

TOWNSHIP OF LOPATCONG

COUNTY OF WARREN

REPORT OF AUDIT

2012

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF LOPATCONG

COUNTY OF WARREN

REPORT OF AUDIT

2012

TOWNSHIP OF LOPATCONG
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2012

<u>PART I – FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES</u>	<u>Page</u>
Independent Auditors' Report	1-3
<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 (Not Applicable)</u>	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 (Not Applicable)</u>	F
<u>Bond and Interest Fund (Not Applicable)</u>	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 2011 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, 2012
 (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 Unemployment Compensation Insurance – Other Trust Funds	B-5
Schedule of Reserve for Animal Control Fund Expenditures - Animal Control Fund	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 2011 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>	<u>Page</u>
Schedule of Expenditures of Federal Awards	1
Schedule of Expenditures of State Awards	2
Notes to Schedules of Expenditures of Federal & State Awards	3
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>	4-5
Schedule of Findings and Responses	6
Summary Schedule of Prior Audit Findings	7
<u>PART III – COMMENTS AND RECOMMENDATIONS</u>	<u>Page</u>
Comments and Recommendations	1-6
Summary of Recommendations	7

TOWNSHIP OF LOPATCONG

PART I

FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2012



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

Report on the Financial Statements

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, 2012 and 2011, and the related notes to the financial statements, as listed in the foregoing table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which 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 as described in Note 1 to the financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, these financial statements have been prepared in conformity with accounting principles prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles 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, 2012 and 2011, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

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 as of December 31, 2012 and 2011, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the financial reporting provisions prescribed by the Division, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The Honorable Mayor and Members
of the Township Committee
Township of Lopatcong
Page 3

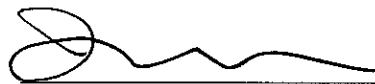
The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to 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 supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated May 31, 2013 on our consideration of the Township of Lopatcong's internal control over financial reporting and on out tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the Township of Lopatcong's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
May 31, 2013


NISIVOCIA LLP



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

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2012
CURRENT FUND

TOWNSHIP OF LOPATCONG
CURRENT FUND
COMPARATIVE BALANCE SHEET

	<u>Ref.</u>	<u>December 31,</u>	
<u>ASSETS</u>		<u>2012</u>	<u>2011</u>
Regular Fund:			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ 967,129.76	\$ 940,381.23
Change Fund - Collector		700.00	700.00
Due from State of New Jersey:			
Veterans and Senior Citizens Deductions		4,184.43	868.68
		972,014.19	941,949.91
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	473,600.67	411,177.20
Tax Title Liens Receivable	A-7	128,784.18	104,502.71
Revenue Accounts Receivable	A-8	3,422.29	7,375.46
Property Acquired for Taxes - Assessed Valuation		577,800.00	577,800.00
Due from:			
Federal and State Grant Fund	A	121,423.40	110,765.47
Other Trust Fund	B	6,302.57	2,156.66
Open Space Trust Fund	B		39,637.00
General Capital Fund	C	15,335.37	
Sewer Operating Fund	E	480.62	15,480.62
Payroll		511.72	511.72
Total Receivables and Other Assets With Full Reserves		1,327,660.82	1,269,406.84
Deferred Charges:			
Overexpenditure of Appropriation		28,310.35	
Special Emergency Authorization		263,177.60	328,972.00
		291,487.95	328,972.00
Total Regular Fund		2,591,162.96	2,540,328.75
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-4a	14,189.03	144,408.83
Federal and State Grants Receivable	A-11	204,691.33	162,766.33
Total Federal and State Grant Fund		218,880.36	307,175.16
<u>TOTAL ASSETS</u>		<u>\$ 2,810,043.32</u>	<u>\$ 2,847,503.91</u>

TOWNSHIP OF LOPATCONG
CURRENT FUND
COMPARATIVE BALANCE SHEET
(Continued)

	Ref.	December 31,	
		2012	2011
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-9	\$ 84,272.72	\$ 63,077.08
Encumbered	A-3;A-9	45,783.49	5,164.82
Total Appropriation Reserves		130,056.21	68,241.90
Prepaid Taxes		145,464.80	66,814.97
Accounts Payable		1,151.91	
Due to County for Added Taxes		39,858.90	71,778.17
Due State of New Jersey - Marriage Licenses		890.00	857.00
Local School District Taxes Payable	A-10	500,020.28	20.30
Tax Overpayments			14,086.73
Due to:			
Tax Sale Premium Fund	B	66,049.00	34,250.00
General Capital Fund	C		276,189.76
Reserve for Update of Master Plan		7,208.71	7,208.71
Reserve for Sale of Municipal Assets		24.60	24.60
Reserve for Reassessment			69,388.00
		890,724.41	608,860.14
Reserve for Receivables and Other Assets		1,327,660.82	1,269,406.84
Fund Balance	A-1	372,777.73	662,061.77
Total Regular Fund		2,591,162.96	2,540,328.75
Federal and State Grant Fund:			
Appropriated Reserves	A-12	82,756.29	146,622.65
Unappropriated Reserves	A-13	3,607.57	14,017.90
Reserve for Encumbrances		11,093.10	35,769.14
Due Current Fund	A	121,423.40	110,765.47
Total Federal and State Grant Fund		218,880.36	307,175.16
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,810,043.32</u>	<u>\$ 2,847,503.91</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

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2012</u>	<u>2011</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 350,224.00	\$ 747,700.00
Miscellaneous Revenue Anticipated		2,735,658.04	2,469,485.70
Receipts from:			
Delinquent Taxes		409,003.92	406,723.10
Current Taxes		21,371,972.50	21,090,781.12
Nonbudget Revenue		21,126.61	115,626.55
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		19,156.04	21,356.15
Increase in Deferred School Tax		136,850.00	73,365.00
Reserve for Grant Fund Expenditures Cancelled			141,274.86
Capital Reserves Cancelled		300,000.00	221,084.00
Interfunds and Other Receivables Returned			91,337.78
Total Income		<u>25,343,991.11</u>	<u>25,378,734.26</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		6,555,281.04	6,058,462.36
County Taxes		5,819,167.90	6,378,451.73
Amount Due County for Added and Omitted Taxes		39,858.90	71,778.17
Local School District Taxes		12,517,144.00	12,243,444.00
Municipal Open Space Tax		256,818.00	315,363.00
Senior Citizens Deductions Disallowed		3,479.45	2,000.00
Tax Overpayments Applied as Prepaid		68,537.21	
Refund of Prior Year Revenue		20,935.79	29,092.06
Interfunds and Other Receivables Advanced		30,139.21	
Total Expenditures		<u>25,311,361.50</u>	<u>25,098,591.32</u>
Excess in Revenue		32,629.61	280,142.94
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year:			
Special Emergency Authorization		28,310.35	328,972.00
Statutory Excess to Fund Balance		60,939.96	609,114.94
<u>Fund Balance</u>			
Balance January 1		<u>662,061.77</u>	<u>800,646.83</u>
		723,001.73	1,409,761.77
Decreased by:			
Utilized as Anticipated Revenue		<u>350,224.00</u>	<u>747,700.00</u>
Balance December 31	A	<u>\$ 372,777.73</u>	<u>\$ 662,061.77</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, 2012

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 350,224.00		\$ 350,224.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	8,000.00		8,000.00	
Fees and Permits	79,500.00		19,561.35	\$ 59,938.65 *
Fines and Costs:				
Municipal Court	64,550.00		68,466.79	3,916.79
Interest and Costs on Taxes	89,500.00		75,509.17	13,990.83 *
Interest on Investments and Deposits	14,800.00		6,839.81	7,960.19 *
Anticipated Utility Operating Surplus	250,000.00		250,000.00	
Swimming Pool Receipts	159,500.00		156,242.01	3,257.99 *
Energy Receipts Taxes	948,271.00		948,271.00	
Uniform Construction Code Fees	107,900.00		97,005.00	10,895.00 *
Municipal Court - Harmony Agreement	95,000.00		22,568.22	72,431.78 *
Municipal Court - Franklin Agreement	40,000.00		30,000.00	10,000.00 *
NJDOT Grant	145,000.00		145,000.00	
Reserve for Body Armor Grant	14,017.90		14,017.90	
Recycling Tonnage Grant		\$ 6,352.59	6,352.59	
Clean Communities Grant	14,927.34		14,927.34	
Drunk Driving Enforcement Fund		17,399.61	17,399.61	
Warren County DARE Officers Assoc		242.08	242.08	
Body Armor Grant		1,725.49	1,725.49	
State Forestry Grant		5,000.00	5,000.00	
Clean Energy Program		1,925.00	1,925.00	
Donation for Police Equipment		6,000.00	6,000.00	

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue:				
Uniform Fire Safety Act	\$ 32,215.00		\$ 31,839.07	\$ 375.93 *
Open Space Trust Receipts for Debt Service	256,000.00		256,000.00	
Due from Grant Funds	125,000.00			125,000.00 *
Sale of SRECS	37,500.00		9,384.00	28,116.00 *
Payment in Lieu of Taxes	44,000.00		44,627.65	627.65
Additional Construction Code Fees	50,000.00			50,000.00 *
Cable TV Franchise Fee	28,446.00		28,446.00	
Due from Sewer Operating Fund	15,000.00		15,000.00	
Due from Open Space Trust	39,637.00		39,637.00	
Developer Share of First Street Improvements	24,650.00		24,650.00	
FEMA Reimbursement	27,000.00		62,104.96	35,104.96
Reserve to Pay Debt Service	328,916.00		328,916.00	
Total Miscellaneous Revenue	<u>3,039,330.24</u>	<u>\$ 38,644.77</u>	<u>2,735,658.04</u>	<u>342,316.97 *</u>
Receipts from Delinquent Taxes	<u>437,500.00</u>		<u>409,003.92</u>	<u>28,496.08 *</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	<u>3,196,143.06</u>		<u>3,273,391.36</u>	<u>77,248.30</u>
Budget Totals	<u>7,023,197.30</u>	<u>38,644.77</u>	<u>6,768,277.32</u>	<u>293,564.75 *</u>
Nonbudget Revenue			<u>21,126.61</u>	<u>21,126.61</u>
	<u>\$7,023,197.30</u>	<u>\$ 38,644.77</u>	<u>\$ 6,789,403.93</u>	<u>\$ 272,438.14 *</u>

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012
(Continued)

Allocation of Current Tax Collections

Revenue from Collection of Current Taxes	\$ 21,371,972.50
Allocated to County, School, and Local Open Space Taxes	18,632,988.80
Balance for Support of Municipal Budget	2,738,983.70
Add: Appropriation - Reserve for Uncollected Taxes	534,407.66
Realized for Support of Municipal Budget	\$ 3,273,391.36

Analysis of Nonbudget Revenue

Miscellaneous Revenue Not Anticipated:

Treasurer:

Clerk	\$ 2,460.00	
Police Fees	803.95	
Planning/Zoning Application Fees	4,580.20	
Licenses Other	1,863.35	
Search Fees	140.00	
Senior Citizen and Veteran Administration Fees	2,064.09	
Tax Collector Miscellaneous	5,923.24	
Other Miscellaneous Revenue	3,291.78	
		\$ 21,126.61

Analysis of Interest Earned

Interest Earned in Current Fund	\$ 5,779.95
Interest Due from Federal and State Grant Fund	178.65
Interest Due from General Capital Fund	335.37
Interest Due from Other Trust Funds	545.84
	\$ 6,839.81

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, 2012

	Appropriations		Expended By		Overexpenditures	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	\$ 9,350.00	\$ 9,321.00	\$ 29.00		
Computer Services	19,100.00	22,450.00	22,189.59	260.41		
Code Book Update	5,000.00	5,000.00	5,000.00			
Human Resource Education	4,500.00	4,500.00	3,786.70	713.30		
Mayor and Council:						
Salaries & Wages	17,071.00	17,071.00	16,823.45	247.55		
Administration (Municipal Clerk):						
Salaries & Wages	221,512.72	214,012.72	214,012.72			
Other Expenses	28,000.00	29,500.00	29,119.14	380.86		
Financial Administration:						
Salaries & Wages	61,523.28	61,523.28	61,523.28			
Other Expenses	700.00	1,000.00	793.40	206.60		
Annual Audit	30,000.00	43,140.00	43,140.00			
Tax Assessment Administration:						
Salaries & Wages	93,893.28	95,893.28	94,310.23	1,583.05		
Other Expenses	40,000.00	43,000.00	42,268.00	732.00		
Revenue Administration (Tax Collection):						
Salaries & Wages	47,000.00	32,000.00	27,539.98	4,460.02		
Other Expenses	5,000.00	200.00	33.60	166.40		
Legal Services and Costs:						
Salaries & Wages	2,600.00	2,600.00	1,733.28	866.72		
Other Expenses	60,000.00	70,000.00	68,301.90	1,698.10		

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Overexpenditures	Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations - Within "CAPS" (continued)						
GENERAL GOVERNMENT (continued):						
Engineering Services and Costs:						
Other Expenses	\$ 60,000.00	\$ 45,600.00	\$ 36,601.25	\$ 8,998.75		
Public Buildings and Grounds:						
Salaries & Wages	11,864.32	13,524.32	13,524.32			
Other Expenses	26,000.00	27,840.00	27,165.51	674.49		
Garbage and Trash Removal:						
Other Expenses	8,200.00	8,200.00	6,400.78	1,799.22		
Municipal Land Use Law (N.J.S.A. 40:55D-1):						
Planning Board:						
Salaries & Wages	12,070.24	13,270.24	13,206.14	64.10		
Planner	700.00	1,900.00	1,735.50	164.50		
Other Expenses	10,000.00	10,000.00	9,892.05	107.95		
Board of Adjustment:						
Salaries & Wages	5,835.44	5,835.44	5,835.23	0.21		
Other Expenses	1,000.00	1,000.00	1,000.00			
Rent Board:						
Salaries & Wages	4,274.40	4,274.40	4,272.58	1.82		
Shade Tree Commission:						
Other Expenses	500.00	500.00		500.00		
Municipal Court:						
Salaries & Wages	10,000.00	14,500.00	13,226.21	1,273.79		
Other Expenses	10,000.00					

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Overexpenditures	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	\$ 23,692.80	\$ 1,307.20		
Police:						
Salaries & Wages	1,550,752.32	1,571,752.32	1,571,752.32			
Other Expenses	120,546.00	141,546.00	135,717.84	5,828.16		
Prosecutor:						
Lopatcong	19,000.00	19,500.00	19,379.94	120.06		
First Aid Organization - Contribution	12,500.00	12,500.00	11,241.16	1,258.84		
Uniform Fire Safety Act - Fire Inspector:						
Salaries & Wages	26,000.00	26,000.00	24,110.40	1,889.60		
Zoning Officer:						
Salaries & Wages	9,908.08	9,908.08	9,717.24	190.84		
Emergency Management Services:						
Salaries & Wages	3,281.20	3,281.20	3,216.90	64.30		
Other Expenses	1,000.00	1,000.00	870.00	130.00		

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Overexpenditures	Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations - Within "CAPS" (continued)						
STREETS AND ROADS:						
Road Repairs and Maintenance:						
Salaries & Wages	\$ 295,972.00	\$ 257,432.00	\$ 252,632.21	\$ 4,799.79		
Other Expenses	145,000.00	165,400.00	163,780.09	1,619.91		
HEALTH AND WELFARE:						
Senior Citizens:						
Other Expenses	5,000.00	5,000.00	5,000.00			
Animal Control Fund:						
Salaries & Wages	3,432.00	3,432.00	3,432.00			
RECREATION AND EDUCATION:						
Parks and Playgrounds:						
Salaries & Wages	82,208.88	78,708.88	78,280.88	428.00		
Other Expenses	50,000.00	48,000.00	76,310.35		\$ 28,310.35	
Insurance:						
General Liability	139,663.89	139,663.89	139,663.89			
Workers Compensation	109,648.25	99,648.25	98,707.86	940.39		
Employee Group Health	539,023.00	514,023.00	513,345.85	677.15		
Health Benefit Waiver	8,820.00	7,820.00	5,417.00	2,403.00		

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Overexpenditures	Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations - Within "CAPS" (continued)						
UNIFORM CONSTRUCTION CODE: (continued)						
Building Sub Code Official:						
Salaries & Wages	\$ 77,436.32	\$ 74,936.32	\$ 72,763.21	\$ 2,173.11		
Other Expenses	3,500.00	6,500.00	5,426.12	1,073.88		
UNCLASSIFIED:						
Electricity	60,000.00	60,000.00	53,952.87	6,047.13		
Street Lighting	15,000.00	7,500.00	7,500.00			
Telephone	43,000.00	44,000.00	43,964.27	35.73		
Natural Gas	16,500.00	16,500.00	15,295.08	1,204.92		
Gasoline	80,000.00	86,500.00	81,764.98	4,735.02		
Fire Hydrant Service	150,000.00	150,000.00	141,682.56	8,317.44		
Water	11,000.00	11,000.00	9,757.38	1,242.62		
Total Operations within "CAPS"	4,409,236.62	4,384,236.62	4,341,131.04	71,415.93	\$ 28,310.35	
Contingent	1,000.00	1,000.00	588.05	411.95		
Total Operations Including Contingent within "CAPS"	4,410,236.62	4,385,236.62	4,341,719.09	71,827.88	28,310.35	
Detail:						
Salaries & Wages	2,555,635.48	2,519,455.48	2,501,292.52	18,162.96		
Other Expenses (Including Contingent)	1,854,601.14	1,865,781.14	1,840,426.57	53,664.92		

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Overexpenditures	Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
DEFERRED CHARGES:						
Deficit in Animal Control Fund	\$ 713.30	\$ 713.30	\$ 713.30			
STATUTORY EXPENDITURES:						
Contribution to:						
Social Security (O.A.S.I)	202,308.08	152,308.08	152,308.08			
Unemployment Compensation	1,236.00	76,236.00	64,018.23	\$ 12,217.77		
Public Employees Retirement System	149,458.00	149,458.00	149,458.00			
Police and Firemen's Retirement System	283,217.00	283,217.00	283,217.00			
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	636,932.38	661,932.38	649,714.61	12,217.77		
Total General Appropriations for Municipal Purposes Within "CAPS"	5,047,169.00	5,047,169.00	4,991,433.70	84,045.65	\$ 28,310.35	
Operations - Excluded from "CAPS"						
Insurance:						
Employee Group Health	31,965.00	31,965.00	31,965.00			
Total Other Operations - Excluded from "CAPS"	31,965.00	31,965.00	31,965.00			
Interlocal Municipal Service Agreements:						
Harmony and Franklin Courts	135,000.00	135,000.00	134,772.93	227.07		
Total Interlocal Municipal Service Agreements	135,000.00	135,000.00	134,772.93	227.07		

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(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>	<u>Overexpenditures</u>	
Operations - Excluded from "CAPS" (continued):						
Public and Private Programs Offset by Revenue:						
Clean Communities Grant	\$ 14,927.34	\$ 14,927.34	\$ 14,927.34			
Reserve for Body Armor Grant	14,017.90	14,017.90	14,017.90			
Recycling Tonnage Grant (NJSA 40A:4-87 + \$6,352.59)		6,352.59	6,352.59			
State Forestry Grant (NJSA 40A:4-87 + \$5,000.00)		5,000.00	5,000.00			
Drunk Driving Enforcement Fund (NJSA 40A:4-87 + \$17,399.61)		17,399.61	17,399.61			
Warren County DARE Officers Assoc (NJSA 40A:4-87 + \$242.08)		242.08	242.08			
Clean Communities Grant (NJSA 40A:4-87 + \$1,925.00)		1,925.00	1,925.00			
Body Armor Grant (NJSA 40A:4-87 + \$1,725.49)		1,725.49	1,725.49			
Donation for Police Equipment (NJSA 40A:4-87 + \$6,000.00)		6,000.00	6,000.00			
Total Public and Private Programs Offset by Revenues	28,945.24	67,590.01	67,590.01			
Total Operations - Excluded from "CAPS"	195,910.24	234,555.01	234,327.94			

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Overexpenditures	Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations - Excluded from "CAPS" (Continued)						
Detail:						
Other Expenses	\$ 195,910.24	\$ 234,555.01	\$ 234,327.94			
Capital Improvements - Excluded from "CAPS"						
Capital Improvement Fund	150,000.00	150,000.00	150,000.00			
Construction on Various Roads	150,000.00	150,000.00	150,000.00			
Purchase of Equipment	150,000.00	150,000.00	150,000.00			
NJ DOT Trust Fund Authority Act	145,000.00	145,000.00	145,000.00			
Total Capital Improvements Excluded from "CAPS"	595,000.00	595,000.00	595,000.00			
Municipal Debt Service - Excluded from "CAPS"						
Payment of Bond Anticipation Notes	305,000.00	305,000.00	305,000.00			
Interest on Bonds	263,455.00	263,455.00	263,455.00			
Interest on Notes	16,461.00	16,461.00	15,997.28			\$ 463.72
Total Municipal Debt Service - Excluded from "CAPS"	584,916.00	584,916.00	584,452.28			463.72

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By			Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	Overexpenditures	
DEFERRED CHARGES:						
Special Emergency Authorizations - 5 Years	\$ 65,794.40	65,794.40	\$ 65,794.40			
Total Deferred Charges - Municipal - Excluded from "CAPS"	65,794.40	65,794.40	65,794.40			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,441,620.64	1,480,265.41	1,479,574.62			\$ 463.72
Total General Appropriations - Excluded from "CAPS"	1,441,620.64	1,480,265.41	1,479,574.62			463.72
Subtotal General Appropriations	6,488,789.64	6,527,434.41	6,471,008.32	\$ 84,272.72	\$ 28,310.35	463.72
Reserve for Uncollected Taxes	534,407.66	534,407.66	534,407.66			
Total General Appropriations	\$ 7,023,197.30	\$ 7,061,842.07	\$ 7,005,415.98	\$ 84,272.72	\$ 28,310.35	\$ 463.72

Ref.

A

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Ref.</u>	Analysis of	
		Budget After Modification	Paid or Charged
Adopted Budget		\$ 7,023,197.30	
Added by N.J.S.A. 40A:4-87		38,644.77	
		\$ 7,061,842.07	
Reserve for Uncollected Taxes			\$ 534,407.66
Cash Disbursed			6,018,572.56
Deferred Charges - Special Emergency Authorization			65,794.40
Due to General Capital Fund			300,000.00
Due to Federal and State Grant Fund			212,590.01
Encumbrances	A		45,783.49
			7,177,148.12
Less: Refunds			171,732.14
			\$ 7,005,415.98

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

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2012
TRUST FUNDS

TOWNSHIP OF LOPATCONG
COMPARATIVE BALANCE SHEET - TRUST FUNDS

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 114.86	\$ 69.70
Deferred Charges - Deficit in Reserve for Animal Control Fund	B-6		648.50
		<u>114.86</u>	<u>718.20</u>
Unemployment Compensation Insurance:			
Cash and Cash Equivalents	B-4	447.79	4,101.64
		<u>447.79</u>	<u>4,101.64</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	983,184.07	1,018,299.72
Due from Current Fund - Tax Sale Premium Fund	A	66,049.00	34,250.00
		<u>1,049,233.07</u>	<u>1,052,549.72</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,049,795.72</u>	<u>\$ 1,057,369.56</u>

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

	Ref.	December 31,	
		2012	2011
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to State of New Jersey			\$ 718.20
Reserve for Animal Control Fund Expenditures	B-6	\$ 114.86	
		<u>114.86</u>	<u>718.20</u>
Unemployment Compensation Insurance:			
Reserve for Unemployment Compensation Insurance	B-5	447.79	4,101.64
		<u>447.79</u>	<u>4,101.64</u>
Other Trust Funds:			
Due to Current Fund	A	6,302.57	2,156.66
Due to Current Fund - Open Space Trust Fund	A		39,637.00
Reserve for:			
Sub-Division Fees		421,054.56	443,745.54
Tax Sale Premiums		80,700.00	48,901.00
Open Space Trust		5,691.96	4,802.00
Encumbrances		89,817.05	280.16
Parking Offenses Adjudication Act		610.60	607.60
Public Defender		145.27	87.27
Recreation Trust		56,766.69	55,000.80
Outside Employment of Police Officers		994.21	1,766.33
Council on Affordable Housing		16,428.74	314,843.94
Community Hope		230,000.00	
Detention Basin/Sidewalk Construction		<u>140,721.42</u>	<u>140,721.42</u>
Total Other Trust Funds		<u>1,049,233.07</u>	<u>1,052,549.72</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 1,049,795.72</u>	<u>\$ 1,057,369.56</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, 2012

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, 2012

NOT APPLICABLE

TOWNSHIP OF LOPATCONG
ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

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

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2012
GENERAL CAPITAL FUND

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 385.94	\$ 18,388.57
Due from:			
Current Fund	A		276,189.76
New Jersey Department of Transportation - Grant Receivable		155,000.00	200,000.00
Deferred Charges to Future Taxation:			
Funded		6,362,000.00	6,667,000.00
Unfunded	C-4	1,062,500.00	1,062,500.00
<u>TOTAL ASSETS</u>		<u>\$ 7,579,885.94</u>	<u>\$ 8,224,078.33</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 6,362,000.00	\$ 6,667,000.00
Bond Anticipation Notes Payable	C-7	1,062,000.00	1,062,000.00
Improvement Authorizations:			
Funded	C-5	18,752.09	95,745.81
Due Current Fund	A	15,335.37	
Reserve for:			
Encumbrances		74,070.96	22,689.00
To Pay Debt Service		47,170.12	376,086.12
Capital Improvement Fund	C-6	557.40	557.40
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 7,579,885.94</u>	<u>\$ 8,224,078.33</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, 2012

NOT APPLICABLE

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

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2012
WATER UTILITY FUND

(NOT APPLICABLE)

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2012
SEWER UTILITY FUND

TOWNSHIP OF LOPATCONG
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Operating Fund:			
Cash - Treasurer	E-4	\$ 568,633.22	\$ 139,570.17
Change Fund		50.00	50.00
Due From Payroll Account			3,349.21
Due From Sewer Utility Capital Fund	E	20,471.03	
Due From Sewer Utility Assessment Fund	E	0.21	2.72
		<u>589,154.46</u>	<u>142,972.10</u>
Receivables with Full Reserves:			
Sewer Rents Receivable	E-6	210,616.03	119,051.02
Sewer Liens Receivable		2,970.86	2,970.86
		<u>213,586.89</u>	<u>122,021.88</u>
Deferred Charges - Overexpenditure of Appropriations		<u>22,762.34</u>	<u>200,811.41</u>
Total Operating Fund		<u>825,503.69</u>	<u>465,805.39</u>
Assessment Trust Fund:			
Cash - Assessment Trust Fund	E-4	41.10	43.61
Assessment Liens		1,530.00	1,530.00
Assessment Lien Interest and Costs		1,211.02	1,211.02
Total Assessment Trust Fund		<u>2,782.12</u>	<u>2,784.63</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	3,072,775.55	185,727.20
Due From Sewer Utility Operating Fund	E		138,649.86
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
Total Capital Fund		<u>10,568,402.53</u>	<u>7,820,004.04</u>
<u>TOTAL ASSETS</u>		<u>\$ 11,396,688.34</u>	<u>\$ 8,288,594.06</u>

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

	Ref.	December 31,	
		2012	2011
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Unencumbered	E-3;E-9	\$ 160,169.08	\$ 2,178.70
Encumbered	E-3	2,101.00	
		<u>162,270.08</u>	<u>2,178.70</u>
Accounts Payable		27,359.00	
Prepaid Sewer Rents		6,581.16	4,279.71
Sewer Hook-up Overpayments		8,000.00	8,000.00
Third Party Liens		287.06	287.06
Accrued Interest on Notes		16,458.33	
Due Current Fund	A	480.62	15,480.62
Due Sewer Capital Fund	E		138,649.86
		<u>221,436.25</u>	<u>168,875.95</u>
Reserve for Receivables		213,586.89	122,021.88
Fund Balance	E-1	390,480.55	174,907.56
Total Operating Fund		<u>825,503.69</u>	<u>465,805.39</u>
Assessment Trust Fund:			
Due to Sewer Utility Operating Fund	E	0.21	2.72
Reserve for Assessments and Liens		2,741.02	2,741.02
Fund Balance	E-1a	40.89	40.89
Total Assessment Trust Fund		<u>2,782.12</u>	<u>2,784.63</u>
Capital Fund:			
Bond Anticipation Note Payable	E-13	3,000,000.00	
Improvement Authorizations - Funded	E-10	52,326.91	80,549.45
Improvement Authorizations - Unfunded	E-10	3,265,000.00	3,265,000.00
Due Sewer Utility Operating Fund	E	20,471.03	
Capital Improvement Fund	E-11	33,117.22	33,117.22
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	6,316.69	250,166.69
Total Capital Fund		<u>10,568,402.53</u>	<u>7,820,004.04</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 11,396,688.34</u>	<u>\$ 8,288,594.06</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

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2012</u>	<u>2011</u>
<u>Revenue and Other Income Realized</u>			
Rents		\$ 1,793,049.94	\$ 1,464,328.36
Miscellaneous Revenue		82,710.26	35,757.52
Capital Fund Balance		250,000.00	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		1,624.20	81,240.56
Total Income		<u>2,127,384.40</u>	<u>1,581,326.44</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,328,162.34	1,309,135.41
Capital Outlay		150,000.00	
Deferred Charges and Statutory Expenditures		206,411.41	168,094.88
Surplus General Budget		250,000.00	130,000.00
Total Expenditures		<u>1,934,573.75</u>	<u>1,607,230.29</u>
Excess/(Deficit) in Revenue		<u>192,810.65</u>	<u>(25,903.85)</u>
Adjustment to Excess Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year		22,762.34	200,811.41
Statutory Excess to Fund Balance		215,572.99	174,907.56
<u>Fund Balance</u>			
Balance January 1		<u>174,907.56</u>	
Balance December 31	E	<u>\$ 390,480.55</u>	<u>\$ 174,907.56</u>

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

TOWNSHIP OF LOPATCONG
SEWER ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2011	E	\$ 40.89
Balance December 31, 2012	E	\$ 40.89

SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2011	E	\$ 250,166.69
Increased By:		
Bond Anticipation Note Premium		6,150.00
		<u>256,316.69</u>
Decreased By:		
Anticipated Revenue		250,000.00
Balance December 31, 2012	E	\$ 6,316.69

SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit*</u>
Sewer Rents	\$ 1,464,144.00	\$ 1,630,381.94	\$ 166,237.94
Miscellaneous Revenue Anticipated	35,000.00	82,710.26	47,710.26
Additional Sewer Charges	162,668.00	162,668.00	
Capital Fund Balance	250,000.00	250,000.00	
	<u>\$ 1,911,812.00</u>	<u>\$ 2,125,760.20</u>	<u>\$ 213,948.20</u>

Analysis of Realized Revenue

Miscellaneous Revenue:

Interest on Investments:

Sewer Utility Operating Fund	\$ 1,313.19
Sewer Assessment Trust Fund	0.21
Sewer Utility Capital Fund	4,012.70
Interest and Costs on Rents	8,438.42
Hook-up Fees	67,000.00
Other Miscellaneous Revenue	1,945.74
	<u>\$ 82,710.26</u>

TOWNSHIP OF LOPATCONG
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012

	Appropriations		Expended by		Unexpended Balance Cancelled	Overexpenditure
	Budget	Budget After Modi- fication	Paid or Charged	Reserved		
Operating:						
Operations:						
Salaries and Wages	\$ 78,000.00	\$ 78,000.00	\$ 68,212.61	\$ 9,787.39		
Other Expenses	1,227,400.00	1,227,400.00	1,250,162.34			\$ 22,762.34
Capital Improvements:						
Capital Outlay	150,000.00	150,000.00		150,000.00		
Deferred Charges:						
Prior Year Operating Deficit	200,812.00	200,812.00	200,811.41		\$ 0.59	
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	5,600.00	5,600.00	5,218.31	381.69		
Surplus General Budget	250,000.00	250,000.00	250,000.00			
	<u>\$ 1,911,812.00</u>	<u>\$ 1,911,812.00</u>	<u>\$ 1,774,404.67</u>	<u>\$ 160,169.08</u>	<u>\$ 0.59</u>	<u>\$ 22,762.34</u>
				E		
<u>Analysis of Paid or Charged</u>						
Cash Disbursed			\$ 1,544,133.26			
Deferred Charges			200,811.41			
Accounts Payable			27,359.00			
Encumbrances			2,101.00			
			<u>\$ 1,774,404.67</u>			

Ref.

E

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

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2012
PUBLIC ASSISTANCE FUND

(NOT APPLICABLE)

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2012
BOND AND INTEREST FUND

(NOT APPLICABLE)

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2012
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF LOPATCONG
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET

	December 31,	
	2012	2011
<u>ASSETS</u>		
Land	\$ 3,260,699.62	\$ 3,260,699.62
Buildings	1,145,900.00	1,145,900.00
Machinery and Equipment	4,213,467.63	4,017,663.08
<u>TOTAL ASSETS</u>	<u>\$ 8,620,067.25</u>	<u>\$ 8,424,262.70</u>
 <u>RESERVES</u>		
Reserve for General Fixed Assets	\$ 8,620,067.25	\$ 8,424,262.70
<u>TOTAL RESERVES</u>	<u>\$ 8,620,067.25</u>	<u>\$ 8,424,262.70</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, 2012

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, 2012
(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, 2012
(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, 2012
(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, 2012
(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,		
	2012	2011	2010
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 7,424,000.00	\$ 7,729,000.00	\$ 8,024,000.00
Sewer Utility Fund:			
Bonds and Notes	3,000,000.00		
Total Issued	<u>10,424,000.00</u>	<u>7,729,000.00</u>	<u>8,024,000.00</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	500.00	500.00	500.00
Sewer Utility:			
Bonds and Notes	304,456.30	3,304,456.30	3,304,456.30
Total Authorized but not Issued	<u>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>47,170.12</u>	<u>376,086.12</u>	
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 10,681,786.18</u>	<u>\$ 11,410,042.42</u>	<u>\$ 11,328,956.30</u>

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Prior 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 Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/2011	Additions	Retirements	Balance 12/31/2012
General Capital Fund:				
Serial Bonds	\$ 6,667,000.00		\$ 305,000.00	\$ 6,362,000.00
Bond Anticipation Notes	1,062,000.00	\$ 1,062,000.00	1,062,000.00	1,062,000.00
Sewer Utility Fund:				
Bond Anticipation Notes		3,000,000.00		3,000,000.00
Total	<u>\$ 7,729,000.00</u>	<u>\$ 4,062,000.00</u>	<u>\$ 1,367,000.00</u>	<u>\$ 10,424,000.00</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 Annual Debt Statement and indicates a statutory net debt of .78%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 13,405,000.00	\$ 13,405,000.00	
Sewer Utility Debt	3,304,456.30	3,304,456.30	
General Debt	7,424,500.00	47,170.12	\$ 7,377,329.88
	<u>\$ 24,133,956.30</u>	<u>\$ 16,756,626.42</u>	<u>\$ 7,377,329.88</u>

Net Debt \$7,377,329.88 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$945,434,030.67= .78%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 33,090,191.07
Net Debt	<u>7,377,329.88</u>
Remaining Borrowing Power	<u>\$ 25,712,861.19</u>

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 2,125,760.20
Deductions:	
Operating and Maintenance Costs	1,583,762.34
Excess in Revenue	\$ 541,997.86

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 annual debt statement as filed by the Chief Financial Officer.

At December 31, 2012, the Township had capital debt issued and outstanding described as follows:

General Capital Serial Bonds

Maturity	Rate	Amount
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
		\$ 6,362,000.00

General Capital Bond Anticipation Notes

Maturities of Bonds

Purpose	Outstanding Dec. 31, 2012		Interest Rate	Balance Dec. 31, 2012
	Date	Amount		
Installation of Solar Panels and Related Equipement	4/11/2013	\$ 1,062,000.00	1.25%	\$ 1,062,000.00
				\$ 1,062,000.00

Sewer Utility Fund Bond Anticipation Notes

Improvements to Sanitary Sewer System	7/24/2013	\$ 3,000,000.00	1.25%	\$ 3,000,000.00
				\$ 3,000,000.00

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

Total Debt Issued and Outstanding \$ 10,424,000.00

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

Calendar Year	General Capital		Total
	Principal	Interest	
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	375,000.00	200,680.00	575,680.00
2018-2022	2,125,000.00	765,800.00	2,890,800.00
2023-2027	2,517,000.00	306,800.00	2,823,800.00
	<u>\$ 6,362,000.00</u>	<u>\$ 2,208,600.00</u>	<u>\$ 8,570,600.00</u>

Note 3: Fund Balance Appropriated

Fund balance at December 31, 2012, which is appropriated and included in the adopted budget as anticipated revenue for the year ending December 31, 2013, is as follows:

Current Fund \$ 62,525.00

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:

	Local District School Tax	
	Balance 12/31/2012	Balance 12/31/2011
Balance of Tax	\$ 6,758,592.28	\$ 6,121,742.30
Deferred	6,258,572.00	6,121,722.00
Tax Payable	<u>\$ 500,020.28</u>	<u>\$ 20.30</u>

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
 (Continued)

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.

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. The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined. For PERS the contribution rate was 6.5% of base salary from October 1, 2011 thru June 30, 2012 and increased to 6.64% effective July 1, 2012. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. 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 \$149,458.00, \$156,483.00 and \$123,911.00 for 2012, 2011 and 2010 respectively.

Township contributions for PFRS amounted to \$283,217.00, \$284,002.00 and \$262,211.00 for 2012, 2011 and 2010 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 \$567,937.51 at December 31, 2012. 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, 2012
(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

	2012	2011	2010
<u>Tax Rate</u>	\$ 2.546	\$ 2.049	\$ 2.039
<u>Apportionment of Tax Rate:</u>			
County	0.559	0.504	0.498
County Library	0.054	0.047	0.049
Open Space - County	0.068	0.058	0.060
Open Space - Municipal	0.030	0.029	0.029
Local District School	1.462	1.164	1.165
Municipal	0.373	0.247	0.238
<u>Assessed Valuations:</u>			
2012	\$ 856,059,955.00 *		
2011		\$ 1,051,382,339.00	
2010			\$ 1,039,024,111.00

* - Reassessment year

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2012	\$ 21,942,414.42	\$ 21,371,972.50	97.40%
2011	21,784,171.59	21,090,781.12	96.82%
2010	21,356,659.47	20,869,570.39	97.72%

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, 2012
(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, 2012

(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, 2012
(Continued)

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

As of December 31, 2012, 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	\$ 967,129.76		\$ 967,829.76
Federal and State Grant		14,189.03		14,189.03
Animal Control		114.86		114.86
Unemployment				
Compensation Insurance		447.79		447.79
Other Trust		840,037.90	\$ 143,146.17	983,184.07
General Capital		385.94		385.94
Sewer Utility Operating	50.00	568,633.22		568,683.22
Sewer Utility Capital		3,072,775.55		3,072,775.55
Sewer Utility Assessment		41.10		41.10
	<u>\$ 750.00</u>	<u>\$ 5,463,755.15</u>	<u>\$ 143,146.17</u>	<u>\$ 5,607,651.32</u>

During the year ended December 31, 2012, 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, 2012, was \$5,607,651.32 and the bank balance was \$5,793,330.15. 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.

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 Statewide Insurance 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, 2012
(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, 2012 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, 2011 is as follows:

	Statewide Insurance Fund Dec. 31, 2011
Total Assets	\$ 34,778,489
Net Position	\$ 4,594,316
Total Revenue	\$ 19,197,570
Total Expenses	\$ 18,517,334
Change in Net Position	\$ 680,236
Members Dividends	\$ -0-

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

Statewide Insurance Fund
C/O HRH of Northern New Jersey, Inc.
100 Passaic Avenue CN 40003
Fairfield, New Jersey 07004

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
2012	\$ 17,259.56	\$ 10,354.03	\$ 12.75	\$ 31,280.19	\$ 447.79
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

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 10: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 143,541.96	\$ 66,049.00
Federal and State Grant Fund		121,423.40
General Capital Fund		15,335.37
Other Trust Fund	66,049.00	6,302.57
Sewer Utility Operating Fund	4,012.91	480.62
Sewer Utility Capital Fund		4,012.70
Sewer Utility Assessment Trust Fund		0.21
	<u>\$ 213,603.87</u>	<u>\$ 213,603.87</u>

A majority of the interfund 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, 2012
(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 three (.03) 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, 2012 is \$5,691.96 and at December 31, 2011 was \$4,802.00.

Note 14: Fixed Assets

	Balance December 31, 2011	Additions	Deletions	Balance December 31, 2012
Land	\$ 3,260,700			\$ 3,260,700
Buildings	1,145,900			1,145,900
Machinery and Equipment	4,017,663	\$ 257,542	\$ (61,738)	4,213,467
	<u>\$ 8,424,263</u>	<u>\$ 257,542</u>	<u>\$ (61,738)</u>	<u>\$ 8,620,067</u>
	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>

TOWNSHIP OF LOPATCONG

SUPPLEMENTARY DATA

TOWNSHIP OF LOPATCONG
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2012

Name	Title	Amount of Bond	Name of Corporate Surety
Douglas Steinhardt	Mayor		
Victor Camporine	Council President		
William W. Baker, Sr.	Councilman		
Andrew Horun	Councilman		
James Mengucci	Councilman		
Margaret B. Dilts	Municipal Clerk/Administrator/Planning Board Secretary/ Registrar of Vital Statistics	\$1,000,000.00	* Statewide Insurance Fund
Mary Dobes	Chief Financial Officer/Treasurer	1,000,000.00	* Statewide Insurance Fund
Phyllis Coleman	Deputy Municipal Clerk/Deputy Registrar	1,000,000.00	* Statewide Insurance Fund
Rachelynn Edinger	Tax Collector	1,000,000.00	* Statewide Insurance Fund
Rachelynn Edinger	Sewer Rent Collector	1,000,000.00	* Statewide Insurance Fund
Kathy Degan	Tax Assessor	1,000,000.00	* Statewide Insurance Fund
Paul M. Sterbenz	Engineer		
John Fritts	Building Inspector	1,000,000.00	* Statewide Insurance Fund
Gary Woolf	Emergency Management Coordinator	1,000,000.00	* Statewide Insurance Fund
Wayne Degan	Zoning Officer	1,000,000.00	* Statewide Insurance Fund
Kevin Maguire	Fire Official	1,000,000.00	* Statewide Insurance Fund
Katrina L Campbell	Municipal Attorney		
Gary & Betty Wysocki	Animal Control Officers	1,000,000.00	* Statewide Insurance Fund
Bruce A. Jones	Magistrate	1,000,000.00	* Statewide Insurance Fund
Irene Brownell	Court Administrator/Violations Clerk	1,000,000.00	* Statewide Insurance Fund
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 \$1,000,000 with Statewide Insurance Fund. This bond covers all employees.

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2012
CURRENT FUND

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 940,381.23
Increased by Receipts:		
Current Year Taxes	\$ 21,184,570.80	
Delinquent Taxes	409,003.92	
Prepaid Taxes	76,927.59	
Interest and Costs on Taxes	75,509.17	
Revenue Accounts Receivable	1,806,946.00	
Miscellaneous Revenue Not Anticipated	21,126.61	
Appropriation Refunds	171,732.14	
Third Party Liens	276,185.36	
Tax Sale Premiums	92,600.00	
Tax Overpayments	14,585.00	
Due to Federal and State Grant Fund:		
Unappropriated Reserves	160,254.68	
Interfund Returned	125,000.00	
Due from State of New Jersey:		
Veterans' and Senior Citizens' Deductions	99,704.80	
Due State of New Jersey - Marriage License Fees	800.00	
Due General Capital Fund:		
Reserve to Pay Debt Service	328,916.00	
Interfund Advanced	75,000.00	
Due from Other Trust Fund:		
Interfund Returned	39,637.00	
Due from Sewer Operating Fund:		
Anticipated Revenue	15,000.00	
	<hr/>	<hr/>
		24,973,499.07
		<hr/>
		25,913,880.30
Decreased by Disbursements:		
2012 Appropriation Expenditures	6,018,572.56	
2011 Appropriation Reserve Expenditures	47,933.95	
Local School District Taxes	11,880,294.02	
County Taxes	5,890,946.07	
Third Party Liens Redeemed	276,185.36	
Tax Sale Premium Returned	60,801.00	
Tax Overpayments Refunded	14,585.00	
Reserve for Reassessment	69,388.00	
Refund of Prior Year Revenue	20,935.79	
Due to State of New Jersey:		
Marriage License Fees	767.00	
Due from Federal and State Grant Fund:		
Appropriated Reserves	215,733.96	
Interfund Advanced	80,000.00	
Due Open Space Trust Fund:		
Municipal Levy	818.00	
Due General Capital Fund:		
Interfund Returned - Prior Year	276,189.76	
Interfund Returned	90,000.00	
Due Other Trust Fund:		
Police Outside Employment	3,600.07	
	<hr/>	<hr/>
		24,946,750.54
		<hr/>
Balance December 31, 2012	A	\$ 967,129.76

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

	<u>Ref.</u>		
Balance December 31, 2011	A		\$ 144,408.83
Increased by Receipts:			
Due Current Fund:			
Interfund Advanced		\$ 80,000.00	
Interest on Investments		178.65	
		<u> </u>	<u>80,178.65</u>
			<u>224,587.48</u>
Decreased by:			
Federal and State Grant Expenditures		85,398.45	
Due Current Fund:			
Interfund Returned		125,000.00	
		<u> </u>	<u>210,398.45</u>
Balance December 31, 2012	A		<u>\$ 14,189.03</u>

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

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

Year	Balance	2012 Levy	Added Taxes	Collections		Overpayments Applied	State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2011			2011	2012					Dec. 31, 2012
2006					\$ 250.00		\$ (250.00)			
2007					250.00		(250.00)			
2009					500.00		(500.00)			
2010	\$ 7,403.22							\$ 7,403.22		
2011	403,773.98		\$ 2,824.75		408,003.92		(2,479.45)		\$ 949.26	\$ 125.00
	<u>411,177.20</u>		<u>2,824.75</u>		<u>409,003.92</u>		<u>(3,479.45)</u>	<u>7,403.22</u>	<u>949.26</u>	<u>125.00</u>
2012		\$ 21,942,414.42		\$ 66,814.97	21,184,570.80	\$ 14,086.73	106,500.00	78,057.10	18,909.15	473,475.67
	<u>\$ 411,177.20</u>	<u>\$ 21,942,414.42</u>	<u>\$ 2,824.75</u>	<u>\$ 66,814.97</u>	<u>\$ 21,593,574.72</u>	<u>\$ 14,086.73</u>	<u>\$ 103,020.55</u>	<u>\$ 85,460.32</u>	<u>\$ 19,858.41</u>	<u>\$ 473,600.67</u>

Ref. A

A

Analysis of 2012 Property Tax Levy

General Purpose Tax	\$ 21,795,286.45	
Added Taxes (54:4-63.1 et seq.)	<u>147,127.97</u>	
		<u>\$ 21,942,414.42</u>
Tax Levy:		
Local School District Taxes		\$ 12,517,144.00
County Taxes:		
County Taxes	\$ 5,819,167.90	
Due County for Added and Omitted Taxes	39,858.90	
Municipal Open Space Tax	<u>256,818.00</u>	
		<u>6,115,844.80</u>
		18,632,988.80
Local Tax for Municipal Purposes Only	3,196,143.06	
Add: Additional Tax Levied	<u>113,282.56</u>	
		<u>3,309,425.62</u>
		<u>\$ 21,942,414.42</u>

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 104,502.71
Increased by:		
Transferred From Taxes Receivable - 2012		\$ 18,909.15
Transferred From Taxes Receivable - 2011		949.26
Interest and Costs Accrued at Tax Sale		4,423.06
		<u>24,281.47</u>
Balance December 31, 2012	A	<u>\$ 128,784.18</u>

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Accrued</u> <u>in 2012</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Clerk:				
ABC Licenses		\$ 8,000.00	\$ 8,000.00	
Swimming Pool Receipts		156,242.01	156,242.01	
Municipal Court:				
Fines and Costs	\$ 7,375.46	64,513.62	68,466.79	\$ 3,422.29
Fees and Permits		19,561.35	19,561.35	
Interest on Investments and Deposits		5,779.95	5,779.95	
Anticipated Utility Operating Surplus		250,000.00	250,000.00	
Energy Receipts Taxes		948,271.00	948,271.00	
Uniform Construction Code Fees		97,005.00	97,005.00	
Municipal Court - Harmony Agreement		22,568.22	22,568.22	
Municipal Court - Franklin Agreement		30,000.00	30,000.00	
Sale of SRECS		9,384.00	9,384.00	
Uniform Fire Safety Act		31,839.07	31,839.07	
Payment in Lieu of Taxes		44,627.65	44,627.65	
Cable TV Franchise Fee		28,446.00	28,446.00	
Developer Share of First Street Improvements		24,650.00	24,650.00	
FEMA Reimbursement		62,104.96	62,104.96	
	<u>\$ 7,375.46</u>	<u>\$ 1,802,992.83</u>	<u>\$ 1,806,946.00</u>	<u>\$ 3,422.29</u>
<u>Ref.</u>	A			A

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	Balance Dec. 31, 2011	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Administrative and Executive:				
Postage	\$ 341.32	\$ 76.32		\$ 76.32
Computer Service	1,079.67	1,079.67	\$ 487.50	592.17
Human Resource Education	493.00	956.00	955.55	0.45
Mayor and Council:				
Salaries and Wages	0.88	0.88		0.88
Municipal Clerk:				
Salaries and Wages	2.43	2.43		2.43
Other Expenses	115.59	480.59	334.44	146.15
Financial Administration (Treasury):				
Salaries and Wages	842.98	842.98		842.98
Other Expenses	439.43	439.43	208.21	231.22
Assessment of Taxes:				
Salaries and Wages	17.51	17.51		17.51
Other Expenses	326.82	326.82	43.09	283.73
Revenue Administration (Tax Collection):				
Salaries and Wages	693.82	693.82		693.82
Other Expenses	277.40	277.40	155.00	122.40
Legal Services:				
Salaries and Wages	34.64	34.64		34.64
Other Expenses	3,938.64	3,338.64	3,289.57	49.07
Engineering Services and Costs:				
Other Expenses	386.58	6,886.58	6,838.75	47.83
Public Buildings and Grounds:				
Salaries and Wages	91.74	91.74		91.74
Other Expenses	1,084.40	2,202.15	2,172.20	29.95
Garbage and Trash Removal:				
Other Expenses	411.46	671.46	667.14	4.32
Planning Board:				
Salaries and Wages	0.60	0.60		0.60
Planner	317.75			
Other Expenses	2,260.91	2,260.91	1,479.99	780.92
Board of Adjustment:				
Salaries and Wages	0.16	0.16		0.16
Building Sub Code Official:				
Salaries and Wages	2,541.97	41.97		41.97
Other Expenses	856.27	356.27	14.99	341.28

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	Balance Dec. 31, 2011	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Shade Tree Commission:				
Other Expenses	\$ 160.77	\$ 160.77		\$ 160.77
Fire:				
Fire Companies	4,408.00	5,098.00	\$ 5,098.00	
Police:				
Salaries and Wages	5,958.93	23.93		23.93
Other Expenses	4,433.58	5,018.58	4,916.26	102.32
Prosecutor:				
Salaries and Wages	402.25	402.25		402.25
First Aid Organization:				
Other Expenses	2,611.16	2,611.16	505.02	2,106.14
Zoning Officer:				
Salaries and Wages	0.34	0.34		0.34
Emergency Management Services:				
Salary and Wages	23.34	23.34		23.34
Other Expenses	861.28	861.28	125.00	736.28
Road Repairs and Maintenance:				
Salaries and Wages	1,308.44	8.44		8.44
Other Expenses	7,147.71	7,147.71	6,586.03	561.68
Recreation and Education:				
Parks and Playgrounds Salaries and Wages	952.88	952.88		952.88
Parks and Playgrounds Other Expenses	242.85	242.85		242.85
Electricity	2,063.04	4,590.04	4,476.42	113.62
Street Lighting	0.42	0.42		0.42
Telephone	1,419.64	3,704.64	2,904.50	800.14
Natural Gas	2,364.39	1,864.39	683.79	1,180.60
Gasoline	161.74	1,861.74	1,830.06	31.68
Fire Hydrant Service	17.44	17.44		17.44
Water	1,835.14	1,835.14	710.13	1,125.01
Contingent	901.21	901.21	396.73	504.48
Interfocal Municipal Service Agreements:				
Harmony and Franklin Courts	3,647.25	3,647.25	395.73	3,251.52
Statutory Expenditures:				
Social Security System (O.A.S.I.)	3,273.00	2,273.00		2,273.00
Unemployment Compensation	112.36	2,762.36	2,750.00	12.36

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Municipal Court:				
Salaries and Wages	\$ 3,511.54	\$ 11.54		\$ 11.54
Other Expenses	52.91	52.91	\$ 23.56	29.35
Animal Control:				
Salaries and Wages	92.76	722.76	718.20	4.56
Insurance:				
General Liability	2.71	2.71		2.71
Workmen's Compensation	1,024.70	24.70		24.70
Employee Group Health	2,675.93	320.93	320.00	0.93
Health Benefit Waiver	18.22	18.22		18.22
	<u>\$ 68,241.90</u>	<u>\$ 68,241.90</u>	<u>\$ 49,085.86</u>	<u>\$ 19,156.04</u>

Analysis of Balance at December 31, 2011:

	<u>Ref.</u>		
Unencumbered	A	\$ 63,077.08	
Encumbered	A	<u>5,164.82</u>	
		<u>\$ 68,241.90</u>	
			Cash Disbursed \$ 47,933.95
			Accounts Payable <u>1,151.91</u>
			<u>\$ 49,085.86</u>

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

	<u>Ref.</u>	
Balance December 31, 2011		
Local School District Tax Deferred		\$ 6,121,722.00
Local School District Tax Payable	A	20.30
		<u>6,121,742.30</u>
Increased by:		
Levy - School Year July 1, 2012 through June 30, 2013		12,517,144.00
		<u>18,638,886.30</u>
Decreased by:		
Payments to Local School District		11,880,294.02
		<u>\$ 6,758,592.28</u>
Balance December 31, 2012		
Local School District Tax Payable	A	500,020.28
Local School District Tax Deferred		6,258,572.00
		<u>\$ 6,758,592.28</u>
 <u>Analysis of Increase - Deferred School Tax:</u>		
Balance December 31, 2012		\$ 6,258,572.00
Balance December 31, 2011		<u>6,121,722.00</u>
Net Increase Credited to Operations		<u>\$ 136,850.00</u>

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

	Balance Dec. 31, 2011	Budget Revenue Realized	Transfer From Unappropriated Reserves	Balance Dec. 31, 2012
Municipal Alliance:				
2003	\$ 2,455.28			\$ 2,455.28
2004	378.96			378.96
Domestic Violence Training Program - 2003	2,082.06			2,082.06
Recycling Tonnage Grant:				
2007	321.91			321.91
2012		\$ 6,352.59	\$ 6,352.59	
Stormwater Management Grant:				
2007	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		145,000.00	105,000.00	40,000.00
Drunk Driving Enforcement Grant		17,399.61	17,399.61	
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
South First Street Developers Share	12,325.00			12,325.00
Community Forestry Grant	119.00			119.00
State Forestry Grant		5,000.00	5,000.00	
Assistance to Firefighters Grant	28,342.00			28,342.00
Regional Master Plan Highlands Grant:				
2010	17,933.50			17,933.50
Obey the Signs or Pay the Fines Grant	175.00			175.00
NJBPU Clean Energy Program	34,310.50	1,925.00		36,235.50
Donation for Police Equipment		6,000.00	6,000.00	
Reserve for Body Armor Grant		14,017.90	14,017.90	
Warren County DARE Officers Assoc		242.08	242.08	
Body Armor Grant		1,725.49	1,725.49	
Clean Communities Grant		14,927.34	14,927.34	
	<u>\$ 162,766.33</u>	<u>\$ 212,590.01</u>	<u>\$ 170,665.01</u>	<u>\$ 204,691.33</u>

Ref.

A

A

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

	Balance Dec. 31, 2011	Encumbrances Returned	Transferred from 2012 Budget	Cash Disbursed	Encumbered	Balance Dec. 31, 2012
Recycling Tonnage Grant:						
2011	\$ 1,926.54			\$ 1,231.04		\$ 695.50
2012			\$ 6,352.59	1,492.60		4,859.99
New Jersey Transportation Trust Fund:						
2001	7,573.49			7,573.49		
2012			145,000.00	143,364.47		1,635.53
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
New Jersey Body Armor Fund:						
2010	492.07			492.07		
Community Forestry Grant	119.00			119.00		
State Forestry Grant			5,000.00	4,515.59		484.41
Volunteer Fire Association Reimbursement Grant	3,000.00			3,000.00		
South First Street Developers Share	18,972.50	\$ 5,677.50		20,753.24		3,896.76
Clean Communities Program:						
2010	315.99			315.99		
2011	10,623.31			1,780.09		8,843.22
2012			16,852.34	11,676.24		5,176.10
Donations for Shade Trees - 2002	267.50					267.50
Emergency Planning Grant - 2004	267.72			133.16		134.56
NJ Motor Vehicle Fines	653.00					653.00
Safe & Secure Communities Program:						
2009	6,154.00			222.95		5,931.05
2010	1,821.00					1,821.00
Federal Fire Company Grant	85.90			85.90		
Obey the Signs or Pay the Fines	175.00					175.00
Donations for Police Department		400.00			\$ 400.00	
Donations for Police Equipment			6,000.00		4,123.10	1,876.90
Donations for Announcers Booth		561.59				561.59
Hepatitis B Inoculation		1,140.00			1,140.00	
Assistance to Firefighters Grant	1,098.15			1,087.12		11.03
Assistance to Firefighters Grant - Local Match	1,431.25			1,219.33		211.92
Energy Efficiency and Conservation Block Grant		27,990.05		27,990.05		
Wastewater Management Grant	9,389.65					9,389.65
Reserve for DOT Local Aid Grant	79,367.50			71,707.50		7,660.00
Drunk Driving Enforcement Fund			17,399.61	2,006.65	5,430.00	9,962.96
Reserve for Body Armor Grant			14,017.90	365.93		13,651.97
Body Armor Grant			1,725.49			1,725.49
Warren County DARE Officers Assoc			242.08			242.08
	<u>\$ 146,622.65</u>	<u>\$ 35,769.14</u>	<u>\$ 212,590.01</u>	<u>\$ 301,132.41</u>	<u>\$ 11,093.10</u>	<u>\$ 82,756.29</u>

Ref.

A

Disbursed in Federal and State Grant Fund
Disbursed in Current Fund

\$ 85,398.45
215,733.96
\$ 301,132.41

A

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

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Transfer to</u> <u>2012 Budget</u> <u>Revenue</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Clean Communities Grant		\$ 14,948.28	\$ 14,927.34	\$ 20.94
Reserve for Body Armor Grant	\$ 14,017.90		14,017.90	
Drunk Driving Enforcement Fund		17,399.61	17,399.61	
Department of Transportation Grant		105,000.00	105,000.00	
Warren County DARE Officers Assoc		242.08	242.08	
Drive Sober Grant		3,586.20		3,586.20
Recycling Tonnage Grant		6,352.59	6,352.59	
Body Armor Grant		1,725.92	1,725.49	0.43
State Forestry Grant		5,000.00	5,000.00	
Donation for Police Equipment		6,000.00	6,000.00	
	<u>\$ 14,017.90</u>	<u>\$ 160,254.68</u>	<u>\$ 170,665.01</u>	<u>\$ 3,607.57</u>

<u>Ref.</u>	A		A
Received in Current Fund		<u>\$ 160,254.68</u>	
		<u>\$ 160,254.68</u>	

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2012
TRUST FUNDS

TOWNSHIP OF LOPATCONG
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

Ref.	<u>Animal Control Fund</u>	<u>Unemployment Trust</u>	<u>Other Trust Funds</u>
Balance December 31, 2011	\$ 69.70	\$ 4,101.64	\$ 1,018,299.72
Increased by Receipts:			
Municipal Licensing Fees	\$ 10,605.00		
Due to State Board of Health	1,711.80		
Interest on Investments	14.32	\$ 12.75	
Interest Due Current Fund:			
Interest on Investments			\$ 545.84
Subdivision Receipts			100,347.44
Public Defender			2,658.00
COAH Trust:			
Other Receipts			30,853.75
Interest Earned			980.33
Recreation Trust			123,164.31
Outside Employment of Police Officers:			
Other Receipts			15,375.38
Due Current Fund - Interfund Advanced			3,600.07
Open Space Trust:			
Balance of Municipal Tax Levy			818.00
Interest Earned			210.48
Parking Offenses Adjudication Act			3.00
Community Hope			230,000.00
State of New Jersey Refund		17,259.56	
Employer and Employee Contributions		10,354.03	
Due from Current Fund:			
Deferred Charges	713.30		
	<u>13,044.42</u>	<u>27,626.34</u>	<u>508,556.60</u>
	13,114.12	31,727.98	1,526,856.32

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	\$ 11,287.46		
Due to State Board of Health	1,711.80		
Developer's Escrow Subdivision Disbursements			\$ 123,038.42
Public Defender			2,600.00
Recreation Trust			121,678.58
Unemployment Compensation Insurance		\$ 31,280.19	
Open Space Trust			138.52
COAH Trust:			
Disbursements			10,432.23
Community Hope			230,000.00
Outside Employment of Police Officers			16,147.50
Due Current Fund:			
Open Space Trust Interfund Returned			39,637.00
	<u>\$ 12,999.26</u>	<u>\$ 31,280.19</u>	<u>\$ 543,672.25</u>
Balance December 31, 2012	B <u>\$ 114.86</u>	<u>\$ 447.79</u>	<u>\$ 983,184.07</u>

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

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 4,101.64
Increased by Receipts:		
Employer and Employee Contributions	\$	10,354.03
State of New Jersey Refund		17,259.56
Interest Earned		<u>12.75</u>
		<u>27,626.34</u>
		31,727.98
Decreased by:		
Expenditures		<u>31,280.19</u>
Balance December 31, 2012	B	<u>\$ 447.79</u>

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

	<u>Ref.</u>	
Balance/(Deficit) December 31, 2011	B	\$ (648.50)
Increased by:		
2012 Animal Control License Fees Collected		\$ 10,605.00
Deficit in Animal Control Fund Budgeted in Current Fund		713.30
Prior Year Fees Paid By Current Fund		718.20
Interest Earned		14.32
		12,050.82
		11,402.32
Decreased by:		
Expenditures under R.S.4:19-15.11:		
Cash Disbursements		11,287.46
		11,287.46
Balance December 31, 2012	B	\$ 114.86

License Fees Collected

<u>Year</u>	<u>Amount</u>
2010	\$ 10,549.54
2011	10,865.00
	21,414.54
Maximum Allowable Reserve	\$ 21,414.54

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2012
GENERAL CAPITAL FUND

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 18,388.57
Increased by Receipts:		
Bond Anticipation Note Issued		\$ 1,062,000.00
Capital Improvement Fund		150,000.00
Department of Transportation Grant Receivable		45,000.00
Ordinance Refunds		4,824.00
Due Current Fund:		
Prior Year Interfund Returned		276,189.76
Interfund Returned		90,000.00
Interest Earned		335.37
		1,628,349.13
		1,646,737.70
Decreased by Disbursements:		
Bond Anticipation Note Matured		1,062,000.00
Improvement Authorization Expenditures		180,435.76
Due Current Fund:		
Anticipated Revenue		328,916.00
Interfund Advanced		75,000.00
		1,646,351.76
Balance December 31, 2012	C	\$ 385.94

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2011	Receipts		Disbursements			Transfers		Balance/ (Deficit) Dec. 31, 2012
		Bond Anticipation Note	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To	
Capital Improvement Fund	\$ 557.40		\$ 150,000.00				\$ 159,186.41	\$ 9,186.41	\$ 557.40
Due Current Fund	(276,189.76)		366,525.13			\$ 75,000.00	300,000.00	300,000.00	15,335.37
New Jersey Department of Transportation Grant Receivable	(200,000.00)		45,000.00						(155,000.00)
Reserve for:									
Encumbrances	22,689.00						22,689.00	74,070.96	74,070.96
To Pay Debt Service	376,086.12								47,170.12
Road Improvements						328,916.00			
Purchase of Equipment							150,000.00	150,000.00	
Purchase of Equipment							150,000.00	150,000.00	
Ordinance									
Date /									
Number									
Improvement Description									
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	57,505.31		\$ 48,107.27			6,570.00		2,828.04
2007-11	Purchase of Fire Truck	4,935.56					4,935.56		
2007-20	Various General Improvements	23,057.18		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	1,044.00	1,044.00	\$ 1,062,000.00			
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			3,780.00	26,469.00			22,689.00	
2011-10	Reconstruction of Portion of Stelko and Edward Street	5,996.91			5,996.91				
2012-09	Acquisition of DPW Equipment, Fire House Equipment and Crosswalk Project				75,761.40		67,500.96	150,000.00	6,737.64
2012-13	Acquisition of Park and Playground Equipment							9,186.41	9,186.41
		\$ 18,388.57	\$ 1,062,000.00	\$ 566,349.13	\$ 180,435.76	\$ 1,062,000.00	\$ 403,916.00	\$ 865,132.78	\$ 865,132.78
									\$ 385.94

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

Ord. Date	Improvement Description	Balance Dec. 31, 2011	Balance Dec. 31, 2012	Analysis of Balance Dec. 31, 2012	
				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		Balance December 31, 2011 Funded	Prior Year Encumbrances Returned	2012 Authorizations				Balance December 31, 2012 Funded
	Number	Amount			Capital Improvement Fund	Ordinance Refunds	Paid or Charged	Ordinances Cancelled	
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	57,505.31			\$ 54,677.27		\$ 2,828.04	
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	23,057.18			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			\$ 1,044.00	1,044.00			
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		\$ 22,689.00		3,780.00	26,469.00		
Reconstruction of Portion of Stelko and Edward Street	2011-10	380,000.00	5,996.91			5,996.91			
Acquisition of DPW Equipment, Fire House Equipment and Crosswalk Project	2012-09	150,000.00			\$ 150,000.00	143,262.36		6,737.64	
Acquisition of Park and Playground Equipment	2012-13	9,186.41			9,186.41			9,186.41	
			<u>\$ 95,745.81</u>	<u>\$ 22,689.00</u>	<u>\$ 159,186.41</u>	<u>\$ 4,824.00</u>	<u>\$ 254,506.72</u>	<u>\$ 9,186.41</u>	<u>\$ 18,752.09</u>
	<u>Ref.</u>		<u>C</u>						<u>C</u>
						Cash Disbursed	\$ 180,435.76		
						Encumbrances	74,070.96		
							<u>\$ 254,506.72</u>		
						Cancelled to Capital Improvement Fund	\$ 9,186.41		

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 557.40
Increased By:		
Budget Appropriation		\$ 150,000.00
Cancellation of Ordinances		<u>9,186.41</u>
		<u>159,186.41</u>
		159,743.81
Decreased By:		
Appropriation to Finance:		
Improvement Authorizations		<u>159,186.41</u>
Balance December 31, 2012	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, 2011	Issued	Matured	Balance Dec. 31, 2012
		Original Issue	Issue	Maturity					
03/03/10	Installation of Solar Panels and Related Equipment	4/14/2010	4/12/2011	4/11/2012	1.55%	\$ 1,062,000.00		\$ 1,062,000.00	
		4/14/2010	4/11/2012	4/10/2013	1.25%		\$ 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	<u>\$ 1,062,000.00</u>	<u>\$ 1,062,000.00</u>	
							<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, 2012		Interest Rate	Balance December 31, 2011	Matured	Balance December 31, 2012
			Date	Amount				
Series 2007 - General Improvements Bonds	9/1/2007	\$ 7,787,000.00	9/1/2013	\$ 315,000.00	3.750%	\$ 6,667,000.00	\$ 305,000.00	\$ 6,362,000.00
			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>\$ 6,667,000.00</u>	<u>\$ 305,000.00</u>	<u>\$ 6,362,000.00</u>

Ref.

C

C

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2012

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, 2011</u>	<u>Balance December 31, 2012</u>
2004-07	Various Park Improvements	\$ 500.00	\$ 500.00
		<u>\$ 500.00</u>	<u>\$ 500.00</u>

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2012
SEWER UTILITY FUND

TOWNSHIP OF LOPATCONG
SEWER UTILITY FUND
SCHEDULE OF CASH-TREASURER

Ref.	<u>Operating Fund</u>	<u>Assessment Trust Fund</u>	<u>Capital Fund</u>
Balance December 31, 2011	E \$ 139,570.17	\$ 43.61	\$ 185,727.20
Increased by Receipts:			
Consumer Accounts Receivable	\$ 1,788,770.23		
Sewer Rent Overpayments	6,581.16		
Sewer Hook-up Fees	67,000.00		
Interest and Costs on Rents	8,438.42		
Bond Anticipation Note:			
Proceeds			\$ 3,000,000.00
Premium			6,150.00
Due from Payroll Account:			
Prior Year Interfund Returned	3,349.21		
Due from Sewer Operating Fund:			
Prior Year Interfund Returned			138,649.86
Due from Sewer Capital Fund:			
Anticipated Revenue	250,000.00		
Due from Sewer Assessment Fund:			
Prior Year Interfund Returned	2.72		
Miscellaneous Revenue	1,945.74		
Interest on Investments	1,313.19	\$ 0.21	4,012.70
	<u>2,127,400.67</u>	<u>0.21</u>	<u>3,148,812.56</u>
	2,266,970.84	43.82	3,334,539.76
Decreased by Disbursements:			
2012 Appropriation Expenditures	1,544,133.26		
2011 Appropriation Reserves	554.50		
Improvement Authorizations			11,764.21
Due Current Fund:			
Prior Year Interfund Returned	15,000.00		
Due Sewer Capital Fund:			
Prior Year Interfund Returned	138,649.86		
Due Sewer Operating Fund:			
Prior Year Interfund Returned			250,000.00
Interest Due Sewer Operating Fund		2.72	
	<u>1,698,337.62</u>	<u>2.72</u>	<u>261,764.21</u>
Balance December 31, 2012	E \$ 568,633.22	\$ 41.10	\$ 3,072,775.55

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

	Balance (Deficit) Dec. 31, 2011	Receipts		Disbursements		Balance (Deficit) Dec. 31, 2012	
		BAN Proceeds	Miscel- laneous	Improvement Authorizations	Miscel- laneous		
Fund Balance	\$ 250,166.69	\$ 6,150.00			\$ 250,000.00	\$ 6,316.69	
Due Sewer Utility Operating Fund	(138,649.86)		\$ 142,662.56			4,012.70	
Capital Improvement Fund	33,117.22					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	68,301.73	3,000,000.00	\$ 11,764.21		3,056,537.52	
		<u>\$ 185,727.20</u>	<u>\$3,006,150.00</u>	<u>\$ 142,662.56</u>	<u>\$ 11,764.21</u>	<u>\$ 250,000.00</u>	<u>\$3,072,775.55</u>

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

	<u>Ref.</u>	
Balance December 31, 2011	E	\$ 119,051.02
Increased by:		
Sewer Rents Levied		<u>1,884,614.95</u>
		2,003,665.97
Decreased by:		
Sewer Collections	\$ 1,788,770.23	
Prepaid Rents Applied	<u>4,279.71</u>	
		<u>1,793,049.94</u>
Balance December 31, 2012	E	<u><u>\$ 210,616.03</u></u>

TOWNSHIP OF LOPATCONG
SEWER UTILITY OPERATING FUND
SCHEDULE OF HOOK-UP FEES RECEIVABLE
YEAR ENDED DECEMBER 31, 2012

Increased by:

Hook up Fees Levied

\$ 67,000.00

67,000.00

Decreased by:

Collections

\$ 67,000.00

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2012</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>

Ref.

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, 2011</u>	<u>Balance Dec. 31, 2012</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 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	Balance Dec. 31, 2011	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 5.70	\$ 5.70		\$ 5.70
Statutory Expenditures:				
Contribution to:				
Social Security System	2,173.00	2,173.00	\$ 554.50	1,618.50
	<u>\$ 2,178.70</u>	<u>\$ 2,178.70</u>	<u>\$ 554.50</u>	<u>\$ 1,624.20</u>

Analysis of Balance December 31, 2011

	<u>Ref.</u>	
Unencumbered	E	<u>\$ 2,178.70</u>
		<u>\$ 2,178.70</u>

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Date	Ordinance		Balance Dec. 31, 2011		Paid or Charged	Balance Dec. 31, 2012	
		Number	Amount	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	68,301.73	\$ 3,265,000.00	\$ 28,222.54	40,079.19	\$ 3,265,000.00
				<u>\$ 80,549.45</u>	<u>\$ 3,265,000.00</u>	<u>\$ 28,222.54</u>	<u>\$ 52,326.91</u>	<u>\$ 3,265,000.00</u>
		<u>Ref.</u>		E	E		E	E
						Accrued Interest Charged	\$ 16,458.33	
						Disbursed in Sewer Utility Operating Fund	<u>11,764.21</u>	
							<u>\$ 28,222.54</u>	

TOWNSHIP OF LOPATCONG
SEWER UTILITY FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2011	E	<u>\$ 33,117.22</u>
Balance December 31, 2012	E	<u><u>\$ 33,117.22</u></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, 2011</u>	<u>Balance Dec. 31, 2012</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, 2012

<u>Improvement Description</u>	<u>Date of</u>			<u>Interest Rate</u>	<u>Issued</u>	<u>Balance Dec. 31, 2012</u>
	<u>Issue of Original Note</u>	<u>Issue</u>	<u>Maturity</u>			
Improvements to Sanitary Sewerage System	7/25/12	7/25/12	7/24/13	1.25%	<u>\$ 3,000,000.00</u>	<u>\$ 3,000,000.00</u>
					<u>\$ 3,000,000.00</u>	<u>\$ 3,000,000.00</u>
				<u>Ref.</u>		E
			New Issue		<u>\$ 3,000,000.00</u>	
					<u>\$ 3,000,000.00</u>	

TOWNSHIP OF LOPATCONG
SEWER UTILITY FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

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

Ord. Date	Improvement Description	Balance Dec. 31, 2011	Bond Anticipation Note Issued	Balance Dec. 31, 2012
03/13/00	Replacement of Baltimore Street Pumping Station	\$ 39,456.30		\$ 39,456.30
08/05/09	Improvements to the Sanitary Sewer System	3,265,000.00	\$ 3,000,000.00	265,000.00
		<u>\$ 3,304,456.30</u>	<u>\$ 3,000,000.00</u>	<u>\$ 304,456.30</u>

TOWNSHIP OF LOPATCONG

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2012

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

Name of Federal Agency or Department Pass Through Department/Cluster Title	Name of Program	C.F.D.A. Account Number	Pass Through Entity ID/Grant #	Grant Award Amount	Grant Period		Receipts	Expenditures	Total Cumulative Expenditures
					From	To			
U.S. Department of Energy	Energy Efficiency and Conservation Block Grant	81.128	DE-FOA-000013	\$ 33,797.81	1/1/2011	12/31/2012		\$ 27,990.05	\$ 33,797.81
Total U.S. Department of Energy								27,990.05	33,797.81
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	1/1/2010	12/31/2012		1,087.12	200,153.97
	Volunteer Fire Association Reimbursement Grant	97.044	N/A	3,000.00	1/1/2010	12/31/2012		3,000.00	3,000.00
	FEMA Disaster Grant- Public Assistance	97.036	N/A	62,104.96	1/1/2011	12/31/2012	\$ 62,104.96	62,104.96	62,104.96
Total Department of Homeland Security							62,104.96	66,192.08	203,153.97
U.S. Department of Transportation	New Jersey Transportation Trust Fund	20.205	10-480-078-	74,239.81	1/1/2001	12/31/2012		7,573.49	74,239.81
NJ Department of Transportation Trust Fund Authority Act	New Jersey Transportation Trust Fund Reconstruction of Stelko Ave & Edward St South First Street Improvement Project		6320-AKC-6010	145,000.00	1/1/2012	12/31/2012	105,000.00	143,364.47	143,364.47
				200,000.00	1/1/2011	12/31/2012	45,000.00		200,000.00
				79,367.50	1/1/2012	12/31/2012		71,707.50	71,707.50
Total U.S. Department of Transportation							150,000.00	222,645.46	489,311.78
(Passes Through N.J. Department of Law and Public Safety)	Drive Sober or Get Pulled Over	20.601	N/A	3,586.20	1/1/2012	12/31/2012	3,586.20		
Total Department of Transportation							153,586.20	222,645.46	489,311.78
Total Federal Awards							\$ 215,691.16	\$ 316,827.59	\$ 726,263.56

* Expended in 2011

N/A- Not applicable/ available

TOWNSHIP OF LOPATCONG
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2012

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	\$ 13,105.44	1/1/2010	12/31/2012		\$ 315.99	\$ 13,105.44	
			14,883.31	1/1/2011	12/31/2013		1,780.09	6,040.09	
			14,948.28	1/1/2012	12/31/2013	\$ 14,948.28	11,676.24	11,676.24	
							14,948.28	13,772.32	30,821.77
	Community Forestry Grant	4870-100-042-4870- 038-V42F-6120	7,000.00	1/1/2010	12/31/2012		119.00	7,000.00	
							119.00	7,000.00	
	Recycling Tonnage Grant	765-042-4900- 004-178840	39,695.90	1/1/2011	12/31/2013		1,231.04	39,000.40	
			6,352.59	1/1/2012	12/31/2013	6,352.59	1,492.60	1,492.60	
						6,352.59	2,723.64	40,493.00	
	State Forestry Grant	4870-100-042-4870- 038-V42F-6120	5,000.00	1/1/2012	12/31/2013	5,000.00	4,515.59	4,515.59	
						5,000.00	4,515.59	4,515.59	
	Total Department of Environmental Protection						26,300.87	21,130.55	82,830.36
Department of Law and Public Safety	Body Armor Replacement Program	718-066-1020- 001-6120	2,342.44	1/1/2010	12/31/2012		492.07	2,342.44	
			1,725.92	1/1/2012	12/31/2013	1,725.92	365.93	365.93	
			14,017.90	1/1/2012	12/31/2013	1,725.92	858.00	2,708.37	
	Safe and Secure Communities Grant	100-066-1020- 232-YCJS-6120	28,179.00	1/1/2009	12/31/2013		222.95	22,247.95	
							222.95	22,247.95	
	Drunk Driving Enforcement Fund	100-078-6400- 260-YYYY	17,399.61	1/1/2012	12/31/2013	17,399.61	2,006.65	2,006.65	
						17,399.61	2,006.65	2,006.65	
	Emergency Planning Grant	N/A	267.72	1/1/2012	12/31/2013		133.16	133.16	
Total Department of Law and Public Safety						19,125.53	3,220.76	27,096.13	
Total State Awards						\$ 45,426.40	\$ 24,351.31	\$ 109,926.49	

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, 2012

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

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*

Independent Auditors Report

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

We have audited, in accordance with the 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 the *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated May 31, 2013. These financial statements have been prepared in the conformity with accounting principles prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

The Honorable Mayor and Members
of the Township Committee
Page 2

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

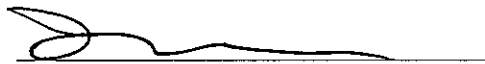
Purpose of this Report

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

Mount Arlington, New Jersey
May 31, 2013



NISIVOCIA LLP



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

TOWNSHIP OF LOPATCONG
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2012

Summary of Auditors' Results:

- An unqualified report was issued on the Township's financial statements for 2012 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 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* for 2012 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, 2012

Status of Prior Year Findings:

There were no prior year findings.

TOWNSHIP OF LOPATCONG

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

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, 2012, 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, 2012, 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>
2012	9
2011	9
2010	14

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 2013 Taxes	20
Payments of 2012 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, 2012. 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 Current Fund, we noted that there was an overexpenditure of the Parks and Playgrounds Other Expenses line item in the amount of \$28,310.35. The overexpenditure was created when revenue was improperly classified as appropriation refunds. It is recommended that all revenue be properly classified as such, and not as appropriation refunds, to avoid overexpenditures of line items during the course of the year.

Management's Response:

The chief financial officer will review line items periodically to ensure that appropriation refunds are properly classified in order to avoid overexpenditures.

3. During our testing of post balance sheet review, we noted an instance where a 2012 item was charged to 2013. The funds were subsequently reclassified which created an overexpenditure in the Sewer Utility Operating Fund in the amount of \$22,762.34. It is recommended that all expenditures be charged to the correct year in which the expense is generated to avoid overexpenditures.

Management's Response:

The chief financial officer will review line items periodically to ensure that funds are available for expenses generated and make appropriate line item transfers to avoid overexpenditures.

TOWNSHIP OF LOPATCONG
COMMENTS AND RECOMMENDATIONS
(Continued)

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. Also, we noted that there is a delay in requesting reimbursements from grantors. This delay in request for reimbursement has led to fewer collections on grants receivable. 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. It is also recommended that requests for reimbursements be submitted in a timely manner to ensure prompt collection.

Management's Response:

A review of all federal and state grants receivable and appropriated reserves will be performed to ensure that only active receivables and reserve balances are being carried forward. All requests for reimbursements will be done in a timely manner to ensure prompt collection.

General Fixed Assets Account Group:

It was noted during our testing of fixed assets that there were three vehicles owned by the Township which were not included on the fixed asset listing. It is recommended that all assets owned by the Township appear on the fixed assets listing and are included in a timely manner.

Management's Response:

There will be a periodic review of the fixed assets control listing to ensure that the listing is complete and up to date.

Lopatcong Athletic Association:

1. It was noted during our fieldwork that there were several instances where funds were collected and not deposited within forty-eight hours. It is recommended that all funds collected by the Lopatcong Athletic Association be deposited within forty-eight hours.

Management's Response:

The Lopatcong Athletic Association will make every effort to begin depositing funds within forty-eight hours of receipt.

2. During our fieldwork, we had noted that there were several instances where signatures were missing from vouchers and two instances where there was either no voucher or invoice present. It is recommended that all vouchers and invoices be maintained for review, and that all signatures are obtained prior to the release of funds.

Management's Response:

The Lopatcong Athletic Association will obtain all of the appropriate signatures before release of funds, and all supporting documentation will be obtained and on hand for review.

TOWNSHIP OF LOPATCONG
COMMENTS AND RECOMMENDATIONS
(Continued)

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, 2012:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Agency</u>	<u>Balance Dec. 31, 2011</u>	<u>Cash Received</u>	<u>Cash Disbursed</u>	<u>Balance Dec. 31, 2012</u>
State of New Jersey				
Fines & Costs	\$ 1,078.54	\$ 53,306.59	\$ 51,762.17	\$ 2,622.96
Weights and Measures	3,250.00	7,150.00	10,200.00	200.00
County Treasurer:				
Fines & Costs	2,244.00	31,528.00	32,288.75	1,483.25
Municipal Treasurer:				
Lopatcong	7,375.46	64,513.62	68,466.79	3,422.29
Municipality - POAA (FTA)		3.00	3.00	
Conditional Discharge	150.00	975.00	1,125.00	
Restitution		477.11	127.11	350.00
Miscellaneous	5.41	54.66	58.61	1.46
Bail Interest	2.70	10.10	12.47	0.33
Bail	6,500.00	18,575.00	21,425.00	3,650.00
	<u>\$ 20,606.11</u>	<u>\$ 176,593.08</u>	<u>\$ 185,468.90</u>	<u>\$ 11,730.29</u>

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 2011 audit report. The prior year's recommendations 1, 4, 5, 6 and 7 were resolved in 2012, while the remaining recommendations are in the 2012 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. All revenue be properly classified as such, and not as appropriation refunds, to avoid overexpenditures of line items during the course of the year.
3. All expenditures be charged to the correct year in which the expense is generated to avoid overexpenditures.
4. 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. It is further recommended that requests for reimbursements be submitted in a timely manner to ensure prompt collection.
5. All assets owned by the Township appear on the fixed assets listing and are included in a timely manner.
6. Funds collected by the Lopatcong Athletic Association be deposited within forty-eight hours.
7. Vouchers and invoices be maintained for review, and that all signatures are obtained prior to the release of funds for the Lopatcong Athletic Association.

* * * * *