ambulance	450.00		450.00
	iii) DPW Equipment	100.00		100.00
		<u>\$ 6,395.00</u>	<u>\$ -</u>	<u>\$ 6,395.00</u>

Ref.

Footnote C

SEWER UTILITY FUND

SCHEDULE OF SEWER UTILITY CASH RECEIPTS AND DISBURSEMENTS  
COLLECTOR - TREASURER

	REF.	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance - December 31, 2010	D	\$ 122,931.30	\$ 5,335.29
Increased by Receipts:			
Refunds of Prior Period Expenditures	D-2		\$ 15,316.94
Miscellaneous	D-3	\$ 58,236.73	
Interest on Delinquencies	D-3	27,573.21	
Interest Earned on Deposits	D-3	2,266.08	
Sewer Rent Overpayments	D-18	3,962.84	
Consumer Accounts Receivable	D-8	1,856,032.84	
Interfunds Received	D-9, D-11	<u>1,670,155.28</u>	<u>158,317.53</u>
		<u>3,618,226.98</u>	<u>158,317.53</u>
		3,741,158.28	163,652.82
Decreased by Disbursements:			
Budget Appropriations	D-4	1,789,363.31	
Interfunds Disbursed	D-9, D-11	1,690,498.01	70,636.75
Improvement Authorizations	D-24		85,924.36
Appropriation Reserves	D-15	1,550.00	
Sewer Rent Overpayments	D-18	429.00	
Accrued Interest on Bonds	D-19	<u>6,274.11</u>	
		<u>3,488,114.43</u>	<u>156,561.11</u>
Balance - December 31, 2011	D	<u>\$ 253,043.85</u>	<u>\$ 7,091.71</u>

( ) - Denotes Deficit

ANALYSIS OF SEWER UTILITY CAPITAL CASH

	BALANCE DEC. 31, <u>2010</u>	BALANCE DEC. 31, <u>2011</u>
Due to General Capital Fund	\$ 157,636.16	\$ \$ 230,000.00
Loans Receivable - NJEIT	(1,061,850.00)	
Capital Improvement Fund	29,575.04	29,575.04
Reserve for Encumbrances	113,983.28	73,808.35
Fund balance	11,800.00	27,116.94
ORD. IMPROVEMENT		
<u>NO. AUTHORIZATIONS</u>		
90-15 Replacement of Townsend Place Sanitary Sewer	(248.15)	(248.15)
93-13c/ Construction of Sanitary Sewer - 96-22 Farragut Place	16,191.41	7,491.41
99-13 Purchase of Sewer Truck	73.28	73.28
00-12 Various Improvements	718,496.27	(363,780.68)
06-14 Sanitary Repair Program	19,678.00	6,105.52
07-08 Sanitary Repair Program		
09-06 Reconstruct Manholes/Pipe Replacement		(3,050.00)
	<u>\$ 5,335.29</u>	<u>\$ \$ 7,091.71</u>
	D	D

( ) Denotes Deficit or Deduction

SCHEDULE OF CHANGE FUND  
SEWER UTILITY FUND

	<u>REF.</u>	
Balance - December 31, 2010	D	\$ 150.00
Balance - December 31, 2011	D	<u>\$ 150.00</u>

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE  
SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2010	D	\$ 233,214.75
Increased by:		
2011 Billings for Sewer Rents	Reserve	<u>1,861,672.29</u>
		2,094,887.04
Decreased by:		
Collections	D-3, D-5	<u>\$ 1,856,032.84</u>
Balance - December 31, 2011	D	<u>\$ 238,854.20</u>

SCHEDULE OF INTERFUNDS  
SEWER UTILITY OPERATING FUND

	<u>Ref.</u>	<u>TOTAL</u>	<u>CURRENT</u>	<u>SEWER UTILITY CAPITAL</u>	<u>GENERAL CAPITAL</u>
Balance -December 31, 2010					
Due To	D	\$ (20,342.73)	\$ (20,342.73)		
Increased by:					
Funds Disbursed	D- 5	<u>1,690,498.01</u>	<u>1,682,841.78</u>	<u>27.86</u>	<u>7,628.37</u>
Subtotal		<u>1,690,498.01</u>	<u>1,682,841.78</u>	<u>27.86</u>	<u>7,628.37</u>
Decreased by:					
Funds Received	D- 5	<u>1,670,155.28</u>	<u>1,662,499.05</u>	<u>27.86</u>	<u>7,628.37</u>
		<u>1,670,155.28</u>	<u>1,662,499.05</u>	<u>27.86</u>	<u>7,628.37</u>



SCHEDULE OF SEWER LIENS RECEIVABLE  
SEWER UTILITY OPERATING FUND

	<u>REF.</u>		
Balance - December 31, 2010	D	\$	433.47
Balance - December 31, 2011	D	\$	<u>433.47</u>

SCHEDULE OF INTERFUNDS  
SEWER UTILITY CAPITAL FUND

	<u>Ref.</u>	<u>TOTAL</u>	<u>CURRENT</u>	<u>SEWER UTILITY OPERATING</u>	<u>GENERAL CAPITAL</u>
Balance - June 30, 2010					
Due From	D	\$ -	\$ -	\$ -	
Due To	D	\$ (157,636.16)			\$ (157,636.16)
Increased by:					
Accrued Interfunds	D- 3	-			
Funds Received	D- 5	85,953.69	85,924.36	29.33	
Accrued Interfunds	D-26	<u>508,558.00</u>			<u>508,558.00</u>
Subtotal		<u>594,511.69</u>	<u>85,924.36</u>	<u>29.33</u>	<u>508,558.00</u>
Decreased by:					
Funds Received	D- 5	72,363.84			72,363.84
Funds Disbursed	D- 5	70,636.75	70,636.75		
Interfunds Accrued	D-2, D-26	<u>523,874.94</u>	<u>\$ 15,287.61</u>	<u>29.33</u>	<u>508,558.00</u>
		<u>666,875.53</u>	<u>85,924.36</u>	<u>29.33</u>	<u>580,921.84</u>
Balance - June 30, 2011					
Due From	D	-			
Due To	D	<u>\$ (230,000.00)</u>	<u>\$ -</u>		<u>\$ (230,000.00)</u>

SCHEDULE OF ACCOUNTS RECEIVABLE  
 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST FUND  
SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2010	D	\$1,061,850.00
Decreased by:		
Cancelled by NJDEP	D-25	<u>1,061,850.00</u>

SCHEDULE OF FIXED CAPITAL  
SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2010	D	\$ 2,142,327.95
Balance - December 31, 2011	D	<u>\$ 2,142,327.95</u>

**SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
SEWER UTILITY CAPITAL FUND**

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE	BALANCE
		DATE	AMOUNT	DEC. 31,2010	DEC. 31,2011
93-13b/ 96-22	Construction of Sanitary Sewer - Farragut Place	09/27/93	\$ 38,500.00	\$ 16,191.41	\$ 16,191.41
99-13	Purchase of Sewer Truck		125,000.00	12,972.28	12,972.28
00-12	Various Sewer Improvements	08/02/00	2,500,000.00	1,135,961.87	1,135,961.87
06-14	Sanitary Repair Program	08/14/06	100,000.00	100,000.00	100,000.00
07-08	Sanitary Repair Program	07/23/07	50,000.00		-
09-06	Reconstruct Manhole/Pipe Replacement		100,000.00	100,000.00	100,000.00
				<u>\$ 1,365,125.56</u>	<u>\$ 1,365,125.56</u>
	<u>Ref.</u>			D	D

**SCHEDULE OF 2010 APPROPRIATION RESERVES  
SEWER UTILITY FUND**

	BALANCE DEC. 31,2010	PAID OR CHARGED	BALANCE LAPSED
Operating:			
Salaries and Wages	\$ 10,634.04		\$ 10,634.04
Other Expenses	24,842.19	\$ 1,550.00	23,292.19
Pfkd. Joint Meeting Costs	953.80		953.80
	<u>\$ 36,430.03</u>	<u>\$ 1,550.00</u>	<u>\$ 34,880.03</u>
<u>Ref.</u>	D	D-5	D-9

SCHEDULE OF RESERVE FOR ENCUMBRANCES  
SEWER UTILITY FUND

	<u>REF.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance - December 31, 2010	D	\$ -	\$ 113,983.28
Increased by:			
Charges to Improvement Author.	D-24		73,808.35
Charges to 2011 Budget	D-4	<u>12,366.34</u>	
		12,366.34	187,791.63
Decreased by:			
Trans. to Improvement Author.	D-24	<u>                    </u>	<u>113,983.28</u>
Balance - December 31, 2011	D	<u>\$ 12,366.34</u>	<u>\$ 73,808.35</u>

SCHEDULE OF ACCOUNTS PAYABLE  
SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2010	D	\$ 1,000.00
Balance - December 31, 2011	D	<u>\$ 1,000.00</u>

SCHEDULE OF SEWER RENT OVERPAYMENTS

	<u>REF.</u>	
Balance - December 31, 2010	D	\$ 2,092.25
Increased by:		
Cash Collections	D-5	<u>3,962.84</u>
		6,055.09
Decreased by:		
Cash Disbursements	D-5	<u>429.00</u>
Balance - December 31, 2011	D	<u>\$ 5,626.09</u>

SCHEDULE OF ACCRUED INTEREST ON SERIAL BONDS  
SEWER UTILITY FUND

	<u>REF.</u>	
Balance - December 31, 2010	D	\$ 14,721.10
Increased by:		
2011 Budget Charges	D-4	<u>8,124.66</u>
		22,845.76
Decreased by:		
Interest Paid	D-5	<u>6,274.11</u>
Balance - December 31, 2011	D	<u><u>\$ 16,571.65</u></u>

Analysis of Balance

<u>Principal Balance Dec. 31, 2011</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
<u>Bonds</u>					
25,000.00	5.150%	12/15/10	12/31/10	1/2 mo.	\$ 53.646
25,000.00	5.200%	12/15/10	12/31/10	1/2 mo.	<u>\$ 54.167</u>
					<u>107.81</u>
<u>NJEIT Trust</u>					
\$125,000.00	5.000%	08/01/10	12/31/10	5 mos.	\$ 2,604.17
65,000.00	5.125%	08/01/10	12/31/10	5 mos.	1,388.02
70,000.00	5.125%	08/01/10	12/31/10	5 mos.	1,494.79
310,000.00	5.250%	08/01/10	12/31/10	5 mos.	<u>6,781.25</u>
					<u>12,268.23</u>
<u>Bond Anticipation Notes</u>					
508,558.00	1.500%	06/13/11	06/12/12	6.6 mos.	<u>\$ 4,195.60</u>
					<u>4,195.60</u>
					<u><u>\$ 16,571.65</u></u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND  
SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2010	D	\$ 29,575.04
Balance - December 31, 2011	D	<u>\$ 29,575.04</u>

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>REF.</u>	
Balance - December 31, 2010	D	\$ 1,562,618.89
Increased by:		
NJEITF Loan Paid by Operating Budget	D-25	\$ 38,701.62
Serial Bonds Paid by Operating Budget	D-23	<u>25,000.00</u>
		<u>63,701.62</u>
Balance - December 31, 2010	D	<u>1,626,320.51</u>



SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
SEWER UTILITY FUND

Exhibit - D-22

ORD. NO.	IMPROVEMENT DESCRIPTION	DATE OF ORDINANCE	BALANCE DEC. 31,2010	BALANCE DEC. 31,2011
87-28	Improvement of the Sanitary Sewer System	07/07/87	\$ 16,191.41	\$ 16,191.41
99-13	Purchase of Sewer Truck	08/14/99	<u>12,972.28</u>	<u>12,972.28</u>
			<u>\$ 29,163.69</u>	<u>\$ 29,163.69</u>
		<u>Ref.</u>	D	D

SCHEDULE OF SERIAL BONDS PAYABLE

Exhibit - D-23

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING - DEC. 31, 2011		INTEREST RATE	BALANCE DEC. 31,2010	DECREASE	BALANCE DEC. 31,2011
			DATE	AMOUNT				
Improvement to Sanitary Sewer System	6/15/97	\$400,000.00	6/15/12	25,000.00	5.150%	<u>\$ 75,000.00</u>	<u>\$ 25,000.00</u>	<u>\$ 50,000.00</u>
			6/15/13	25,000.00	5.200%			
						<u>\$ 75,000.00</u>	<u>\$ 25,000.00</u>	<u>\$ 50,000.00</u>
					<u>Ref.</u>	D	D-21	D

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
SEWER UTILITY FUND

Exhibit - D-24

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE - DEC. 31, 2010		EXPENDED	BALANCE - DEC. 31, 2011	
		DATE	AMOUNT	FUNDED	UNFUNDED		FUNDED	UNFUNDED
93-13c/ 96-22	Construction of Sanitary Sewer - Farragut Place	09/27/93	\$ 38,500.00	\$ 3,191.41	\$ 13,000.00	\$ 8,700.00		\$ 7,491.41
99-13	Purchase of Sewer Truck		125,000.00	73.28			73.28	
00-12	Sewer Improvements	07/10/00	2,500,000.00	477,759.05	345,558.00	125,247.73		698,069.32
06-14	Sanitary Repair Program	08/14/06	100,000.00		28,840.50	22,734.98		6,105.52
09-06	Reconstruct Manholes/Pipe Replacem	07/13/09	100,000.00		100,000.00	3,050.00		96,950.00
				<u>\$ 481,023.74</u>	<u>\$ 487,398.50</u>	<u>\$ 159,732.71</u>	<u>\$ 73.28</u>	<u>\$ 808,616.25</u>
			<u>Ref.</u>	D, D-16	D, D-16		D	D
	Cash Disbursed		D-5			\$85,924.36		
	Reserve for Encumbrances		D-16			<u>73,808.35</u>		
						<u>\$159,732.71</u>		

SCHEDULE OF LOANS PAYABLE  
 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST  
SEWER UTILITY FUND

Exhibit - D-25

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2010</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2011</u>
			<u>DATE</u>	<u>AMOUNT</u>				
NJEIT 2001 Trust Loan	11/1/00	\$ 1,070,000.00	2012		5.000%			
			2013	52,933.74	5.000%			
			2014	57,533.08	5.000%			
			2015	12,272.79	5.125%			
			2016	1,743.40	5.125%			
			2017	1,208.65	5.250%			
			2018	802.05	5.250%			
			2019	138.31	5.250%			
			2020	4,681.13	5.250%	\$ 680,000.00	\$ 548,686.84	\$ 131,313.16
			NJEIT 2001 Fund Loan*	11/1/00	\$ 1,084,442.00	2012	54,231.36	
2013	55,630.78							
2014	56,874.71							
2015	54,853.33							
2016	55,891.21							
2017	56,769.75							
2018	54,320.76							
2019	54,981.59							
2020	52,369.53					<u>551,864.78</u>	<u>551,864.78</u>	<u>-</u>
						<u>\$ 1,231,864.78</u>	<u>\$ 1,100,551.62</u>	<u>\$ 131,313.16</u>
			<u>Ref.</u>	D	D-21	D		
Principal Payment				D-21	\$ 38,701.62			
Loan Principal Defeased by NJEIT				D-12	<u>1,061,850.00</u>			
					<u>\$ 1,100,551.62</u>			

SCHEDULE OF BOND ANTICIPATION NOTES  
SEWER UTILITY FUND

Exhibit - D-26

ORD. NO.	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	AMOUNT OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DEC. 31, 2010	INCREASED	DECREASED	BALANCE DEC. 31, 2011
93-13c/ 96-22	Construction of Sanitary Sewer - Farragut Place	6/17/09	\$ 13,000.00	6/13/11	6/12/12	1.500%	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00
00-12	Sewer Improvements	6/17/09	345,558.00	6/13/11	6/12/12	1.500%	345,558.00	345,558.00	345,558.00	345,558.00
06-14	Sanitary Repair Program	6/17/09	100,000.00	6/13/11	6/12/12	1.500%	100,000.00	100,000.00	100,000.00	100,000.00
07-08	Sanitary Repair Program	6/17/09	50,000.00	6/13/11	6/12/12	1.500%	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>
							<u>\$ 508,558.00</u>	<u>\$ 508,558.00</u>	<u>\$ 508,558.00</u>	<u>\$ 508,558.00</u>
						<u>Ref.</u>	D	D-11	D-11	D

SCHEDULE OF BONDS AND NOTES  
 AUTHORIZED BUT NOT ISSUED  
SEWER UTILITY FUND

Exhibit - D-27

ORD. NO.	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31, 2010</u>	<u>Canceled Loan Receivable</u>	<u>BALANCE DEC. 31, 2011</u>
07-08	Sanitary Repair Program		\$ 1,061,850.00	1,061,850.00
09-06	Reconstruct Manholes/Pipe Replacement	<u>100,000.00</u>		<u>100,000.00</u>
		<u>\$ 100,000.00</u>	<u>\$ 1,061,850.00</u>	<u>\$1,161,850.00</u>

Ref.

Footnote D

PAYROLL FUND

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Exhibit - E-1

	<u>BALANCE</u> <u>DEC. 31, 2010</u>	<u>RECEIPTS</u>	<u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>
Net Salaries	\$42,602.22	7,089,922.07	7,122,873.11	\$9,651.18
Payroll Deductions:				
Federal Income Tax	-	1,558,338.22	1,558,338.22	-
State Income Tax	0.15	407,981.66	407,981.66	0.15
Social Security/ Medicare Tax	-	566,285.87	566,285.87	-
State Unemployment Insurance	-	19,141.31	19,141.31	-
Equitable Life Assurance:				
Deferred Compensation Plan	(425.00)	171,760.00	171,335.00	-
Public Employees' Retirement System:				
Pension	18,764.01	159,466.37	173,075.35	5,155.03
Contributory Insurance	3,066.71	10,186.96	10,096.28	3,157.39
Police & Firemen's Retirement System:				
Pension	93,445.14	911,181.06	974,760.81	29,865.39
FMBA Union Dues	50.00	27,690.00	27,690.00	50.00
PBA Union Dues	(28.58)	34,066.78	34,038.20	-
Teamsters Union Dues	13.50	11,822.50	11,822.50	13.50
DCRP Retirement System:		3,628.15	5,103.98	(1,475.83)
Insurance:				
Conseco	-	207.84	190.52	17.32
ING	-	624.00	624.00	-
Colonial	999.66	3,285.84	3,286.06	999.44
Aetna	-			-
AFLAC	(617.59)	43,302.73	43,285.44	(600.30)
Garnishment	168.07	29,251.56	29,608.36	(188.73)
Initiation Dues	-	325.00	300.00	25.00
Medical Prepay	42,453.38	51,963.60	51,963.60	42,453.38
Miscellaneous Account	29,989.74	61.86		30,051.60
Other Refund	(43.16)	(4.00)	(1,183.07)	1,135.91
Net Payroll Deductions	187,836.03	4,010,567.31	4,087,744.09	110,659.25
Other Accounts:				
Due from Trust-Other Fund				0.00
Due to Current Fund				0.00
Net Interfunds	0.00	0.00	0.00	0.00
	<u>\$230,438.25</u>	<u>\$11,100,489.38</u>	<u>\$11,210,617.20</u>	<u>\$120,310.43</u>

Ref.

E

E

LENGTH OF SERVICE AWARD PROGRAM



**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
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MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of North Plainfield  
County of Somerset, New Jersey

We have reviewed the accompanying statement of assets, liabilities and net assets of the Borough of North Plainfield Length of Service Award Program (LOSAP) as of December 31, 2011, and the related statement of revenues, expenses and other changes in net assets for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the administration of the Borough.

A review consists primarily of inquiries of the administration of the Borough and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

The Length of Service Award Program is a Borough sponsored program and has no separate legal status or existence. The program prepares its financial statements in conformity with the accounting principles and practices prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the basis of accounting described in the note.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants

Highland Park, New Jersey  
November 9, 2012

BOROUGH OF NORTH PLAINFIELD  
 LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED  
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS

	December 31, 2011	December 31, 2010
<b>Assets</b>		
Investments, at fair value	\$ <u>42,221.60</u>	\$ <u>53,455.64</u>
Total Assets	\$ <u><u>42,221.60</u></u>	\$ <u><u>53,455.64</u></u>
 <b>Net Assets</b>		
Restricted	\$ <u>42,221.60</u>	\$ <u>53,455.64</u>
Total Net Assets	\$ <u><u>42,221.60</u></u>	\$ <u><u>53,455.64</u></u>

NOTE: See Notes to Unaudited Financial Statements

BOROUGH OF NORTH PLAINFIELD  
 LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED  
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS

FOR THE YEAR ENDED

	December 31, 2011	December 31, 2010
Restricted Net Assets		
Contributions	\$ 9,000.00	\$ 10,800.00
Earnings (Losses)	723.39	3,599.64
Withdrawals	(19,531.02)	(4,653.67)
Service Charges	<u>(1,426.41)</u>	<u>(818.90)</u>
Increase (Decrease) in Net Assets	(11,234.04)	8,927.07
Net Assets - Beginning of Year	<u>53,455.64</u>	<u>44,528.57</u>
Net Assets - End of Year	<u>\$ 42,221.60</u>	<u>\$ 53,455.64</u>

NOTE: See Notes to Unaudited Financial Statements

BOROUGH OF NORTH PLAINFIELD LENGTH OF SERVICE AWARD PROGRAM  
(LOSAP) (UNAUDITED)

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Borough of North Plainfield Length of Service Award Program (LOSAP) is a qualified plan under Internal Revenue Code Section 457(e) and P.L. 1997, c.388, as amended by P.L. 2001, c.272. The Borough established the LOSAP Program for the North Plainfield Volunteer Fire Company and the North Plainfield Volunteer First Aid Organization on December 18, 2000 through Ordinance #00-09. LOSAP provides for fixed annual contributions to a deferred income account for volunteer firefighters and rescue squad members who meet specified service criteria. LOSAP shall provide for annual contribution to each eligible member that meets the criteria as provided in the enacting LOSAP ordinance. The Borough of North Plainfield sponsors LOSAP through an annual award appropriated through the municipal budget.

B. Basis of Presentation

The accounting policies of the Borough of North Plainfield (the "Borough"), Length of Service Award Program (LOSAP) (the "Program") conform to the accounting principles and practices prescribed by the division of Local Government Services, department of Community Affairs, State of New Jersey.

C. Description of Program

The Program was created in accordance with the Internal Revenue Code Section 457. The Program is offered to all volunteer members that meet the criteria set by the Borough, and provides for fixed annual contributions for all eligible members. The deferred compensation is not available to volunteer members until termination, retirement, death, or unforeseeable emergency. Earnings of the Program and contributions by the Borough are subject to vesting provisions of the plan and are exempt from income taxes until distribution to the participating volunteers.

The Borough offers the Program to the participants through the Lincoln Financial Group.

All amounts of compensation deferred under the Program, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights, are (until paid or made available to the volunteer or other beneficiary) solely the property and rights of the Borough (without being restricted to the provisions of benefits under the Program), subject only to the claims of the Borough's general creditors. Participant's rights under the Program are equal to those of general creditors of the Borough in an amount equal to the fair market value of the deferred account for each participant.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Description of Program (Cont'd.)

In accordance with standards established by the Governmental Accounting standards Board, the Program balances are displayed in the Trust Fund of the Borough. The Program is tax exempt under Internal revenue Code Section 457.

D. Amount of Contribution

The Borough will contribute to the plan for an active volunteer the annual contribution amount of \$600 per volunteer for an estimated annual cost of \$23,400. The maximum contribution provided by the Borough shall not exceed \$600.

NOTE 2: QUALIFICATIONS

Each active volunteer member that meets the criteria below shall be credited with points for volunteer services provided to the volunteer fire company/first aid organization. In order to be eligible for such contribution, one must accumulate twenty-five (25) points per calendar year. The attainment of the twenty-five (25) points for responding to the minimum number of calls shall be calculated as follows:

Fire Calls

Total number of calls volunteer fire company responds to annually other than emergency rescue and first aid calls (ambulance calls)	0- 500	501- 1000	1001- 1500	1501 & up
Minimum number of calls volunteer firefighters must respond to annually in order to receive 25 points of credit	10%	7.5%	5%	2%

Fire Calls

Total number of calls volunteer emergency rescue and first aid squad (ambulance calls) responds to annually	0- 500	501- 1000	1001- 1500	1501 & up
Minimum number of calls volunteer emergency rescue and first aid squad members must respond to annually in order to receive 25 points of credit	10%	7.5%	5%	2%

SUPPLEMENTARY DATA

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

COMBINED BALANCE SHEET - ALL FUNDS  
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2011

ASSETS	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	SEWER UTILITY FUND	GENERAL FIXED ASSETS	PAYROLL FUND	MEMORANDUM	MEMORANDUM
							ONLY TOTALS DEC. 31, 2011	ONLY TOTALS DEC. 31, 2010
Cash and Investments	\$ 3,578,264.60	1,403,270.35	1,077,204.55	260,285.56		120,310.45	\$ 6,439,335.51	\$ 6,564,546.31
Accounts Receivable:								
State & Federal Grants Receivable	916,527.25		50,000.00				966,527.25	959,516.99
Due from State of New Jersey								1,061,850.00
Taxes, Assessments, Liens & Utility Charges	969,201.82	41,401.48		239,287.67			1,249,890.97	1,440,247.09
Interfund Loans	17,364.45		230,000.00				247,364.45	183,261.16
Other Accounts Receivable	29,326.78						29,326.78	29,468.62
Overpayment of School Taxes								
Property Acquired for Taxes at Assessed Valuation	827,500.00						827,500.00	827,500.00
Prospective Assessments Funded Inventory		68,203.44					68,203.44	68,203.44
Fixed Assets - General					27,934,797.07		27,934,797.07	27,912,489.07
Fixed Capital - Utility				2,142,327.95			2,142,327.95	2,142,327.95
Fixed Capital - Authorized and Uncompleted - Utility				1,365,125.56			1,365,125.56	1,365,125.56
Deferred Charges to Revenue of Succeeding Years	175,000.00						175,000.00	204,000.00
Deferred Charges to Future Taxation: General Capital Fund			11,453,821.56				11,453,821.56	12,553,277.35
	<u>\$ 6,513,184.90</u>	<u>\$ 1,512,875.27</u>	<u>\$ 12,811,026.11</u>	<u>\$ 4,007,026.74</u>	<u>\$ 27,934,797.07</u>	<u>\$ 120,310.45</u>	<u>\$ 52,899,220.54</u>	<u>\$ 55,311,813.54</u>

BOROUGH OF NORTH PLAINFIELD  
SOMERSET COUNTY, NEW JERSEY

COMBINED BALANCE SHEET - ALL FUNDS  
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2011

LIABILITIES, RESERVES AND FUND BALANCE	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	SEWER UTILITY FUND	GENERAL FIXED ASSETS	PAYROLL FUND	MEMORANDUM	MEMORANDUM
							ONLY TOTALS	ONLY TOTALS
							DEC. 31.2011	DEC. 31.2010
Bonds, Notes and Loans Payable	\$		11,452,160.00	1,128,558.00			\$ 12,580,718.00	\$ 14,686,149.78
Prepaid Taxes, Assessments, Utility Charges and Licenses	353,560.08						353,560.08	157,507.50
Tax, Assessment, Lien, License and Utility Charge Overpayments	529,787.62			5,626.09			535,413.71	392,246.02
Appropriation Reserves	511,043.90			4,918.11			515,962.01	690,773.42
Reserve for Encumbrances/ Accounts Payable	524,621.61		91,543.42	87,174.69			703,339.72	738,574.61
Other Liabilities	9,231.93			16,571.65		120,310.45	146,114.03	369,246.96
Due County for Added Taxes								
Amts. Pledged to Specific Purposes	1,213,738.29	1,321,377.57	194,071.55	29,575.04			2,758,762.45	2,067,695.63
Improvement Authorizations			912,983.47	808,689.53			1,721,673.00	2,435,155.84
Interfund Loans		362.45	17,002.00	230,000.00			247,364.45	183,261.16
Investments in General Fixed Assets					27,934,797.07		27,934,797.07	27,912,489.07
Reserve for Amortization of Costs of Fixed Capital Acquired or Authorized				1,216,797.36			1,216,797.36	1,591,782.58
Reserve for Certain Assets Acquired or Receivables & Inventories	1,843,393.05	109,604.92		239,287.67			2,192,285.64	2,391,044.15
Fund Balance	<u>1,527,808.42</u>	<u>81,530.33</u>	<u>143,265.67</u>	<u>239,828.60</u>			<u>1,992,433.02</u>	<u>1,695,886.82</u>
	\$ <u>6,513,184.90</u>	\$ <u>1,512,875.27</u>	\$ <u>12,811,026.11</u>	\$ <u>4,007,026.74</u>	\$ <u>27,934,797.07</u>	\$ <u>120,310.45</u>	\$ <u>52,899,220.54</u>	\$ <u>55,311,813.54</u>



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

Revenue and Other Income Realized	Year 2011		Year 2010	
	Amount	%	Amount	%
Fund Balance Utilized	\$700,000.00	1.25	\$750,000.00	1.39
Miscellaneous - From Other Than Local Property Tax Levies	4,524,442.16	8.09	4,134,074.68	7.66
Collection of Delinquent Taxes and Tax Title Liens	765,258.99	1.37	996,498.68	1.85
Collection of Current Tax Levy	49,954,537.83	89.29	48,119,916.87	89.11
<b>Total Income</b>	<b>55,944,238.98</b>	<b>100.00</b>	<b>54,000,490.23</b>	<b>100.00</b>
<b>Expenditures</b>				
Budget Expenditures:				
Municipal Purposes	20,193,292.17	36.51	19,055,622.07	36.08
County Taxes	6,243,858.06	11.29	6,024,443.69	11.41
Local School Taxes	28,602,563.00	51.71	27,697,968.52	52.45
Other Expenditures	276,353.59	0.50	30,641.30	0.06
<b>Total Expenditures</b>	<b>55,316,066.82</b>	<b>100.00</b>	<b>52,808,675.58</b>	<b>100.00</b>
Less: Expenditures to be Raised by Future Taxes	75,000.00			
<b>Total Adjusted Expenditures</b>	<b>55,241,066.82</b>		<b>52,808,675.58</b>	
Excess in Revenue	703,172.16		1,191,814.65	
Fund Balance January 1	1,524,636.26		1,082,821.61	
	2,227,808.42		2,274,636.26	
Less: Utilization as Anticipated Revenue	700,000.00		750,000.00	
<b>Fund Balance December 31</b>	<b>\$1,527,808.42</b>		<b>\$1,524,636.26</b>	

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

Revenue and Other Income Realized	Year 2011		Year 2010	
	Amount	%	Amount	%
Fund Balance Utilized	\$14,952.02	0.75		
Collection of Sewer Rents	1,856,032.84	93.08	1,890,431.59	95.31
Miscellaneous - From Other Than Water and Sewer Rents	122,956.05	6.17	93,104.91	4.69
Total Income	<u>1,993,940.91</u>	<u>100.00</u>	<u>1,983,536.50</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	1,736,000.00	95.66	1,684,000.00	84.90
Debt Service	63,772.42	3.51	164,381.13	8.29
Deferred Charges and Statutory Expenditures	15,000.00	0.83	135,155.37	6.81
Total Expenditures	<u>1,814,772.42</u>	<u>100.00</u>	<u>1,983,536.50</u>	<u>100.00</u>
Excess in Revenue (Operating Deficit)	179,168.49			
Fund Balance January 1	<u>48,495.19</u>		<u>48,495.19</u>	
	227,663.68		48,495.19	
Less:				
Fund Balance Utilized	<u>14,952.02</u>			
Fund Balance December 31	<u>\$212,711.66</u>		<u>\$48,495.19</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate:</u>	<u>\$2.91</u>	<u>\$2.77</u>	<u>\$2.67</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$0.94	\$0.88	\$0.80
County (Inc. Library & Open Space Taxes)	0.35	0.34	0.36
Local School	1.62	1.55	1.51
<u>Assessed Valuation:</u>			
2011	<u>\$1,764,520,278.00</u>		
2010		<u>\$1,827,430,934.00</u>	
2009			<u>\$1,933,919,446.00</u>

Note: Under the provisions of Chapter 73, L. 1976 (R.S. 54:4-46.1), the Somerset County Board of Taxation estimated the amount of approved Veterans' and Senior Citizens' tax deductions, etc. to be \$123,750 for the year 2011.

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>Percentage of Collection</u>
		<u>Cash</u>	<u>Collections</u>	
2011	\$ 51,399,286.86	\$ 49,440,571.01		96.19%
2010	49,490,565.86	47,860,792.23		96.71%
2009	47,960,807.17	46,131,722.02		96.19%
2008	47,927,180.09	46,369,673.42		96.75%
2007	46,323,112.17	44,619,734.06		96.32%
2006	43,414,810.28	42,221,158.71		97.25%
2005	40,432,634.97	39,468,551.43		97.62%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Dec. 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$ 12,894.62	\$ 956,307.20	\$ 969,201.82	1.89%
2010	12,137.40	1,144,118.42	1,156,255.82	2.34%
2009	10,722.06	1,002,102.25	1,012,824.31	2.11%
2008	10,722.06	1,357,778.12	1,368,500.18	2.86%
2007	10,063.75	1,684,564.69	1,694,628.44	3.66%
2006	9,423.43	1,111,257.75	1,120,681.18	2.58%
2005	8,315.20	939,548.57	947,863.77	2.34%

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	\$827,500.00
2010	827,500.00
2009	827,500.00
2008	827,500.00
2007	396,200.00
2006	396,200.00
2005	396,200.00

COMPARISON OF SEWER UTILITY BILLINGS AND COLLECTIONS

<u>Year</u>	<u>Billings</u>	<u>*Collections</u>
2011	\$1,861,672.29	\$1,856,032.84
2010	1,886,495.20	1,890,431.59
2009	1,838,586.81	1,781,899.47
2008	1,911,773.58	1,915,736.44
2007	1,713,047.68	1,729,053.82
2006	1,842,009.50	1,747,678.73
2005	1,435,218.95	1,452,567.67

\*Includes collections of prior unpaid balances.

COMPARATIVE SCHEDULE OF FUND BALANCE

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2011	\$1,524,636.26	\$800,000.00
	2010	1,524,636.26	700,000.00
	2009	1,082,821.61	750,000.00
	2008	1,262,288.12	650,000.00
	2007	753,763.22	237,000.00
	2006	1,081,997.65	500,000.00
	2005	993,922.03	500,000.00
Sewer Utility Operating Fund	2011	\$212,711.66	\$10,000.00
	2010	48,495.19	14,952.02
	2009	48,495.19	0.00
	2008	61,859.47	13,364.28
	2007	31,581.85	0.00
	2006	21,356.21	21,356.21
2005	18,906.76	0.00	

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as of December 31, 2011:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Michael Giordano Jr.	Mayor	\$
Frank "Skip"Stabile	Council President	
Keiona R. Miller	Councilperson	
Mary H. Forbes	Councilperson	
Lawrence La Ronde	Councilperson	
Everett Merrill	Councilperson	
Frank Righetti	Councilperson	
Douglas Singleterry	Councilperson	
Richard Phoenix	Borough Clerk, Assessment Search Officer	
David E Hollod	Business Administrator	
Patrick DeBlasio	Chief Financial Officer	
Nancy Nichols	Tax Collector	600,000.00
Jodi Hansen-Rodreguiz	Municipal Court Administrator	50,000.00
Eric Martin Bernstein	Borough Attorney	
Raymond P. DeMarco	Magistrate	
Barbara Flaherty	Assessor	
Jerrold Kaminsky	Prosecutor	
William Eaton	Fire Chief	
William G. Parenti	Police Chief	

Public Employees' Dishonesty Blanket Bond issued by the General Security Property and Casualty Company covers Borough employees not required to have individual bonds in the sum \$250,000.00.

Position Bonds listed above issued by Travelers Casualty & Surety Co. of North America.  
The Municipal Court Bond meets the minimum and suggested coverage levels promulgated by the Division of Local Government Services.



BOROUGH OF NORTH PLAINFIELD  
COUNTY OF SOMERSET, NEW JERSEY  
FOR YEAR ENDED DECEMBER 31, 2011

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Borough of North Plainfield, County of Somerset, New Jersey, for the year ended December 31, 2011, has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department and the other various offices and departments collecting fees within the Borough of North Plainfield, County of Somerset, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the Governing Body. Cash on hand was counted and cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of Borough of North Plainfield, County of Somerset, New Jersey as of and for the fiscal year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses.

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 reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or 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.

## GENERAL COMMENTS

### INTERNAL CONTROL MATTERS (Cont'd)

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need be reported in writing to management and those charged with governance.

The deficiencies in internal control, as reported below, are not considered to be significant deficiencies nor material weaknesses. In addition, these deficiencies are not required to be reported in writing however, these deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in review of the Borough's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

During our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 11, 2010 on the financial statements of the Borough of North Plainfield. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

We identified certain deficiencies in internal control, as follows:

#### Internal Control Deficiencies:

##### Segregation of Duties - Tax/Sewer Utility Collector's Office

Individuals that have the responsibilities and function of cash collections are responsible for the Tax/ Sewer Utility receivable subsidiary ledgers.

##### Segregation of Duties - Other Offices and Officials Collecting Fees

Conditions exist whereby the same individual may collect, record and deposit/remit cash receipts in the following offices/departments: Construction Code, Fire Prevention, Clerk, Police, Recreation, Court, Public Works and Registrar of Vital Statistics/Board of Health.

These deficiencies in internal control were not considered by us to be a significant deficiencies. While basic internal control design objectives include the limiting of any individual's control over a transaction from start to finish, the volume of transactions in the various offices does not justify the hiring of additional staff solely to improve internal control. Instead, we suggest that monitoring controls, including analytical procedures and intra-period comparisons, be utilized to identify unexpected changes in transactional levels for further review.

#### Internal Control Documentation

Statement on Auditing Standards 115 identifies inadequate documentation of internal controls as a possible deficiency, significant deficiency or material weakness. The Borough initiated the process of documenting its controls, we suggest the Borough consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation also include the internal controls that exist over grant compliance.



## GENERAL COMMENTS

### OTHER MATTERS

#### Contracts and Agreements Required to be Advertised Per N.J.S.A. 40A: 11-4

N.J.S.A. 40A: 11-4 states "every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidder therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$21,000.00 except by contract or agreement."

On June 9, 2010, the Local Public Contracts Law was amended, effective on January 1, 2011. The amendments address the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby increasing the amount from \$21,000.00 to \$26,000.00 under which a contract may be awarded without public advertising. Furthermore, if the Township's Purchasing Agent is "Qualified" the Committee may increase the bid threshold from \$29,000.00 to \$36,000.00. On May 5, 2011, a revised Local Finance Notice was issued which reduced the threshold for Non-QPA municipalities from \$26,000.00 to \$17,500.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

A test of the Borough's purchasing procedures indicates bids were requested by public advertising for the following items as disclosed in the official minutes:

Wells Rd Sanitary Sewer Replacement; Leaf & Grass Pick up; Various Road Improvements.

The Borough's participation in the Somerset County Cooperative Pricing Council was approved on September 12, 2011 for the period from August 1, 2010 to September 30, 2011. However no new contracts were awarded in 2011.

Our Tests of the Borough's minute records during the current audit period indicated that evidence of the approval of the governing body was sought in 2011 when the Borough planned to utilize state contracts for procurement, however it was not sought when the amount of goods and services purchased exceeded the applicable bid threshold, from specific vendors. This additional approval is required by the governing statute.

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.

## GENERAL COMMENTS

### Contracts and Agreements Required to be Advertised Per N.J.S.A. 40A:11-4 (Cont'd.)

The examination of expenditures revealed aggregate payments, in excess of the bid threshold then in effect to Three (3) individuals or firms, "for the performance of any work or the furnishing or hiring of any materials or supplies", where the clerk was unable to provide proof of advertisement or competitive bidding pursuant to N.J.S.A. 40A:11-4, and no resolution awarding a contract pursuant to the statutory exceptions thereto, for the following categories of goods and services:

Waste Removal; Appraisal Services; Municipal Building Renovation.

Of these, we believe that the first two items represent an extension of prior contracts that were not brought before the Council for formal approval. The third item was for a sub-contractors, who were not brought before the Council as it was part of the original bid awarded to the general contractor in 2006.

Upon inquiry of the various officials responsible for the purchases of materials, supplies, equipment, etc. for the Borough in relation to the Local Public Contracts Laws regarding the solicitation of quotations when required, monitoring of change orders, quantities and unit prices of contracts, procedures to assure compliance with statutory requirements were applied uniformly throughout the year.

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

Audit Services, Engineering Services, Professional Risk Management Consulting Services.

Any interpretation as to possible violation of N.J.S.A. 40A:11-4 and N.J.A.C. 5:30-14 would be in the province of the municipal solicitor.

It is recommended:

That the use of state approved contracts as an exception to the Local Public Contracts Law follow the appropriate approval process as set forth in the law, and that any purchase orders issued utilizing state contract pricing include the applicable state contract number on its face as required by governing regulations.

That contracts and/or contract extensions requiring the approval of the Governing Body be executed only upon the adoption of awarding resolutions as required by the Local Public Contracts Law and regulations thereto.

### Pay-to-Play Requirements-

An anomaly exists in the "Pay-to-Play" statutes when they are matched with the LPCL requirements to determine compliance requirements. The threshold for Pay-to-Play is set at \$17,500, with no escalator provision. At the time c.271 was enacted, the bid threshold per the LPCL was also set at \$17,500. However, effective June 9, 2010, the bid threshold was increased to \$26,000. This created a gap for compliance, as under c. 271, a contract not awarded using a fair & open process and exceeding \$17,500 triggers the filing of additional documentation relating to ownership of the contracting entity and disclosure of political contributions. Since "Pay-to-Play" laws cover all contracts (not just professional services as

## GENERAL COMMENTS

### Pay-to-Play Requirements (cont'd.)

some believe) any contract (or aggregation of purchases of similar goods or services) that does not meet "fair and open" standards requires the Borough to obtain the necessary c. 271 documents. The provisions of c. 271 became effective on July 1, 2010. Thus a violation would require the issuance of purchase orders exceeding \$17,500 without a "fair and open" process, and without obtaining the requisite disclosures. We noted one non-professional service vendors who had been issued POs exceeding \$17,500 during the audit period without bidding or another form of "fair and open" contracting. We also noted instances wherein the requisite disclosure documents could not be located. We attributed the inability to access these documents to the general disruption that the building renovations created.

During the current audit, we noted two (2) vendors for which purchases were made over the \$17,500 threshold in the statute that would have require the addition documentation, for which the Borough was not able to provide such documentation.

It is suggested that the Borough continue to monitor all purchases to ensure that the required documentation for compliance with Pay-to-Play regulations is being obtained and maintained in a file that is accessible at all times to all employees in the clerk's office.

### Business Registration Act

During a prior audit, we noted in our testing of vendor registration certificates, required pursuant to the Business Registration Act (P.L. 2004,c.57), that the Borough had made compliance with the provisions of this Act a high priority item, and that the Borough was compliant with this requirement. This improved control process has eliminated an exposure to legal challenges from unsuccessful vendors that could delay procurement process.

### Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 1, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes sewer user fees and assessments:

BE IT RESOLVED by the Council of the Borough of North Plainfield that  
The Tax Collector is hereby authorized and directed to charge interest on delinquent tax, assessment and sewer user accounts for calendar year 2011, as follows:

Eight percent (8%) on the first one thousand five hundred dollars (\$1,500.00) which is delinquent for a period in excess of ten (10) calendar days, which said percentage shall be chargeable from the due date of payment; and

Eighteen percent (18%) on any amount in excess of one thousand five hundred dollars (\$1,500.00) which is delinquent for a period in excess of ten (10) calendar days, which said percentage shall be chargeable from the due date of payment; and

Six percent (6%) yearly penalty on any tax delinquency, as defined by N.J.S.A. 54:4-67, which exceeds ten thousand dollars (\$10,000.00), provided said delinquency has not been paid prior to the end of the calendar year.

GENERAL COMMENTS

Collection of Interest on Delinquent Taxes and Assessments (Cont'd.)

An examination of the Collector's records indicated that interest on delinquent accounts was calculated in accordance with the foregoing resolution, with minor exceptions noted.

Delinquent Taxes and Tax Title Liens

The Borough held a tax sale on August 25, 2011 and all delinquent items from 2010 were cleared at or prior to the holding of the sale, unless under bankruptcy proceedings. During 2006, foreclosure judgments were issued against four properties that had been in arrears for significant periods, and the Borough was awarded title to these properties in lieu of the payment of the delinquent property taxes. The Borough should determine if these properties will be used for any municipal purpose and, if no such purpose can be determined, a sale of these properties at public auction should be considered.

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

<u>Year</u>	<u>Total Liens</u>	<u>Tax Liens</u>	<u>Sewer Liens</u>
2011	5	4	1
2010	5	4	1
2009	5	4	1

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2011 Taxes	25
Delinquent Taxes	25
Tax Title Liens	3
Payments of Sewer Utility Charges	25
Delinquent Sewer Utility Charges	25
Special Assessment	25

The result of the test, which was made as of February 29, 2012, revealed no irregularities for all responses.

## GENERAL COMMENTS

### Interfund Balances

The Borough shows the following interfund payable balance on its December 31, 2011 balance sheets:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 17,364.45	\$
Trust Assessment Fund		362.45
Capital Fund	230,000.00	17,002.00
Sewer Utility Capital Fund		<u>230,000.00</u>
Total	<u>\$247,364.45</u>	<u>\$247,364.45</u>

### Investment of Idle Funds

The Chief Financial Office had the idle funds of the Borough in interest-bearing checking accounts pursuant to its Cash Management Plan. During 2011, interest was earned and recorded as revenues in the Current Fund in the amount of \$32,807.17.

A resolution approving all authorized depositories was approved at reorganization. Pursuant to N.J.S.A. 40A:5-14, a formal cash management plan is approved annually by the governing body. All bank balances and investments held by the Borough were directly confirmed as of December 31, 2011 and February 29, 2012.

### Payment of Claims

Claims were examined on a test basis for the year under review and they were found to be in good order with no exceptions noted relating to missing certifications, approval signatures, and supporting documentation. All bill lists are presented to Council for review and approval prior to the disbursement of funds. Tests for compliance with these requirements yielded no exceptions.

### Purchase Order and Encumbrance System

The Borough is utilizing a purchase order system for its expenditures in connection with its budgetary accounting system during the year under review. The accounting is processed on a data processing system for budgetary control. Tests of the system disclosed that compliance was good during the year. Prior years' outstanding encumbrances were reviewed at the close of the year, and adjustments and cancellations were made where appropriate to reflect actual commitments outstanding for budgetary control.

### Other Officials Collecting Fees

Our reviews of the records maintained for other officials collecting fees, which were designed to determine that minimum levels of internal controls and accountability were met, that cash receipts were deposited or turned over to the Treasurer's accounts within a 48 hour period as required by N.J.S.A. 40A:5-15, that amounts charged were in accordance with the provisions of the Borough Code and that monthly financial reports are being submitted to the Finance Department timely. Our review revealed no exceptions.

## GENERAL COMMENTS

### Surety Bonds

The "List of Officials", included as part of the Supplementary Data section of this report, discloses the status of surety bond coverage's in effect at December 31, 2011. The bond coverage for the Tax/Utility Collector and the Municipal Court Personnel meet the minimum required by N.J.A.C. 5:30-8.3.

Based upon the new provisions of N.J.A.C. 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds. The Borough's coverages meet the suggested levels of the revised Administrative Code.

### Municipal Court

The financial records maintained by the Municipal Court during the period under review were found to be in good condition. The examination of the general account indicated that deposits were properly recorded and spread by receipt category, cash was reconciled monthly and disbursements were made to the appropriate agencies on a timely basis.

The examination of the bail account's financial and supporting records maintained by the Municipal Court indicated continued improvement in the completeness of the records. Monthly reconciliations were performed.

The process of traffic and criminal cases entered on the State's on-line computer system was found to be good.

### Developer Escrow Accounting Law Amendments

As noted in previous reports, changes have been made in Chapter 55, Laws of 1995 relating to the management of developer escrow funds effective September 17, 1995. The billing and reporting requirements imposed on the Borough by this law change are significant.

We noted that cash receipt and disbursement records maintained for escrow fund transactions continued to provide the necessary degree of detail, and that an appropriate and timely form of escrow deposit accounting had been implemented both in-house and through the new escrow bank account. During 2003, the Borough contacted its depository and began receiving copies of the quarterly escrow statements required under the revisions to the Municipal Land Use Act (N.J.S.A. 40:55D-53.1)

### Other Trust Funds

During 2011, the Borough continued utilizing the new accounting system and general ledgers for the various general trust funds for which individual bank accounts are maintained. The Borough records provided accountability to insure the funds are available for specified uses.

Our review of Other Trust Funds maintained by the Borough included a review of the list of approved funds maintained by the Division of Local Government Services. All dedicated funds maintained by the Borough were included on the approved list by the Division.

## GENERAL COMMENTS

### Condition of Records - Finance Department

The records maintained by the Finance Department during the period were reviewed. A general ledger was maintained for each fund. Minor adjustments were required to be posted and recorded within the general ledger accounting and reporting system in order to utilize the ledger as the basis for financial statement – statutory basis preparation and presentation.

In the Audit Report for Year ending December 31, 2010 we reported that the balance sheet of the various funds include certain account balances, which are not supported by a detailed supporting record, which itemizes the account balance. These accounts include:

#### Current Fund:

Reserve for Extra Duty Pay

During the period under review the Borough performed an analysis of the balance in the above reserve account and re-created a detail record to support the balance as of December 31, 2010 and maintained and updated that record to include all transaction in FYE December 31, 2011. We suggest the Borough continue to maintain this record going forward

### Prospective Assessments Funded

In the December 31, 2007 audit we noted that there were several projects remaining on the books at December 31, 2007, which were initiated several years ago as local projects, meaning that the benefited property owners were to be assessed for the project costs. These projects were bonded over ten years ago, and no substantive work has been performed on these projects for at least seven years, suggesting that the projects have been completed. Accordingly, the Borough should either assess the properties or cancel the prospective assessments. As of December 31, 2007 the bonds issued in the amount of \$175,000 have fully matured and have been paid through the general budget of the Borough. Accordingly, in the event that the assessment process cannot go forward, cancellation will not have an impact on the budgets or financial position of the Borough.

During fiscal year 2008, \$123,548.57 of the assessment balance had been confirmed. The tax collector billed a total of \$122,869.07, the difference of \$679.50 was due to an incomplete assessment search, leaving a property listed as unknown owner. This matter should be reviewed with legal counsel to determine if this item can be billed or should be cancelled. As of the date of this audit the Borough has not made any determination on how to proceed.

### Payroll Fund

Audit testing of salaries and wages paid by the Borough revealed no exceptions to the amounts or rates of pay for the items tested to approved salaries by resolution or negotiated contract. During 2011, the evidence of supervisory reviews and approvals of timesheets prior to submission to the payroll office revealed no exceptions.

## GENERAL COMMENTS

### Administration and Accounting for State & Federal Grants

The Borough operated various programs during 2011, which were funded in whole or in part by State or Federal grant assistance. These programs often vary as to the application and approval process, matching funds requirements, grant periods, required approvals for modification of budgets and the timing and frequency of financial reporting. A separate grant fund was maintained to allow for the separate recording of grant activity. The examination of these grant programs indicated that the Borough had expended grant funds during 2011 for the purposes authorized and monitoring procedures appeared adequate to assure that grant objectives were met.

We noted the existence of unappropriated grant balances for infrastructure improvements that also correspond to capital project authorizations, and as such may represent the funding of existing projects rather than the potential for new project authorizations. We also noted significant balances of grants receivable and grant spending reserves for infrastructure improvements that have remained on the books for several years with little or no activity. A full review of the status of each grant program for infrastructure improvements should be performed to determine that all grant expenditures were charged appropriately (either to grant accounts or capital project accounts based upon the underlying authorizations), that project financial reports of expenditures are in agreement with the Borough's official financial records, that all reimbursements due to the Borough have been received or have been requisitioned, and that unexpended balances relating to completed programs and expired grants have been cancelled in a timely manner.

It is recommended that a review of grant fund account balances relating to infrastructure improvements be performed to confirm the continuing viability and available balances of the projects reported therein.

The audit procedures, which were applied in the tests of grant programs, did not disclose material instances of noncompliance with the terms and conditions of the grant agreements and assurances made in acceptance of these grant funds.

### Condition of Records – Tax/Sewer Office

The condition of the records maintained by the Tax Collector was found to be in good condition. Computerized real estate tax billings and billing adjustments were found to be in good order. The 2011 tax levy was proved to the billing records, and collection activity was proved to cash receipts records on a monthly basis.

### Sewer Utility Fund

The results of operation for the Sewer Utility Operating Fund are set forth in Exhibit "D-1" of this report. Realized revenues amounted to \$1,993,940.91 and expenditures amounted to \$1,814,772.42 resulting in excess revenues of \$179,168.49.

The calculation of "Self-Liquidating Purpose" utility operations per N.J.S.A. 40A:2-45 resulted in excess revenues for debt statement purposes of \$83,320.09, which allows for the deduction of Sewer Utility Debt in the calculation of statutory net debt of the Borough at December 31, 2011. A reconciliation of excess revenues from operations (Exhibit D-1) and the excess in revenues for debt statement purposes is included in the "Notes to Financial Statements".

Tests of certificates of occupancy, connection permits and billing records indicated that there were no new connection permit issued in 2011 for new dwellings.



## GENERAL COMMENTS

### Compliance with New Jersey Administration Code 5:30:

The Division of Local Government Services, Department of Community Affairs, State of New Jersey has issued Technical Accounting Directives (TADs) which require New Jersey municipalities to develop and maintain certain accounting systems and records to comply with the statutory basis of accounting. The Local Finance Board, State of New Jersey, has codified these TADs in the New Jersey Administrative Code, as follows:

N.J.A.C. 5:30 – 5.2 – Encumbrance Systems: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment. Based upon the improvements brought about by the implementation of the new accounting systems, the Borough is in full compliance with this directive.

N.J.A.C. 5:30 – 5.6 – Accounting for Governmental Fixed Assets: This directive requires the development and implementation of accounting systems which assign values to covered assets and can track additions, retirements and transfers of inventoried assets. The Borough has completed an inventory of Fixed Assets as of December 31, 2008, and is now in full compliance with this directive.

N.J.A.C. 5:30 – 5.7 - General Ledger Accounting System: This directive requires the establishment and maintenance of a general ledger for, at least, the Current Fund. Based upon the improvements brought about by the implementation of the new accounting systems, the Borough is now in full compliance with this directive.

### Compliance with Local Finance Notices

In accordance with Local Finance Notice No. CFO-10, Uniform Construction Code, expenditure records were tested for compliance with N.J.A.C. 5:23.17(c)2, and no exceptions were noted for those items tested.

The minutes indicated that a corrective action plan for the Year 2008, pursuant to Local Finance Notice No. 92-15 issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, had been prepared and filed within the statutory deadline.

### Status of Prior Year Recommendations

Except as noted, corrective actions were taken prior to the filing of the 2011 Report of Audit to correct any matters that were the subject of recommendations included in the 2010 Report of Audit.

RECOMMENDATIONS

We recommend the following:

That the use of state approved contracts as an exception to the Local Public Contracts Law follow the appropriate approval process as set forth in the law, and that any purchase orders issued utilizing state contract pricing include the applicable state contract number on its face as required by governing regulations.

That contracts and/or contract extensions requiring the approval of the Governing Body be executed only upon the adoption of awarding resolutions as required by the Local Public Contracts Law and regulations thereto.

That a review of grant fund account balances relating to infrastructure improvements be performed to confirm the continuing viability and available balances of the projects reported therein.

\* \* \* \* \*

ACKNOWLEDGMENT

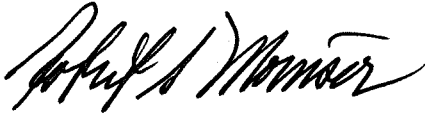
The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.

During the course of our engagement we received the complete cooperation of the various officials of the Borough, and the courtesies extended to us were greatly appreciated.

Respectfully submitted,

HODULIK & MORRISON, P.A.

A handwritten signature in black ink, appearing to read "Robert S. Morrison". The signature is written in a cursive style with a large initial "R" and "M".

Robert S. Morrison  
Registered Municipal Accountant  
No. 412