

TOWNSHIP OF LOPATCONG

COUNTY OF WARREN

REPORT OF AUDIT

2011

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF LOPATCONG

COUNTY OF WARREN

REPORT OF AUDIT

2011

TOWNSHIP OF LOPATCONG
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2011

<u>PART I – FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES</u>	<u>Page</u>
Independent Auditors' Report	1-2
<u>Financial Statements</u>	<u>Exhibit</u>
<u>Current Fund</u>	
Comparative Balance Sheet	A
Comparative Statement of Operations and Change in Fund Balance	A-1
Statement of Revenue	A-2
Statement of Expenditures	A-3
<u>Trust Funds</u>	
Comparative Balance Sheet	B
Statement of Fund Balance - Assessment Trust Fund (Not Applicable)	B-1
Statement of Revenue - Assessment Trust Fund (Not Applicable)	B-2
Statement of Expenditures - Assessment Trust Fund (Not Applicable)	B-3
<u>General Capital Fund</u>	
Comparative Balance Sheet	C
Statement of Fund Balance	C-1
<u>Water Utility Fund</u> (Not Applicable)	D
<u>Sewer Utility Fund</u>	
Comparative Balance Sheet	E
Comparative Statement of Operations and Change in Utility Operating Fund Balance – Sewer Utility Operating Fund	E-1
Statement of Fund Balance – Sewer Assessment Trust Fund	E-1a
Statement of Fund Balance – Sewer Utility Capital Fund	E-1b
Statement of Revenue – Sewer Utility Operating Fund	E-2
Statement of Expenditures – Sewer Utility Operating Fund	E-3
<u>Public Assistance Fund</u> (Not Applicable)	F
<u>Bond and Interest Fund</u> (Not Applicable)	G
<u>General Fixed Assets Account Group</u>	
Comparative Balance Sheet	H
Notes to Financial Statements	<u>Page</u> 1-16
<u>Supplementary Data</u>	<u>Schedule</u>
Officials in Office and Surety Bonds	1
<u>Current Fund</u>	
Schedule of Cash - Treasurer	A-4
Schedule of Cash – Federal and State Grant Fund	A-4a
Schedule of Cash – Collector (Not Applicable)	A-5
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-6
Schedule of Tax Title Liens	A-7
Schedule of Revenue Accounts Receivable	A-8
Schedule of 2010 Appropriation Reserves	A-9
Schedule of Local School District Taxes Payable	A-10
Schedule of Federal and State Grants Receivable – Federal and State Grant Fund	A-11
Schedule of Appropriated Reserves - Federal and State Grant Fund	A-12
Schedule of Unappropriated Reserves - Federal and State Grant Fund	A-13

TOWNSHIP OF LOPATCONG
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2011
 (Continued)

<u>PART I – FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES (Cont'd)</u>	<u>Schedule</u>
<u>Supplementary Data (Cont'd)</u>	
<u>Trust Funds</u>	
Schedule of Cash - Treasurer	B-4
Schedule of Reserve for Animal Control Fund Expenditures - Animal Control Fund	B-5
Schedule of Reserve for Open Space Trust – Other Trust Funds	B-6
<u>General Capital Fund</u>	
Schedule of Cash	C-2
Analysis of Cash	C-3
Schedule of Deferred Charges to Future Taxation - Unfunded	C-4
Schedule of Improvement Authorizations	C-5
Schedule of Capital Improvement Fund	C-6
Schedule of Bond Anticipation Notes Payable	C-7
Schedule of Serial Bonds Payable	C-8
Schedule of Loans Payable (Not Applicable)	C-9
Schedule of Bonds and Notes Authorized but not Issued	C-10
<u>Water Utility Fund (Not Applicable)</u>	D
<u>Sewer Utility Fund</u>	
Schedule of Cash – Treasurer – Sewer Utility Fund	E-4
Analysis of Sewer Capital Cash – Sewer Utility Capital Fund	E-5
Schedule of Consumer Accounts Receivable – Sewer Utility Operating Fund	E-6
Schedule of Hook-Up Fees Receivable – Sewer Utility Operating Fund	E-6A
Schedule of Fixed Capital – Sewer Utility Operating Fund	E-7
Schedule of Fixed Capital Authorized and Uncompleted – Sewer Utility Capital Fund	E-8
Schedule of 2010 Appropriation Reserves – Sewer Utility Operating Fund	E-9
Schedule of Improvement Authorizations – Sewer Utility Capital Fund	E-10
Schedule of Capital Improvement Fund – Sewer Utility Capital Fund	E-11
Schedule of Deferred Reserve for Amortization	E-12
Schedule of Bond Anticipation Notes Payable – Sewer Utility Capital Fund (Not Applicable)	E-13
Schedule of Serial Bonds Payable – Sewer Utility Capital Fund (Not Applicable)	E-14
Schedule of Loans Payable – Sewer Utility Capital Fund (Not Applicable)	E-15
Schedule of Bonds and Notes Authorized But Not Issued – Sewer Utility Capital Fund	E-16
 <u>PART II – SINGLE AUDIT</u>	
Schedule of Expenditures of Federal Awards	1
Schedule of Expenditures of State Awards	2-3
Notes to Schedules of Expenditures of Federal & State Awards	4
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	5-6
Schedule of Findings and Responses	7
Summary Schedule of Prior Audit Findings	8
 <u>PART III – COMMENTS AND RECOMMENDATIONS</u>	
Comments and Recommendations	1-6
Summary of Recommendations	7

TOWNSHIP OF LOPATCONG
PART I
FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2011



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax
 Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555

Independent Auditors' Report

The Honorable Mayor and Members
 of the Township Committee
 Township of Lopatcong, NJ

We have audited the financial statements – regulatory basis of the various funds of the Township of Lopatcong in the County of Warren (the "Township") as of and for the years ended December 31, 2011 and 2010, as listed in the foregoing table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1, these financial statements have been prepared in conformity with accounting principles prescribed by the Division, 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. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because the Township prepares its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010, and the results of its operations for the years then ended.

However, in our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position of the various funds of the Township of Lopatcong at December 31, 2011 and 2010, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended, in conformity with accounting principles prescribed by the Division, as described in Note 1.

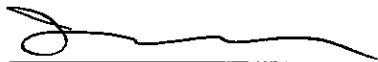
The Honorable Mayor and Members
of the Township Committee
Township of Lopatcong
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2012, on our consideration of the Township of Lopatcong's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or 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 audits.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the financial statements as a whole. The information included in the supplementary schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards are also presented for purposes of additional analysis and are required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* and are not a required part of the financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state grant awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1 to the financial statements and Note 2 to the schedules of expenditures of federal and state awards.

Mount Arlington, New Jersey
May 31, 2012


NISIVOCIA LLP



David H. Evans
Registered Municipal Accountant No. 98
Certified Public Accountant

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2011
CURRENT FUND

TOWNSHIP OF LOPATCONG
CURRENT FUND
COMPARATIVE BALANCE SHEET

		December 31,	
	<u>Ref.</u>	2011	2010
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ 940,381.23	\$ 2,160,442.06
Change Fund - Collector		700.00	700.00
Due from State of New Jersey:			
Veterans and Senior Citizens Deductions		868.68	1,004.29
		941,949.91	2,162,146.35
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	411,177.20	413,031.43
Tax Title Liens Receivable	A-7	104,502.71	207,387.72
Revenue Accounts Receivable	A-8	7,375.46	5,021.28
Property Acquired for Taxes - Assessed Valuation		577,800.00	2,105.00
Due from:			
Federal and State Grant Fund	A	110,765.47	335,172.23
Other Trust Fund	B	2,156.66	52,805.30
Open Space Trust Fund	B	39,637.00	
Sewer Operating Fund	E	15,480.62	
Payroll		511.72	511.72
Total Receivables and Other Assets With Full Reserves		1,269,406.84	1,016,034.68
Deferred Charges:			
Emergency Authorizations (40A:4-46)			50,000.00
Special Emergency Authorization		328,972.00	
		328,972.00	50,000.00
Total Regular Fund		2,540,328.75	3,228,181.03
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-4a	144,408.83	76,603.35
Federal and State Grants Receivable	A-11	162,766.33	572,336.89
Due from Sewer Utility Operating Fund	E		9,389.65
Total Federal and State Grant Fund		307,175.16	658,329.89
<u>TOTAL ASSETS</u>		\$ 2,847,503.91	\$ 3,886,510.92

TOWNSHIP OF LOPATCONG
CURRENT FUND
COMPARATIVE BALANCE SHEET
(Continued)

	Ref.	December 31,	
		2011	2010
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-9	\$ 63,077.08	\$ 151,081.21
Encumbered	A-3;A-9	5,164.82	7,194.83
Total Appropriation Reserves		68,241.90	158,276.04
Prepaid Taxes		66,814.97	80,015.21
Due to County for Added Taxes		71,778.17	53,712.90
Due State of New Jersey - Marriage Licenses		857.00	532.00
Local School District Taxes Payable	A-10	20.30	1,008,082.30
Tax Overpayments		14,086.73	7,421.82
Due to:			
Tax Sale Premium Fund	B	34,250.00	5,800.00
General Capital Fund	C	276,189.76	87,125.94
Reserve for Update of Master Plan		7,208.71	7,208.71
Reserve for Sale of Municipal Assets		24.60	3,324.60
Reserve for Reassessment		69,388.00	
		608,860.14	1,411,499.52
Reserve for Receivables and Other Assets		1,269,406.84	1,016,034.68
Fund Balance	A-1	662,061.77	800,646.83
Total Regular Fund		2,540,328.75	3,228,181.03
Federal and State Grant Fund:			
Appropriated Reserves	A-12	146,622.65	292,609.44
Unappropriated Reserves	A-13	14,017.90	9,389.65
Reserve for Encumbrances		35,769.14	21,158.57
Due Current Fund	A	110,765.47	335,172.23
Total Federal and State Grant Fund		307,175.16	658,329.89
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,847,503.91</u>	<u>\$ 3,886,510.92</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	Ref.	Year Ended December 31,	
		2011	2010
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 747,700.00	\$ 1,500,000.00
Miscellaneous Revenue Anticipated		2,469,485.70	2,098,284.26
Receipts from:			
Delinquent Taxes		406,723.10	348,738.56
Current Taxes		21,090,781.12	20,869,570.39
Nonbudget Revenue		115,626.55	120,438.64
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		21,356.15	1,123.99
Increase in Deferred School Tax		73,365.00	798,357.00
Reserve for Grant Fund Expenditures Cancelled		141,274.86	625,480.00
Capital Reserves Cancelled		221,084.00	
Interfunds and Other Receivables Returned		91,337.78	
Total Income		<u>25,378,734.26</u>	<u>26,361,992.84</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		6,058,462.36	5,988,145.88
County Taxes		6,378,451.73	6,296,109.01
Amount Due County for Added and Omitted Taxes		71,778.17	53,712.90
Local School District Taxes		12,243,444.00	12,096,715.00
Municipal Open Space Tax		315,363.00	311,707.00
Senior Citizens Deductions Disallowed		2,000.00	4,398.63
Refund of Prior Year Revenue			17,023.59
Grants Receivable Cancelled		29,092.06	277,526.00
Interfunds and Other Receivables Advanced			330,461.52
Total Expenditures		<u>25,098,591.32</u>	<u>25,375,799.53</u>
Excess in Revenue		280,142.94	986,193.31
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year:			
Emergency Authorizations			50,000.00
Special Emergency Authorization		328,972.00	
Statutory Excess to Fund Balance		609,114.94	1,036,193.31
<u>Fund Balance</u>			
Balance January 1		800,646.83	1,264,453.52
Decreased by:		1,409,761.77	2,300,646.83
Utilized as Anticipated Revenue		<u>747,700.00</u>	<u>1,500,000.00</u>
Balance December 31	A	<u>\$ 662,061.77</u>	<u>\$ 800,646.83</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 747,700.00		\$ 747,700.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	8,000.00		8,000.00	
Fees and Permits	73,800.00		79,542.75	\$ 5,742.75
Fines and Costs:				
Municipal Court	75,800.00		64,634.28	11,165.72 *
Interest and Costs on Taxes	92,700.00		89,661.04	3,038.96 *
Interest on Investments and Deposits	24,000.00		14,866.49	9,133.51 *
Anticipated Utility Operating Surplus	130,000.00		130,000.00	
Swimming Pool Receipts	152,000.00		159,533.03	7,533.03
Energy Receipts Taxes	948,271.00		948,271.00	
Uniform Construction Code Fees	73,200.00		107,998.00	34,798.00
Municipal Court - Harmony Agreement	98,000.00		40,000.00	58,000.00 *
Municipal Court - Franklin Agreement	40,000.00		40,000.00	
Recycling Tonnage Grant		\$ 39,695.90	39,695.90	
Clean Communities Grant	13,105.44	1,777.87	14,883.31	
Safe & Secure Communities Program	30,000.00		30,000.00	
Regional Master Plan/Highlands Protection Act		71,202.45	71,202.45	
St of NJ Hepatitis B Inoculation		2,175.00	2,175.00	
Developer Share of First St. Improvements		24,650.00	24,650.00	
Donations to Refurbish Announcers Booth		3,500.00	3,500.00	
Donation for Police Equipment		1,000.00	1,000.00	
Energy Efficiency and Conservation Block Grant		33,797.81	33,797.81	

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Reserve for Wastewater Management Grant	\$ 9,389.65		\$ 9,389.65	
Reserve for Sale of Municipal Assets	3,300.00		3,300.00	
Uniform Fire Safety Act	26,000.00		32,284.99	\$ 6,284.99
Open Space Trust Receipts for Debt Service	355,000.00		355,000.00	
Due from Grant Funds	76,600.00		76,600.00	
Sale of SRECS	15,600.00		37,500.00	21,900.00
Due from Other Trust- Coah	52,000.00		52,000.00	
Total Miscellaneous Revenue	<u>2,296,766.09</u>	<u>\$ 177,799.03</u>	<u>2,469,485.70</u>	<u>5,079.42 *</u>
Receipts from Delinquent Taxes	<u>404,000.00</u>		<u>406,723.10</u>	<u>2,723.10</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	2,599,915.48		2,578,390.20	21,525.28 *
Budget Totals	<u>6,048,381.57</u>	<u>177,799.03</u>	<u>6,202,299.00</u>	<u>23,881.60</u>
Nonbudget Revenue			<u>115,626.55</u>	<u>115,626.55</u>
	<u>\$6,048,381.57</u>	<u>\$ 177,799.03</u>	<u>\$ 6,317,925.55</u>	<u>\$ 91,744.95</u>

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011
(Continued)

Allocation of Current Tax Collections

Revenue from Collection of Current Taxes	\$ 21,090,781.12
Allocated to County, School, and Local Open Space Taxes	19,009,036.90
Balance for Support of Municipal Budget	2,081,744.22
Add: Appropriation - Reserve for Uncollected Taxes	496,645.98
Realized for Support of Municipal Budget	\$ 2,578,390.20

Analysis of Nonbudget Revenue

Miscellaneous Revenue Not Anticipated:

Treasurer:

Clerk	\$ 1,427.45	
Police Fees	537.74	
Community Day Donations	13,000.00	
Licenses Other	1,850.00	
Employee Reimbursements to Township	30,364.05	
Vendor Refund	99.40	
In-Lieu of Taxes	44,815.90	
Insurance Claims Vehicles/Buildings	13,869.55	
Senior Citizen and Veteran Administration Fees	2,146.40	
Tax Collector Miscellaneous	4,192.58	
Other Miscellaneous Revenue	3,323.48	
		\$ 115,626.55

Analysis of Interest Earned

Interest Earned in Current Fund	\$ 11,974.93
Interest Due from Federal and State Grant	336.36
Interest Due from General Capital Fund	1,196.70
Interest Due from Other Trust Funds	1,358.50
	\$ 14,866.49

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS"					
GENERAL GOVERNMENT:					
Administrative and Executive:					
Other Expenses:					
Postage	\$ 9,700.00	\$ 9,700.00	\$ 9,358.68	\$ 341.32	
Computer Services	20,700.00	20,175.00	19,095.33	1,079.67	
Code Book Update	5,000.00				
Human Resource Education	5,000.00	5,000.00	4,507.00	493.00	
Mayor and Council:					
Salaries & Wages	17,071.00	17,071.00	17,070.12	0.88	
Administration (Municipal Clerk):					
Salaries & Wages	207,270.00	212,995.00	212,992.57	2.43	
Other Expenses	33,100.00	27,900.00	27,784.41	115.59	
Financial Administration:					
Salaries & Wages	65,000.00	60,000.00	59,157.02	842.98	
Other Expenses	900.00	900.00	643.07	256.93	
Annual Audit	30,000.00	30,000.00	30,000.00		
Tax Assessment Administration:					
Salaries & Wages	92,100.00	90,300.00	90,282.49	17.51	
Other Expenses (Special Emergency + \$128,972.00)	20,000.00	150,467.00	150,140.18	326.82	
Revenue Administration (Tax Collection):					
Salaries & Wages	52,020.00	47,020.00	46,326.18	693.82	
Other Expenses	5,100.00	5,100.00	4,822.60	277.40	
Legal Services and Costs:					
Salaries & Wages	2,600.00	2,600.00	2,565.36	34.64	
Other Expenses	88,500.00	59,900.00	55,961.36	3,938.64	

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS" (continued)					
GENERAL GOVERNMENT (continued):					
Engineering Services and Costs:					
Other Expenses	\$ 50,000.00	\$ 27,500.00	\$ 27,113.42	\$ 386.58	
Public Buildings and Grounds:					
Salaries & Wages	11,500.00	11,500.00	11,408.26	91.74	
Other Expenses	25,000.00	27,000.00	25,974.04	1,025.96	
Garbage and Trash Removal:					
Other Expenses	8,520.00	8,520.00	8,108.54	411.46	
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries & Wages	11,607.00	11,607.00	11,606.40	0.60	
Planner	1,000.00	1,000.00	682.25	317.75	
Other Expenses	4,200.00	6,450.00	4,988.09	1,461.91	
Board of Adjustment:					
Salaries & Wages	5,611.00	5,611.00	5,610.84	0.16	
Other Expenses	500.00	750.00	750.00		
Rent Board:					
Salaries & Wages	4,110.00	4,110.00	4,110.00		
Shade Tree Commission:					
Other Expenses	500.00	500.00	339.23	160.77	
Municipal Court:					
Salaries & Wages	38,550.00	3,550.00	38.46	3,511.54	
Other Expenses	7,000.00	7,000.00	6,947.09	52.91	

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS" (continued)					
PUBLIC SAFETY:					
Fire:					
Miscellaneous Other Expenses:					
Fire Companies	\$ 25,000.00	\$ 25,000.00	\$ 21,038.43	\$ 3,961.57	
Police:					
Salaries & Wages	1,438,067.00	1,497,067.00	1,491,108.07	5,958.93	
Other Expenses	68,820.00	64,820.00	60,556.32	4,263.68	
Prosecutor:					
Lopatcong	19,000.00	19,000.00	18,597.75	402.25	
First Aid Organization - Contribution	12,500.00	12,500.00	9,888.84	2,611.16	
Zoning Officer:					
Salaries & Wages	9,527.00	9,527.00	9,526.66	0.34	
Emergency Management Services:					
Salaries & Wages	3,155.00	3,155.00	3,131.66	23.34	
Other Expenses	1,000.00	1,000.00	138.72	861.28	

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations - Within "CAPS" (continued)					
STREETS AND ROADS:					
Road Repairs and Maintenance:					
Salaries & Wages	\$ 239,250.00	\$ 294,250.00	\$ 292,941.56	\$ 1,308.44	
Other Expenses - (Special Emergency - \$200,000.00)	167,300.00	297,300.00	293,544.21	3,755.79	
HEALTH AND WELFARE:					
Animal Control Fund:					
Salaries & Wages	3,300.00	3,300.00	3,207.24	92.76	
RECREATION AND EDUCATION:					
Parks and Playgrounds:					
Salaries & Wages	85,000.00	80,000.00	79,047.12	952.88	
Other Expenses	46,000.00	48,500.00	48,373.78	126.22	
Insurance:					
General Liability	130,000.00	130,530.00	130,527.29	2.71	
Workers Compensation	103,500.00	103,500.00	102,475.30	1,024.70	
Employee Group Health	467,380.00	507,380.00	504,704.07	2,675.93	
Health Benefit Waiver	5,000.00	8,000.00	7,981.78	18.22	

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations - Within "CAPS" (continued)					
UNIFORM CONSTRUCTION CODE: (continued)					
Building Sub Code Official:					
Salaries & Wages	\$ 81,000.00	\$ 97,000.00	\$ 94,458.03	\$ 2,541.97	
Other Expenses	5,050.00	6,050.00	5,193.73	856.27	
UNCLASSIFIED:					
Electricity	60,000.00	43,875.00	41,811.96	2,063.04	
Street Lighting	19,000.00	11,785.00	11,784.58	0.42	
Telephone	37,000.00	44,215.00	42,795.36	1,419.64	
Natural Gas	18,000.00	18,000.00	15,635.61	2,364.39	
Gasoline	67,200.00	79,950.00	79,788.26	161.74	
Fire Hydrant Service	165,500.00	141,700.00	141,682.56	17.44	
Water	15,000.00	12,250.00	10,414.86	1,835.14	
Total Operations within "CAPS"	4,113,708.00	4,413,880.00	4,358,736.74	55,143.26	
Contingent	1,300.00	1,300.00	398.79	901.21	
Total Operations Including Contingent within "CAPS"	4,115,008.00	4,415,180.00	4,359,135.53	56,044.47	
Detail:					
Salaries & Wages	2,385,738.00	2,469,663.00	2,453,185.79	16,477.21	
Other Expenses (Including Contingent)	1,729,270.00	1,945,517.00	1,905,949.74	39,567.26	

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"					
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security (O.A.S.I)	\$ 169,000.00	\$ 197,800.00	\$ 194,527.00	\$ 3,273.00	
Unemployment Compensation	1,300.00	1,300.00	1,187.64	112.36	
Public Employees Retirement System	156,483.00	156,483.00	156,483.00		
Police and Firemen's Retirement System	284,002.00	284,002.00	284,002.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>610,785.00</u>	<u>639,585.00</u>	<u>636,199.64</u>	<u>3,385.36</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>4,725,793.00</u>	<u>5,054,765.00</u>	<u>4,995,335.17</u>	<u>59,429.83</u>	
Interlocal Municipal Service Agreements:					
Harmony and Franklin Courts	<u>138,000.00</u>	<u>138,000.00</u>	<u>134,352.75</u>	<u>3,647.25</u>	
Total Interlocal Municipal Service Agreements	<u>138,000.00</u>	<u>138,000.00</u>	<u>134,352.75</u>	<u>3,647.25</u>	

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations - Excluded from "CAPS" (continued):					
Public and Private Programs Offset by Revenue:					
Safe and Secure Communities Program	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00		
Clean Communities Grant (NJSA 40A:4-87 + \$1,777.87)	13,105.44	14,883.31	14,883.31		
Recycling Tonnage Grant (NJSA 40A:4-87 + \$39,695.90)		39,695.90	39,695.90		
Reserve- Wastewater Management Grant	9,389.65	9,389.65	9,389.65		
Regional Master Plan/Highlands Grant (NJSA 40A:4-87 + \$71,202.45)		71,202.45	71,202.45		
EECBG Rebate Program - Municipal Bld (NJSA 40A:4-87 + \$4,662.68)		4,662.68	4,662.68		
EECBG Rebate Program - Fire Station (NJSA 40A:4-87 + \$5,807.76)		5,807.76	5,807.76		
EECBG Grant Rebate Program - DPW Garage (NJSA 40A:4-87 + \$7,172.09)		7,172.09	7,172.09		
EECBG Rebate Program - Delaware Park Firehouse (NJSA 40A:4-87 + \$14,905.70)		14,905.70	14,905.70		
EECBG Rebate Program - Municipal Building (NJSA 40A:4-87 + \$1,249.58)		1,249.58	1,249.58		
St of NJ Hepatitis B Inoculations (NJSA 40A:4-87 + \$2,175.00)		2,175.00	2,175.00		
Developer Share 1st Street Improvements (NJSA 40A:4-87 + \$24,650.00)		24,650.00	24,650.00		
Donations Refurbish Announcers Booth (NJSA 40A:4-87 + \$3,500.00)		3,500.00	3,500.00		
Donation for Police Equipment (NJSA 40A:4-87 + \$1,000.00)		1,000.00	1,000.00		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Public and Private Programs Offset by Revenues	52,495.09	230,294.12	230,294.12		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Operations - Excluded from "CAPS"	190,495.09	368,294.12	364,646.87		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations - Excluded from "CAPS" (Continued)					
Detail:					
Other Expenses	\$ 190,495.09	\$ 368,294.12	\$ 364,646.87		
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Anticipation Notes	295,000.00	295,000.00	295,000.00		
Interest on Bonds	274,517.50	274,517.50	274,517.50		
Interest on Notes	15,930.00	15,930.00	15,885.74		\$ 44.26
Total Municipal Debt Service - Excluded from "CAPS"	<u>585,447.50</u>	<u>585,447.50</u>	<u>585,403.24</u>		<u>44.26</u>

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEFERRED CHARGES:					
Emergency Authorizations	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	50,000.00	50,000.00	50,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	825,942.59	1,003,741.62	1,000,050.11		\$ 44.26
Total General Appropriations - Excluded from "CAPS"	825,942.59	1,003,741.62	1,000,050.11		44.26
Subtotal General Appropriations	5,551,735.59	6,058,506.62	5,995,385.28	\$ 63,077.08	44.26
Reserve for Uncollected Taxes	496,645.98	496,645.98	496,645.98		
Total General Appropriations	<u>\$ 6,048,381.57</u>	<u>\$ 6,555,152.60</u>	<u>\$ 6,492,031.26</u>	<u>\$ 63,077.08</u>	<u>\$ 44.26</u>

Ref.

A

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

		Analysis of	
	Ref.	Budget After Modification	Paid or Charged
Adopted Budget		\$ 6,048,381.57	
Added by N.J.S.A. 40A:4-87		177,799.03	
Special Emergency Authorizations		328,972.00	
		\$ 6,555,152.60	
Reserve for Uncollected Taxes			\$ 496,645.98
Cash Disbursed - Current Fund			5,438,087.86
Deferred Charges - Emergency Authorization			50,000.00
Reserve for Reassessment			128,972.00
Reserve for Hurricane Irene and Tropical Storm Lee			200,000.00
Due to Federal and State Grant Fund			230,294.12
Encumbrances	A		5,164.82
			6,549,164.78
Less: Refunds			57,133.52
			\$ 6,492,031.26

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2011
TRUST FUNDS

TOWNSHIP OF LOPATCONG
COMPARATIVE BALANCE SHEET - TRUST FUNDS

	Ref.	December 31,	
		2011	2010
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 69.70	\$ 75.39
Deferred Charges - Deficit in Reserve for Animal Control Fund	B-6	648.50	
		<u>718.20</u>	<u>75.39</u>
Unemployment Compensation Insurance:			
Cash and Cash Equivalents	B-4	4,101.64	6,382.59
		<u>4,101.64</u>	<u>6,382.59</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,018,299.72	1,039,093.81
Due from Current Fund - Tax Sale Premium Fund	A	34,250.00	5,800.00
		<u>1,052,549.72</u>	<u>1,044,893.81</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,057,369.56</u>	<u>\$ 1,051,351.79</u>

TOWNSHIP OF LOPATCONG
COMPARATIVE BALANCE SHEET - TRUST FUNDS
(Continued)

	Ref.	December 31,	
		2011	2010
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to State of New Jersey		\$ 718.20	\$ 64.80
Reserve for Animal Control Fund Expenditures	B-6		10.59
		<u>718.20</u>	<u>75.39</u>
Unemployment Compensation Insurance:			
Reserve for Unemployment Compensation Insurance	B-5	4,101.64	6,382.59
		<u>4,101.64</u>	<u>6,382.59</u>
Other Trust Funds:			
Due to Current Fund	A	2,156.66	52,805.30
Due to Current Fund - Open Space Trust Fund	A	39,637.00	
Reserve for:			
Sub-Division Fees		443,745.54	479,082.03
Tax Sale Premium Funds		48,901.00	14,651.00
Open Space Trust		4,802.00	39,919.12
Encumbrances		280.16	4,424.75
Parking Offenses Adjudication Act		607.60	599.60
Public Defender		87.27	295.27
Recreation Trust		55,000.80	32,505.71
Outside Employment of Police Officers		1,766.33	1,267.50
Council on Affordable Housing		314,843.94	278,622.11
Detention Basin/Sidewalk Construction		140,721.42	140,721.42
Total Other Trust Funds		<u>1,052,549.72</u>	<u>1,044,893.81</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 1,057,369.56</u>	<u>\$ 1,051,351.79</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

TOWNSHIP OF LOPATCONG
ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2011
GENERAL CAPITAL FUND

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2011	2010
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 18,388.57	\$ 899,224.34
Due from:			
Current Fund	A	276,189.76	87,125.94
New Jersey Department of Transportation - Grant Receivable		200,000.00	
Deferred Charges to Future Taxation:			
Funded		6,667,000.00	6,962,000.00
Unfunded	C-4	1,062,500.00	1,062,500.00
<u>TOTAL ASSETS</u>		<u>\$ 8,224,078.33</u>	<u>\$ 9,010,850.28</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 6,667,000.00	\$ 6,962,000.00
Bond Anticipation Notes Payable	C-7	1,062,000.00	1,062,000.00
Improvement Authorizations:			
Funded	C-5	95,745.81	115,790.51
Unfunded	C-5		607,512.87
Reserve for:			
Encumbrances		22,689.00	32,989.50
To Pay Debt Service		376,086.12	
Capital Improvement Fund	C-6	557.40	230,557.40
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 8,224,078.33</u>	<u>\$ 9,010,850.28</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2011
WATER UTILITY FUND

(NOT APPLICABLE)

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2011
SEWER UTILITY FUND

TOWNSHIP OF LOPATCONG
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2011	2010
<u>ASSETS</u>			
Operating Fund:			
Cash - Treasurer	E-4	\$ 139,570.17	\$ 79,754.27
Change Fund		50.00	50.00
Due From Payroll Account		3,349.21	3,349.21
Due From Sewer Utility Assessment Fund	E	2.72	1.99
		<u>142,972.10</u>	<u>83,155.47</u>
Receivables with Full Reserves:			
Sewer Rents Receivable	E-6	119,051.02	102,247.00
Hook Up Fees Receivable	E-6A		2,000.00
Sewer Liens Receivable		2,970.86	2,970.86
		<u>122,021.88</u>	<u>107,217.86</u>
Deferred Charges - Operating Deficit			161,256.88
Deferred Charges - Overexpenditure of Appropriations	E-3	200,811.41	
		<u>465,805.39</u>	<u>351,630.21</u>
Total Operating Fund			
Assessment Trust Fund:			
Cash - Assessment Trust Fund	E-4	43.61	42.88
Assessment Liens		1,530.00	1,530.00
Assessment Lien Interest and Costs		1,211.02	1,211.02
		<u>2,784.63</u>	<u>2,783.90</u>
Total Assessment Trust Fund			
Capital Fund:			
Cash and Cash Equivalents	E-4	185,727.20	216,612.11
Due From Sewer Utility Operating Fund	E	138,649.86	149,914.09
Fixed Capital	E-7	3,900,626.98	3,900,626.98
Fixed Capital Authorized and Uncompleted	E-8	3,595,000.00	3,595,000.00
		<u>7,820,004.04</u>	<u>7,862,153.18</u>
Total Capital Fund			
<u>TOTAL ASSETS</u>		<u>\$ 8,288,594.06</u>	<u>\$ 8,216,567.29</u>

TOWNSHIP OF LOPATCONG
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
(Continued)

	Ref.	December 31,	
		2011	2010
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Unencumbered	E-3;E-9	\$ 2,178.70	\$ 81,240.56
		2,178.70	81,240.56
Prepaid Sewer Rents		4,279.71	3,580.99
Sewer Hook-up Overpayments		8,000.00	
Third Party Liens		287.06	287.06
Due Current Fund	A	15,480.62	
Due Sewer Capital Fund	E	138,649.86	149,914.09
Due to Federal and State Grant Fund	A		9,389.65
		<u>168,875.95</u>	<u>244,412.35</u>
Reserve for Receivables		122,021.88	107,217.86
Fund Balance	E-1	174,907.56	
Total Operating Fund		<u>465,805.39</u>	<u>351,630.21</u>
Assessment Trust Fund:			
Due to Sewer Utility Operating Fund	E	2.72	1.99
Reserve for Assessments and Liens		2,741.02	2,741.02
Fund Balance	E-1a	40.89	40.89
Total Assessment Trust Fund		<u>2,784.63</u>	<u>2,783.90</u>
Capital Fund:			
Improvement Authorizations - Funded	E-10	80,549.45	122,698.59
Improvement Authorizations - Unfunded	E-10	3,265,000.00	3,265,000.00
Capital Improvement Fund	E-11	33,117.22	283,117.22
Reserve for Amortization		3,861,170.68	3,861,170.68
Reserve for Deferred Amortization	E-12	330,000.00	330,000.00
Fund Balance	E-1b	250,166.69	166.69
Total Capital Fund		<u>7,820,004.04</u>	<u>7,862,153.18</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 8,288,594.06</u>	<u>\$ 8,216,567.29</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

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

	Ref.	Year Ended December 31,	
		2011	2010
<u>Revenue and Other Income Realized</u>			
Rents		\$ 1,464,328.36	\$ 1,234,097.00
Miscellaneous Revenue		35,757.52	21,501.38
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		81,240.56	18,219.17
Cancellation of Reserve for Initial Service Charges Held in Escrow			49,500.00
Total Income		<u>1,581,326.44</u>	<u>1,323,317.55</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,309,135.41	1,386,737.00
Deferred Charges and Statutory Expenditures		168,094.88	97,837.43
Surplus General Budget		130,000.00	
Total Expenditures		<u>1,607,230.29</u>	<u>1,484,574.43</u>
Excess/(Deficit) in Revenue		<u>(25,903.85)</u>	<u>(161,256.88)</u>
Adjustment to Excess Before Fund Balance:			
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year		200,811.41	
Operating Deficit to be Raised in Budget of Succeeding Year			<u>(161,256.88)</u>
Balance December 31	E	<u>\$ 174,907.56</u>	<u>\$ -0-</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

E-1a

TOWNSHIP OF LOPATCONG
SEWER ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE

Balance December 31, 2010	<u>Ref.</u> E	\$ 40.89
Balance December 31, 2011	E	<u>\$ 40.89</u>

E-1b

SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE

Balance December 31, 2010	<u>Ref.</u> E	\$ 166.69
Capital Improvement Fund Cancelled		<u>250,000.00</u>
Balance December 31, 2011	E	<u>\$ 250,166.69</u>

E-2

SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit*</u>
Sewer Rents	\$ 1,181,325.00	\$ 1,260,184.36	\$ 78,859.36
Miscellaneous Revenue Anticipated	21,000.00	35,757.52	14,757.52
Additional Sewer Charges	204,144.00	204,144.00	
Capital Fund Balance	112,000.00		112,000.00 *
	<u>\$ 1,518,469.00</u>	<u>\$ 1,500,085.88</u>	<u>\$ 18,383.12 *</u>

Analysis of Realized Revenue

Miscellaneous Revenue:

Interest on Investments:

Sewer Utility Operating Fund	\$ 818.50
Sewer Assessment Trust Fund	0.73
Sewer Utility Capital Fund	978.54
Interest and Costs on Rents	7,407.63
Hook-up Fees	26,500.00
Other Miscellaneous Revenue	52.12
	<u>\$ 35,757.52</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011

	Appropriations		Expended by		Unexpended Balance Cancelled	Overexpenditure
	Budget	Budget After Modi- fication	Paid or Charged	Reserved		
Operating:						
Operations:						
Salaries and Wages	\$ 92,000.00	\$ 72,200.00	\$ 72,194.30	\$ 5.70		
Other Expenses	1,016,124.00	1,036,124.00	1,236,935.41			\$ 200,811.41
Capital Improvements:						
Capital Outlay	112,000.00	112,000.00			\$ 112,000.00	
Deferred Charges:						
Prior Year Operating Deficit	161,307.00	161,307.00	161,256.88		50.12	
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	7,038.00	6,838.00	4,665.00	2,173.00		
Surplus General Budget	130,000.00	130,000.00	130,000.00			
	<u>\$ 1,518,469.00</u>	<u>\$ 1,518,469.00</u>	<u>\$ 1,605,051.59</u>	<u>\$ 2,178.70</u>	<u>\$ 112,050.12</u>	<u>\$ 200,811.41</u>
				E		E
<u>Analysis of Paid or Charged</u>						
Cash Disbursed			\$ 1,428,991.58			
Deferred Charges			161,256.88			
Disbursed In Current Fund			15,480.62			
			<u>1,605,729.08</u>			
Less: Appropriation Refunds			677.49			
			<u>\$ 1,605,051.59</u>			

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2011
PUBLIC ASSISTANCE FUND

(NOT APPLICABLE)

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2011
BOND AND INTEREST FUND

(NOT APPLICABLE)

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2011
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF LOPATCONG
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET

<u>ASSETS</u>	December 31,	
	2011	2010
Land	\$ 3,260,699.62	\$ 3,260,699.62
Buildings	1,145,900.00	1,145,900.00
Machinery and Equipment	4,017,663.08	3,958,663.08
<u>TOTAL ASSETS</u>	<u>\$ 8,424,262.70</u>	<u>\$ 8,365,262.70</u>
<u>RESERVES</u>		
Reserve for General Fixed Assets	\$ 8,424,262.70	\$ 8,365,262.70
<u>TOTAL RESERVES</u>	<u>\$ 8,424,262.70</u>	<u>\$ 8,365,262.70</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of the Township of Lopatcong include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Lopatcong, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Lopatcong do not include the operations of the volunteer fire and first aid squads.

Governmental Accounting Standards Board ("GASB") *Codification of Government Accounting and Financial Reporting Standards*, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources, and significance) should be included in financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Township of Lopatcong 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 (the "Division"). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Lopatcong 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.

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

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

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

General Fixed Assets Account Group - Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E - "Basis of Accounting".

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounting policies of the Township of Lopatcong conform to the accounting principles applicable to municipalities which have been prescribed by the Division which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Grant revenue is recognized in the Current Fund when it is budgeted. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Other amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Had the Township of Lopatcong's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when budgeted; inventories would not be reflected as expenditures at the time of purchase and fixed assets purchased by the Sewer Utility Capital Fund would be depreciated.

D. Deferred Charges to Future Taxation – The Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, or by collecting a grant. The unfunded deferred charge may also be funded by selling bonds, by loans or by capital leases.

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost or amortized cost, which approximates market.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid, where applicable.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other Significant Accounting Policies (Cont'd)

Grants Receivable - Grants receivable represent the total grant award less amounts collected to date. Because the amount of grant funds to be collected is dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets – In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by Division of Local Government Services, the Township has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost, except for land which is recorded at assessed value, and buildings, which are recorded at replacement value. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the general fixed assets account group may also be recorded in the Current Fund, General Capital Fund and Sewer Utility Funds. The values recorded in the General Fixed Assets Account Group and the Current, General Capital and Sewer Utility Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Capital assets are reviewed for impairment.

Property and equipment purchased by the Sewer Utility Fund are recorded in the Sewer Utility Capital account at cost and are not adjusted for dispositions and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The Sewer Utility Fund does not record depreciation on fixed assets.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current operating, Sewer Utility and Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance the general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2011	2010	2009
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 7,729,000.00	\$ 8,024,000.00	\$ 7,247,000.00
Total Issued	<u>7,729,000.00</u>	<u>8,024,000.00</u>	<u>7,247,000.00</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	500.00	500.00	500.00
Sewer Utility:			
Bonds and Notes	3,304,456.30	3,304,456.30	3,304,456.30
Total Authorized but not Issued	<u>3,304,956.30</u>	<u>3,304,956.30</u>	<u>3,304,956.30</u>
Less: Reserve to Pay Debt Service - General Capital Fund	<u>376,086.12</u>		
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 10,657,870.18</u>	<u>\$ 11,328,956.30</u>	<u>\$ 10,551,956.30</u>

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/2009	Additions	Retirements	Balance 12/31/2010
General Capital Fund:				
Serial Bonds	\$ 7,247,000.00		\$ 285,000.00	\$ 6,962,000.00
Bond Anticipation Notes		\$ 1,062,000.00		1,062,000.00
Total	<u>\$ 7,247,000.00</u>	<u>\$ 1,062,000.00</u>	<u>\$ 285,000.00</u>	<u>\$ 8,024,000.00</u>

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/2010	Additions	Retirements	Balance 12/31/2011
General Capital Fund:				
Serial Bonds	\$ 6,962,000.00		\$ 295,000.00	\$ 6,667,000.00
Bond Anticipation Notes	1,062,000.00	\$ 1,062,000.00	1,062,000.00	1,062,000.00
Total	<u>\$ 8,024,000.00</u>	<u>\$ 1,062,000.00</u>	<u>\$ 1,357,000.00</u>	<u>\$ 7,729,000.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Revised Annual Debt Statement and indicates a statutory net debt of .74%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 14,715,000.00	\$ 14,715,000.00	
Sewer Utility Debt	3,304,456.30	3,304,456.30	
General Debt	7,729,500.00	376,086.12	\$ 7,353,413.88
	<u>\$ 25,748,956.30</u>	<u>\$ 18,395,542.42</u>	<u>\$ 7,353,413.88</u>

Net Debt \$7,353,413.88 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$989,107,019.33= .74%.

Borrowing Power Under N.J.S. 40A:2-5 As Amended

3-1/2% Average Equalized Valuation of Real Property	\$ 34,618,745.68
Net Debt	7,352,913.88
Remaining Borrowing Power	<u>\$ 27,265,831.80</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 1,500,085.88
Deductions:	
Operating and Maintenance Costs	1,315,973.41
Excess in Revenue	<u>\$ 184,112.47</u>

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 2: Long-Term Debt (Cont'd)

Note: If there is a deficit in revenue, then the utility debt is not deductible to the extent of 20 times such deficit amount.

The foregoing information is in agreement with the revised annual debt statement as filed by the Chief Financial Officer.

At December 31, 2011, the Township had capital debt issued and outstanding described as follows:

<u>General Capital Serial Bonds</u>		
<u>Maturity</u>	<u>Rate</u>	<u>Amount</u>
9/1/2012	3.75%	\$ 305,000.00
9/1/2013	3.75%	315,000.00
9/1/2014	3.75%	325,000.00
9/1/2015	3.75%	345,000.00
9/1/2016	4.00%	360,000.00
9/1/2017	4.00%	375,000.00
9/1/2018	4.00%	385,000.00
9/1/2019	4.00%	410,000.00
9/1/2020	4.00%	425,000.00
9/1/2021	4.00%	445,000.00
9/1/2022	4.00%	460,000.00
9/1/2023	4.00%	470,000.00
9/1/2024	4.00%	495,000.00
9/1/2025	4.00%	515,000.00
9/1/2026	4.00%	520,000.00
9/1/2027	4.00%	517,000.00
		<u>\$ 6,667,000.00</u>

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

<u>Calendar Year</u>	<u>General Capital</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 305,000.00	\$ 263,455.00	\$ 568,455.00
2013	315,000.00	252,017.50	567,017.50
2014	325,000.00	240,205.00	565,205.00
2015	345,000.00	228,017.50	573,017.50
2016	360,000.00	215,080.00	575,080.00
2017-2021	2,040,000.00	847,400.00	2,887,400.00
2022-2026	2,460,000.00	405,200.00	2,865,200.00
2027	517,000.00	20,680.00	537,680.00
	<u>\$ 6,667,000.00</u>	<u>\$ 2,472,055.00</u>	<u>\$ 9,139,055.00</u>

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 2: Long-Term Debt (Cont'd)

Purpose	<u>General Capital Bond Anticipation Notes</u>			
	<u>Maturities of Bonds</u>		<u>Interest</u>	<u>Balance</u>
	<u>Outstanding Dec. 31, 2011</u>	<u>Rate</u>		
<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Dec. 31, 2011</u>	
Installation of Solar Panels and Related Equipment	4/11/2012	\$ 1,062,000.00	1.55%	\$ 1,062,000.00
				<u>\$ 1,062,000.00</u>

Note 3: Fund Balance Appropriated

Fund balance at December 31, 2011, which is appropriated and included in the adopted budget as anticipated revenue for the year ending December 31, 2012, is as follows:

Current Fund	\$ 350,224.00
--------------	---------------

Note 4: School Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

Local District School Tax has been raised and liabilities deferred by statutes (under provisions of C.63, P.L. 1991, as amended), resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	<u>Local District School Tax</u>	
	<u>Balance</u>	<u>Balance</u>
	<u>12/31/2011</u>	<u>12/31/2010</u>
Balance of Tax	\$ 6,121,742.30	\$ 7,056,439.30
Deferred	<u>6,121,722.00</u>	<u>6,048,357.00</u>
Tax Payable	<u>\$ 20.30</u>	<u>\$ 1,008,082.30</u>

Note 5: Pension Plans

Township employees are enrolled in one of the two cost sharing multiple-employer public employee retirement systems: the Public Employees' Retirement System (PERS) or the Police and Fireman's Retirement System (PFRS) of New Jersey. The State of New Jersey sponsors and administers these two plans which cover substantially all Township employees. As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 5: Pension Plans (Cont'd)

Employees who are members of PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of credible service. Vesting occurs after 8 to 10 years of service. Enrolled PFRS members may retire at age 55 with a minimum of 10 years of service required for vesting.

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 of each of the above systems. The 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, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS went from 5.5% to 6.50% while the employee contributions for PFRS increased to 10.00% from 8.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

Township contributions to PERS amounted to \$156,483.00, \$123,911.00 and \$110,226.00 for 2011, 2010 and 2009 respectively.

Township contributions for PFRS amounted to \$284,002.00, \$262,211.00 and \$226,519.00 for 2011, 2010 and 2009 respectively.

Note 6: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$566,073.46 at December 31, 2011. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparative Schedule of Tax Rate Information

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate</u>	\$ 2.049	\$ 2.039	\$ 1.997
<u>Apportionment of Tax Rate:</u>			
County	0.504	0.498	0.501
County Library	0.047	0.049	0.053
Open Space - County	0.058	0.060	0.060
Open Space - Municipal	0.029	0.029	0.030
Local District School	1.164	1.165	1.139
Municipal	0.247	0.238	0.214
<u>Assessed Valuations:</u>	<u>\$ 1,051,382,339.00</u>	<u>\$ 1,039,024,111.00</u>	<u>\$ 1,029,755,581.00</u>

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2011	\$ 21,784,171.59	\$ 21,090,781.12	96.81%
2010	21,365,659.47	20,869,570.39	97.67%
2009	20,719,160.46	20,254,443.46	97.76%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 8: Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, Governmental Accounting Standards Deposit and Investment Risk Disclosures, requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Township ensures that any deposit or investments matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed on the following page.

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

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

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

All collateral must be deposited with the Federal Reserve Bank, 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.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

Investments

New Jersey statutes permit the Township 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 of America;
- (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 that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of 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; or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (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 statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

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

Fund	Cash On Hand	Checking Accounts	Certificate of Deposit	Total
Current	\$ 700.00	\$ 940,381.23		\$ 941,081.23
Federal and State Grant		144,408.83		144,408.83
Animal Control		69.70		69.70
Unemployment				
Compensation Insurance		4,101.64		4,101.64
Other Trust		875,599.86	\$ 142,699.86	1,018,299.72
General Capital		18,388.57		18,388.57
Sewer Utility Operating	50.00	139,570.17		139,620.17
Sewer Utility Capital		185,727.20		185,727.20
Sewer Utility Assessment		43.61		43.61
	<u>\$ 750.00</u>	<u>\$ 2,308,290.81</u>	<u>\$ 142,699.86</u>	<u>\$ 2,451,740.67</u>

During the year ended December 31, 2011, the Township did not hold any investments other than certificates of deposits. The carrying amount of the Township's cash and cash equivalents at December 31, 2011, was \$2,451,740.67 and the bank balance was \$2,484,661.93. During the year ended December 31, 2010, the Township did not hold any investments other than certificates of deposits. The carrying amount of the Township's cash and cash equivalents at December 31, 2010, was \$4,478,980.80 and the bank balance was \$4,543,307.27.

Note 9: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Health benefits are provided to employees through AmeriHealth.

The Township is a member of the Public Alliance Insurance Coverage Fund (the "Fund"). The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

The following coverage are offered by this fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicles
- e.) Environmental

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 9: Risk Management (Cont'd)

As a member of the Fund, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

The December 31, 2011 audit report for the Fund is not available as of the date of this audit. Selected, summarized financial information for the Fund for the year ended December 31, 2010 is as follows:

	Public Alliance Insurance Coverage Fund Dec. 31, 2010
Total Assets	\$ 12,473,920
Net Assets	\$ 3,500,192
Total Revenue	\$ 9,633,163
Total Expenses	\$ 9,433,058
Change in Net Assets	\$ 200,105
Net Assets Distribution to Participating Members	\$ -0-

Financial statements for the Fund are available at the office of the Fund's Executive Director:

Public Entity Group Administrative Services
51 Everett Drive
Suite B-40
West Windsor, NJ 08550
(609) 275-1155

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

The following is a summary of the interest earned, employees contributions, amount reimbursed and the ending balance of the Township's expendable trust fund for the current year:

Year	State of New Jersey Refund	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2011	\$ 11,218.41	\$ 3,380.53	\$ 47.13	\$ 16,927.02	\$ 4,101.64
2010	-0-	9,193.87	173.06	33,767.69	6,382.59
2009	-0-	1,249.87	784.83	28,100.97	30,783.35

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 10: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 168,039.75	\$ 310,439.76
Federal and State Grant Fund		110,765.47
General Capital Fund	276,189.76	
Other Trust Fund	34,250.00	41,793.66
Sewer Utility Operating Fund	2.72	154,130.48
Sewer Utility Capital Fund	138,649.86	
Sewer Utility Assessment Trust Fund		2.72
	<u>\$ 617,132.09</u>	<u>\$ 617,132.09</u>

A majority of the intefund activity throughout the year between the funds consisted of interest earned. There is an interfund due from the Current Fund to the Federal and State Grant Fund for funds collected and disbursed in the Current Fund. The interfund which exists between the Current Fund and the General Capital Fund is made up of interest on bond anticipation notes which was paid out of the General Capital Fund and charged to the Current Fund budget. Interest from the Unemployment Compensation Trust Fund was turned over to the Current Fund; however the interest should remain in the Unemployment Trust Fund, so that amount is a payable from the Current Fund at year end. The majority of interfund activity between the Sewer Utility Funds is due to budgeted amounts not yet disbursed to the appropriate Sewer Utility Fund.

Note 11: Commitments and Contingencies

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Township is vigorously contesting these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

Note 12: Economic Dependency

The Township receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Township's programs and activities.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 13: Open Space Trust Fund

The Township established an Open Space Trust Fund in 2000. The Township has levied a tax equal to two point nine (2.9) cents per \$100 of total Township equalized real property valuation. The intention of the municipality is to use this funding to offset the debt issued to acquire open space property in the Township. The funds are being held in the Open Space Fund Reserve on the Other Trust Funds balance sheet. The balance in the Open Space reserve at December 31, 2011 is \$4,802.00 and at December 31, 2010 was \$39,919.12.

Note 14: Fixed Assets

	Balance December 31, 2010	Additions	Deletions	Balance December 31, 2011
Land	\$ 3,260,700			\$ 3,260,700
Buildings	1,145,900			1,145,900
Machinery and Equipment	3,958,663	\$ 59,000		4,017,663
	<u>\$ 8,365,263</u>	<u>\$ 59,000</u>	<u>\$ -</u>	<u>\$ 8,424,263</u>
	Balance December 31, 2009	Additions	Deletions	Balance December 31, 2010
Land	\$ 3,260,700			\$ 3,260,700
Buildings	1,145,900			1,145,900
Machinery and Equipment	3,502,615	\$ 456,048		3,958,663
	<u>\$ 7,909,214</u>	<u>\$ 456,048</u>	<u>\$ -</u>	<u>\$ 8,365,263</u>

TOWNSHIP OF LOPATCONG

SUPPLEMENTARY DATA

TOWNSHIP OF LOPATCONG
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2011

Name	Title	Amount of Bond	Name of Corporate Surety
Douglas Steinhardt	Mayor		
Victor Camporine	Council President		
William W. Baker, Sr.	Councilman		
H. Matthew Curry	Councilman		
James Mengucci	Councilman		
Margaret B. Dilts	Municipal Clerk/Administrator/Planning Board Secretary/ Registrar of Vital Statistics	\$ 150,000.00	* Statewide Insurance
Mary Dobes	Chief Financial Officer/Treasurer	150,000.00	Western Surety Company
Phyllis Coleman	Deputy Municipal Clerk/Deputy Registrar	150,000.00	* Statewide Insurance
Rachelynn Edinger	Tax Collector	150,000.00	Western Surety Company
Rachelynn Edinger	Sewer Rent Collector	68,000.00	Western Surety Company
Brad Decker	Tax Clerk/Sewer Clerk	150,000.00	Selective Insurance
Kathy Degan	Tax Assessor	150,000.00	* Statewide Insurance
Paul M. Sterbenz	Engineer		
John Fritts	Building Inspector	150,000.00	* Statewide Insurance
Gary Woolf	Emergency Management Coordinator	150,000.00	* Statewide Insurance
Wayne Degan	Zoning Officer	150,000.00	* Statewide Insurance
Kevin Maguire	Fire Official	150,000.00	* Statewide Insurance
Michael B. Lavery	Municipal Attorney		
Gary & Betty Wysocki	Animal Control Officers	150,000.00	* Statewide Insurance
Bruce A. Jones	Magistrate	28,000.00	Selective Insurance
Irene Brownell	Court Administrator/Violations Clerk	28,000.00	Selective Insurance
Christopher M. Troxell	Municipal Prosecutor		

All bonds were examined and were properly executed.

* A Public Employee Faithful Performance Blanket Position Bond is in force for \$150,000 with Public Alliance Insurance. This bond covers all employees not having their own surety bond.

The Court personnel are covered by a separate Blanket Bond of \$28,000.

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2011
CURRENT FUND

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 2,160,442.06
Increased by Receipts:		
Current Year Taxes	\$ 20,901,581.66	
Delinquent Taxes	406,723.10	
Prepaid Taxes	66,814.97	
Interest and Costs on Taxes	89,661.04	
Revenue Accounts Receivable	1,659,738.98	
Miscellaneous Revenue Not Anticipated	115,626.55	
Appropriation Refunds	57,133.52	
Third Party Liens	42,528.29	
Tax Sale Premiums	45,800.00	
Tax Overpayments	19,879.84	
Due to Federal and State Grant Fund:		
Grants Receivable	272,803.50	
Unappropriated Reserves	222,597.37	
Prior Year Sewer Interfund	9,389.65	
Due from State of New Jersey:		
Veterans' and Senior Citizens' Deductions	107,319.86	
Due State of New Jersey - Marriage License Fees	1,050.00	
Due General Capital Fund:		
Interfund Returned	800,002.94	
Due from Other Trust Fund:		
Interfund Returned	52,007.14	
	<hr/>	<hr/>
		24,870,658.41
		27,031,100.47
Decreased by Disbursements:		
2011 Appropriation Expenditures	5,438,087.86	
2010 Appropriation Reserve Expenditures	136,919.89	
Local School District Taxes	13,178,141.00	
County Taxes	6,432,164.63	
Third Party Liens Redeemed	42,528.29	
Tax Sale Premium Returned	17,350.00	
Tax Overpayments Refunded	13,214.93	
Reserve for Reassessment	59,584.00	
Reserve for Hurricane Irene and Tropical Storm Lee	200,000.00	
Due to State of New Jersey:		
Marriage License Fees	725.00	
Due from Federal and State Grant Fund:		
Appropriated Reserves	167,864.60	
Due General Capital Fund:		
Improvement Authorizations	388,658.42	
Due Sewer Operating Fund:		
Budget Expenditures	15,480.62	
	<hr/>	<hr/>
		26,090,719.24
Balance December 31, 2011	A	<u>\$ 940,381.23</u>

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF CASH - FEDERAL AND STATE GRANT FUND

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 76,603.35
Increased by Receipts:		
Grants Receivable		\$ 120,000.00
Interest on Investments		336.36
		120,336.36
		196,939.71
Decreased by:		
Federal and State Grant Expenditures		52,530.88
		52,530.88
Balance December 31, 2011	A	\$ 144,408.83

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

Year	Balance	2011 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2010		2010	2011				Dec. 31, 2011
2009	\$ 2,097.22			\$ 2,097.22				
2010	410,934.21			404,625.88	\$ (2,000.00)		\$ 905.11	\$ 7,403.22
	413,031.43			406,723.10	(2,000.00)		905.11	7,403.22
2011		\$ 21,784,171.59	\$ 80,015.21	20,901,581.66	109,184.25	\$ 253,037.73	36,578.76	403,773.98
	\$ 413,031.43	\$ 21,784,171.59	\$ 80,015.21	\$ 21,308,304.76	\$ 107,184.25	\$ 253,037.73	\$ 37,483.87	\$ 411,177.20
<u>Ref.</u>	A							A

Analysis of 2011 Property Tax Levy

General Purpose Tax	\$ 21,542,824.13
Added Taxes (54:4-63.1 et seq.)	241,347.46
	<u>\$ 21,784,171.59</u>
Tax Levy:	
Local School District Taxes	12,243,444.00
County Taxes:	
County Taxes	6,378,451.73
Due County for Added and Omitted Taxes	71,778.17
Municipal Open Space Tax	315,363.00
	<u>6,765,592.90</u>
	19,009,036.90
Local Tax for Municipal Purposes Only	2,599,915.48
Add: Additional Tax Levied	175,219.21
	<u>2,775,134.69</u>
	<u>\$ 21,784,171.59</u>

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 207,387.72
Increased by:		
Transferred From Taxes Receivable		\$ 37,483.87
Interest and Costs Accrued at Tax Sale		<u>2,752.31</u>
		<u>40,236.18</u>
		<u>247,623.90</u>
Decreased by:		
Transferred to Foreclosed Property		<u>143,121.19</u>
		<u>143,121.19</u>
Balance December 31, 2011	A	<u><u>\$ 104,502.71</u></u>

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Accrued</u> <u>in 2011</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Clerk:				
ABC Licenses		\$ 8,000.00	\$ 8,000.00	
Swimming Pool Receipts		159,533.03	159,533.03	
Municipal Court:				
Fines and Costs	\$ 5,021.28	66,988.46	64,634.28	\$ 7,375.46
Fees and Permits		79,542.75	79,542.75	
Interest on Investments and Deposits		11,974.93	11,974.93	
Anticipated Utility Operating Surplus		130,000.00	130,000.00	
Energy Receipts Taxes		948,271.00	948,271.00	
Uniform Construction Code Fees		107,998.00	107,998.00	
Municipal Court - Harmony Agreement		40,000.00	40,000.00	
Municipal Court - Franklin Agreement		40,000.00	40,000.00	
Sale of SRECS		37,500.00	37,500.00	
Uniform Fire Safety Act		32,284.99	32,284.99	
	<u>\$ 5,021.28</u>	<u>\$ 1,662,093.16</u>	<u>\$ 1,659,738.98</u>	<u>\$ 7,375.46</u>

Ref.

A

A

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011

	Balance Dec. 31, 2010	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Administrative and Executive:				
Computer Service	\$ 176.47			
Code Book Update	34.46			
Human Resource Education	5.05			
Mayor and Council:				
Salaries and Wages	0.88			
Municipal Clerk:				
Salaries and Wages	634.04			
Other Expenses	317.89	\$ 6,690.65	\$ 6,603.75	\$ 86.90
Financial Administration (Treasury):				
Salaries and Wages	10.23			
Other Expenses	50.46			
Assessment of Taxes:				
Salaries and Wages	345.66			
Other Expenses	458.74	900.00	845.70	54.30
Revenue Administration (Tax Collection):				
Other Expenses	260.31			
Legal Services:				
Salaries and Wages	0.08			
Other Expenses	76.71	39,182.47	38,424.99	757.48
Engineering Services and Costs:				
Other Expenses	156.29	7,290.95	7,290.95	
Public Buildings and Grounds:				
Salaries and Wages	0.42	0.42		0.42
Other Expenses	196.55	196.55	196.55	
Garbage and Trash Removal:				
Other Expenses	5.89	5.89		5.89
Planning Board:				
Planner	27.10	225.00	225.00	
Other Expenses	13.26	500.00	500.00	
Board of Adjustment:				
Other Expenses	29.26			
Building Sub Code Official:				
Salaries and Wages	17.31			
Electric Sub Code Official:				
Other Expenses	5.82			

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011

	Balance Dec. 31, 2010	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Unemployment Compensation Insurance	\$ 37.39			
Fire:				
Fire Companies	7,805.42	\$ 7,805.42	\$ 6,921.31	\$ 884.11
Police:				
Salaries and Wages	825.91			
Other Expenses	414.60			
Prosecutor:				
Salaries and Wages (Lopatcong)	0.04	0.04		0.04
First Aid Organization:				
Other Expenses	2,368.24	2,368.24	286.98	2,081.26
Fire Inspector:				
Other Expenses	453.01			
Zoning Officer:				
Salaries and Wages	0.34			
Emergency Management Services:				
Salary and Wages	1.16			
Other Expenses	75.68			
Road Repairs and Maintenance:				
Salaries and Wages	742.37	45.82		45.82
Other Expenses	8,551.08	69,353.26	63,257.54	6,095.72
Senior Citizens:				
Other Expenses		5,000.00	5,000.00	
Recreation and Education:				
Miscellaneous Other Expenses	87.82	87.82	87.82	
Building Inspector:				
Other Expenses	112.15			
Electricity	166.65	166.65		166.65
Natural Gas	105.13	105.13		105.13

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011

	Balance Dec. 31, 2010	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Gasoline	\$ 116.80	\$ 116.80		\$ 116.80
Fire Hydrant Service	2.68	2.68		2.68
Water	135.02	135.02	\$ 50.92	84.10
Contingent	25.46	25.46		25.46
Interlocal Municipal Service Agreements:				
Harmony and Franklin Courts	67.98	67.98	67.98	
Statutory Expenditures:				
Social Security System (O.A.S.I.)	205.07	205.07		205.07
Municipal Court:				
Salaries and Wages	32.10	32.10		32.10
Other Expenses	15.95	15.95		15.95
Animal Control:				
Salaries and Wages	41.92	41.92		41.92
Insurance:				
General Liability	6.25			
Workmen's Compensation	53.13			
Employee Group Health	3.81			
Morris Park Road Improvements	133,000.00	17,708.75	7,160.40	10,548.35
	<u>\$ 158,276.04</u>	<u>\$ 158,276.04</u>	<u>\$ 136,919.89</u>	<u>\$ 21,356.15</u>

Analysis of Balance at December 31, 2011:

	<u>Ref.</u>	
Unencumbered	A	\$ 151,081.21
Encumbered	A	7,194.83
		<u>\$ 158,276.04</u>

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2010		
Local School District Tax Deferred		\$ 6,048,357.00
Local School District Tax Payable	A	1,008,082.30
		7,056,439.30
Increased by:		
Levy - School Year July 1, 2011 through June 30, 2012		12,243,444.00
		19,299,883.30
Decreased by:		
Payments to Local School District		13,178,141.00
		\$ 6,121,742.30
Balance December 31, 2011		
Local School District Tax Payable	A	20.30
Local School District Tax Deferred		6,121,722.00
		\$ 6,121,742.30
 <u>Analysis of Increase - Deferred School Tax:</u>		
Balance December 31, 2011		\$ 6,121,722.00
Balance December 31, 2010		6,048,357.00
Net Increase Credited to Operations		\$ 73,365.00

TOWNSHIP OF LOPATCONG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance Dec. 31, 2010	Budget Revenue Realized	Cash Received	Transfer From Unappropriated Reserves	Cancelled	Balance Dec. 31, 2011
Federal Recreation Trails Program - 2001	\$ 12,480.00				\$ 12,480.00	
Municipal Alliance:						
2003	2,455.28					\$ 2,455.28
2004	378.96					378.96
Domestic Violence Training Program - 2003	2,082.00					2,082.00
Recycling Tonnage Grant:						
2007	321.91					321.91
2011		\$ 39,695.90		\$ 39,695.90		
Stormwater Management Grant:						
2007	4,234.00				2,117.00	2,117.00
Fire Company Grant	3,590.00					3,590.00
U Drink, U Drive, U Lose Grant:						
2006	1,087.12					1,087.12
2007	2,913.00					2,913.00
New Jersey Department of Transportation Grant	120,000.00		\$ 120,000.00			
Drunk Driving Enforcement Grant	10,495.06				10,495.06	
Safe and Secure Communities Program:						
2008	30,770.00					30,770.00
2009	22,025.00					22,025.00
2010	1,821.00					1,821.00
2011		30,000.00		30,000.00		
South First Street Developers Share		24,650.00		12,325.00		12,325.00
Emergency Management Program	4,000.00				4,000.00	
Community Forestry Grant	7,000.00		6,881.00			119.00
Assistance to Firefighters Grant	28,342.00					28,342.00
Regional Master Plan Highlands Grant:						
2010	21,166.50		3,233.00			17,933.50
2011		71,202.45		71,202.45		
Obey the Signs or Pay the Fines Grant	175.00					175.00
NJBPU Clean Energy Program	297,000.00		262,689.50			34,310.50
Donation for Police Department		1,000.00		1,000.00		
Donation for Announcers Booth		3,500.00		3,500.00		
Hepatitis B Inoculation		2,175.00		2,175.00		
Energy Efficiency and Conservation Block Grant		33,797.81		33,797.81		
Wastewater Management		9,389.65		9,389.65		
Clean Communities Grant		14,883.31		14,883.31		
	<u>\$ 572,336.89</u>	<u>\$ 230,294.12</u>	<u>\$ 392,803.50</u>	<u>\$ 217,969.12</u>	<u>\$ 29,092.06</u>	<u>\$ 162,766.33</u>

Ref.	A					A
	Received in Federal and State Grant Fund	\$ 120,000.00				
	Received in Current Fund	272,803.50				
		<u>\$ 392,803.50</u>				

TOWNSHIP OF LOPATCONG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2010	Encumbrances Returned	Transferred from 2011 Budget	Cash Disbursed	Encumbered	Unexpended Balance Cancelled	Balance Dec. 31, 2011
Recycling Tonnage Grant:							
2011			\$ 39,695.90	\$ 37,769.36			\$ 1,926.54
New Jersey Transportation Trust Fund:							
2001	\$ 35,824.35			28,250.86			7,573.49
Pothole Repair Program - 1996	0.84						0.84
Environmental Services Grant - 1999	61.57						61.57
Geographic Information Systems Grant - 2001	2,500.00						2,500.00
Federal Recreation Trails Program - 2001	326.67						326.67
Emergency Management Grant:							
2004	772.70			772.70			
2006	1,091.60			1,091.60			
New Jersey Body Armor Fund:							
2010	2,142.07			1,650.00			492.07
New Jersey Department of Transportation Grant	117,340.00					\$ 117,340.00	
Community Forestry Grant	119.00						119.00
Volunteer Fire Association Reimbursement Grant	3,000.00						3,000.00
South First Street Developers Share			24,650.00		\$ 5,677.50		18,972.50
Reserve for Regional Master Plan Highlands Grant	17,694.90			3,233.00		14,461.90	
Reserve for Homeland Security Grant	18,050.00			8,577.04		9,472.96	
Clean Communities Program:							
2008	21.87			21.87			
2009	125.11			125.11			
2010	4,537.14			4,221.15			315.99
2011			14,883.31	4,260.00			10,623.31
Donations for Shade Trees - 2002	267.50						267.50
Emergency Planning Grant - 2004	267.72						267.72
NJ Motor Vehicle Fines	653.00						653.00
Safe & Secure Communities Program:							
2009	6,154.00						6,154.00
2010	1,821.00						1,821.00
2011			30,000.00	30,000.00			
Federal Fire Company Grant	85.90						85.90
Obey the Signs or Pay the Fines	175.00						175.00
Donations for Police Department			1,000.00	600.00	400.00		
Donations for Announcers Booth			3,500.00	2,938.41	561.59		
Hepatitis B Inoculation			2,175.00	1,035.00	1,140.00		
Assistance to Firefighters Grant		\$ 19,727.32		18,629.17			1,098.15
Assistance to Firefighters Grant - Local Match		1,431.25					1,431.25
Clean Environment Program Grant:							
2006	210.00			210.00			
Energy Efficiency and Conservation Block Grant			33,797.81	5,807.76	27,990.05		
Wastewater Management Grant			9,389.65				9,389.65
Regional Master Plan/Highlands Protection Act:							
2011			71,202.45	71,202.45			
Reserve for DOT Local Aid Grant	79,367.50						79,367.50
	<u>\$ 292,609.44</u>	<u>\$ 21,158.57</u>	<u>\$ 230,294.12</u>	<u>\$ 220,395.48</u>	<u>\$ 35,769.14</u>	<u>\$ 141,274.86</u>	<u>\$ 146,622.65</u>

Ref.

A

A

Disbursed in Federal and State Grant Fund \$ 52,530.88
Disbursed in Current Fund 167,864.60
\$ 220,395.48

TOWNSHIP OF LOPATCONG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2010	Cash Receipts	Transfer to 2011 Budget Revenue	Balance Dec. 31, 2011
Clean Communities Grant		\$ 14,883.31	\$ 14,883.31	
Energy Efficiency and Conservation Block Grant		14,017.90		\$ 14,017.90
Recycling Tonnage Grant		33,797.81	33,797.81	
Regional Master Plan Grant		39,695.90	39,695.90	
Regional Master Plan Grant		71,202.45	71,202.45	
Hepatitis B Inoculation		2,175.00	2,175.00	
Donation for Police Department		1,000.00	1,000.00	
Donation for Announcers Booth		3,500.00	3,500.00	
South First Street Developers Share		12,325.00	12,325.00	
Wastewater Management Grant	\$ 9,389.65		9,389.65	
Safe and Secure Communities Program		30,000.00	30,000.00	
	<u>\$ 9,389.65</u>	<u>\$ 222,597.37</u>	<u>\$ 217,969.12</u>	<u>\$ 14,017.90</u>
<u>Ref.</u> A				A
Received in Current Fund		<u>\$ 222,597.37</u>		
		<u>\$ 222,597.37</u>		

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2011
TRUST FUNDS

TOWNSHIP OF LOPATCONG
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Unemployment Trust</u>	<u>Other Trust Funds</u>
Balance December 31, 2010	\$ 75.39	\$ 6,382.59	\$ 1,039,093.81
Increased by Receipts:			
Municipal Licensing Fees	\$ 10,865.00		
Due to State Board of Health	1,695.60		
Interest on Investments	13.16	\$ 47.13	
Interest Due Current Fund:			
Interest on Investments			\$ 1,358.50
Interest on Investments - COAH Trust Fund			1,488.49
Subdivision Receipts			156,143.79
Public Defender			2,192.00
COAH Trust Receipts			71,497.75
Recreation Trust			166,263.36
Outside Employment of Police Officers			4,161.45
Open Space Trust			100.00
Parking Offenses Adjudication Act			8.00
State of New Jersey Refund		11,218.41	
Due from Payroll		3,380.53	
Tax Sale Premiums			5,800.00
	<u>12,573.76</u>	<u>14,646.07</u>	<u>409,013.34</u>
	12,649.15	21,028.66	1,448,107.15

TOWNSHIP OF LOPATCONG
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Unemployment Trust</u>	<u>Other Trust Funds</u>
Decreased by Disbursements:			
Expenditures under R.S. 4:19 - 15.11	\$ 11,537.25		
Due to State Board of Health	1,042.20		
Developer's Escrow Subdivision Disbursements			\$ 187,478.88
Public Defender			2,400.00
Recreation Trust			143,488.11
Unemployment Compensation Insurance		\$ 16,927.02	
COAH Disbursements			36,764.41
Outside Employment of Police Officers			3,662.62
Due Current Fund:			
Open Space - Interest Earned			4.87
COAH - Interfund Returned and Interest Earned			52,007.14
Developer's Escrow Subdivision			4,001.40
	<u>\$ 12,579.45</u>	<u>\$ 16,927.02</u>	<u>\$ 429,807.43</u>
Balance December 31, 2011	B <u>\$ 69.70</u>	<u>\$ 4,101.64</u>	<u>\$ 1,018,299.72</u>

TOWNSHIP OF LOPATCONG
OTHER TRUST FUNDS
SCHEDULE OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE

	<u>Ref.</u>		
Balance December 31, 2010	B		\$ 6,382.59
Increased by Receipts:			
Employee Contributions		\$ 3,380.53	
State of New Jersey Refund		11,218.41	
Interest Earned		<u>47.13</u>	
			<u>14,646.07</u>
			<u>21,028.66</u>
Decreased by:			
Expenditures			<u>16,927.02</u>
Balance December 31, 2011	B		<u><u>\$ 4,101.64</u></u>

TOWNSHIP OF LOPATCONG
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 10.59
Increased by:		
2011 Animal Control License Fees Collected		\$ 10,865.00
Interest Earned		13.16
		10,878.16
		10,888.75
Decreased by:		
Expenditures under R.S.4:19-15.11:		
Cash Disbursements		11,537.25
		11,537.25
Balance/(Deficit) December 31, 2011	B	\$ (648.50)

License Fees Collected

<u>Year</u>	<u>Amount</u>
2009	\$ 11,648.00
2010	10,549.54
Maximum Allowable Reserve	\$ 22,197.54

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2011
GENERAL CAPITAL FUND

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>		
Balance December 31, 2010	C		\$ 899,224.34
Increased by Receipts:			
Bond Anticipation Note Issued		\$ 1,062,000.00	
Due Current Fund:			
Interest Earned		<u>1,196.70</u>	
			<u>1,063,196.70</u>
			<u>1,962,421.04</u>
Decreased by Disbursements:			
Bond Anticipation Note Matured		1,062,000.00	
Improvement Authorization Expenditures		82,029.53	
Due Current Fund:			
Interfund Advanced		<u>800,002.94</u>	
			<u>1,944,032.47</u>
Balance December 31, 2011	C		<u>\$ 18,388.57</u>

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2010	Receipts		Disbursements			Transfers		Balance/ (Deficit) Dec. 31, 2011
		Bond Anticipation Note	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To	
Capital Improvement Fund	\$ 230,557.40						\$ 230,000.00		\$ 557.40
Due Current Fund	(87,125.94)		\$ 1,196.70			\$ 800,002.94		\$ 609,742.42	(276,189.76)
New Jersey Department of Transportation Grant Receivable							200,000.00		(200,000.00)
Reserve for:									
Encumbrances	32,989.50						32,989.50	22,689.00	22,689.00
To Pay Debt Service								376,086.12	376,086.12
<u>Ordinance</u>									
<u> Date /</u>									
<u> Number</u>	<u>Improvement Description</u>								
2004-07	Various Park Improvements		(500.00)						(500.00)
2007-05	Purchase Zero-Turn Lawnmower		61.39						61.39
2007-07	Purchase Players Benches		858.00						858.00
2007-09	Municipal Building Renovations		74,204.19	\$ 16,698.88					57,505.31
2007-11	Purchase of Fire Truck		4,935.56						4,935.56
2007-20	Various General Improvements		32,399.91	1,853.55			7,489.18		23,057.18
2009-08	Purchase of a Four Wheel Drive Utility Vehicle and Box Trailer		3,283.00						3,283.00
2010-01	Installation of Solar Panels and Equipment	\$ 1,062,000.00		40,814.25	\$ 1,062,000.00		599,688.12	32,989.50	
2010-12	DPW Trucks and Salt Spreaders		48.46						48.46
2011-05	Acquisition of Bleachers and Various Road Renovations and Replacement Lighting for Municipal Pool				22,532.80		27,467.20	50,000.00	
2011-10	Reconstruction of Portion of Stelko and Edward Street				130.05		373,873.04	380,000.00	5,996.91
		<u>\$ 899,224.34</u>	<u>\$ 1,196.70</u>	<u>\$ 82,029.53</u>	<u>\$ 1,062,000.00</u>	<u>\$ 800,002.94</u>	<u>\$ 1,471,507.04</u>	<u>\$ 1,471,507.04</u>	<u>\$ 18,388.57</u>

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

Analysis of Balance
Dec. 31, 2011

Ord. Date	Improvement Description	Balance Dec. 31, 2010	Balance Dec. 31, 2011	Expenditures	Bond Anticipation Notes
07/07/04	Various Park Improvements	\$ 500.00	\$ 500.00	\$ 500.00	
03/03/10	Installation of Solar Panels and Related Equipment	1,062,000.00	1,062,000.00		\$ 1,062,000.00
		<u>\$ 1,062,500.00</u>	<u>\$ 1,062,500.00</u>	<u>\$ 500.00</u>	<u>\$ 1,062,000.00</u>
<u>Ref.</u>		C	C		

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance Number	Amount	Balance December 31, 2010		Prior Year Encumbrances Returned	2011 Authorizations		Paid or Charged	Ordinances Cancelled	Balance December 31, 2011 Funded
			Funded	Unfunded		Capital Improvement Fund	New Jersey Department of Transportation Grant			
Purchase of DPW Equipment	2007-05	\$ 8,000.00	\$ 61.39							\$ 61.39
Purchase of Athletic Association Equipment	2007-07	5,000.00	858.00							858.00
Renovations to the Municipal Building	2007-09	315,789.29	74,204.19					\$ 16,698.88		57,505.31
Purchase of Fire Truck	2007-11; 2008-13	200,000.00 5,000.00	4,935.56							4,935.56
Various Capital Improvements	2007-20	2,525,000.00	32,399.91					9,342.73		23,057.18
Purchase of Four Wheel Drive Utility Vehicle and Box Trailer	2009-08	43,500.00	3,283.00							3,283.00
Installation of Solar Panels and Related Equipment	2010-01	1,162,000.00		\$ 607,512.87	\$ 32,989.50			43,332.25	\$ 597,170.12	
DPW Trucks and Salt Spreaders	2010-12	25,000.00	48.46							48.46
Acquisition of Bleachers and Various Road Renovations and Replacement Lighting for Municipal Pool	2011-05	50,000.00				\$ 50,000.00		50,000.00		
Reconstruction of Portion of Stelko and Edward Street	2011-10	380,000.00				180,000.00	\$ 200,000.00	374,003.09		5,996.91
			<u>\$ 115,790.51</u>	<u>\$ 607,512.87</u>	<u>\$ 32,989.50</u>	<u>\$ 230,000.00</u>	<u>\$ 200,000.00</u>	<u>\$ 493,376.95</u>	<u>\$ 597,170.12</u>	<u>\$ 95,745.81</u>
	<u>Ref.</u>		<u>C</u>	<u>C</u>						<u>C</u>
								Cash Disbursed in General Capital Fund	\$ 82,029.53	
								Cash Disbursed in Current Fund	388,658.42	
								Encumbrances	22,689.00	
									<u>\$ 493,376.95</u>	

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 230,557.40
Decreased By:		
Appropriation to Finance		
Improvement Authorizations		<u>230,000.00</u>
Balance December 31, 2011	C	<u><u>\$ 557.40</u></u>

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. Date	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2010	Issued	Matured	Balance Dec. 31, 2011
		Original Issue	Issue	Maturity					
03/03/10	Installation of Solar Panels and Related Equipment	4/14/2010	4/14/2010	4/13/2011	1.50%	\$ 1,062,000.00		\$ 1,062,000.00	
		4/14/2010	4/12/2011	4/11/2012	1.55%		\$ 1,062,000.00		\$ 1,062,000.00
						<u>\$ 1,062,000.00</u>	<u>\$ 1,062,000.00</u>	<u>\$ 1,062,000.00</u>	<u>\$ 1,062,000.00</u>
					<u>Ref.</u>	C			C
						Renewals	\$ 1,062,000.00	\$ 1,062,000.00	
							<u>\$ 1,062,000.00</u>	<u>\$ 1,062,000.00</u>	

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2011		Interest Rate	Balance December 31, 2010	Matured	Balance December 31, 2011
			Date	Amount				
Series 2007 - General Improvements Bonds	9/1/2007	\$ 7,787,000.00	9/1/2012	\$ 305,000.00	3.750%	\$ 6,962,000.00	\$ 295,000.00	\$ 6,667,000.00
			9/1/2013	315,000.00	3.750%			
			9/1/2014	325,000.00	3.750%			
			9/1/2015	345,000.00	3.750%			
			9/1/2016	360,000.00	4.000%			
			9/1/2017	375,000.00	4.000%			
			9/1/2018	385,000.00	4.000%			
			9/1/2019	410,000.00	4.000%			
			9/1/2020	425,000.00	4.000%			
			9/1/2021	445,000.00	4.000%			
			9/1/2022	460,000.00	4.000%			
			9/1/2023	470,000.00	4.000%			
			9/1/2024	495,000.00	4.000%			
			9/1/2025	515,000.00	4.000%			
			9/1/2026	520,000.00	4.000%			
9/1/2027	517,000.00	4.000%						
						<u>\$ 6,962,000.00</u>	<u>\$ 295,000.00</u>	<u>\$ 6,667,000.00</u>
					<u>Ref.</u>	C		C

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2010</u>	<u>Balance December 31, 2011</u>
2004-07	Various Park Improvements	\$ 500.00	\$ 500.00
		<u>\$ 500.00</u>	<u>\$ 500.00</u>

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2011
WATER UTILITY FUND

(NOT APPLICABLE)

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2011
SEWER UTILITY FUND

TOWNSHIP OF LOPATCONG
SEWER UTILITY FUND
SCHEDULE OF CASH-TREASURER

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Assessment Trust Fund</u>	<u>Capital Fund</u>
Balance December 31, 2010	E	\$ 79,754.27	\$ 42.88	\$ 216,612.11
Increased by Receipts:				
Consumer Accounts Receivable		\$ 1,460,747.37		
Sewer Rent Overpayments		4,279.71		
Sewer Hook-up Fees		26,500.00		
Sewer Hook-up Fees Overpayments		8,000.00		
Interest and Costs on Rents		7,407.63		
Due from Sewer Capital Fund:				
Interest Earned		11.61		
Miscellaneous Revenue		52.12		
Appropriation Refund		677.49		
Interest on Investments		818.50		
		<u>1,508,494.43</u>	<u>\$ 0.73</u>	<u>\$ 978.54</u>
		1,588,248.70	0.73	978.54
			<u>43.61</u>	<u>217,590.65</u>
Decreased by Disbursements:				
2011 Appropriation Expenditures		1,428,991.58		
Improvement Authorizations				31,851.84
Due Federal and State Grant Fund		9,389.65		
Due Sewer Capital Fund:				
Improvement Authorizations		10,297.30		
Due Sewer Operating Fund:				
Interest Due Sewer Operating Fund				11.61
		<u>1,448,678.53</u>		<u>31,863.45</u>
Balance December 31, 2011	E	<u>\$ 139,570.17</u>	<u>\$ 43.61</u>	<u>\$ 185,727.20</u>

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
ANALYSIS OF SEWER CAPITAL CASH

	Balance	Receipts	Disbursements		Transfers		Balance	
	(Deficit)	Miscel- laneous	Improvement Authorizations	Miscel- laneous	From	To	(Deficit)	
	Dec. 31, 2010						Dec. 31, 2011	
Fund Balance	\$ 166.69					\$ 250,000.00	\$ 250,166.69	
Due Sewer Utility Operating Fund	(149,914.09)	\$ 978.54		\$ 11.61		10,297.30	(138,649.86)	
Capital Improvement Fund	283,117.22				\$ 250,000.00		33,117.22	
<u>Date of</u>								
<u>Ord.</u>	<u>General Improvements</u>							
03/13/00	Replacement for Baltimore Street Pumping Station	(39,456.30)					(39,456.30)	
12/03/08	Purchase of Street Sweeper	12,247.72					12,247.72	
08/05/09	Improvements to Sanitary Sewerage System	110,450.87	\$ 31,851.84		10,297.30		68,301.73	
		<u>\$ 216,612.11</u>	<u>\$ 978.54</u>	<u>\$ 31,851.84</u>	<u>\$ 11.61</u>	<u>\$ 260,297.30</u>	<u>\$ 260,297.30</u>	<u>\$ 185,727.20</u>

TOWNSHIP OF LOPATCONG
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 102,247.00
Increased by:		
Sewer Rents Levied		<u>1,481,132.38</u>
		1,583,379.38
Decreased by:		
Sewer Collections	\$	1,460,747.37
Prepaid Rents Applied		<u>3,580.99</u>
		<u>1,464,328.36</u>
Balance December 31, 2011	E	<u><u>\$ 119,051.02</u></u>

TOWNSHIP OF LOPATCONG
SEWER UTILITY OPERATING FUND
SCHEDULE OF HOOK-UP FEES RECEIVABLE

Balance December 31, 2010	E	\$ 2,000.00
Increased by:		
Hook up Fees Levied		24,500.00
		<u>26,500.00</u>
Decreased by:		
Collections		26,500.00
		<u>26,500.00</u>
Balance December 31, 2011	E	<u>\$ -0-</u>

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Construction of Sewerage System	\$ 1,000,000.00	\$ 1,000,000.00
Improvements to Sanitary Sewerage System	1,773,846.00	1,773,846.00
Morris Heights Sewer Line Extension	400,000.00	400,000.00
Delaware Park Trunk Line Extension	100,000.00	100,000.00
Baltimore Street Pump Station Repairs	40,687.08	40,687.08
Park Avenue and Fourth Street Sanitary Sewer Rehabilitation Project	11,637.60	11,637.60
Replacement of Baltimore Street Pumping Station	109,456.30	109,456.30
Improvements to Sanitary Sewerage System	15,000.00	15,000.00
Extension of the Sanitary Sewer Line to Morris Heights	400,000.00	400,000.00
I & I Rehabilitation Study	50,000.00	50,000.00
	<u>\$ 3,900,626.98</u>	<u>\$ 3,900,626.98</u>
	<u>Ref.</u>	<u>E</u>
	E	E

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ord. Date</u>	<u>Ordinance Amount</u>	<u>Balance Dec. 31, 2010</u>	<u>Balance Dec. 31, 2011</u>
Purchase of Street Sweeper	12/29/08	\$ 165,000.00	\$ 165,000.00	\$ 165,000.00
Improvements to Sanitary Sewerage System	08/05/09	3,430,000.00	3,430,000.00	3,430,000.00
			<u>\$ 3,595,000.00</u>	<u>\$ 3,595,000.00</u>
		<u>Ref.</u>	E	E

TOWNSHIP OF LOPATCONG
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011

	Balance Dec. 31, 2010	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 9,904.09	\$ 9,904.09		\$ 9,904.09
Other Expenses	71,336.47	71,336.47		71,336.47
	<u>\$ 81,240.56</u>	<u>\$ 81,240.56</u>	<u>\$ -</u>	<u>\$ 81,240.56</u>

Analysis of Balance December 31, 2010

	<u>Ref.</u>	
Unencumbered	E	<u>\$ 81,240.56</u>
		<u>\$ 81,240.56</u>

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Date	Ordinance Number	Amount	Balance Dec. 31, 2010		Paid or Charged	Balance Dec. 31, 2011	
				Funded	Unfunded		Funded	Unfunded
Purchase of Street Sweeper	12/29/2008	2008-23	\$ 165,000.00	\$ 12,247.72			\$ 12,247.72	
Improvements to Sanitary Sewerage System	08/05/2009	2009-11	3,430,000.00	110,450.87	\$ 3,265,000.00	\$ 42,149.14	68,301.73	\$ 3,265,000.00
				<u>\$ 122,698.59</u>	<u>\$ 3,265,000.00</u>	<u>\$ 42,149.14</u>	<u>\$ 80,549.45</u>	<u>\$ 3,265,000.00</u>
			<u>Ref.</u>	E	E		E	E
						Disbursed in Sewer Capital	\$ 31,851.84	
						Disbursed in Sewer Operating	10,297.30	
							<u>\$ 42,149.14</u>	

TOWNSHIP OF LOPATCONG
SEWER UTILITY FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 283,117.22
Decreased by:		
Cancelled to Sewer Utility Capital Fund Balance		<u>250,000.00</u>
Balance December 31, 2011	E	<u>\$ 33,117.22</u>

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2010</u>	<u>Balance Dec. 31, 2011</u>
2008-23	Purchase of Street Sweeper	12/29/2008	\$ 165,000.00	\$ 165,000.00
2009-11	Improvements to Sanitary Sewerage System	08/05/2009	165,000.00	165,000.00
			<u>\$ 330,000.00</u>	<u>\$ 330,000.00</u>
		<u>Ref.</u>	E	E

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

TOWNSHIP OF LOPATCONG
SEWER UTILITY FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

<u>Ord. Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2010</u>	<u>Balance Dec. 31, 2011</u>
03/13/00	Replacement of Baltimore Street Pumping Station	\$ 39,456.30	\$ 39,456.30
08/05/09	Improvements to the Sanitary Sewer System	<u>3,265,000.00</u>	<u>3,265,000.00</u>
		<u>\$ 3,304,456.30</u>	<u>\$ 3,304,456.30</u>

TOWNSHIP OF LOPATCONG

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2011

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

Name of Federal Agency or Department	Name of Program	C.F.D.A. Account Number	Pass Through Entity ID	Grant Award Amount	Grant Period		Receipts	Expenditures	Total Cumulative Expenditures
					From	To			
U.S. Environmental Protection Agency: (Pass Through New Jersey Department of Environmental Protection)	Emergency Management Grant	97.051	4801-100-042-	\$ 772.70	1/1/04	12/31/11		\$ 772.70	\$ 772.70
			4801-6110	1,091.60	1/1/06	12/31/11		1,091.60	1,091.60
Total U.S. Environmental Protection Agency								1,864.30	1,864.30
U.S. Department of Energy	Energy Efficiency and Conservation Block Grant	81.128	DE-FOA-000013	14,017.90	1/1/11	12/31/12	\$ 14,017.90		
				33,797.81	1/1/11	12/31/11	33,797.81	5,807.76	5,807.76
Total U.S. Department of Energy							33,797.81	5,807.76	5,807.76
U.S. Department of Homeland Security: (Passed through New Jersey Department of Law and Public Safety)	Assistance to Firefighters Grant Program	97.044	N/A	200,165.00	1/1/10	12/31/12		18,629.17	199,066.85
								18,629.17	199,066.85
	Homeland Security Grant	97.067	100-066-1200- 833-65110	18,050.00	1/1/10	12/31/11		8,577.04	8,577.04
								8,577.04	8,577.04
Total Department of Homeland Security								27,206.21	207,643.89
Department of Transportation	NJ Department of Transportation	20.205	10-480-078- 6320-AKC-6010	74,239.81	1/1/01	12/31/11		28,250.86	66,666.32
	Reconstruction of Stelko Avenue and Edward Street	20.205	10-480-078- 6320-AKC-6010	120,000.00	1/1/11	12/31/11	120,000.00		
Total Department of Transportation							120,000.00	28,250.86	66,666.32
Total Federal Awards							\$ 153,797.81	\$ 63,129.13	\$ 281,982.27

N/A- Not applicable/ available

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF LOPATCONG
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

Name of State Agency or Department	Name of Program	Program Account No.	Grant Award Amount	Grant Period		Receipts	Expenditures	Total Cumulative Expenditures
				From	To			
Department of Environmental Protection	Clean Communities Grant	765-042-4900- 004-V42Y-6020	\$ 9,814.96	1/1/08	12/31/11		\$ 21.87	\$ 9,814.96
			12,488.11	1/1/09	12/31/11		125.11	12,488.11
			13,105.44	1/1/10	12/31/12		4,221.15	12,789.45
			14,883.31	1/1/11	12/31/12	\$ 14,883.31	4,260.00	4,260.00
						14,883.31	8,628.13	39,352.52
	Clean Environment Program	4800-100-042- 4800-090	210.00	1/1/06	12/31/11		210.00	210.00
							210.00	210.00
	Community Forestry Grant	4870-100-042-4870- 038-V42F-6120	7,000.00	1/1/10	12/31/12	6,881.00		6,881.00
						6,881.00		6,881.00
	Clean Energy Audit	765-042-4900 044-19452	625,480.00	1/1/10	12/31/11	262,689.50		625,480.00
					262,689.50		625,480.00	
Recycling Tonnage Grant	765-042-4900- 004-178840	39,695.90	1/1/11	12/31/12	39,695.90	37,769.36	37,769.36	
					39,695.90	37,769.36	37,769.36	
Total Department of Environmental Protection						324,149.71	46,607.49	709,692.88
New Jersey Highlands Council	Highlands Council Grant	06-033-04-2100	39,440.50	1/1/10	12/31/12		3,233.00	24,978.60
			21,166.50	1/1/10	12/31/11	3,233.00		21,166.50
						3,233.00	3,233.00	46,145.10
	Regional Master Plan Grant	N/A	71,202.45	1/1/11	12/31/11	71,202.45	71,202.45	71,202.45
					71,202.45	71,202.45	71,202.45	
Total New Jersey Highlands Council						74,435.45	74,435.45	117,347.55
Department of Law and Public Safety	Body Armor Replacement Program	718-066-1020- 001-6120	2,342.44	1/1/10	12/31/12		1,650.00	1,850.37
							1,650.00	1,850.37
	Safe and Secure Communities Grant	100-066-1020- 232-YCJS-6120	30,000.00	1/1/10	12/31/11	30,000.00	30,000.00	30,000.00
					30,000.00	30,000.00	30,000.00	
Total Department of Law and Public Safety						30,000.00	31,650.00	31,850.37

TOWNSHIP OF LOPATCONG
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 YEAR ENDED DECEMBER 31, 2011

Name of State Agency or Department	Name of Program	Program Account No.	Grant Award Amount	Grant Period		Receipts	Expenditures	Total Cumulative Expenditures
				From	To			
Department of Health and Senior Services	Hepatitis B Innoculation	100-046-4781-241-3890	\$ 2,175.00	1/1/11	12/31/12	\$ 2,175.00	\$ 1,035.00	\$ 1,035.00
						2,175.00	1,035.00	1,035.00
Total Department of Health and Senior Services						2,175.00	1,035.00	1,035.00
Total State Awards						\$ 430,760.16	\$ 153,727.94	\$ 859,925.80

N/A - Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF LOPATCONG
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

Note 1: GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state award programs of the Township of Lopatcong. The Township of Lopatcong is defined in Note 1 to the Township's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

Note 2: BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the cash basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.

Note 3: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555

Independent Auditors' Report on Internal Control Over
 Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements
 Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor and Members
 of the Township Committee
 Township of Lopatcong, New Jersey

We have audited the financial statements of the Township of Lopatcong, in the County of Warren (the "Township"), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 31, 2012, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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 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.

The Honorable Mayor and Members
of the Township Committee
Page 2

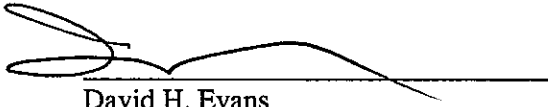
Compliance and Other Matters

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

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

Mount Arlington, New Jersey
May 31, 2012


NISIVOCCIA LLP


David H. Evans
Certified Public Accountant
Registered Municipal Accountant No. 98

TOWNSHIP OF LOPATCONG
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2011

Summary of Auditors' Results:

- An unqualified report was issued on the Township's Financial Statements for 2011 prepared on an other comprehensive basis of accounting.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the Township.
- The audit did not disclose any noncompliance that is material to the financial statements of the Township.
- The Township was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* for 2011 as grant expenditures were less than the single audit thresholds of \$500,000 identified in the circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable - Grant expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable - Grant expenditures were below the single audit threshold.

TOWNSHIP OF LOPATCONG
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011

Status of Prior Year Findings:

There were no prior year findings.

TOWNSHIP OF LOPATCONG

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

TOWNSHIP OF LOPATCONG
COMMENTS AND RECOMMENDATIONS

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

N.J.S.A. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

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 bidding 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."

Effective January 1, 2011 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 is \$17,500, and with a qualified purchasing agent the threshold may be up to \$36,000.

The governing body of the Township of Lopatcong has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Township Attorney's opinion should be sought before a commitment is made.

TOWNSHIP OF LOPATCONG
COMMENTS AND RECOMMENDATIONS
(Continued)

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

The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per N.J.S. 40A:11-5.

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. None were noted.

Collection of Interest on Delinquent Taxes and Utilities

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or utilities on or before the date when they would become delinquent. On January 5, 2011, the governing body adopted a resolution authorizing interest to be charged at the rate of 8% per annum on the first \$1,500 of delinquent taxes and utilities and 18% per annum for delinquent taxes and utilities in excess of \$1,500, and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year.

From our testing of the Tax Collector's records, it appeared that interest was charged for delinquent tax and utility payments in accordance with the above resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 21, 2011, and was complete. Inspection of tax sale certificates revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2011	9
2010	14
2009	13

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2012 Taxes	20
Payments of 2011 Taxes	20
Delinquent Taxes	15
Tax Title Liens	3
Payments/Charges Sewer Utility	20
Delinquent Sewer Utility	15

TOWNSHIP OF LOPATCONG
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges (Cont'd)

Verification notices were mailed to confirm balances as of December 31, 2011. The items that were returned were checked and in agreement with the Township's records. For receivable items not returned, alternative procedures were performed.

Technical Accounting Directives

The Division of Local Government Services has established three (3) technical accounting directives which are prescribed by the revision of 1987 draft "Requirements of Audit and Accounting". They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting system.

The Township maintains encumbrance, fixed assets reporting and general ledger accounting systems.

Accounting Records

1. We noted throughout the testing of funds that there were large interfund balances which existed at year end. It is recommended that all transactions be charged to the proper fund to avoid or limit interfund transactions.

Management's Response:

Interfunds will be returned to their proper accounts, and will be returned to their proper accounts prior to the end of each year.

2. During our testing of the Sewer Utility Operating Fund, it was noted that there was an overexpenditure of the budget in the other expense line item. This overexpenditure was due to an added charge that was not originally budgeted for in the 2011 budget. It is recommended that line items be properly funded and that all line items are reviewed in order on at least a monthly basis to ensure that there are no overexpenditures during the year.

Management's Response:

The chief financial officer will review line items periodically to ensure that overexpenditures do not occur.

Federal and State Grant Fund

During our review of federal and state grants, we noted that a number of grants receivable and reserve balances are several years old. It is recommended that a review of the federal and state grants receivable and appropriated grant reserves be conducted to identify those grants which will be collected and disbursed and which grants should be cancelled.

TOWNSHIP OF LOPATCONG
COMMENTS AND RECOMMENDATIONS
(Continued)

Federal and State Grant Fund:

Management's Response:

A review of all federal and state grants receivable and reserved will be performed to ensure that only active receivables and reserve are being carried forward.

Payroll:

1. During our testing of salaries, we noted that there were two pay periods in which health care contributions were not deducted from employees of the Township. In those two instances, health care contributions were not deductions due to issues with the coding of health care contributions and pension expenses. It is recommended that all health care contributions be coded correctly and disbursed properly by the Township.

Management's Response:

Greater care will be taken with the coding of health care contribution expenses.

2. During the year, there were different healthcare contribution policies for employees except for police. The first eight pay periods were at 1.5% of the base salary. The next five pay periods were at 10% of the healthcare premium, as per resolution. For the remainder of the year, the Township used a sliding scale. We noted that the calculations were inaccurate throughout the year and did not reflect the correct healthcare rates which were to be deducted, as per resolutions. It is recommended that the proper calculations be performed in determining payroll and payroll expenses throughout the year.

Management's Response:

The Township will review payroll amounts prior to finalization of payroll and payroll expenses.

Animal Control Trust Fund:

It was noted during our testing that funds collected in the Animal Control Fund, which were to be remitted to the State, were used for animal control fund expenditures. In doing so, the January 2011 fees due to the State was not made by the end of the year, which resulted in a payable at year end. Since subsequent payment to the State has been made, no formal recommendation is deemed necessary.

TOWNSHIP OF LOPATCONG
COMMENTS AND RECOMMENDATIONS
(Continued)

Athletic Association:

It was noted during our testing that there were individuals paid for recreation purposes in excess of \$600.00. All individuals who earn more than the threshold of \$600.00 and are not Township employees, should receive a 1099 form. It was found that no 1099 forms were issued. Therefore, it is recommended that a 1099 be issued to any person rendering services to the Township for an amount in excess of \$600.00.

Management's Response:

The Township will issue 1099's to all applicable individuals rendering services in excess of \$600.00.

Municipal Court

The Report of the Municipal Court has been forwarded to the Division of Local Government Services and the Township's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2011:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

<u>Agency</u>	<u>Balance Dec. 31, 2010</u>	<u>Cash Received</u>	<u>Cash Disbursed</u>	<u>Balance Dec. 31, 2011</u>
State of New Jersey				
Fines & Costs	\$ 7,790.15	\$ 52,962.79	\$ 59,674.40	\$ 1,078.54
Weights and Measures	2,966.56	11,305.00	11,021.56	3,250.00
County Treasurer:				
Fines & Costs	1,905.00	28,095.00	27,756.00	2,244.00
Municipal Treasurer:				
Lopatcong	5,021.28	66,988.46	64,634.28	7,375.46
Municipality - POAA (FTA)	2.00	6.00	8.00	
Conditional Discharge	23.00	1,667.00	1,540.00	150.00
Restitution	138.50	846.00	984.50	
Miscellaneous	15.56	63.64	73.79	5.41
Bail Interest	2.17	14.74	14.21	2.70
Bail	5,000.02	20,863.00	19,363.02	6,500.00
	<u>\$ 22,864.24</u>	<u>\$ 182,811.63</u>	<u>\$ 185,069.76</u>	<u>\$ 20,606.11</u>

Inherent internal control problems exist throughout the State for the municipal court system. Throughout the State, there is the possibility that court employees can recall warrants, postpone cases, set bail and lift suspensions of licenses.

During our ticket control test, we noted that some of the old tickets that had been assigned to an officer and were still not issued were kept by the officers and not issued for a considerable amount of time or were lost and could not be reviewed. It is recommended that all tickets assigned be accounted for, and all old tickets be voided or used.

Management's Response:

All old tickets will be recalled and reissued to ensure all old tickets are written before new ones are issued.

TOWNSHIP OF LOPATCONG
COMMENTS AND RECOMMENDATIONS
(Continued)

Corrective Action Plan

The Township has initiated a corrective action plan to resolve comments and recommendations from the 2010 audit report. The prior year's recommendations 2, 5, 6, 7, 8, 9 and 10 were resolved in 2011, while the remaining recommendations are in the 2011 audit.

TOWNSHIP OF LOPATCONG
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. All transactions are charged to the proper account to avoid or limit interfund transactions.
2. Sewer budget line items are properly funded and that all line items are reviewed in order to ensure that there are no overexpenditures during the year.
3. A review of the federal and state grants receivable and appropriated grant reserves be reviewed to identify those grants which will be collected and disbursed and which grants will be cancelled.
4. All health care contributions be coded correctly regardless of whether funds are manually transferred or wire transferred by the Township.
5. The proper calculations be performed in determining payroll and payroll expenses throughout the year.
6. A 1099 be issued to any applicable person rendering services to the Township for an amount in excess of \$600.00.
7. All tickets assigned be accounted for, and all old tickets be voided or used.

* * * * *