

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2011

TOWNSHIP OF MOUNT OLIVE

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**TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY**

**PART I
REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2011**

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208

FAIR LAWN, NJ 07410

TELEPHONE (201) 791-7100

FACSIMILE (201) 791-3035

WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Council
Township of Mount Olive
Mount Olive, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Mount Olive as of December 31, 2011 and 2010 and the related statements of operations and changes in fund balance - regulatory basis for the years then ended and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2011. These financial statements are the responsibility of the Township of Mount Olive's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the fourth paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township of Mount Olive's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

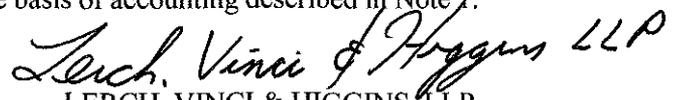
In addition, the financial statements of the Length of Service Awards Program (LOSAP) Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Fund financial statements as part of our audit of the Township's financial statements. The LOSAP Fund financial activities are included in the Township's Trust Fund, and represent 18 percent and 18 percent of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2011 and 2010.

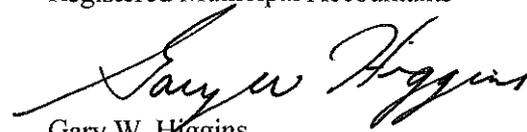
In our opinion, because of the effects of the Township preparing its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Mount Olive as of December 31, 2011 and 2010, or the changes in its financial position, or, where applicable, its cash flows for the years then ended. Further, the Township has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the financial statements - regulatory basis referred to previously present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Township of Mount Olive as of December 31, 2011 and 2010 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the revenues - regulatory basis and the expenditures - regulatory basis of the various funds for the year ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 22, 2012 on our consideration of the Township of Mount Olive's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township of Mount Olive as a whole. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Mount Olive. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole on the basis of accounting described in Note 1.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
June 22, 2012

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Regular Fund			
Cash	A-4	\$ 4,335,134	\$ 4,444,365
Change Funds	A-5	1,600	1,450
Due from the State of New Jersey - Senior Citizens' and Veterans' Deductions	A-6	<u>29,403</u>	<u>31,157</u>
		<u>4,366,137</u>	<u>4,476,972</u>
Receivables and Other Assets with Full Reserves			
Delinquent Taxes Receivable	A-7	892,677	1,052,387
Tax Title Liens Receivable	A-8	471,536	346,530
Property Acquired for Taxes - Assessed Valuation	A-9	4,531,994	4,380,394
Revenue Accounts Receivable	A-10	<u>46,637</u>	<u>42,063</u>
		<u>5,942,844</u>	<u>5,821,374</u>
Deferred Charges			
Special Emergency Authorizations	A-11	<u>-</u>	<u>84,155</u>
Total Regular Fund		<u>10,308,981</u>	<u>10,382,501</u>
Federal and State Grant Fund			
Cash	A-4	141,965	54,732
Grants Receivable	A-24	<u>180,881</u>	<u>82,238</u>
Total Federal and State Grant Fund		<u>322,846</u>	<u>136,970</u>
Total Assets		<u>\$ 10,631,827</u>	<u>\$ 10,519,471</u>

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund			
Appropriation Reserves	A-3,A-12	\$ 178,683	\$ 142,677
Encumbrances Payable	A-13	300,965	481,474
Reserve for Outside Lienholders	A-17	6,893	-
Prepaid Taxes	A-16	356,904	476,251
Reserve for Tax Appeals	A-21	129,735	193,814
Fees Payable	A-15	600	600
Miscellaneous Reserves and Deposits	A-20	<u>499,707</u>	<u>285,272</u>
		1,473,487	1,580,088
Reserve for Receivables and Other Assets	A	5,942,844	5,821,374
Fund Balance	A-1	<u>2,892,650</u>	<u>2,981,039</u>
Total Regular Fund		<u>10,308,981</u>	<u>10,382,501</u>
Federal and State Grant Fund			
Encumbrances Payable	A-14	209,161	39,720
Reserve for Grants and Donations - Unappropriated	A-23	-	118
Reserve for Grants and Donations - Appropriated	A-22	<u>113,685</u>	<u>97,132</u>
Total Federal and State Grant Fund		<u>322,846</u>	<u>136,970</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,631,827</u>	<u>\$ 10,519,471</u>

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

REVENUE AND OTHER INCOME REALIZED	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Fund Balance Utilized	A-2	\$ 2,272,108	\$ 2,350,000
Miscellaneous Revenue Anticipated	A-2	5,461,324	5,122,192
Receipts from Delinquent Taxes	A-2	1,053,668	1,149,374
Receipts from Current Taxes	A-2	89,960,475	89,153,385
Non-Budget Revenue	A-2	352,357	254,578
Other Credits to Income			
Tax Sale Premium Escheated	A-20	3,100	100
Unexpended Balances of Appropriation Reserves	A-12	216,224	193,638
		<hr/>	<hr/>
Total Income		99,319,256	98,223,267
		<hr/>	<hr/>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	9,059,474	9,350,069
Other Expenses	A-3	8,350,748	7,892,302
Capital Improvements	A-3	75,000	
Municipal Debt Service	A-3	4,754,552	4,744,790
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	2,646,982	2,338,496
County Taxes	A-18	7,698,841	7,737,801
County Taxes - Added Taxes	A-18	27,353	16,374
County Taxes - Open Space Preservation	A-18	611,858	850,063
Added Taxes Due Library	A-1,2	3,809	
Local District School Taxes	A-19	61,396,190	60,702,860
Sanitation District Taxes	A-26	1,902,497	1,872,867
Sanitation District Taxes - Added Taxes	A-26	17,505	2,335
Municipal - Open Space Preservation	A-25	588,728	588,008
Other Debits to Income			
Prior Year Senior Citizens Deduction Disallowed - Net	A-6	2,000	1,250
		<hr/>	<hr/>
Total Expenditures		97,135,537	96,097,215
		<hr/>	<hr/>
Excess in Revenue		2,183,719	2,126,052

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Excess in Revenue (Brought Forward)		\$ 2,183,719	\$ 2,126,052
FUND BALANCE, JANUARY 1	A	<u>2,981,039</u>	<u>3,204,987</u>
		5,164,758	5,331,039
Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>2,272,108</u>	<u>2,350,000</u>
FUND BALANCE, DECEMBER 31,	A	<u>\$ 2,892,650</u>	<u>\$ 2,981,039</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	2011 Anticipated <u>Budget</u>	<u>Added</u> by NJS 40A:4-87	Realized in 2011	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 2,272,108	-	\$ 2,272,108	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-10	24,000		24,154	\$ 154
Fees and Permits					
Other	A-2	145,000		184,846	39,846
Fines and Costs - Municipal Court	A-10	400,000		334,061	(65,939)
Interest and Costs on Taxes	A-10	210,000		217,197	7,197
Interest on Investments and Deposits	A-2	9,000		6,908	(2,092)
Water Tower Rental - NYNEX	A-10	205,000		316,855	111,855
Interest on Developers' Deposit Fees	A-10	6,000		4,100	(1,900)
Life Hazard Use Fees	A-10	38,608		60,442	21,834
Fire Prevention Inspection Fees	A-10	73,000		77,205	4,205
Additional Fire Prevention - Chester	A-10	30,000		25,925	(4,075)
Consolidated Municipal Property Tax Relief	A-10	179,034		179,034	
Energy Receipts Tax	A-10	1,787,197		1,787,197	
Reserve for Garden State Trust Fund	A-10	66,707		66,707	
Reserve for Watershed Moratorium Aid	A-10	9,165		9,165	
Watershed Moratorium Aid	A-10	9,165		9,165	
Uniform Construction Code Fees	A-10	300,000		543,592	243,592
State and Federal Revenues Offset					
With Appropriations					
Interlocal Health Agreement	A-10	158,754		153,724	(5,030)
Interlocal Animal Control Agreement-Byram	A-10	7,000		7,630	630
Click it or Ticket	A-24	-	\$ 4,000	4,000	
Body Armor Replacement	A-24	-	4,590	4,590	
Recycling Tonnage Grant	A-24	30,241	73,801	104,042	
Alcohol, Education and Rehabilitation	A-24	-	647	647	
Highlands Council Grant	A-24	-	133,000	133,000	
Bulletproof Vest - Unappropriated	A-24	118		118	
Bulletproof Vest	A-24	9,382	9,500	18,882	
Public Health Emergency Response Grant	A-24	10,000		10,000	

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	2011 Anticipated <u>Budget</u>	<u>Added</u> by NJS 40A:4-87	Realized <u>in 2011</u>	Excess or <u>(Deficit)</u>
State and Federal Revenues Offset					
With Appropriations (Continued)					
Donation - Cablevision	A-24	\$ 2,000		\$ 2,000	
Donation - BASF	A-24		\$ 500	500	
Donation - Benjamin Moore	A-24	500	1,125	1,625	
Donation - Lion's Club	A-24		785	785	
Drunk Driving Enforcement Fund	A-24		16,761	16,761	
Direct Install Grant	A-24	17,000		17,000	
Clean Communities Program	A-24		48,825	48,825	
Donation - Morgan Funeral Home	A-24		400	400	
Emergency Notification System	A-24		25,000	25,000	
Other Special Items:					
Cable TV Franchise Fees	A-10	86,559		86,559	
Hotel Tax Revenues	A-10	170,000		201,652	\$ 31,652
Due from Mt. Olive Child Care - Lease	A-10	85,085		85,085	
General Capital Fund Surplus	A-10	5,095		5,095	
Due from Open Space Trust Fund - Debt Service	A-10	<u>686,851</u>	-	<u>686,851</u>	-
	A-1	<u>4,760,461</u>	<u>318,934</u>	<u>5,461,324</u>	<u>381,929</u>
Receipts from Delinquent Taxes	A-2	<u>1,000,000</u>	-	<u>1,053,668</u>	<u>53,668</u>
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for:					
Municipal Purposes	A-2	17,392,896	-	18,559,992	1,167,096
Minimum Library Tax	A-2	<u>1,178,702</u>	-	<u>1,178,702</u>	-
		<u>18,571,598</u>	-	<u>19,738,694</u>	<u>1,167,096</u>
Budget Totals		<u>\$ 26,604,167</u>	<u>\$ 318,934</u>	28,525,794	<u>\$ 1,602,693</u>
Non-Budget Revenue	A-2, A-4			<u>352,357</u>	
				<u>\$ 28,878,151</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

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

Reference

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections		
Revenue from Collections	A-7	\$ 89,960,475
Allocated to School, County and Special District Taxes	A-1, A-18, A-19, A-25, A-26	<u>72,246,781</u>
		17,713,694
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>2,025,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 19,738,694</u>
 Fees and Permits - Other		
Township Clerk	A-10	\$ 7,658
Board of Health	A-10	91,306
Registrar	A-10	2,904
SMA Clinic, Shots and Screenings	A-10	32,276
Police Department	A-10	12,881
Tax Search Officer	A-10	52
Tax Assessor	A-10	830
Engineering	A-10	4,465
Planning Board	A-10	15,595
Zoning Board	A-10	11,625
Water Testing	A-10	<u>5,254</u>
	A-2	<u>\$ 184,846</u>
 Interest on Investments and Deposits		
Revenue Accounts Receivable	A-10	\$ 6,006
Due from Federal and State Grant Fund	A-4	75
Due from General Capital Fund	C-7	<u>827</u>
	A-2	<u>\$ 6,908</u>
 Analysis of Receipts from Delinquent Taxes		
Taxes Receivable	A-7	\$ 1,025,824
Tax Title Liens	A-8	<u>27,844</u>
	A-2	<u>\$ 1,053,668</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	
Analysis of Non-Budget Revenue		
Miscellaneous Receipts		\$ 6,950
Bond Accrued Interest		90,633
CBS Outdoor Lease Agreement		4,682
Comcast Cable Franchise Fees		1,911
Interlocal Agreement with Netcong		8,333
Verizon Franchise Fees		29,671
Coffee Machine/Vending Receipts		25
Duplicate Tax Bills		75
NSF Fees		260
Prior Year Refunds		5,565
Paragon In-Lieu Tax		94,815
Abiding Peace In-Lieu Tax		56,156
Hackettstown Medical Rental		14,400
Syncarpha Lease Agreement		20,000
Administrative Fee- Seniors and Veterans		2,628
Inspection Fines		2,050
Off Duty Administrative Fee		<u>14,203</u>
	A-2,A-4	<u>\$ 352,357</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>2011 Appropriated</u>		<u>2011 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Mayor and Council					
Salaries & Wages	\$ 35,500	\$ 35,500	\$ 35,408	\$ 92	
Other Expenses	23,361	21,361	19,667	694	\$ 1,000
Township Clerk					
Salaries & Wages	158,074	157,474	157,469	5	
Other Expenses	18,326	18,326	17,636	690	
Business Administration					
Salaries & Wages	241,810	238,810	238,238	572	
Other Expenses	17,540	11,540	11,358	182	
Financial Administration					
Salaries & Wages	192,266	190,566	190,505	61	
Other Expenses	12,765	12,765	12,533	232	
Annual Audit	33,709	33,709	28,875	4,834	
Revenue Administration (Tax Collection)					
Salaries & Wages	65,075	63,975	63,900	75	
Other Expenses	7,311	6,311	5,802	509	
Assessment of Taxes					
Salaries & Wages	154,760	153,060	153,011	49	
Other Expenses	34,700	21,700	17,988	3,712	
Legal Services & Costs					
Other Expenses	270,716	332,716	332,207	509	
Engineering Services					
Salaries & Wages	40,842	37,142	34,377	2,765	
Other Expenses	14,986	14,986	13,321	1,665	
Industrial and Economic Development Committee					
Other Expenses	500	500	40	-	460
Pride Committee					
Other Expenses	2,853	2,853	2,614	239	
Open Space Committee					
Other Expenses	225	225	-	225	
Mount Olive Historical Society					
Other Expenses	1,000	1,000	1,000	-	
Ethics Board					
Other Expenses	500	200	-	200	
Information Technology Support					
Other Expenses	54,320	53,580	53,293	287	
LAND USE ADMINISTRATION					
Municipal Land Use Law (NJS 40:55D-1)					
Planning Board					
Salaries & Wages	159,998	160,648	160,629	19	
Other Expenses	34,801	33,801	32,933	868	
INSURANCE					
General Liability	227,943	227,943	227,890	-	53
Workers Compensation	278,597	278,597	278,597	-	
Employee Group Health	2,328,093	2,328,093	2,321,913	3,371	2,809
Employee Group Health - Waiver	10,000	8,000	7,982	-	18
Unemployment Insurance	200,000	100,000	100,000	-	
PUBLIC SAFETY					
Police					
Salaries & Wages	5,539,370	5,569,370	5,522,958	46,412	
Other Expenses	167,482	167,482	164,301	3,181	
Emergency Management System					
Salaries & Wages	4,481	4,571	4,562	9	
Other Expenses	1,718	15,218	14,014	1,204	
Fire					
Other Expenses					
Flanders Fire Company	69,203	69,203	69,203	-	
Budd Lake Fire Company	86,703	86,703	85,907	796	
Fire Hydrant Rental	15,026	15,526	15,317	209	

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

	<u>2011 Appropriated</u>		<u>2011 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
PUBLIC SAFETY (Continued)					
Fire (Continued)					
Contribution to Volunteer Fire Companies					
Flanders Fire Company	\$ 45,000	\$ 45,000	\$ 45,000		
Budd Lake Fire Company	36,124	36,124	36,124		
First Aid Organization - Contributions					
Budd Lake Rescue Squad	35,000	35,000	35,000		
Flanders Rescue Squad	35,000	35,000	35,000		
First Aid Organization					
Other Expenses					
Budd Lake Rescue Squad	55,000	55,000	54,909	\$ 91	
Flanders Rescue Squad	27,000	27,000	27,000	-	
Uniform Fire Safety Act (PL 1983, Ch. 183)					
Fire Prevention					
Salaries & Wages	120,660	122,860	122,771	89	
Other Expenses	13,043	11,543	10,333	1,210	
PUBLIC WORKS FUNCTIONS					
STREETS AND ROADS					
Road Repairs and Maintenance					
Salaries & Wages	814,787	822,287	816,142	6,145	
Other Expenses	350,680	350,680	346,866	3,814	
Street Signs					
Other Expenses	41,294	41,294	40,226	1,068	
Buildings and Grounds					
Salaries & Wages	353,383	353,383	353,204	179	
Other Expenses	259,924	247,424	231,857	10,567	\$ 5,000
Fleet Maintenance					
Other Expenses	587,781	584,781	582,848	1,933	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries & Wages	486,803	483,803	480,440	3,363	
Other Expenses	3,297	1,297	1,297	-	
Environmental Committee (R.S. 40:56A-1 et seq)					
Other Expenses	1,500	1,500	1,305	195	
Animal Control					
Other Expenses	49,750	49,750	49,750		
Division of Senior Social Services					
Salaries & Wages	96,021	96,021	94,728	1,293	
Other Expenses	10,920	10,920	9,202	1,718	
Mount Olive Municipal Alliance Commission					
Other Expenses	7,500	7,500	7,500		

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

	<u>2011 Appropriated</u>		<u>2011 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
Uniform Construction Code					
Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4-17)					
Inspection of Buildings					
Salaries & Wages	\$ 232,020	\$ 234,420	\$ 234,351	\$ 69	
Other Expenses	58,557	58,557	58,523	34	
UNCLASSIFIED					
Accumulated Absence Trust Fund	150,000	150,000	150,000		
UTILITY EXPENSE AND BULK PURCHASES					
Electricity	215,000	203,000	184,657	18,343	
Street Lighting	167,000	167,000	156,186	10,814	
Gas (Natural or Propane)	60,000	60,000	47,366	12,634	
Telecommunications	70,000	98,000	94,304	3,696	
Vehicle Fuel	374,000	336,000	332,775	3,225	
Municipal Court					
Salaries and Wages	337,584	337,584	324,568	11,016	\$ 2,000
Other Expenses	13,372	13,372	12,194	1,178	
Public Defender (P.L. 1977, C. 256)					
Other Expenses	9,377	9,377	9,277	100	-
Total Operations Within "CAPS"	<u>15,621,931</u>	<u>15,558,931</u>	<u>15,381,151</u>	<u>166,440</u>	<u>11,340</u>
Detail:					
Salaries & Wages	9,033,434	9,061,474	8,987,261	72,213	2,000
Other Expenses	6,588,497	6,497,457	6,393,890	94,227	9,340
Deferred Charges and Statutory Expenditures -					
Municipal Within "CAPS"					
Statutory Charges					
Public Employees Retirement System	522,194	522,194	522,194		
Social Security System (O.A.S.I.)	691,057	704,057	692,033	12,024	
Police and Firemen's Retirement System of NJ	1,336,076	1,336,076	1,336,076		-
Deferred Contribution Retirement Program	500	500	281	219	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>2,549,827</u>	<u>2,562,827</u>	<u>2,550,584</u>	<u>12,243</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>18,171,758</u>	<u>18,121,758</u>	<u>17,931,735</u>	<u>178,683</u>	<u>11,340</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
INSURANCE (N.J.S.A. 40A:4-45.3(OO))					
Maintenance of Free Public Library (Ch. 82, P.L. 1985)	1,178,702	1,178,702	1,178,702		
Length of Service Award Program (LOSAP)	130,000	130,000	130,000	-	-
Total Other Operations Excluded from "CAPS"	<u>1,308,702</u>	<u>1,308,702</u>	<u>1,308,702</u>	<u>-</u>	<u>-</u>

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

	2011 Appropriated		2011 Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)					
Interlocal Municipal Service Agreements					
Health Services	\$ 158,754	\$ 158,754	\$ 158,754		
Animal Control Services - Byram	7,000	7,000	7,000	-	-
Total Interlocal Municipal Service Agreements	165,754	165,754	165,754	-	-
Public and Private Programs Offset by Revenues					
Recycling Tonnage Grant	30,241	104,042	104,042		
Donation - Morgan Funeral Home		400	400		
Body Armor Fund		4,590	4,590		
Direct Install Grant	17,000	17,000	17,000		
Click it or Ticket		4,000	4,000		
Alcohol, Education and Rehabilitation		647	647		
Highlands Council Grant		133,000	133,000		
Bulletproof Vest	9,382	18,882	18,882		
Bulletproof Vest - Unappropriated Reserve	118	118	118		
Donation - Lion's Club		785	785		
Donation - BASF		500	500		
Donation - Cablevision	2,000	2,000	2,000		
Donation - Benjamin Moore	500	1,625	1,625		
Emergency Notification		25,000	25,000		
Drunk Driving Enforcement Fund		16,761	16,761		
Clean Communities Program		48,825	48,825		
Public Health Emergency Response Grant	10,000	10,000	10,000	-	-
Total Public and Private Programs Offset by Revenues	69,241	388,175	388,175	-	-
Total Operations Excluded from "CAPS"	1,543,697	1,862,631	1,862,631	-	-
Detail:					
Other Expenses	1,543,697	1,862,631	1,862,631	-	-
CAPITAL IMPROVEMENTS- EXCLUDED FROM "CAPS"					
Capital Improvement Fund	25,000	75,000	75,000	-	-
Total Capital Improvements Excluded from "CAPS"	25,000	75,000	75,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	3,390,000	3,390,000	3,390,000		
Interest on Bonds	792,258	792,258	792,254		\$ 4
Interest on Notes	31,038	31,038	31,037		1
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	150,788	150,788	150,788		
Wastewater Loan:					
Principal	262,630	262,630	262,630		
Interest	43,462	43,462	43,462		-
Morris County Improvement Program					
Lease Program					
Principal	55,000	55,000	55,000		
Interest	20,505	20,505	20,505		-
EDA Loan Payable	8,876	8,876	8,876	-	-
Total Municipal Debt Service Excluded from "CAPS"	4,754,557	4,754,557	4,754,552	-	5

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

	<u>2011 Appropriated</u>		<u>2011 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS"					
Special Emergency Authorizations - 5 Years	\$ 84,155	\$ 84,155	\$ 84,155	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>84,155</u>	<u>84,155</u>	<u>84,155</u>	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>6,407,409</u>	<u>6,776,343</u>	<u>6,776,338</u>	-	\$ 5
Subtotal General Appropriations	24,579,167	24,898,101	24,708,073	\$ 178,683	11,345
Reserve for Uncollected Taxes	<u>2,025,000</u>	<u>2,025,000</u>	<u>2,025,000</u>	-	-
Total General Appropriations	<u>\$ 26,604,167</u>	<u>\$ 26,923,101</u>	<u>\$ 26,733,073</u>	<u>\$ 178,683</u>	<u>\$ 11,345</u>
<u>Reference</u>	A-2			A	

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

	<u>Reference</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget	A-2	\$ 26,604,167	
Additional Appropriations (N.J.S.A. 40A:4-87)	A-2	<u>318,934</u>	
		<u>\$ 26,923,101</u>	
Cash Disbursed	A-4		\$ 24,864,217
Less Refunds	A-4		<u>929,439</u>
			23,934,778
Federal and State Grants Appropriated	A-22		388,175
Deferred Charges - Special Emergency	A-11		84,155
Encumbrances Payable	A-13		300,965
Reserve for Uncollected Taxes	A-2		<u>2,025,000</u>
			<u>\$ 26,733,073</u>

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
ANIMAL CONTROL TRUST FUND			
Cash	B-3	\$ 4,554	\$ 9,388
OTHER TRUST FUND			
Cash	B-3	5,893,071	5,835,910
OPEN SPACE TRUST FUND			
Cash	B-3	275,630	406,304
LENGTH OF SERVICE AWARD PROGRAM (LOSAP) TRUST FUND (Unaudited)			
Investments	B	1,225,450	1,240,254
Contribution Receivable	B	130,000	130,000
		<u>1,355,450</u>	<u>1,370,254</u>
Total Assets		<u>\$ 7,528,705</u>	<u>\$ 7,621,856</u>

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL TRUST FUND			
Due to State of New Jersey	B-5	\$ 125	\$ 30
Reserve for Animal Control Expenditures	B-4	<u>4,429</u>	<u>9,358</u>
		<u>4,554</u>	<u>9,388</u>
OTHER TRUST FUND			
Escrow Deposits	B-6	4,024,704	4,049,816
Due to the State of New Jersey	B-8	15,949	39,567
Reserve for Payroll and Payroll Deductions	B-10	4,000	4,134
Miscellaneous Reserves	B-7	<u>1,848,418</u>	<u>1,742,393</u>
		<u>5,893,071</u>	<u>5,835,910</u>
OPEN SPACE TRUST FUND			
Reserve for Open Space	B-9	<u>275,630</u>	<u>406,304</u>
LENGTH OF SERVICE AWARD PROGRAM (LOSAP) TRUST FUND (Unaudited)			
Reserve for Investments in Length of Service Award Program	B	<u>1,355,450</u>	<u>1,370,254</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 7,528,705</u>	<u>\$ 7,621,856</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - OPEN SPACE TRUST FUND**

	<u>Reference</u>	2011 Budget (Memorandum)	2011 Realized	Excess or (Deficit)
Amount to be Raised by Taxation	B-3	\$ 586,851	\$ 588,728	\$ 1,877
		<u>\$ 586,851</u>	588,728	<u>\$ 1,877</u>
Non-Budget Revenue	B-3		52,553	
			<u>\$ 641,281</u>	
Analysis of Non-Budget Revenue				
Interest on Investments and Deposits			\$ 318	
Reserve for Land Sale Proceeds			<u>52,235</u>	
			<u>\$ 52,553</u>	

EXHIBIT B-2

STATEMENT OF EXPENDITURES - REGULATORY BASIS - OPEN SPACE TRUST FUND

	<u>Reference</u>	2011 Budget (Memorandum)	2011 Paid or Charged	Excess or (Deficit)
Reserve for Future Use	B-3	\$ 586,851	\$ 85,104	\$ 501,747
Debt Service	B-3	-	686,851	(686,851)
		<u>\$ 586,851</u>	<u>\$ 771,955</u>	<u>\$ (185,104)</u>
	<u>Reference</u>		B-3	

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Cash	C-2,C-3	\$ 198,770	\$ 61,649
Deferred Charges to Future Taxation			
Funded	C-4	23,755,701	24,033,717
Unfunded	C-8	2,158,873	3,930,012
Department of Transportation Grant Receivable	C-5	60,000	47,850
Due from Green Acres Trust	C-13	90,000	32,800
Due from County of Morris Historic Preservation Trust Fund	C-6	<u>297,080</u>	<u>160,000</u>
 Total Assets		 <u>\$ 26,560,424</u>	 <u>\$ 28,266,028</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-10	\$ 21,481,000	\$ 21,299,000
Wastewater Loans Payable	C-16	1,128,376	1,391,006
EDA Loan Payable	C-17	17,752	26,628
Green Trust Loan Payable	C-18	457,936	566,837
Garden State Preservation Trust Loan Payable	C-19	305,637	330,246
MClA Loan Payable	C-20	365,000	420,000
Bond Anticipation Notes	C-21	887,365	1,850,000
Improvement Authorizations			
Funded	C-9	343,450	340,499
Unfunded	C-9	974,218	1,778,705
Capital Improvement Fund	C-11	10,773	6,438
Encumbrances Payable	C-12	508,479	199,074
Reserve for Pocket Parks	C-14	15,000	15,000
Reserve for Recreation Improvements	C-15	37,500	37,500
Fund Balance	C-1	<u>27,938</u>	<u>5,095</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 26,560,424</u>	 <u>\$ 28,266,028</u>

There were bonds and notes authorized but not issued on December 31, 2011 and 2010 of \$1,543,508 and \$2,080,012, respectively (See Exhibit C-22).

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Balance, January 1	C	\$ 5,095	\$ 36,216
Increased By:			
Cancellation of Funded Improvement Authorizations	C-9	<u>27,938</u>	<u>5,095</u>
		33,033	41,311
Decreased by:			
Utilized as Current Fund Revenue	C-7	<u>5,095</u>	<u>36,216</u>
Balance, December 31	C	<u>\$ 27,938</u>	<u>\$ 5,095</u>

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
OPERATING FUND			
Cash	D-5	\$ 438,636	\$ 460,297
Receivables With Full Reserves Consumer Accounts Receivable	D-7	<u>62,678</u>	<u>53,780</u>
Total Operating Fund		<u>501,314</u>	<u>514,077</u>
CAPITAL FUND			
Cash	D-5,D-6	340,172	525,814
Fixed Capital Authorized and Uncompleted	D-16	1,451,029	2,369,993
Fixed Capital	D-8	<u>5,850,064</u>	<u>5,190,925</u>
Total Capital Fund		<u>7,641,265</u>	<u>8,086,732</u>
Total Assets		<u>\$ 8,142,579</u>	<u>\$ 8,600,809</u>

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
LIABILITIES, RESERVES AND FUND BALANCES			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-3,14	\$ 51,268	\$ 37,775
Encumbrances Payable	D-9	46,032	79,594
Accrued Interest on Bonds	D-10	6,139	9,832
		<u>103,439</u>	<u>127,201</u>
Reserve for Receivables	D	62,678	53,780
Fund Balance	D-1	335,197	333,096
		<u>501,314</u>	<u>514,077</u>
CAPITAL FUND			
Serial Bonds	D-15	597,000	1,003,000
NJEIT Loan Payable	D-13	382,200	
Encumbrances Payable	D-17	776,175	140,192
Improvement Authorizations:			
Funded	D-18	290,752	559,120
Unfunded	D-18	372,085	1,651,159
Capital Improvement Fund	D-19	5,750	5,750
Reserve for Amortization	D-12	5,207,228	4,727,511
Fund Balance	D-4	10,075	-
		<u>7,641,265</u>	<u>8,086,732</u>
Total Capital Fund		<u>7,641,265</u>	<u>8,086,732</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 8,142,579</u>	<u>\$ 8,600,809</u>

There were bonds and notes authorized but not issued at December 31, 2011 and 2010 of \$1,114,665 and \$1,830,407, respectively, (See Exhibit D-20)

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING
FUND BALANCE - REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	D-2	\$ 200,849	\$ 340,787
Rents	D-2	1,416,055	1,467,722
Other Budget Revenues	D-2	83,920	105,978
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-14	<u>78,281</u>	<u>50,941</u>
 Total Income		 <u>1,779,105</u>	 <u>1,965,428</u>
EXPENDITURES			
Budget Appropriations			
Operating	D-3	1,097,764	1,173,313
Debt Service	D-3	430,717	449,111
Deferred Charges and Statutory Expenditures	D-3	<u>47,674</u>	<u>48,643</u>
 Total Expenditures		 <u>1,576,155</u>	 <u>1,671,067</u>
 Excess in Revenue		 202,950	 294,361
 FUND BALANCE, JANUARY 1,	D	 <u>333,096</u>	 <u>379,522</u>
		536,046	673,883
Decreased by:			
Utilized as Anticipated Revenue	D-1	<u>200,849</u>	<u>340,787</u>
 FUND BALANCE, DECEMBER 31,	D	 <u>\$ 335,197</u>	 <u>\$ 333,096</u>

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Reference</u>	2011 <u>Anticipated</u>	2011 <u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	D-1	\$ 200,849	\$ 200,849	
Rents	D-1, D-7	1,384,000	1,416,055	\$ 32,055
Miscellaneous	D-1	<u>90,000</u>	<u>83,920</u>	<u>(6,080)</u>
		<u>\$ 1,674,849</u>	<u>\$ 1,700,824</u>	<u>\$ 25,975</u>
 <u>Analysis of Miscellaneous Budget Revenue</u>				
	<u>Reference</u>	D-3		
Tower Rental Fees			\$ 73,631	
Pool Permits			2,500	
Interest on Delinquent Rents			5,807	
Miscellaneous			<u>1,034</u>	
	D-5		<u>82,972</u>	
Interest on Investments:				
Cash Receipts	D-5		504	
Due from Water Capital Fund	D-11		<u>444</u>	
			<u>948</u>	
Total Miscellaneous Revenue	D-1, D-2		<u>\$ 83,920</u>	

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>2011 Appropriated</u>		<u>2011 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATING					
Salaries and Wages	\$ 417,386	\$ 422,386	\$ 419,537	\$ 2,849	
Other Expenses	775,878	770,378	627,294	48,084	\$ 95,000
DEBT SERVICE					
Payment of Bond Principal	406,000	406,000	406,000		
Interest on Bonds	28,411	28,411	24,717		3,694
STATUTORY EXPENDITURES					
Contribution to Public Employee Retirement System	15,244	15,244	15,244		
Social Security System	31,930	32,430	32,095	335	-
	<u>\$ 1,674,849</u>	<u>\$ 1,674,849</u>	<u>\$ 1,524,887</u>	<u>\$ 51,268</u>	<u>\$ 98,694</u>
	<u>Reference</u>	D-2	D-2	D	
Cash Disbursed	D-5		\$ 1,458,233		
Less: Refunds	D-5		<u>4,095</u>		
			1,454,138		
Encumbrances Payable	D-9		46,032		
Accrued Interest on Bonds and Notes	D-10		<u>24,717</u>		
			<u>\$ 1,524,887</u>		

The Accompanying Notes are in Integral Part of these Financial Statements

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Balance, January 1	D	\$ 5,783	
Increased By:			
Cancellation of Improvement Authorizations	D-18	<u>\$ 10,075</u>	<u>-</u>
		10,075	5,783
Decreased By:			
Transfer to Water Utility Operating Fund	D-4	<u>-</u>	<u>5,783</u>
Balance, December 31	D	<u>\$ 10,075</u>	<u>\$ -</u>

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
OPERATING FUND			
Cash	E-7	\$ 1,670,477	\$ 2,412,078
Receivables With Full Reserves			
Consumer Accounts Receivable	E-9	360,211	220,997
Utility Liens Receivable	E-10	<u>-</u>	<u>515</u>
		<u>360,211</u>	<u>221,512</u>
Total Operating Fund		<u>2,030,688</u>	<u>2,633,590</u>
ASSESSMENT TRUST FUND			
Cash	E-7	771,836	995,917
Assessments Receivable	E-11	1,840,762	2,553,653
Assessment Lien Receivable	E-12	810	1,522
Prospective Assessments Funded	E-13	<u>3,136,573</u>	<u>3,194,846</u>
Total Assessment Trust Fund		<u>5,749,981</u>	<u>6,745,938</u>
CAPITAL FUND			
Fixed Capital	E-18	32,998,105	32,919,152
Fixed Capital Authorized and Uncompleted	E-17	<u>700,000</u>	<u>-</u>
Total Capital Fund		<u>33,698,105</u>	<u>32,919,152</u>
Total Assets		<u>\$ 41,478,774</u>	<u>\$ 42,298,680</u>

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Appropriation Reserves	E-4,E-16	\$ 25,871	\$ 140,031
Encumbrances Payable	E-14	47,333	61,967
Accrued Interest on Bonds and Notes	E-22	<u>90,578</u>	<u>117,376</u>
		163,782	319,374
Reserve for Receivables	E	360,211	221,512
Fund Balance	E-1	<u>1,506,695</u>	<u>2,092,704</u>
Total Operating Fund		<u>2,030,688</u>	<u>2,633,590</u>
ASSESSMENT TRUST FUND			
Serial Bonds	E-24	478,000	573,000
Wastewater Loans Payable	E-15	3,989,516	5,525,034
Reserve for Assessment Interest and Costs	E-20	147	186
Reserve for Prospective Assessments Funded	E-19	<u>1,282,318</u>	<u>647,718</u>
		<u>5,749,981</u>	<u>6,745,938</u>
CAPITAL FUND			
Serial Bonds	E-23	1,932,000	2,267,000
Wastewater Loans Payable	E-15	295,068	367,862
Improvement Authorizations - Unfunded	E-26	700,000	
Reserve for Amortization	E-21	<u>30,771,037</u>	<u>30,284,290</u>
Total Capital Fund		<u>33,698,105</u>	<u>32,919,152</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 41,478,774</u>	<u>\$ 42,298,680</u>

There were bonds and notes authorized but not issued at December 31, 2011 and 2010 of \$700,000 and \$0, respectively, (See Exhibit E-27)

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING
FUND BALANCE - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	E-2	\$ 1,141,249	\$ 970,279
Sewer Rents and liens	E-2	3,595,789	3,772,020
Other Budget Revenues	E-2	209,642	254,341
Unexpended Balance of Appropriation Reserves	E-16	<u>163,503</u>	<u>46,940</u>
 Total Income		 <u>5,110,183</u>	 <u>5,043,580</u>
EXPENDITURES			
Budget Appropriations			
Operating	E-4	3,163,084	3,192,866
Capital Outlay	E-4	78,953	
Deferred Charges and Statutory Expenditures	E-4	683,895	344,798
Debt Service	E-4	<u>629,011</u>	<u>695,979</u>
 Total Expenditures		 <u>4,554,943</u>	 <u>4,233,643</u>
 Excess in Revenue		 555,240	 809,937
 FUND BALANCE, JANUARY 1	E	 <u>2,092,704</u>	 <u>2,253,046</u>
 Decreased by:		 2,647,944	 3,062,983
Utilized as Anticipated Revenue	E-1	<u>1,141,249</u>	<u>970,279</u>
 FUND BALANCE, DECEMBER 31	E	 <u>\$ 1,506,695</u>	 <u>\$ 2,092,704</u>

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

	<u>Reference</u>	2011 <u>Anticipated</u>	2011 <u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	E-1	\$ 1,141,249	\$ 1,141,249	
Rents	E-1,E-9,E-10	3,600,000	3,595,789	\$ (4,211)
Miscellaneous	E-1	50,000	54,241	4,241
Reimbursement - Mt. Olive School District	E-1,E-7	70,000	84,647	14,647
Interest on Assessments	E-1,E-7	<u>75,000</u>	<u>70,754</u>	<u>(4,246)</u>
		<u>\$ 4,936,249</u>	<u>\$ 4,946,680</u>	<u>\$ 10,431</u>
	<u>Reference</u>	E-4		
Analysis of Miscellaneous Revenues				
Interest on Delinquent Rents			\$ 51,645	
Return Check Fees			<u>170</u>	
	E-7		51,815	
Interest on Investments and Deposits:				
Sewer Operating Fund	E-7	\$ 1,941		
Sewer Assessment Trust Fund	E-7	<u>485</u>		
			<u>2,426</u>	
Total Miscellaneous Revenues	E-2		<u>\$ 54,241</u>	

**STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY ASSESSMENT TRUST FUND**

	<u>Reference</u>	2011 <u>Anticipated</u>	2011 <u>Realized</u>	Excess or <u>(Deficit)</u>
Assessment Cash	E-7	\$ 995,917	\$ 995,917	-
Deficit (Sewer Operating Budget)	E-7	<u>634,600</u>	<u>634,600</u>	-
		<u>\$ 1,630,517</u>	1,630,517	<u>\$ -</u>
	<u>Reference</u>	E-5		
Assessment Liens	E-7,12		673	
Receipts from Sale of EDU's	E-7		<u>58,273</u>	
			<u>\$ 1,689,463</u>	

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

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATING					
Salaries and Wages	\$ 377,834	\$ 384,334	\$ 381,958	\$ 2,376	
Other Expenses	869,011	861,911	813,700	23,211	\$ 25,000
Musconetcong Sewerage Authority	2,113,851	2,113,851	1,941,839		172,012
CAPITAL IMPROVEMENTS					
Capital Outlay	210,000	210,000	78,953		131,047
DEBT SERVICE					
Payment of Bond and Loan Principal	407,794	407,794	407,794		
Interest on Bonds and Loans	274,464	274,464	221,217		53,247
DEFERRED CHARGES					
Anticipated Deficit - Sewer Assessment Trust Fund	634,600	634,600	634,600		
STATUTORY EXPENDITURES					
Contribution to Public Employees Retirement System	19,791	19,791	19,791		
Social Security System	28,904	29,504	29,220	284	-
	<u>\$ 4,936,249</u>	<u>\$ 4,936,249</u>	<u>\$ 4,529,072</u>	<u>\$ 25,871</u>	<u>\$ 381,306</u>

	<u>Reference</u>	E-2	E-2	E
Cash Disbursed	E-7		\$ 4,272,389	
Less: Refunds	E-7		<u>11,867</u>	
			4,260,522	
Accrued Interest on Bonds and Notes	E-22		221,217	
Encumbrances Payable	E-14		<u>47,333</u>	
			<u>\$ 4,529,072</u>	

The Accompanying Notes are in Integral Part of these Financial Statements

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY ASSESSMENT TRUST FUND**

	<u>Reference</u>	<u>2011 Budget</u>	<u>2011 Paid or Charged</u>	<u>Variance</u>
Payment of Loan Principal	E-15	\$ 1,535,517	\$ 1,535,518	\$ (1)
Payment of Bond Principal	E-24	<u>95,000</u>	<u>95,000</u>	<u>-</u>
		<u>\$ 1,630,517</u>	<u>\$ 1,630,518</u>	<u>\$ (1)</u>
	<u>Reference</u>	E-3		
	Cash Disbursed		<u>\$ 1,630,518</u>	

**TOWNSHIP OF MOUNT OLIVE
 COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
 SOLID WASTE COLLECTION DISTRICT FUND
 AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Cash	F-4	\$ 508,252	\$ 307,681
Due from County of Morris	F-5	<u>59,841</u>	<u>116,711</u>
Total Assets		<u>\$ 568,093</u>	<u>\$ 424,392</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	F-3, F-6	\$ 42,072	\$ 17,282
Encumbrance Payable	F-7	<u>91,195</u>	<u>179,595</u>
Fund Balance		133,267	196,877
	F-1	<u>434,826</u>	<u>227,515</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 568,093</u>	<u>\$ 424,392</u>

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS - SOLID WASTE COLLECTION DISTRICT FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	F-1		\$ 26,672
Sanitation District Taxes	F-2	\$ 1,920,002	1,875,202
Host Benefit Fees	F-2	736,352	666,468
Recycling Revenue	F-2	45,335	16,917
Bulk Item Pick-Up Fees	F-2	22,604	26,899
Yard Waste Fees	F-2	1,306	1,373
Dumpster Fees	F-2	6,760	11,180
Nonbudget Revenue	F-2	3,671	420
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	F-6	<u>46,459</u>	<u>63,211</u>
 Total Revenues		 <u>2,782,489</u>	 <u>2,688,342</u>
 EXPENDITURES			
Budget Appropriations:			
Operating	F-3	2,425,950	2,332,386
Statutory Expenditures	F-3	<u>149,228</u>	<u>131,794</u>
 Total Expenditures		 <u>2,575,178</u>	 <u>2,464,180</u>
 Excess in Revenue		 207,311	 224,162
 FUND BALANCE, JANUARY 1	 F	 <u>227,515</u>	 <u>30,025</u>
		434,826	254,187
Decreased by:			
Utilized as Anticipated Revenue	F-1	<u>-</u>	<u>26,672</u>
 BALANCE, DECEMBER 31,	 F	 <u>\$ 434,826</u>	 <u>\$ 227,515</u>

The Accompanying Notes are in Integral Part of these Financial Statements

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - SOLID WASTE COLLECTION DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Sanitation District Taxes	F-1	\$ 1,902,497	\$ 1,920,002	\$ 17,505
Host Benefit Fees -				
Transfer Station	F-1	563,481	668,891	105,410
County Reimbursement	F-1	61,000	67,461	6,461
Recycling Revenue	F-1	16,000	45,335	29,335
Bulk Item Pick-Up Fees	F-1	25,000	22,604	(2,396)
Dumpster Fees	F-1	6,000	6,760	760
Yard Waste Fees	F-1	1,200	1,306	106
		<u>672,681</u>	<u>812,357</u>	<u>139,676</u>
 Total		 <u>\$ 2,575,178</u>	 2,732,359	 <u>\$ 157,181</u>
 Nonbudget Revenue	 F-1, F-4		 <u>3,671</u>	
			 <u>\$ 2,736,030</u>	
 <u>Analysis of Revenues</u>				
Cash Receipts	F-4		\$ 2,067,139	
Due from County of Morris	F-5		<u>668,891</u>	
	F-2		<u>\$ 2,736,030</u>	
 <u>Analysis of Non Budget Revenue</u>				
Interest on Investments and Deposits			\$ 337	
Prior Year Refunds			3,294	
NSF Fees			<u>40</u>	
	F-2,F-4		<u>\$ 3,671</u>	

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SOLID WASTE COLLECTION DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATING				
Salaries and Wages	\$ 1,106,446	\$ 1,101,846	\$ 1,066,870	\$ 34,976
Other Expenses	1,292,604	1,292,604	1,291,168	1,436
Health Benefit Waiver	7,500	7,500	3,193	4,307
Recycling Tax	20,000	24,000	22,919	1,081
STATUTORY EXPENDITURES				
Contribution to Public Employees				
Retirement System	63,985	63,985	63,985	
Social Security System	84,643	85,243	84,971	272
Total	<u>\$ 2,575,178</u>	<u>\$ 2,575,178</u>	<u>\$ 2,533,106</u>	<u>\$ 42,072</u>
	<u>Reference</u>	F-2	F-2	F-2
Cash Disbursed	F-4			\$ 2,501,609
Less Refunds	F-4			<u>59,698</u>
Encumbrances Payable	F-7			2,441,911
				<u>91,195</u>
				<u>\$ 2,533,106</u>

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
RECREATION UTILITY FUND
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
OPERATING FUND			
Cash	G-4	\$ 100,986	\$ 131,258
Total Operating Fund		<u>100,986</u>	<u>131,258</u>
CAPITAL FUND			
Fixed Capital	G-7	<u>2,595</u>	<u>2,595</u>
Total Capital Fund		<u>2,595</u>	<u>2,595</u>
Total Assets		<u>\$ 103,581</u>	<u>\$ 133,853</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Appropriation Reserves	G-3, G-6	\$ 28,312	\$ 28,386
Encumbrance Payable	G-5	<u>4,485</u>	<u>11,189</u>
Fund Balance	G-2	<u>32,797</u> <u>68,189</u>	<u>39,575</u> <u>91,683</u>
Total Operating Fund		<u>100,986</u>	<u>131,258</u>
CAPITAL FUND			
Reserve for Amortization	G-8	<u>2,595</u>	<u>2,595</u>
Total Capital Fund		<u>2,595</u>	<u>2,595</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 103,581</u>	<u>\$ 133,853</u>

The Accompanying Notes are in Integral Part of these Financial Statements

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS - RECREATION UTILITY FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Anticipated	G-2	\$ 43,400	\$ 87,600
Program Fees	G-2	352,767	359,559
Non-Budget Revenue	G-2	197	454
Unexpended Balance of Appropriation Reserves	G-6	<u>31,842</u>	<u>31,793</u>
 Total Revenues		 <u>428,206</u>	 <u>479,406</u>
 EXPENDITURES			
Budget Appropriations:			
Operating	G-3	387,372	401,961
Statutory Expenditures	G-3	<u>20,928</u>	<u>15,593</u>
 Total Expenditures		 <u>408,300</u>	 <u>417,554</u>
 Excess in Revenue		 19,906	 61,852
 FUND BALANCE, JANUARY 1	 G	 <u>91,683</u>	 <u>117,431</u>
 Decreased by:		 111,589	 179,283
Utilized as Anticipated Revenue	G-1,2	<u>43,400</u>	<u>87,600</u>
 BALANCE, DECEMBER 31,	 G	 <u>\$ 68,189</u>	 <u>\$ 91,683</u>

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - RECREATION UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	G-1	\$ 43,400	\$ 43,400	
New Programs	G-1	89,964	89,964	
Program Fees	G-1	260,000	260,000	
Additional New Programs	G-1	<u>139,936</u>	<u>2,803</u>	\$ (137,133)
 Total		 <u>\$ 533,300</u>	 396,167	 <u>\$ (137,133)</u>
 Nonbudget Revenue	 G-1,G-4		 <u>197</u>	
			 <u>\$ 396,364</u>	
 <u>Analysis of Budget Revenues</u>				
Fund Balance Anticipated	G-2		\$ 43,400	
Cash Receipts	G-4		<u>352,767</u>	
			 <u>\$ 396,167</u>	
 <u>Analysis of Nonbudget Revenues</u>				
Interest on Investments and Deposits			\$ 177	
Returned Check Fee			<u>20</u>	
	G-1,G-2,G-4		 <u>\$ 197</u>	

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
RECREATION UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATING					
Salaries & Wages	\$ 273,568	\$ 273,568	\$ 215,538	\$ 13,030	\$ 45,000
Other Expenses	238,804	238,804	147,962	10,842	80,000
STATUTORY EXPENDITURES					
Social Security System	<u>20,928</u>	<u>20,928</u>	<u>16,488</u>	<u>4,440</u>	<u>-</u>
Total	<u>\$ 533,300</u>	<u>\$ 533,300</u>	<u>\$ 379,988</u>	<u>\$ 28,312</u>	<u>\$ 125,000</u>
	<u>Reference</u>	G-2	G-2	G	G
Cash Disbursed	G-4		\$ 375,503		
Encumbrances Payable	G-5		<u>4,485</u>		
			<u>\$ 379,988</u>		

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
Land	\$ 20,927,400	\$ 20,819,500
Buildings and Building Improvements	12,248,200	12,248,200
Machinery and Equipment	<u>16,161,892</u>	<u>15,888,827</u>
Total Assets	<u>\$ 49,337,492</u>	<u>\$ 48,956,527</u>
 RESERVES		
Investment in General Fixed Assets	<u>\$ 49,337,492</u>	<u>\$ 48,956,527</u>
Total Reserves	<u>\$ 49,337,492</u>	<u>\$ 48,956,527</u>

NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Mount Olive have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). 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 accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

A. Reporting Entity

The Township of Mount Olive (the "Township") was incorporated in 1871 and operates under an elected (Mayor/Council) form of government. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the municipal library, volunteer fire companies and rescue squads, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. The Township also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Township has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Township as collateral.

Open Space Trust Fund - This fund is used to account for the receipts and disbursements relating to the preservation of open space.

Length of Service Award Program Trust Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Township.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Water Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Township's water utility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the water utility is accounted for in the capital section of the fund.

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Township's sanitary sewerage system and the assets and liabilities relative to such activities. Special benefit assessments levied against properties for specific purposes are accounted for in the assessment trust section of the fund. Acquisition or improvement of capital facilities and other capital assets for the sewer utility is accounted for in the capital section of the fund.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Solid Waste Collection District Fund – This fund is used to account for the revenues and expenditures for operation of the solid waste collection district.

Recreation Utility Fund - This fund is used to account for the revenues and expenditures for operation of the Township's recreation and recreational facilities and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the recreation utility is accounted for in the capital section of the fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Township, other than those accounted for in the water, sewer and recreation utility funds. The Township's infrastructure is not reported in the account group.

The Township of Mount Olive follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Utility Rents - Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Recreation utility charges are based on a fee schedule for type of activity. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's water and sewer utility operating funds. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant and Similar Award Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Township is not required to adopt budgets for the following funds:

Trust Funds (Except for Open Space and the Sewer Assessment Trust Funds)
Capital Funds

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2011 and 2010 the Township Council increased the original budget by \$318,934 and \$43,774. The increases were funded by additional aid allotted to the Township. In addition, the governing body approved several budget transfers during 2011 and 2010.

TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

Appropriation Reserves – Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to N.J.S.A. 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

Property Acquired for Taxes – Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

**TOWNSHIP OF MOUNT OLIVE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Township of Mount Olive has developed a fixed assets accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized.

Fixed Assets are stated as follows:

Land	Assessed Value
Buildings and Building Improvements	Assessed Value
Machinery and Equipment	Estimated Historical Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the water, sewer and recreation utility funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Reclassifications - Certain reclassifications may have been made to the December 31, 2010 balances to conform to the December 31, 2011 presentation.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

C. Basic Financial Statements

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

NOTE 2 DEPOSITS AND INVESTMENTS

The Township considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

Deposits

The Township's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Township is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2011 and 2010, the book value of the Township's deposits were \$14,681,083 and \$15,646,843 and bank and brokerage firm balances of the Township's deposits amounted to \$15,110,410 and \$15,761,130, respectively. The Township's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2011</u>	<u>2010</u>
Insured	\$ 15,110,410	\$ 6,809,709
Uninsured and Uncollateralized	-	8,951,421
	\$ 15,110,410	\$ 15,761,130

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk. As of December 31, 2011 and 2010, the Township’s bank balances of \$- and \$8,951,421 were exposed to custodial credit risk as follows:

	<u>2011</u>	<u>2010</u>
Uninsured and Uncollateralized		
Collateral held by pledging financial institution's trust department but not in the Township's name	\$ -	\$ 8,951,421

Investments

The Township is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Township or bonds or other obligations of the school districts which are a part of the Township or school districts located within the Township, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Township is permitted to invest LOSAP funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2011 and 2010, the Township had the following investments:

	<u>Fair Value</u>
<u>2011</u>	
Investment:	
Length of Service Award Program	\$ 1,225,450
	<u>Fair Value</u>
<u>2010</u>	
Investment:	
Length of Service Award Program	\$ 1,240,254

**TOWNSHIP OF MOUNT OLIVE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Township does not have a policy for custodial risk. As of December 31, 2011 and 2010, \$1,225,450 and \$1,240,254 of the Township’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>	
	<u>2011</u>	<u>2010</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Township's name	\$ 1,225,450	\$ 1,240,254

Interest Rate Risk – The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Township does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Township places no limit in the amount the Township may invest in any one issuer.

The fair value of the above-listed investments were based on quoted market prices.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Utility Capital Funds and Utility Assessment Trust Fund are assigned to the Utility Operating Funds in accordance with the regulatory basis of accounting.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 3 TAXES AND UTILITY RENTS RECEIVABLE

Receivables at December 31, 2011 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility</u> <u>Sewer</u>	<u>Total</u>
<u>2011</u>				
Property Taxes	\$ 892,677			\$ 892,677
Tax Title Liens	471,536			471,536
Utility Rents	-	\$ 62,678	\$ 360,211	422,889
	<u>\$ 1,364,213</u>	<u>\$ 62,678</u>	<u>\$ 360,211</u>	<u>\$ 1,787,102</u>

In 2011, the Township collected \$1,053,668 and \$275,292 from delinquent taxes and utility rents, which represented 74%, 100% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2010.

Receivables at December 31, 2010 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility</u> <u>Sewer</u>	<u>Total</u>
<u>2010</u>				
Property Taxes	\$ 1,052,387			\$ 1,052,387
Tax Title Liens	346,530			346,530
Utility Rents		\$ 53,780	\$ 220,997	274,777
Utility Liens	-	-	515	515
	<u>\$ 1,398,917</u>	<u>\$ 53,780</u>	<u>\$ 221,512</u>	<u>\$ 1,674,209</u>

In 2010, the Township collected \$1,149,374 and \$276,604 from delinquent taxes and utility rents, which represented 82%, 100% and 99% of the adjusted delinquent tax, water and sewer charges receivable at December 31, 2009.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and utility funds. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Township's debt is summarized as follows:

	<u>2011</u>	<u>2010</u>
Issued		
General		
Bonds, Notes and Loans	\$ 24,643,066	\$ 25,883,717
Water Utility		
Bonds and Notes	979,200	1,003,000
Sewer Utility		
Bonds and Notes	2,227,068	2,634,862
Sewer Utility Assessment		
Bonds and Notes	<u>4,467,516</u>	<u>6,098,034</u>
	32,316,850	35,619,613
Less: Funds Temporarily Held to Pay Bonds and Notes	<u>771,836</u>	<u>995,917</u>
Net Debt Issued	<u>31,545,014</u>	<u>34,623,696</u>
Authorized But Not Issued		
General		
Bonds and Notes	1,543,508	2,080,012
Water Utility		
Bonds and Notes	1,114,665	1,830,407
Sewer Utility		
Bonds and Notes	<u>700,000</u>	<u>-</u>
	<u>3,358,173</u>	<u>3,910,419</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 34,903,187</u>	<u>\$ 38,534,115</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of .73% and .74% at December 31, 2011 and 2010, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2011</u>			
General Debt	\$ 26,186,574	\$ 365,000	\$ 25,821,574
School Debt	54,180,000	54,180,000	
Utility Debt	<u>9,488,449</u>	<u>9,448,449</u>	<u>-</u>
Total	<u>\$ 89,855,023</u>	<u>\$ 63,993,449</u>	<u>\$ 25,821,574</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2010</u>			
General Debt	\$ 27,963,729	\$ 420,000	\$ 27,543,729
School Debt	57,187,861	57,187,861	
Utility Debt	<u>11,566,303</u>	<u>11,566,303</u>	<u>-</u>
Total	<u>\$ 96,717,893</u>	<u>\$ 69,174,164</u>	<u>\$ 27,543,729</u>

Statutory Borrowing Power

The Township's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2011</u>	<u>2010</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 123,441,183	\$ 130,037,157
Net Debt	<u>25,821,574</u>	<u>27,543,729</u>
Remaining Borrowing Power	<u>\$ 97,619,609</u>	<u>\$ 102,493,428</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt

The Township's long-term debt consisted of the following at December 31:

General Obligation Bonds

The Township levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2011</u>	<u>2010</u>
\$5,795,000, 2003 Bonds, due in annual installments of \$390,000 through February 15, 2019, interest at 3.00% to 3.375%	\$ 3,120,000	\$ 3,510,000
\$2,958,000, 2004 Bonds, due in annual installments of \$290,000 to \$300,000 through February 15, 2016, interest at 3.60% to 3.95%	1,488,000	1,763,000
\$1,430,000, 2005 Bonds, due in annual installments of \$160,000 through April 1, 2015, interest at 3.375% to 3.75%	640,000	800,000
\$1,320,000, 2005 Tax Appeal Bonds, due in annual installments of \$260,000 through April 1, 2011, interest at 3.375%	-	260,000
\$7,190,000, 2005 Refunding Bonds, due in annual installments of \$200,000 to \$760,000 through February 15, 2019, interest at 3.625% to 5.00%	5,300,000	5,980,000
\$3,279,000, 2006 Bonds, due in annual installments of \$220,000 to \$230,000 through May 15, 2021, interest at 4.00% to 4.10%	2,289,000	2,509,000
\$3,405,000, 2007 Bonds, due in annual installments of \$225,000 to \$230,000 through March 15, 2017 at 3.75%	1,365,000	1,925,000

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt (Continued)

General Obligation Bonds (Continued)

	<u>2011</u>	<u>2010</u>
\$1,372,000, 2008 Bonds, due in annual installments of \$375,000 to \$377,000 through September 1, 2013 at 3.00%	\$ 752,000	\$ 1,002,000
\$4,105,000, 2009 Refunding Bonds, due in annual installments of \$590,000 to \$595,000 through February 15, 2016 at 4.00%	2,955,000	3,550,000
\$1,537,000, 2011 Bonds, due in annual installments of \$100,000 to \$200,000 through April 15, 2020 at 3.00% to 3.50%	1,537,000	
\$575,000, 2011 Refunding Bonds, due in annual installments of \$175,000 to \$200,000 through April 15, 2014 at 3.00%	575,000	
\$1,460,000, 2011 Refunding Bonds, due in annual installments of \$240,000 to \$250,000 through April 15, 2017 at 3.00%	<u>1,460,000</u>	<u>-</u>
	<u>\$ 21,481,000</u>	<u>\$ 21,299,000</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt (Continued)

Water Utility Bonds

The Township pledges revenue from operations to pay debt service on utility bonds issued. The water utility bonds outstanding at December 31 are as follows:

	<u>2011</u>	<u>2010</u>
Water Utility Bonds		
\$416,000, 2006 Bonds, due in annual installments of \$106,000 through May 15, 2011, interest at 4.00%		\$ 106,000
\$645,000, 2007 Bonds, due in annual installment of \$180,000 through March 15, 2012, interest at 3.750%	\$ 180,000	355,000
\$757,000, 2008 Bonds, due in annual installments of \$207,000 to \$210,000 through September 1, 2013, interest at 3.00%	<u>417,000</u>	<u>542,000</u>
Total Water Utility Bonds	<u>\$ 597,000</u>	<u>\$ 1,003,000</u>
Sewer Capital Fund	<u>2011</u>	<u>2010</u>
\$2,957,000, 2005 Refunding Bonds, due in annual installments of \$135,000 to \$335,000 through August 15, 2018, interest at 3.25% to 5.00%	<u>\$ 1,932,000</u>	<u>\$ 2,267,000</u>
Total Sewer Capital Fund	<u>1,932,000</u>	<u>2,267,000</u>
Sewer Assessment Trust Fund		
\$668,000, 2005 Bonds, due in annual installments of \$95,000 to \$98,000 through August 15, 2016, interest at 3.25% to 5.00%	<u>478,000</u>	<u>573,000</u>
Total Sewer Assessment Trust Fund	<u>478,000</u>	<u>573,000</u>
Total Sewer Utility Bonds	<u>\$ 2,410,000</u>	<u>\$ 2,840,000</u>

**TOWNSHIP OF MOUNT OLIVE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt (Continued)

Garden State Preservation Trust Loan Payable

The Township has entered into a loan agreement with the New Jersey Department of Environmental Protection for the financing relating to the Turkey Brook Park Development Project in the Township for Recreational and Conservation purposes. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued. The loan balance outstanding at December 31, which is included in the General Capital Fund, is as follows:

	<u>2011</u>	<u>2010</u>
\$500,000, 2002 Loan due in semi-annual installments of \$12,489 to \$15,392 through July 2022, interest at 2.00%	\$ 305,637	\$ 330,246

Green Trust Loan Payable

The Township has entered into loan agreements with the New Jersey Department of Environmental Protection for the financing relating to the Acquisition and Condemnation of Land in the Township for Recreational and Conservation purposes. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued. The loan balances outstanding at December 31, which is included in the General Capital Fund, is as follows:

	<u>2011</u>	<u>2010</u>
\$1,884,294, 1996 Loan due in semi-annual installments of \$55,269 to \$59,255 through December, 2015, interest at 2.00%	\$ 457,936	\$ 566,837

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt (Continued)

Wastewater Loans Payable

The Township has entered into three loan agreements with the New Jersey Department of Environmental Protection and Energy Fund and the New Jersey Wastewater Treatment Trust for the financing relating to the cost of the Township's Wastewater Treatment System Projects. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued in the General Capital Fund and pledges and utilizes sewer fees to pay debt service in the Sewer Capital Fund. The loan balances outstanding at December 31, which is included in the General Capital Fund and Water Utility and Sewer Utility Funds, are as follows:

	<u>2011</u>	<u>2010</u>
\$21,024,543, 1993 Loan due in semi-annual installments of \$12,796 to \$1,920,957 through February 2013, interest at 4.2% to 4.8%	\$ 3,345,945	\$ 4,731,671
\$7,001,920, 1995 Loan due in semi-annual installments of \$4,377 to \$456,119 through August 2015, interest at 4.6% to 5.25%	1,771,947	2,184,369
\$1,231,851, 1996 Loan due in semi-annual installments of \$2,888 to \$67,980 through August 2016, interest at 5.0% to 5.25%	295,068	367,862
\$382,200, 2011 Loan due in semi-annual installments of \$4,858 to \$15,798 through August 2031, interest at to	382,200	-
	<u>\$ 5,795,160</u>	<u>\$ 7,283,902</u>
	<u>2011</u>	<u>2010</u>
General Capital Fund	\$ 1,128,376	\$ 1,391,006
Water Utility Fund	382,200	
Sewer Utility Fund	<u>4,284,584</u>	<u>5,892,896</u>
	<u>\$ 5,795,160</u>	<u>\$ 7,283,902</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt (Continued)

EDA Loan Payable

The Township has entered into a loan agreement with the New Jersey Economic Development Authority through the UST Petroleum Remediation, Upgrade and Closure Fund for the financing relating to the improvement of Township property. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued. The loan balance outstanding at December 31, which is included in the General Capital Fund, is as follows:

	<u>2011</u>	<u>2010</u>
\$88,760, 2003 Loan due in annual installments of \$8,876 through June 2013, interest at 0.00%	\$ 17,752	\$ 26,628
	<u>\$ 17,752</u>	<u>\$ 26,628</u>

Loan Revenue Bonds (MCIA)

The Township has entered into a loan agreement with the Morris County Improvement Authority for the financing relating to the funding of the Township's early retirement incentive pension program. The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued. The loan balance outstanding at December 31, which is included in the General Capital Fund, is as follows:

	<u>2011</u>	<u>2010</u>
\$650,000 2003 Loan due in annual installments of \$50,000 to \$95,000 through February 2016, interest at 1.75% to 5.75%	\$ 365,000	\$ 420,000
	<u>\$ 365,000</u>	<u>\$ 420,000</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt (Continued)

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2011 is as follows:

Calendar Year	General		Water Utility		Sewer Utility		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$ 3,958,196	\$ 894,999	\$ 399,717	\$ 16,398	\$ 2,079,425	\$ 207,252	\$ 7,555,987
2013	4,058,282	697,914	226,087	7,970	2,580,012	135,661	7,705,926
2014	3,715,254	547,667	19,097	1,750	652,895	84,903	5,021,566
2015	3,602,817	404,930	19,113	1,734	642,252	55,798	4,726,644
2016	3,010,184	267,724	19,135	1,713	470,000	28,650	3,797,406
2017-2021	5,380,337	357,750	96,268	7,970	270,000	16,199	6,128,524
2022-2026	30,631	460	98,230	6,009	-	-	135,330
2027-2031	-	-	101,553	2,685	-	-	104,238
Total	\$ 23,755,701	\$ 3,171,444	\$ 979,200	\$ 46,229	\$ 6,694,584	\$ 528,463	\$ 35,175,621

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years 2011 and 2010 were as follows:

	Balance, December 31, 2010	Additions	Reductions	Balance, December 31, 2011	Due Within One Year
2011					
General Capital Fund					
Bonds Payable	\$ 21,299,000	\$ 3,572,000	\$ 3,390,000	\$ 21,481,000	\$ 3,545,000
Intergovernmental Loans Payable	2,734,717	-	460,016	2,274,701	413,196
General Capital Fund Long-Term Liabilities	\$ 24,033,717	\$ 3,572,000	\$ 3,850,016	\$ 23,755,701	\$ 3,958,196
Water Utility Capital Fund					
Bonds Payable	\$ 1,003,000	-	\$ 406,000	\$ 597,000	\$ 390,000
Intergovernmental Loans	-	\$ 382,200	-	382,200	9,717
Water Utility Capital Fund Long-Term Liabilities	\$ 1,003,000	\$ 382,200	\$ 406,000	\$ 979,200	\$ 399,717
Sewer Utility Capital Fund					
Bonds Payable	\$ 2,267,000	-	\$ 335,000	\$ 1,932,000	\$ 335,000
Intergovernmental Loans	367,862	-	72,794	295,068	71,510
Sewer Utility Capital Fund Long-Term Liabilities	\$ 2,634,862	\$ -	\$ 407,794	\$ 2,227,068	\$ 406,510

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>	Due Within <u>One Year</u>
<u>2011 (Continued)</u>					
Sewer Utility Assessment Fund					
Bonds Payable	\$ 573,000		\$ 95,000	\$ 478,000	\$ 95,000
Intergovernmental Loans	<u>5,525,034</u>	<u>-</u>	<u>1,535,518</u>	<u>3,989,516</u>	<u>1,577,915</u>
Sewer Utility Assessment Fund Long-Term Liabilities	<u>\$ 6,098,034</u>	<u>\$ -</u>	<u>\$ 1,630,518</u>	<u>\$ 4,467,516</u>	<u>\$ 1,672,915</u>
	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>	Due Within <u>One Year</u>
<u>2010</u>					
General Capital Fund					
Bonds Payable	\$ 24,524,000	\$ -	\$ 3,225,000	\$ 21,299,000	\$ 3,390,000
Intergovernmental Loans Payable	<u>3,193,206</u>	<u>-</u>	<u>458,489</u>	<u>2,734,717</u>	<u>460,016</u>
General Capital Fund Long-Term Liabilities	<u>\$ 27,717,206</u>	<u>\$ -</u>	<u>\$ 3,683,489</u>	<u>\$ 24,033,717</u>	<u>\$ 3,850,016</u>
Water Utility Capital Fund					
Bonds Payable	\$ 1,413,000	\$ -	\$ 410,000	\$ 1,003,000	\$ 406,000
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 1,413,000</u>	<u>\$ -</u>	<u>\$ 410,000</u>	<u>\$ 1,003,000</u>	<u>\$ 406,000</u>
Sewer Utility Capital Fund					
Bonds Payable	\$ 2,597,000		\$ 330,000	\$ 2,267,000	\$ 335,000
Intergovernmental Loans	<u>433,722</u>	<u>-</u>	<u>65,860</u>	<u>367,862</u>	<u>72,794</u>
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 3,030,722</u>	<u>\$ -</u>	<u>\$ 395,860</u>	<u>\$ 2,634,862</u>	<u>\$ 407,794</u>
Sewer Utility Assessment Fund					
Bonds Payable	\$ 668,000		\$ 95,000	\$ 573,000	\$ 95,000
Intergovernmental Loans	<u>7,024,864</u>	<u>-</u>	<u>1,499,830</u>	<u>5,525,034</u>	<u>1,535,518</u>
Sewer Utility Assessment Fund Long-Term Liabilities	<u>\$ 7,692,864</u>	<u>\$ -</u>	<u>\$ 1,594,830</u>	<u>\$ 6,098,034</u>	<u>\$ 1,630,518</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt

The Township's short-term capital debt activity for the years 2011 and 2010 was as follows:

	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 1,850,000	\$ 2,347,365	\$ 3,310,000	\$ 887,365
	Balance December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 1,275,000	\$ 1,850,000	\$ 1,275,000	\$ 1,850,000

In addition to the debt shown in the above schedule, municipalities may issue debt to finance special emergency appropriations. This debt which is not included in the Township's statutory debt limit calculation is reported in the Current Fund for the year 2010 as follows:

	Balance December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Special Emergency Notes	\$ 192,200	\$ -	\$ 192,200	\$ -

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years 2011 and 2010.

	Balance January 1, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Land	\$ 20,819,500	\$ 130,100	\$ 22,200	\$ 20,927,400
Buildings and Building Improvements	12,248,200			12,248,200
Machinery and Equipment	<u>15,888,827</u>	<u>426,108</u>	<u>153,043</u>	<u>16,161,892</u>
	<u>\$ 48,956,527</u>	<u>\$ 556,208</u>	<u>\$ 175,243</u>	<u>\$ 49,337,492</u>
	Balance January 1, <u>2010</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Land	\$ 20,819,500			\$ 20,819,500
Buildings and Building Improvements	12,248,200			12,248,200
Machinery and Equipment	<u>15,911,842</u>	<u>\$ 287,187</u>	<u>\$ 310,202</u>	<u>15,888,827</u>
	<u>\$ 48,979,542</u>	<u>\$ 287,187</u>	<u>\$ 310,202</u>	<u>\$ 48,956,527</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 5 FIXED ASSETS (Continued)

The following is a summary of changes in the utility funds fixed assets for the years 2011 and 2010.

Water Utility Fund Fixed Assets

	Balance January 1, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Fixed Capital				
System and System Improvements	\$ 5,190,925	\$ 659,139	\$ -	\$ 5,850,064

	Balance January 1, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Fixed Capital				
System and System Improvements	\$ 5,142,119	\$ 48,806	\$ -	\$ 5,190,925

Sewer Utility Fund Fixed Assets

	Balance January 1, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Fixed Capital				
Sewer Coll. & Treatment System	\$ 24,476,290			\$ 24,476,290
Construction of Sewer Connection	1,508,302			1,508,302
MSA Capital Charges	675,018			675,018
Refunding Bond Ordinances	5,130,142			5,130,142
Pump Station Improvements	266,060			266,060
Various Improvements	560,314	\$ 78,953		639,267
Vehicles and Equipment	303,026	-	-	303,026
	<u>\$ 32,919,152</u>	<u>\$ 78,953</u>	<u>\$ -</u>	<u>\$ 32,998,105</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 5 FIXED ASSETS (Continued)

Sewer Utility Fund Fixed Assets (Continued)

	Balance January 1, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Fixed Capital				
Sewer Coll. & Treatment System	\$ 24,476,290			\$ 24,476,290
Construction of Sewer Connection	1,508,302			1,508,302
MSA Capital Charges	675,018			675,018
Refunding Bond Ordinances	5,130,142			5,130,142
Pump Station Improvements	266,060			266,060
Various Improvements	425,314	\$ 135,000		560,314
Vehicles and Equipment	303,026	-	-	303,026
	<u>\$ 32,784,152</u>	<u>\$ 135,000</u>	<u>\$ -</u>	<u>\$ 32,919,152</u>

Recreation Utility Fund Fixed Assets

	Balance January 1, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Fixed Capital				
Various Equipment & Improvements	\$ 2,595	-	-	\$ 2,595

	Balance January 1, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Fixed Capital				
Various Equipment & Improvements	\$ 2,595	-	-	\$ 2,595

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 6 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Funds are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	Fund Balance December 31, <u>2011</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2010</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 2,863,247	\$ 2,200,000	\$ 2,865,727	\$ 2,272,108
Non-Cash Surplus	<u>29,403</u>	<u>-</u>	<u>115,312</u>	<u>-</u>
	<u>\$ 2,892,650</u>	<u>\$ 2,200,000</u>	<u>\$ 2,981,039</u>	<u>\$ 2,272,108</u>
Water Utility Operating Fund				
Cash Surplus	335,197	\$ 215,017	333,096	\$ 200,849
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 335,197</u>	<u>\$ 215,017</u>	<u>\$ 333,096</u>	<u>\$ 200,849</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 1,506,695	\$ 1,134,224	\$ 2,092,704	\$ 1,141,249
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,506,695</u>	<u>\$ 1,134,224</u>	<u>\$ 2,092,704</u>	<u>\$ 1,141,249</u>
Solid Waste Collection District				
Cash Surplus	\$ 374,985	\$ 96,637	\$ 110,804	\$ -
Non-Cash Surplus	<u>59,841</u>	<u>-</u>	<u>116,711</u>	<u>-</u>
	<u>\$ 434,826</u>	<u>\$ 96,637</u>	<u>\$ 227,515</u>	<u>\$ -</u>
Recreation Utility Fund				
Cash Surplus	\$ 68,189	\$ 55,000	\$ 91,683	\$ 43,400
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 68,189</u>	<u>\$ 55,000</u>	<u>\$ 91,683</u>	<u>\$ 43,400</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 7 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2010 the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance</u> <u>December 31,</u>	<u>Subsequent</u> <u>Year Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Years</u>
<u>2010</u>			
Current Fund			
Special Emergency Authorizations	\$ 84,155	\$ 84,155	\$ -

NOTE 8 COMPENSATED ABSENCES

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate (with certain restrictions) unused vacation benefits and sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$3,280,813 and \$3,335,675 at December 31, 2011 and 2010, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

On April 30, 2002 the Township adopted an ordinance establishing an accumulated absence benefit fund to reserve funds to meet obligations that arise as a result of compensatory time that has accrued and is due upon retirement.

As of December 31, 2011 and 2010, the Township has reserved in the Other Trust Fund \$- and \$44,048, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Township employees who are eligible for pension coverage.

Police and Firemen’s Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

Public Employees’ Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Township employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required contributions for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and to attain age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years, PFRS and PERS Prosecutors Part active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2012, the member contribution rates increase in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 78.5 percent and \$10.7 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for all the retirement systems and (2) 5.45 percent for projected salary increases for all the retirement systems except PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% for PERS, 8.50% for PFRS and 5.50% for DCRP of employees' annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2011, 2010 and 2009, the Township was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2011	\$ 1,336,076	\$ 621,214	\$ 281
2010	1,117,010	521,453	281
2009	1,072,319	450,165	227

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 10 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Township.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teachers Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 547 state and local participating employers and contributing entities for Fiscal Year 2011.

The State of New Jersey sponsors and administers the following health benefit program covering substantially all local government employees from local participating employers.

Health Benefits Program Fund (HBPF) – Local Government (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

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 the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 10 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$108.1 million for 8,161 eligible retired members for Fiscal Year 2011.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 10 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$34.2 million in Fiscal Year 2011 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Township's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the year ended December 31, 2011 and 2010 were approximately \$450,281 and \$192,372, which equaled the required contributions for each year.

NOTE 11 RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Township has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Township should they occur.

The Township of Mount Olive is a member of the Morris County Municipal Joint Insurance Fund (MJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The MJIF and MEL coverage amounts are on file with the Township.

The relationship between the Township and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Township is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 11 RISK MANAGEMENT (Continued)

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 Township contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Township's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended December 31</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 100,000	\$ 217,053	\$ 242,402	\$ 89,967
2010		147,750	196,305	15,316
2009		17,916	26,897	63,871

NOTE 12 CONTINGENT LIABILITIES

The Township is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Township's Attorney, the potential claims against the Township not covered by insurance policies would not materially affect the financial condition of the Township.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2011 and 2010. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. As of December 31, 2011 and 2010, the Township reserved \$129,735 and \$193,814, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Township participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of December 31, 2011 and 2010, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Township.

NOTE 13 FEDERAL ARBITRAGE REGULATIONS

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2011 and 2010, the Township has not estimated any potential arbitrage earnings due to the IRS.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 14 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Township of Mount Olive Length of Service Award Program (the Plan) was created by a Township ordinance adopted on August 24, 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Mount Olive approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Companies and the rescue squads, come from contributions made solely by the Township on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Township of Mount Olive has contributed \$1,467 and \$1,442 for 2011 and 2010, respectively, for each eligible volunteer company and rescue squad members into the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Township has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln National Life Insurance Company is the administrator of the plan. The Township's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Township perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Township's Trust Funds.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 15 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Township had the following commitments with respect to unfinished capital projects:

<u>2011</u> <u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
Design and Construction of Fuel Depot	\$ 327,520	2012
Flanders Well No. 2 Upgrade Project	669,330	2012
Tinc Farm-Lynnwood Goldmine Interconnection Project	39,352	2012

<u>2010</u> <u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
Construction of Library	\$ 101,248	2011

NOTE 16 SUBSEQUENT EVENTS

Refunding Bonds

On February 16, 2012 the Township awarded the sale of \$3,815,000 General Improvement Refunding Bonds to RBC Capital Markets at an interest rate of 2.00% to 4.00%. These bonds will mature over 7 years with the first maturity due February 15, 2013.

The Bonds are being issued to (i) currently refund all or a portion of the \$2,730,000 outstanding principal amount of its General Improvement Bonds, Series 2003, dated May 15, 2003 (the "2003 Refunded Bonds") (ii) currently refund all or a portion of the \$1,198,000 outstanding principal amount of its General Improvement Bonds, Series 2004, dated May 15, 2004 (the "2004 Refunded Bonds" and, together with the 2003 Refunded Bonds, the "Refunded Bonds") and (iii) pay certain costs associated with the issuance of the Bonds. The 2003 Refunded Bonds maturing on February 15, 2013 through 2019, inclusive, will be called for redemption on March 31, 2012 at a redemption price of 100.5% of the principal amount to be refunded and the 2004 Refunded Bonds maturing on February 15, 2013 through 2016, inclusive, will be called for redemption on March 31, 2012 at a redemption price of 100.5% of the principal amount to be refunded.

CURRENT FUND

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF CURRENT CASH - TREASURER**

	<u>Current Fund</u>	<u>State and Federal Grant Fund</u>
Balance, December 31, 2010	\$ 4,444,365	\$ 54,732
Increased by Receipts:		
Taxes Receivable	\$ 90,378,422	
Tax Title Liens Receivable	27,844	
Non-Budget Revenues	352,357	
State of NJ - Senior Citizens' and Vet. Deductions	131,380	
Revenue Accounts Receivable	4,304,429	
Fees Payable	3,075	
Prepaid Taxes	356,904	
Receipts from Open Space Trust Fund	686,851	
Receipts from General Capital Fund	5,922	
Receipts from State and Federal Grant Fund	75	
Reserve for Outside Lienholders	813,963	
Budget Refunds	929,439	
Interest on Investments and Deposits		\$ 75
Grants Receivable		257,016
Tax Overpayments	89,459	
Miscellaneous Reserves and Deposits	617,307	
	<u>98,697,427</u>	<u>-</u>
	103,141,792	257,091
		311,823
Decreased by Disbursements:		
2011 Budget Appropriations	24,864,217	
2010 Appropriation Reserves	407,927	
Change Fund	150	
Miscellaneous Reserves and Deposits	323,900	
Reserve for Outside Lienholders	807,070	
Encumbrances Payable		39,720
Reserve for Grants Appropriated		130,063
Fees Payable	3,075	
County Taxes Payable	8,338,052	
Local District School Taxes Payable	61,396,190	
Sanitation District Taxes Payable	1,920,002	
Open Space Trust Taxes Payable	588,728	
Additional Library Tax	3,809	
Reserve for Tax Appeals	64,079	
Cash Disbursed to Current Fund		75
Tax Overpayments	89,459	
	<u>98,806,658</u>	<u>-</u>
	4,335,134	169,858
Balance, December 31, 2011	<u>\$ 4,335,134</u>	<u>\$ 141,965</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF CASH - CHANGE FUNDS**

	Balance, December 31, <u>2010</u>	<u>Increased</u>	Balance, December 31, <u>2011</u>
Tax Collector	\$ 900		\$ 900
Planning	50		50
Water and Sewer	100		100
Police Department	50		50
Recreation	50		50
Municipal Court	50	\$ 150	200
Buildings/Construction	100		100
Sanitation	50		50
Municipal Beach	50		50
Township Clerk	<u>50</u>	<u>-</u>	<u>50</u>
	<u>\$ 1,450</u>	<u>\$ 150</u>	<u>\$ 1,600</u>

EXHIBIT A-6

**STATEMENT OF DUE FROM THE STATE OF NEW JERSEY
FOR SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2010		\$ 31,157
Increased by:		
Veterans Deductions Per Tax Billings - 2011	\$ 108,750	
Senior Citizen Deductions Per Tax Billings - 2011	21,500	
Senior Citizen Deductions Allowed Per Tax Collector-2011	1,250	
Veterans Deductions Allowed Per Tax Collector - 2011	750	
Senior Citizen Deductions Allowed Per Tax Collector-2010	<u>250</u>	
		<u>132,500</u>
		163,657
Decreased by:		
Cash Received	131,380	
Senior Citizen Deductions Disallowed Per Tax Collector-2011	624	
Senior Citizen Deductions Disallowed Per Tax Collector-2010	<u>2,250</u>	
		<u>134,254</u>
Balance, December 31, 2011		<u>\$ 29,403</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF TAXES RECEIVABLE**

Year	Balance, December 31, 2010	2011 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collections		Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2011
					2010	2011				
2007	\$ 1,073				\$ 1,073					
2008	2,939				2,939					
2009	9,922				7,148					\$ 2,774
2010	<u>1,038,453</u>	<u>-</u>	<u>\$ 29,357</u>	<u>\$ 2,250</u>	<u>-</u>	<u>1,014,664</u>	<u>\$ 250</u>	<u>\$ 2</u>	<u>\$ 46,352</u>	<u>8,792</u>
	1,052,387	-	29,357	2,250	-	1,025,824	250	2	46,352	11,566
2011	<u>-</u>	<u>\$ 91,082,115</u>	<u>-</u>	<u>624</u>	<u>\$ 476,251</u>	<u>89,352,598</u>	<u>132,250</u>	<u>118,410</u>	<u>122,119</u>	<u>881,111</u>
	<u>\$ 1,052,387</u>	<u>\$ 91,082,115</u>	<u>\$ 29,357</u>	<u>\$ 2,874</u>	<u>\$ 476,251</u>	<u>\$ 90,378,422</u>	<u>\$ 132,500</u>	<u>\$ 118,412</u>	<u>\$ 168,471</u>	<u>\$ 892,677</u>

Analysis of 2011 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 90,782,942
Added Taxes	<u>299,173</u>
	<u>\$ 91,082,115</u>
Tax Levy	
County Taxes (Abstract)	\$ 7,698,841
Due County for Added and Omitted Taxes	27,353
County Open Space Preservation	<u>611,858</u>
	\$ 8,338,052
Local District School Tax (Abstract)	61,396,190
Local Sanitation District	1,902,497
Local Sanitation District - Added Taxes	<u>17,505</u>
	1,920,002
Local Open Space Levy	586,851
Local Open Space Levy-Added Taxes	<u>1,877</u>
	588,728
Local Tax for Municipal Purposes	17,392,896
Minimum Library Tax	1,178,702
Add Additional Tax Levied	<u>267,545</u>
	<u>18,839,143</u>
	<u>\$ 91,082,115</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, December 31, 2010		\$ 346,530
Increased by:		
Interest and Costs - 2011 Tax Sale	\$ 3,211	
Added Taxes	3,935	
Transfers from Taxes Receivable	<u>168,471</u>	
		<u>175,617</u>
		522,147
Decreased by:		
Transferred to Foreclosed Property	22,767	
Collections	<u>27,844</u>	
		<u>50,611</u>
Balance, December 31, 2011		<u>\$ 471,536</u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)**

Balance, December 31, 2010		\$ 4,380,394
Increased by:		
Transfer from Tax Title Liens	\$ 22,767	
Adjustment to Assessed Valuation	<u>128,833</u>	
		<u>151,600</u>
Balance, December 31, 2011		<u>\$ 4,531,994</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2010</u>	Accrued in 2011	<u>Collected</u>	Balance, December 31, <u>2011</u>
Township Clerk				
Licenses				
Alcoholic Beverages		\$ 24,154	\$ 24,154	
Fees and Permits		7,658	7,658	
Board of Health				
Fees and Permits		91,306	91,306	
Registrar				
Fees and Permits		2,904	2,904	
SMA Clinic, Shots and Screening				
Fees and Permits		32,276	32,276	
Police Department				
Fees and Permits		12,881	12,881	
Tax Search Officer				
Fees and Permits		52	52	
Tax Assessor				
Fees and Permits		830	830	
Engineering				
Fees and Permits		4,465	4,465	
Planning Board				
Fees and Permits		15,595	15,595	
Zoning Board				
Fees and Permits		11,625	11,625	
Water Testing				
Fees and Permits		5,254	5,254	
Municipal Court				
Fines and Costs	\$ 24,189	333,090	334,061	\$ 23,218
Interest and Costs on Taxes		217,197	217,197	
Interest on Investments and Deposits		6,006	6,006	
Water Tower Rental - NYNEX		316,855	316,855	
Interest on Developers' Deposit Fees		4,100	4,100	
Life Hazard Use Fees		60,442	60,442	
Fire Prevention Inspection Fees		77,205	77,205	
Additional Fire Prevention - Chester		25,925	25,925	
Reserve for Garden State Trust Fund		66,707	66,707	
Reserve for Watershed Moratorium Aid		9,165	9,165	
Watershed Moratorium Aid		9,165	9,165	
Consolidated Municipal Property Tax Relief		179,034	179,034	
Energy Receipts Taxes		1,787,197	1,787,197	
Uniform Construction Code Fees	17,874	549,137	543,592	23,419
Interlocal Health Agreement		153,724	153,724	
Interlocal Animal Control Agreement		7,630	7,630	
Cable TV Franchise Fee		86,559	86,559	
Hotel Tax Revenues		201,652	201,652	
General Capital Fund Surplus		5,095	5,095	
Due from Open Space Trust Fund - Debt Service		686,851	686,851	
Due from Mt. Olive Child Care - Lease	-	85,085	85,085	-
	<u>\$ 42,063</u>	<u>\$ 5,076,821</u>	<u>\$ 5,072,247</u>	<u>\$ 46,637</u>
			\$ 4,304,429	
			66,707	
			9,165	
			5,095	
			686,851	
			<u>\$ 5,072,247</u>	

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF DEFERRED CHARGES-SPECIAL EMERGENCY AUTHORIZATIONS**

	<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance, December 31, 2010</u>	<u>Raised in 2011</u>	<u>Balance, December 31, 2011</u>
Revaluation of Real Property	\$ 604,000	\$ 120,800	\$ 84,155	\$ 84,155	\$ -

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF 2010 APPROPRIATION RESERVES**

	Balance, December 31, <u>2010</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
SALARIES AND WAGES				
General Government				
Mayor and Council				
Township Clerk	\$ 1,180	\$ 1,180		\$ 1,180
Business Administration	487	487		487
Assessment of Taxes	19	19		19
Engineering Services and Costs	612	612		612
Public Safety				
Police	23,472	23,472	\$ 4,328	19,144
Fire Prevention	49	49		49
Streets and Roads				
Road Repairs and Maintenance	1,705	1,705		1,705
Buildings and Grounds	10	10		10
Health and Human Services				
Board of Health	4,280	4,280		4,280
Division of Senior Social Services	428	428		428
Code Enforcement - Inspection of Buildings	1	1		1
Municipal Court	1,117	1,117		1,117
OTHER EXPENSES				
Mayor and Council	2,070	2,894	679	2,215
Township Clerk	233	363		363
Business Administration	2,350	2,764	326	2,438
Financial Administration		4,275	4,095	180
Annual Audit		5,582		5,582
Revenue Administration	50	2,048	1,603	445
Assessment of Taxes	518	42,056	42,056	-
Legal Services & Costs	3,814	23,260	14,865	8,395
Engineering Services and Costs	1,965	5,404	516	4,888
Pride Committee	1,032	2,149	1,117	1,032
Open Space Committee		225		225
Mt. Olive Historical Society		600		600
Information Technology Support	34	5,984	4,543	1,441
Planning Board	4,606	9,852	2,412	7,440
Public Safety				
Police	3,457	18,796	17,495	1,301
Emergency Management System	437	437		437
Fire				
Budd Lake Fire Company	796	796		796
Flanders Fire Company		547		547
First Aid Organization				
Budd Lake Rescue Squad	91	19,135	\$ 15,469	3,666
Flanders Rescue Squad	8	8		8
Fire Prevention	1,579	1,621	17	1,604
Fire Hydrant Rental		517	464	53
Streets and Roads				
Road Repairs and Maintenance	3,725	49,859	24,600	25,259

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF 2010 APPROPRIATION RESERVES**

	Balance, December 31, <u>2010</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OTHER EXPENSES (Continued)				
Street Signs	\$ 1,338	\$ 4,126	\$ 2,199	\$ 1,927
Buildings and Grounds	26,839	51,592	18,603	32,989
Fleet Maintenance	1	50,007	46,924	3,083
Health and Human Services				
Board of Health	1,449	24,267	17,759	6,508
Environmental Committee		970		970
Division of Senior Social Services	558	1,047		1,047
Code Enforcement - Inspection of Buildings	1,182	32,476	28,494	3,982
Utilities				
Electricity	3,176	5,176	1,369	3,807
Street Lighting	5,974	18,371	11,187	7,184
Gas	17,570	25,237	10,639	14,598
Telecommunications	27	7,737	4,861	2,876
Vehicle Fuel	10,186	25,698	11,840	13,858
Municipal Court	3,166	3,629	463	3,166
Public Defender	100	300		300
Statutory Charges				
Social Security System	7,535	7,535		7,535
Deferred Contribution Retirement Program	19	19		19
Insurance				
Employee Group Health	3,432	3,432	213	3,219
Length of Service Award Program (LOSAP)	-	130,000	118,791	11,209
	<u>\$ 142,677</u>	<u>\$ 624,151</u>	<u>\$ 407,927</u>	<u>\$ 216,224</u>
Appropriation Reserves		\$ 142,677		
Encumbrances Payable		<u>481,474</u>		
		<u>\$ 624,151</u>		

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF ENCUMBRANCES PAYABLE
CURRENT FUND**

Balance, December 31, 2010	\$ 481,474
Increased by:	
Charges to 2011 Appropriations	300,965
	782,439
Decreased by:	
Transferred to Appropriation Reserves	481,474
Balance, December 31, 2011	\$ 300,965

EXHIBIT A-14

**STATEMENT OF ENCUMBRANCES PAYABLE
STATE AND FEDERAL GRANTS FUND**

Balance, December 31, 2010	\$ 39,720
Increased by:	
Charges to Appropriated Grant Reserves	209,161
	248,881
Decreased by:	
Cash Disbursements	39,720
Balance, December 31, 2011	\$ 209,161

EXHIBIT A-15

STATEMENT OF FEES PAYABLE

Balance, December 31, 2010	\$ 600
Increased by:	
Cash Received	3,075
	3,675
Decreased by:	
Cash Disbursed	3,075
Balance, December 31, 2011	\$ 600

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2010	\$	476,251
Increased by:		
Collection of 2012 Taxes		356,904
		833,155
Decreased by:		
Application to 2011 Taxes Receivable		476,251
Balance, December 31, 2011	\$	356,904

STATEMENT OF RESERVE FOR OUTSIDE LIENHOLDERS

Increased By:		
Cash Receipts	\$	813,963
Decreased By:		
Cash Disbursements		807,070
Balance, December 31, 2011	\$	6,893

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
2011 Tax Levy	\$	7,698,841
2011 Open Space Preservation		611,858
2011 Added and Omitted Taxes (54:4-63.1 et seq.)		27,353
	\$	8,338,052
Decreased by:		
Cash Disbursed	\$	8,338,052

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

Increased by:		
Levy - Calendar Year 2011		\$ <u>61,396,190</u>
Decreased by:		
Cash Disbursed		\$ <u>61,396,190</u>

STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS

	Balance, December 31, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2011</u>
Reserve for Tax Sale Premiums	\$ 209,400	\$ 550,600	\$ 327,000	\$ 433,000
Reserve for Watershed Moratorium	9,165		9,165	
Reserve for Garden State Trust Fund	<u>66,707</u>	<u>66,707</u>	<u>66,707</u>	<u>66,707</u>
	<u>\$ 285,272</u>	<u>\$ 617,307</u>	<u>\$ 402,872</u>	<u>\$ 499,707</u>
Cash Receipts		\$ 617,307		
Cash Disbursements			\$ 323,900	
Escheated to Township			3,100	
Utilized as Budget Revenue		<u>-</u>	<u>75,872</u>	
		<u>\$ 617,307</u>	<u>\$ 402,872</u>	

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2010	\$ 193,814
Decreased by:	
Cash Disbursed	<u>64,079</u>
Balance, December 31, 2011	<u>\$ 129,735</u>

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF RESERVE FOR APPROPRIATED GRANTS AND DONATIONS
FEDERAL AND STATE GRANT FUND

	Balance, December 31, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2011</u>
Clean Communities Program	\$ 13,205	\$ 48,825	\$ 27,458	\$ 34,572
COPS Universal Hiring Grant				
Alcohol, Education, and Rehab	3,225	647	3,225	647
Holiday - Over the Limit Under Arrest	4,200		4,200	
Emergency Notification System		25,000	25,000	
Click it or Ticket		4,000	4,000	
State Health Services Grant	14,078		14,078	
Drunk Driving Enforcement Fund	8,513	16,761	7,330	17,944
Body Armor Replacement Grant	11,557	4,590	4,562	11,585
Water Use and Conservation	5,000		5,000	
Recycling Tonnage Grant		104,042	69,307	34,735
Highlands Council Grant	37,354	133,000	170,354	
Public Health Emergency Response		10,000	10,000	
Bulletproof Vest		19,000	4,798	14,202
Direct Install Grant		17,000	17,000	
Donations - Morgan Funeral Home		400	400	
Donations - Lion's Club		785	785	
Donations - Cablevision		2,000	2,000	
Donation - BASF		500	500	
Donations - Benjamin Moore	-	1,625	1,625	-
	<u>\$ 97,132</u>	<u>\$ 388,175</u>	<u>\$ 371,622</u>	<u>\$ 113,685</u>
Budget Appropriation: State & Federal Grants		<u>\$ 388,175</u>		
Cash Disbursements			\$ 130,063	
Cancelled			32,398	
Encumbrances Payable			<u>209,161</u>	
			<u>\$ 371,622</u>	

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF RESERVE FOR UNAPPROPRIATED GRANTS AND DONATIONS
FEDERAL AND STATE GRANT FUND**

Balance, December 31, 2010	\$	118
Decreased By:		
Utilized as Revenue in 2011		118
Balance, December 31, 2011	\$	-

EXHIBIT A-24

**STATEMENT OF GRANTS RECEIVABLE
FEDERAL AND STATE GRANT FUND**

	Balance, December 31, <u>2010</u>	Revenue <u>Realized</u>	<u>Decreased</u>	Balance, December 31, <u>2011</u>
Click it or Ticket		\$ 4,000	\$ 4,000	
Highlands Council Grant	\$ 46,233	133,000	20,212	\$ 159,021
Direct Install Grant		17,000	17,000	
Clean Communities Program		48,825	48,825	
Emergency Notification System		25,000	25,000	
Drunk Driving Enforcement Fund		16,761	16,761	
NJDEP - Recreation Trails Program	2,300		2,300	
Public Health Emergency Response		10,000	10,000	
State Health Services Grant	14,077		14,077	
Donation - Lion's Club		785	785	
Donation - Cablevision		2,000	2,000	
Body Armor Grant		4,590	4,590	
Donation - Benjamin Moore		1,625	1,625	
Holiday - Over the Limit Under Arrest	5,000		5,000	
Recycling Tonnage Grant		104,042	104,042	
Alcohol, Education and Rehab		647	647	
Donation - BAF		500	500	
Donation - Morgan Funeral Home		400	400	
Acquisition of Police Radar Units	9,628		9,628	
Water Conservation Grant	5,000		2,022	2,978
Bullet Proof Vest Partnership	-	19,000	118	18,882
	<u>\$ 82,238</u>	<u>\$ 388,175</u>	<u>\$ 289,532</u>	<u>\$ 180,881</u>
Original Budget		\$ 69,241		
Chapter 159		318,934		
		<u>\$ 388,175</u>		
Cash Received			\$ 257,016	
Unappropriated Grant Reserve			118	
Cancelled			32,398	
			<u>\$ 289,532</u>	

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF OPEN SPACE PRESERVATION TAXES**

Increased by:			
2011 Tax Levy		\$ 586,851	
2011 Added Tax Levy		<u>1,877</u>	
			<u>\$ 588,728</u>
Decreased by:			
Cash Disbursed to Open Space Trust Fund			<u>\$ 588,728</u>

STATEMENT OF SANITATION DISTRICT TAXES

Increased by:			
2011 Tax Levy		\$ 1,902,497	
2011 Added Tax Levy		<u>17,505</u>	
			<u>\$ 1,920,002</u>
Decreased by:			
Cash Disbursed to Sanitation District Fund			<u>\$ 1,920,002</u>

STATEMENT OF TAX OVERPAYMENTS

Increased By:			
Overpayments Received			<u>\$ 89,459</u>
Decreased By:			
Cash Disbursements			<u>\$ 89,459</u>

TRUST FUND

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF TRUST CASH - TREASURER**

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Open Space Trust Fund</u>
Balance, December 31, 2010	\$ 9,388	\$ 5,835,910	\$ 406,304
Increased by Receipts:			
State of New Jersey Dog License Fees Collected	\$ 5,089		
Interest on Investments and Deposits			\$ 318
Municipal Open Space Tax Levy			588,728
Payroll and Payroll Deductions		\$ 23,353,366	
Developers Escrow Deposits		291,529	
Miscellaneous Reserves		6,858,344	
Animal Control Fees	64,557		
Current Fund Budget Appropriations	56,750	-	
Sale of Land	-	-	52,235
	<u>126,396</u>	<u>30,503,239</u>	<u>641,281</u>
	135,784	36,339,149	1,047,585
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.11	126,236		
Due to State of New Jersey	4,994	266,020	
Open Space Expenditures			64,375
Payments to Current Fund			686,851
Payments to General Capital Fund			20,729
Payroll and Payroll Deductions		23,353,500	
Developers Escrow Deposits Refunded		316,641	
Miscellaneous Reserves	-	6,509,917	-
	<u>131,230</u>	<u>30,446,078</u>	<u>771,955</u>
Balance, December 31, 2011	<u>\$ 4,554</u>	<u>\$ 5,893,071</u>	<u>\$ 275,630</u>

**TOWNSHIP OF MOUNT OLIVE
ANIMAL CONTROL FUND
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance, December 31, 2010		\$	9,358
Increased by:			
Current Fund Budget Appropriation		\$	56,750
Animal Control Fees			
Dog License Fees	\$		31,517
Cat License Fees			13,040
Miscellaneous Receipts			13,866
Impound/Kennel Fees			<u>6,134</u>
			<u>64,557</u>
			<u>121,307</u>
			130,665
Decreased by:			
Expenditures Under R.S. 4:19-15-11			<u>126,236</u>
Balance, December 31, 2011		\$	<u>4,429</u>

**TOWNSHIP OF MOUNT OLIVE
ANIMAL CONTROL FUND
STATEMENT OF DUE TO STATE OF NEW JERSEY - ANIMAL CONTROL FUND**

Balance, December 31, 2010	\$ 30
Increased by:	
Dog License Fees Collected	<u>5,089</u>
	5,119
Decreased by:	
Payments Made to State of New Jersey	<u>4,994</u>
Balance, December 31, 2011	<u>\$ 125</u>

**TOWNSHIP OF MOUNT OLIVE
OTHER TRUST FUND
STATEMENT OF DEVELOPERS ESCROW DEPOSITS**

Balance, December 31, 2010	\$	4,049,816
Increased by:		
Cash Receipts		291,529
		4,341,345
Decreased by:		
Cash Disbursements		316,641
Balance, December 31, 2011	\$	4,024,704

**OTHER TRUST FUND
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2011</u>
Unemployment Compensation	\$ 15,316	\$ 317,053	\$ 242,402	\$ 89,967
Law Enforcement	24,653	602	2,936	22,319
Affordable Housing	1,455,293	5,935,707	5,883,459	1,507,541
DARE Program	637			637
Off-Duty Police Contributions	43,415	135,682	139,571	39,526
Accumulated Snow Removal	18,006	96,497	65,906	48,597
POAA	217	62		279
Pride Committee	648	1		649
Senior Citizens Trust	100			100
Dog Park Donations	1,355	759	895	1,219
Municipal Beach Donations	26		26	-
Detention Basin Contributions	40,218	120,051	120,053	40,216
Accumulated Absences	44,048	150,057	194,105	-
Municipal Alliance		9,325		9,325
Connector Road - Donations	15,981		15,981	-
Tree Bank Fund	75,415	74,982	74,988	75,409
Food Pantry	6,924	6,139	2,328	10,735
Electronic Fees	141	11,427	9,669	1,899
	<u>\$ 1,742,393</u>	<u>\$ 6,858,344</u>	<u>\$ 6,752,319</u>	<u>\$ 1,848,418</u>
Cash Receipts		<u>\$ 6,858,344</u>		
			Cash Disbursements	\$ 6,509,917
			Due to State of New Jersey	242,402
				<u>\$ 6,752,319</u>

**TOWNSHIP OF MOUNT OLIVE
OTHER TRUST FUND
STATEMENT OF DUE TO STATE OF NEW JERSEY - UNEMPLOYMENT COMPENSATION**

Balance, December 31, 2010	\$	39,567
Increased by:		
Unemployment Claims		242,402
		281,969
Decreased By:		
Cash Disbursements		266,020
Balance, December 31, 2011	\$	15,949

**OTHER SPACE TRUST FUND
STATEMENT OF RESERVE FOR OPEN SPACE**

Balance, December 31, 2010	\$	406,304
Increased by:		
Interest on Investments and Deposits	\$	318
Sale of Land		52,235
Municipal Open Space Tax Levy		588,728
		641,281
		1,047,585
Decreased by:		
Payments to Current Fund - Debt Service	686,851	
Payments to General Capital Fund - Improvement Authorizations	20,729	
Miscellaneous Cash Disbursements		64,375
		771,955
Balance, December 31, 2011	\$	275,630

**TOWNSHIP OF MOUNT OLIVE
OTHER TRUST FUND
STATEMENT OF RESERVE FOR PAYROLL AND PAYROLL DEDUCTIONS**

Balance, December 31, 2010	\$ 4,134
Increased by:	
Cash Receipts	<u>23,353,366</u>
	23,357,500
Decreased by:	
Cash Disbursements	<u>23,353,500</u>
Balance, December 31, 2011	<u>\$ 4,000</u>

GENERAL CAPITAL FUND

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF GENERAL CAPITAL CASH**

Balance, December 31, 2010		\$ 61,649
Increased by Receipts:		
Interest on Investments and Deposits	\$ 827	
Department of Transportation Grant Proceeds	227,850	
Green Acres Trust Proceeds	770,000	
Due from Open Space Trust Fund	20,729	
Budget Appropriation - Capital Improvement Fund	75,000	
Bond Anticipation Notes	2,347,365	
Serial Bonds Issued	<u>3,572,000</u>	
		<u>7,013,771</u>
		7,075,420
Decreased by Disbursements:		
Improvement Authorizations	3,514,453	
Reserve for Encumbrances	46,275	
Bond Anticipation Notes	3,310,000	
Payments to Current Fund	<u>5,922</u>	
		<u>6,876,650</u>
Balance, December 31, 2011		<u>\$ 198,770</u>

**TOWNSHIP OF MOUNT OLIVE
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS**

		Balance, December 31, <u>2011</u>
Capital Improvement Fund	\$	10,773
Encumbrances Payable		508,479
Reserve for Pocket Parks		15,000
Reserve for Recreation Improvements		37,500
Fund Balance		27,938
Department of Transportation Grant Receivable		(60,000)
Due from Green Acres Trust		(90,000)
Due from County of Morris Historic Preservation Trust Fund		(297,080)
Ord.		
<u>No.</u>		
	<u>Improvement Authorizations</u>	
27-00	Construction of New Connector Road	111,085
11-01/4-02	Various Capital Improvements	(1)
06-02/11-07	Library Construction	4,726
48-02	BLFD Tank Removal	35,887
45-04	Baptist Church Improvements	59,998
27-05	Various Capital Improvements	(299)
18-09	Various Improvements	17,974
12-11	Acquisition of Property	(380,000)
21-11	Various Improvements	51,505
22-11	Clover Hill Road Resurfacing	897
24-11	Acquisition of Mobi-Mat	400
28-11	Various Improvements	136,480
31-11	River Road Emergency Repairs	9,448
33-11	Various Improvements	(1,940)
		(1,940)
		\$ 198,770

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance, December 31, 2010		\$ 24,033,717
Increased by:		
Bonds Issued		<u>3,572,000</u>
		27,605,717
Decreased by:		
2011 Budget Appropriation		
Payment of Bond Principal	\$ 3,390,000	
Payment of Loan Principal:		
Wastewater	\$ 262,630	
EDA	8,876	
Garden State Preservation Trust	24,609	
Morris County Improvement Authority	55,000	
Green Trust	<u>108,901</u>	
		<u>460,016</u>
		<u>3,850,016</u>
Balance, December 31, 2011		<u>\$ 23,755,701</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF DEPARTMENT OF TRANSPORTATION GRANT RECEIVABLE**

Balance, December 31, 2010	\$ 47,850
Increased by:	
Grant Awards	<u>240,000</u>
	287,850
Decreased by:	
Cash Receipts	<u>227,850</u>
Balance, December 31, 2011	<u>\$ 60,000</u>
<u>Analysis of Balance</u>	
Ordinance # 5-11	<u>\$ 60,000</u>

**STATEMENT OF DUE FROM COUNTY OF MORRIS HISTORIC
PRESERVATION TRUST FUND**

Balance, December 31, 2010	\$ 160,000
Increased by:	
Grant Awards	<u>137,080</u>
Balance, December 31, 2011	<u>\$ 297,080</u>

STATEMENT OF DUE TO CURRENT FUND

Increased By:		
Interest on Investments	\$ 827	
Utilized as Current Fund Revenue	<u>5,095</u>	
		<u>\$ 5,922</u>
Decreased By:		
Cash Disbursements to Current Fund		<u>\$ 5,922</u>

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2010		2011 Authorizations	Expended	Funded Authorizations Cancelled	Unfunded Authorizations Cancelled	Balance, December 31, 2011	
				Funded	Unfunded					Funded	Unfunded
5-00	Impvt. of Township Property	2/22/00	\$ 125,000	\$ 3,133			\$ 3,133				
27-00	Construction of New Connector Road	8/8/00	3,000,000	111,085						\$ 111,085	
11-01/4-02	Various Capital Improvements	5/8/01	4,817,908	13,116	\$ 11,246		24,362				
06-02/11-07	Library Construction	3/12/2002,3/13/07	1,758,000	103,811	95,153		159,085				\$ 39,879
37-02	Various Improvements	9/24/02	1,602,070		9,400		6,883	\$ 1,800	\$ 717		
48-02	BLFD Tank Removal	12/10/02	95,432	49,356			13,469			35,887	
45-04	Baptist Church Improvements	11/23/04	100,000	59,998						59,998	
27-05	Various Capital Improvements	8/9/2005	1,125,960		97,247		4,008				93,239
18-09	Various Improvements	8/21/2009	717,743		158,809		89,975		50,860		17,974
19-10	Refunding Tax Appeals	7/13/2010	575,000		25,034		8,325	16,709			
27-10	ARD Tax Appeals	11/23/2010	1,460,000		1,381,816		1,372,387	9,429			
1-11	Acquisition of Property	2/15/2011	700,000			\$ 700,000	700,000				
5-11	Clover Hill Road Resurfacing	3/15/2011	339,000			339,000	339,000				
11-11	Acquisition of Property	4/26/2011	37,500			37,500	37,200	300			
12-11	Acquisition of Property	5/10/2011	400,000			400,000	400,000				
21-11	Various Improvements	7/12/2011	480,290			480,290	428,785				51,505
22-11	Clover Hill Road Resurfacing	8/9/2011	17,000			17,000	16,103				897
24-11	Acquisition of Mobi-Mat	8/9/2011	14,576			14,576	14,176				400
28-11	Various Improvements	9/16/2011	137,080			137,080	600			136,480	
31-11	River Road Emergency Repairs	10/18/2011	130,000			130,000	120,552				9,448
33-11	Various Improvements	11/22/2011	802,966			802,966	42,090				760,876
34-11	Acquisition of Property	12/20/2011	90,000			90,000	90,000				
				\$ 340,499	\$ 1,778,705	\$ 3,148,412	\$ 3,870,133	\$ 28,238	\$ 51,577	\$ 343,450	\$ 974,218
DOT Grant Receivable						\$ 240,000					
Due from Green Acres Trust						827,500					
Historic Preservation Trust Fund Grant						137,080					
Open Space Trust Fund						20,729					
Capital Improvement Fund						70,665					
Deferred Charges Unfunded						1,852,438					
						\$ 3,148,412					
Encumbrances Payable						\$ 355,680					
Cash Disbursements						3,514,453					
						\$ 3,870,133					
<u>Cancelled</u>											
Due from Green Acres Trust								\$ 300			
Fund Balance								27,938			
								\$ 28,238			

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, December 31, 2010	Increased	Decreased	Balance, December 31, 2011
			December 31, 2011						
			Date	Amount					
General Improvements	05/15/03	\$ 5,795,000	2/15/2012	\$ 390,000	3.000	\$ 3,510,000		\$ 390,000	\$ 3,120,000
			2/15/13-14	390,000	3.125				
			2/15/15-18	390,000	3.250				
			2/15/19	390,000	3.375				
General Improvements	05/15/04	2,958,000	2/15/2012	290,000	3.6	1,763,000		275,000	1,488,000
			2/15/13-15	300,000	3.7-3.9				
			2/15/2016	298,000	3.95				
General Improvements	04/01/05	1,430,000	4/1/12-15	160,000	3.375-3.750	800,000		160,000	640,000
Tax Appeal Refunding	04/01/05	1,320,000				260,000		260,000	-
Refunding Bonds	06/15/05	7,190,000	02/15/12	685,000	5.00	5,980,000		680,000	5,300,000
			02/15/13	715,000	5.00				
			02/15/14	740,000	5.00				
			02/15/15	755,000	4.50				
			02/15/16	760,000	3.625				
			02/15/17	715,000	4.00				
			02/15/18	730,000	4.00				
			02/15/19	200,000	4.00				
			General Improvements	05/15/06	3,279,000				
5/15/13-20	230,000	4.00-4.05							
5/15/2021	229,000	4.10							
General Improvement and Tax Appeal Refunding	03/15/07	3,405,000	3/15/2012	225,000	3.75	1,925,000		560,000	1,365,000
			3/15/2013	225,000	3.75				
			3/15/2014	225,000	3.75				
			3/15/2015	230,000	3.75				
			3/15/2016	230,000	3.75				
			3/15/2017	230,000	3.75				
General Improvements	08/20/08	1,372,000	9/1/2012	375,000	3.00	1,002,000		250,000	752,000
			9/1/2013	377,000	3.00				
Refunding Bonds	04/30/09	4,105,000	2/15/2012	595,000	4.00	3,550,000	-	595,000	2,955,000
			2/15/2013-2016	590,000	4.00				
General Improvements	04/06/11	1,537,000	4/15/2012	100,000	3.00				1,537,000
			4/15/2013	130,000	3.00				
			4/15/2014	150,000	3.00				
			4/15/2015	175,000	3.00				
			4/15/2016	190,000	3.00				
			4/15/2017	195,000	3.00				
			4/15/2018	200,000	3.25				
			4/15/2019	200,000	3.25				
			4/15/2020	197,000	3.50				
Refunding Bonds	04/06/11	575,000	4/15/2012	200,000	3.00			575,000	575,000
			4/15/2013	200,000	3.00				
			4/15/2014	175,000	3.00				
Refunding Bonds	04/06/11	1,460,000	4/15/2012	240,000	3.00				1,460,000
			4/15/2013	240,000	3.00				
			4/15/2014	240,000	3.00				
			4/15/2015	240,000	3.00				
			4/15/2016	250,000	3.00				
			4/15/2017	250,000	3.00				
					-	1,460,000	-	1,460,000	
						\$ 21,299,000	\$ 3,572,000	\$ 3,390,000	\$ 21,481,000
Paid by Budget Appropriation								\$ 3,390,000	

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2010	\$ 6,438
Increased by:	
2011 Budget Appropriations	<u>75,000</u>
	81,438
Decreased by:	
Appropriations to Finance Improvement Authorizations	<u>70,665</u>
Balance, December 31, 2011	<u>\$ 10,773</u>

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2010	\$ 199,074
Increased by:	
Charges to Improvement Authorizations	<u>355,680</u>
	554,754
Decreased by:	
Cash Disbursements	<u>46,275</u>
Balance, December 31, 2011	<u>\$ 508,479</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF DUE FROM GREEN ACRES TRUST**

Balance, December 31, 2010		\$ 32,800
Increased by:		
Awarded in 2011		<u>827,500</u>
		860,300
Decreased by:		
Cancelled in 2011	\$ 300	
Received in 2011	<u>770,000</u>	
		<u>770,300</u>
Balance, December 31, 2011		<u>\$ 90,000</u>

STATEMENT OF RESERVE FOR POCKET PARKS

Balance, December 31, 2010		<u>\$ 15,000</u>
Balance, December 31, 2011		<u>\$ 15,000</u>

STATEMENT OF RESERVE FOR RECREATION IMPROVEMENTS

Balance, December 31, 2010		<u>\$ 37,500</u>
Balance, December 31, 2011		<u>\$ 37,500</u>

EXHIBIT C-16

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF WASTEWATER LOANS PAYABLE**

Balance, December 31, 2010	\$ 1,391,006
Decreased by:	
Paid by Budget Appropriation	<u>262,630</u>
Balance, December 31, 2011	<u>\$ 1,128,376</u>

EXHIBIT C-17

STATEMENT OF EDA LOAN PAYABLE

Balance, December 31, 2010	\$ 26,628
Decreased by:	
Paid by Budget Appropriation	<u>8,876</u>
Balance, December 31, 2011	<u>\$ 17,752</u>

EXHIBIT C-18

STATEMENT OF GREEN TRUST LOAN PAYABLE

Balance, December 31, 2010	\$ 566,837
Decreased by:	
Paid by Budget Appropriation	<u>108,901</u>
Balance, December 31, 2011	<u>\$ 457,936</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF GARDEN STATE PRESERVATION TRUST LOAN PAYABLE**

Balance, December 31, 2010	\$ 330,246
Decreased by:	
Paid by Budget Appropriation	24,609
Balance, December 31, 2011	\$ 305,637

**STATEMENT OF MORRIS COUNTY IMPROVEMENT AUTHORITY (MCIA)
LOAN PAYABLE**

Balance, December 31, 2010	\$ 420,000
Decreased by:	
Paid by Budget Appropriation	55,000
Balance, December 31, 2011	\$ 365,000

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ordinance #</u>	<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2011</u>
37-02	Various Improvements	4/29/2010	4/28/2011	1.50%	\$ 30,830		\$ 30,830	
24-03	Various Improvements	4/29/2010	4/28/2011	1.50%	7,655		7,655	
27-05	Various Capital Improvements	4/29/2010	4/28/2011	1.50%	10,561		10,561	
33-07	Acquisition of Various Equipment	4/29/2010	4/28/2011	1.50%	3,900		3,900	
47-07	Acquisition of Various Vehicles	4/29/2010	4/28/2011	1.50%	1,822		1,822	
46-08	Various Improvements	4/29/2010	4/28/2011	1.50%	445,232		445,232	
46-08	Various Improvements	4/29/2010	4/28/2011	1.50%	425,000		425,000	
18-09	Various Improvements	4/29/2010	4/28/2011	1.50%	350,000		350,000	
19-10	Refunding Tax Appeals	8/17/2010	4/28/2011	2.06%	575,000		575,000	
27-10	ARD Tax Appeals	1/27/2011	4/28/2011	0.99%		\$1,460,000	1,460,000	
11-01	Various Improvements	12/28/2011	12/28/2012	1.30%		11,245		\$ 11,245
6-02/15-11	Various Improvements	12/28/2011	12/28/2012	1.30%		60,000		60,000
18-09	Various Improvements	12/28/2011	12/28/2012	1.30%		98,746		98,746
9-10/18-10	Resurfacing of Wolfe Road	12/28/2011	12/28/2012	1.30%		7,752		7,752
5-11	Clover Hill Road Resurfacing	12/28/2011	12/28/2012	1.30%		99,000		99,000
21-11	Various Improvements	12/28/2011	12/28/2012	1.30%		456,275		456,275
22-11	Clover Hill Road Resurfacing	12/28/2011	12/28/2012	1.30%		17,000		17,000
24-11	Acquisition of Mobi-Mat	12/28/2011	12/28/2012	1.30%		13,847		13,847
31-11	River Road Emergency Repairs	12/28/2011	12/28/2012	1.30%	-	123,500	-	123,500
					<u>\$ 1,850,000</u>	<u>\$2,347,365</u>	<u>\$3,310,000</u>	<u>\$ 887,365</u>
				Issued for Cash		\$2,347,365		
				Bonds Issued		-	\$3,310,000	
						<u>\$2,347,365</u>	<u>\$3,310,000</u>	

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ord. No.	Improvement Description	Balance, December 31, 2010	Increased by		Decreased by		Balance, December 31, 2011
			2011 Authorizations	Notes Issued	Bonds Issued	Cancelled	
<u>General Improvements</u>							
11-01/4-02	Various Capital Improvements	\$ 11,246		\$ 11,245			\$ 1
06-02/15-11	Library Construction	95,153		60,000			35,153
37-02	Various Improvements	192,717			\$ 192,000	\$ 717	
24-04	Various Capital Improvements						
27-05	Various Capital Improvements	93,538					93,538
33-06	Various Improvements						
46-08	Various Improvements						
18-09	Various Improvements	184,606		98,746	35,000	50,860	
9-10/18-10	Resurfacing of Wolfe Road	42,752		7,752	35,000		
19-10	Refunding Tax Appeals						
27-10	ARD Tax Appeals	1,460,000		1,460,000			
5-11	Clover Hill Road Resurfacing		\$ 99,000	99,000			
12-11	Acquisition of Property		380,000				380,000
21-11	Various Improvements		456,275	456,275			
22-11	Clover Hill Road Resurfacing		17,000	17,000			
24-11	Acquisition of Mobi-Mat		13,847	13,847			
31-11	River Road Emergency Repairs		123,500	123,500			
33-11	Various Improvements		762,816				762,816
35-11	Refunding Bond Ordinance	-	272,000	-	-	-	272,000
		<u>\$ 2,080,012</u>	<u>\$ 2,124,438</u>	<u>\$ 2,347,365</u>	<u>\$ 262,000</u>	<u>\$ 51,577</u>	<u>\$ 1,543,508</u>
	Deferred Charges to Future Taxation - Unfunded		\$ 1,852,438				\$ 1,271,508
	Refunding Bond Ordinance Adopted in 2011 Closed in 2012		<u>272,000</u>				<u>272,000</u>
			<u>\$ 2,124,438</u>				<u>\$ 1,543,508</u>

WATER UTILITY FUND

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF WATER UTILITY CASH - TREASURER
WATER UTILITY OPERATING FUND**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2010	\$ 460,297	\$ 525,814
Increased by Receipts:		
Consumer Accounts Receivable	\$ 1,416,055	
Interest on Investments	504	\$ 444
Miscellaneous Fees	82,972	
Appropriation Refunds	4,095	
Grant Proceeds		83,792
NJEIT Loan Proceeds		382,200
Receipts from Water Utility Capital Fund	<u>444</u>	<u>-</u>
	<u>1,504,070</u>	<u>466,436</u>
	1,964,367	992,250
Decreased by Disbursements:		
2011 Budget Appropriations	1,458,233	
2010 Appropriation Reserves	39,088	
Accrued Interest on Bonds and Notes	28,410	
Improvement Authorizations		603,282
Encumbrances Payable		48,352
Payments made to Water Utility Operating Fund	<u>-</u>	<u>444</u>
	<u>1,525,731</u>	<u>652,078</u>
Balance, December 31, 2011	<u>\$ 438,636</u>	<u>\$ 340,172</u>

**TOWNSHIP OF MOUNT OLIVE
ANALYSIS OF WATER CAPITAL CASH
WATER UTILITY CAPITAL FUND**

	Balance, December 31, <u>2011</u>
Encumbrances Payable	\$ 776,175
Capital Improvement Fund	5,750
Fund Balance	10,075
Improvement Authorizations:	
25-07 Various Improvements	289,420
26-08 Flanders Well #2	(699,423)
40-08 Various Improvements	(13,940)
17-09 Water System Interconn.	1,332
19-09 Various Improvements	<u>(29,217)</u>
	<u>\$ 340,172</u>

**STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE
WATER UTILITY OPERATING FUND**

Balance, December 31, 2010	\$ 53,780
Increased by:	
Water Rents Levied	<u>1,424,953</u>
	1,478,733
Decreased by:	
Cash Receipts	<u>1,416,055</u>
Balance, December 31, 2011	<u>\$ 62,678</u>

**STATEMENT OF FIXED CAPITAL
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2010	\$ 5,190,925
Increased by:	
Transfers from Fixed Capital Authorized and Uncompleted	<u>659,139</u>
Balance, December 31, 2011	<u>\$ 5,850,064</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF ENCUMBRANCES PAYABLE
WATER UTILITY OPERATING FUND**

Balance, December 31, 2010	\$	79,594
Increased by:		
Charges to 2011 Budget Appropriations		<u>46,032</u>
		125,626
Decreased by:		
Transfer to Appropriation Reserves		<u>79,594</u>
Balance, December 31, 2011	\$	<u>46,032</u>

EXHIBIT D-10

**STATEMENT OF ACCRUED INTEREST ON BONDS AND NOTES
WATER UTILITY OPERATING FUND**

Balance, December 31, 2010	\$	9,832
Increased by:		
Charged to 2011 Budget Appropriations		<u>24,717</u>
		34,549
Decreased by:		
Cash Disbursements		<u>28,410</u>
Balance, December 31, 2011	\$	<u>6,139</u>

EXHIBIT D-11

**STATEMENT OF DUE FROM WATER UTILITY CAPITAL FUND
WATER UTILITY OPERATING FUND**

Increased by:		
Interest Earned in Water Utility Capital Fund	\$	<u>444</u>
Decreased by:		
Receipts from Water Utility Capital Fund	\$	<u>444</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2010		\$ 4,727,511
Increased by:		
Serial Bonds Paid by Budget	\$ 406,000	
Grant Proceeds	<u>83,792</u>	
		<u>489,792</u>
		5,217,303
Decreased by:		
Funded Improvement Authorizations Cancelled		<u>10,075</u>
Balance, December 31, 2011		<u>\$ 5,207,228</u>

**STATEMENT OF NJEIT LOANS PAYABLE
WATER UTILITY CAPITAL FUND**

Increased By:		
Loans Proceeds	\$ 382,200	
Balance, December 31, 2011		<u>\$ 382,200</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF 2010 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND**

	Balance, December 31, <u>2010</u>	Transfer From Encumbrances <u>Payable</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OPERATING					
Salaries and Wages	\$ 7,283		\$ 7,283		\$ 7,283
Other Expenses	29,893	\$ 79,594	109,487	\$ 39,088	70,399
STATUTORY EXPENDITURES					
Social Security System	<u>599</u>	<u>-</u>	<u>599</u>	<u>-</u>	<u>599</u>
	<u>\$ 37,775</u>	<u>\$ 79,594</u>	<u>\$ 117,369</u>	<u>\$ 39,088</u>	<u>\$ 78,281</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF GENERAL SERIAL BONDS
WATER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2011</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2010</u>	<u>Decreased</u>	<u>Balance, December 31, 2011</u>
			<u>Date</u>	<u>Amount</u>				
Water Improvements	5/15/2006	\$ 416,000				\$ 106,000	106,000	
Water Improvements	3/15/07	645,000	3/15/2012	\$ 180,000	3.750%	355,000	175,000	\$ 180,000
Water Improvements	8/20/2008	757,000	9/1/2012 9/1/2013	210,000 207,000	3.000% 3.000%	542,000 -	125,000 -	417,000 -
						<u>\$ 1,003,000</u>	<u>\$ 406,000</u>	<u>\$ 597,000</u>
					Budget Appropriation		<u>\$ 406,000</u>	

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
WATER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	Balance, December 31, 2010	Transferred to Fixed Capital	Cancelled	Balance, December 31, 2011
12-06	Various Improvements	\$ 10,425		\$ 10,425	
25-07	Various Improvements	620,129	\$ 261,636		\$ 358,493
26-08	Flanders Well #2	930,540	27,836		902,704
40-08	Various Improvements	303,250		185,000	118,250
17-09	Water System Interconn.	374,999	369,667		5,332
19-09	Various Improvements	130,650	-	64,400	66,250
		<u>\$ 2,369,993</u>	<u>\$ 659,139</u>	<u>\$ 259,825</u>	<u>\$ 1,451,029</u>

**STATEMENT OF ENCUMBRANCES PAYABLE
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2010	\$ 140,192
Increased By	
Charges to Improvement Authorizations	<u>713,806</u>
	853,998
Decreased by:	
Cancelled to Improvement Authorizations	\$ 29,471
Cash Disbursements	<u>48,352</u>
	<u>77,823</u>
Balance, December 31, 2011	<u>\$ 776,175</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
WATER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2010		Encumbrances Cancelled	Ordinance Cancelled	Expended	Balance, December 31, 2011	
				Funded	Unfunded				Funded	Unfunded
12-06	Various Improvements	3/28/06	\$ 735,000	\$ 10,075	\$ 350		\$ 10,425			
25-07	Various Improvements	6/26/2007	774,000	549,045	300	\$ 21,971		\$ 281,596	\$ 289,420	\$ 300
26-08	Flanders Well #2	5/20/2008	1,000,000		878,610			661,825		216,785
40-08	Various Improvements	7/8/2008	365,000		285,000		185,000			100,000
17-09	Water System Interconn.	8/4/2009	382,200		367,499	7,500		373,667	1,332	
19-09	Various Improvements	8/4/2009	225,000	-	119,400	-	64,400	-	-	55,000
				<u>\$ 559,120</u>	<u>\$ 1,651,159</u>	<u>\$ 29,471</u>	<u>\$ 259,825</u>	<u>\$ 1,317,088</u>	<u>\$ 290,752</u>	<u>\$ 372,085</u>
Fund Balance							\$ 10,075			
Bonds Authorized but Not Issued							<u>249,750</u>			
							<u>\$ 259,825</u>			
Cash Disbursements							\$ 603,282			
Encumbrances Payable							<u>713,806</u>			
							<u>\$ 1,317,088</u>			

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF CAPITAL IMPROVEMENT FUND
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2010 \$ 5,750

Balance, December 31, 2011 \$ 5,750

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
WATER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2010</u>	Loan Proceeds	Grant Receipts	Cancelled	Balance, December 31, <u>2011</u>
12-06	Various Improvements	\$ 350			\$ 350	
25-07	Various Improvements	300				\$ 300
26-08	Flanders Well #2	1,000,000		\$ 83,792		916,208
40-08	Various Improvements	298,940			185,000	113,940
17-09	Water System Interconn.	382,200	\$ 382,200			
19-09	Various Improvements	148,617	-	-	64,400	84,217
		<u>\$ 1,830,407</u>	<u>\$ 382,200</u>	<u>\$ 83,792</u>	<u>\$ 249,750</u>	<u>\$ 1,114,665</u>

SEWER UTILITY FUND

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF SEWER UTILITY CASH**

	<u>Operating</u>	<u>Assessment</u>
Balance, December 31, 2010	\$ 2,412,078	\$ 995,917
Increased by Receipts:		
Interest on Investments and Deposits	\$ 1,941	\$ 485
Receipts from Sewer Utility Operating Fund		634,600
Receipts from Sewer Utility Assessment Trust Fund	485	
Consumer Rents Accounts Receivable (Net of Refunds)	3,595,313	
Sewer Liens Receivable	476	
Assessments Receivable		712,891
Assessments Liens Receivable		673
Receipts from Sale of EDU's		58,273
Reimbursement from Mount Olive School District	84,647	
Miscellaneous Budget Revenues	51,815	
Interest on Assessments	70,754	
Budget Refunds	11,867	-
	<u>3,817,298</u>	<u>1,406,922</u>
	6,229,376	2,402,839
Decreased by Disbursements:		
2011 Budget Appropriations	4,272,389	1,630,518
2010 Appropriation Reserves	38,495	
Accrued Interest on Bond and Notes	248,015	
Due to Sewer Operating Fund	<u>-</u>	<u>485</u>
	<u>4,558,899</u>	<u>1,631,003</u>
Balance, December 31, 2011	<u>\$ 1,670,477</u>	<u>\$ 771,836</u>

**TOWNSHIP OF MOUNT OLIVE
ANALYSIS OF SEWER CAPITAL CASH
SEWER CAPITAL FUND**

NOT APPLICABLE

**STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2010	\$ 220,997
Increased by:	
Sewer Rents Levied	<u>3,734,527</u>
	3,955,524
Decreased by:	
Cash Collections (net of refunds)	<u>3,595,313</u>
Balance, December 31, 2011	<u>\$ 360,211</u>

**STATEMENT OF UTILITY LIENS RECEIVABLE
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2010	\$ 515
Decreased by:	
Cash Collections in 2011	\$ 476
Cancelled in 2011	<u>39</u>
	<u>515</u>
Balance, December 31, 2011	<u>\$ -</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF ASSESSMENTS RECEIVABLE
SEWER UTILITY ASSESSMENT TRUST FUND**

Balance, December 31, 2010		\$ 2,553,653
Increased by:		
Sale of EDU's		<u>58,273</u>
		2,611,926
Decreased by:		
Cash Receipts for EDU's	\$ 58,273	
Cash Receipts for Assessments Receivable (Net of Refunds)	<u>712,891</u>	
		<u>771,164</u>
Balance, December 31, 2011		<u>\$ 1,840,762</u>

EXHIBIT E-12

**STATEMENT OF ASSESSMENT LIENS RECEIVABLE
SEWER UTILITY ASSESSMENT TRUST FUND**

Balance, December 31, 2010		\$ 1,522
Decreased by:		
Assessment Liens Interest and Costs - Cancelled	\$ 39	
Cash Receipts for Assessment Liens Receivable	<u>673</u>	
		<u>712</u>
Balance, December 31, 2011		<u>\$ 810</u>
Balance Pledged to:		
Assessment Debt	\$ 663	
Reserve for Interest and Costs on Liens	<u>147</u>	
		<u>\$ 810</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF PROSPECTIVE ASSESSMENTS FUNDED
SEWER UTILITY ASSESSMENT TRUST**

Ord. No.	Improvement Description	Balance December 31, <u>2010</u>	<u>Decreased by</u>		Balance December 31, <u>2011</u>	Balance <u>Pledged To</u> Wastewater <u>Loans</u>
			Sale of EDU's			
3-92/21-92/ 7-93/16-93/ 10-95/20-95/ 11-97/17-98	Sewer Collection and Treatment System - Budd Lake	<u>\$ 3,194,846</u>	<u>\$ 58,273</u>		<u>\$ 3,136,573</u>	<u>\$ 3,136,573</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF ENCUMBRANCES PAYABLE -
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2010	\$ 61,967
Increased by:	
Charges to 2011 Budget Appropriations	<u>47,333</u>
	109,300
Decreased by:	
Transfer to Appropriation Reserves	<u>61,967</u>
Balance, December 31, 2011	<u>\$ 47,333</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF WASTEWATER LOANS PAYABLE
SEWER UTILITY FUND**

	Sewer Assessment Trust Fund	Sewer Capital Fund	Total
Balance, December 31, 2010	\$ 5,525,034	\$ 367,862	\$ 5,892,896
Decreased by:			
Repayment of Loans by Assessment Budget	1,535,518		1,535,518
Repayment of Loans by Operating Budget	-	72,794	72,794
	<u>1,535,518</u>	<u>72,794</u>	<u>1,608,312</u>
Balance, December 31, 2011	<u>\$ 3,989,516</u>	<u>\$ 295,068</u>	<u>\$ 4,284,584</u>

Analysis of Balance

1993 Loan	\$ 3,345,945
1995 Loan	643,571
1996 Loan	<u>295,068</u>
	<u>\$ 4,284,584</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND**

	Balance, December 31, <u>2010</u>	Transferred From Encumbrances <u>Payable</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OPERATING					
Salaries and Wages	\$ 6,324		\$ 6,324		\$ 6,324
Other Expenses	133,310	\$ 61,967	195,277	\$ 38,495	156,782
STATUTORY EXPENDITURES					
Social Security System	<u>397</u>	<u>-</u>	<u>397</u>	<u>-</u>	<u>397</u>
	<u>\$ 140,031</u>	<u>\$ 61,967</u>	<u>\$ 201,998</u>	<u>\$ 38,495</u>	<u>\$ 163,503</u>
		Cash Disbursements		<u>\$ 38,495</u>	

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Authorized in 2011</u>	Balance December 31, <u>2011</u>
13-11	Refunding of Wastewater Loan	<u>\$ 700,000</u>	<u>\$ 700,000</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF FIXED CAPITAL
SEWER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2010</u>	Capital Outlay <u>Expenditures</u>	Balance, December 31, <u>2011</u>
11-97	Purch. Of 2 Utility Trucks and Sewer Cleaner	\$ 258,149		\$ 258,149
3-92/21-92/11-97	Sewer Coll. And Treatment System	1,020,800		1,020,800
07-93	Sewer Coll. And Treatment System	325,500		325,500
16-93	Sewer Coll. And Treatment System	19,635,575		19,635,575
10-95/20-95	Sewer Coll. And Treatment System	3,494,415		3,494,415
16-96	Construction of Sewer Connection	1,508,302		1,508,302
10-97	Musoncetcong Sewer Auth. Capital Charges	675,018		675,018
12-97	Refunding Bond Ordinance	3,606,000		3,606,000
20-98	Refunding Bond Ordinance	1,524,142		1,524,142
21-01	Acquisition of Dump Truck	15,000		15,000
32-02	Various Improvements	34,111		34,111
N/A	Pump Station Improvements	266,060		266,060
N/A	Acquisition of Pick Up Truck	29,877		29,877
N/A	Various Improvements	120,650		120,650
N/A	Various Improvements - 2007	25,831		25,831
N/A	Various Improvements - 2008	131,064		131,064
N/A	Various Improvements - 2009	113,658		113,658
N/A	Various Improvements - 2009	135,000		135,000
N/A	Various Improvements - 2011	-	\$ 78,953	78,953
		<u>\$ 32,919,152</u>	<u>\$ 78,953</u>	<u>\$ 32,998,105</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF RESERVE FOR PROSPECTIVE ASSESSMENTS FUNDED
SEWER UTILITY ASSESSMENT TRUST FUND**

Ord. No.	Improvement Description	Balance December 31, <u>2010</u>	Raised in Operating Budget	Balance December 31, <u>2011</u>
3-92/21-92/7-93/16-93/ 10-95/20-95/11-97/17-98	Sewer Collection and Treatment System - Budd Lake	\$ 647,718	\$ 634,600	\$ 1,282,318

EXHIBIT E-20

**STATEMENT OF RESERVE FOR LIEN INTEREST AND COSTS
SEWER UTILITY ASSESSMENT TRUST FUND**

Balance, December 31, 2010	\$ 186
Decreased by:	
Cancelled in 2011	<u>39</u>
Balance, December 31, 2011	<u>\$ 147</u>

EXHIBIT E-21

**STATEMENT OF RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2010	\$ 30,284,290
Increased by:	
2011 Budget Appropriation	
Transfer from Capital Outlay	\$ 78,953
Bond Principal	335,000
Loan Principal	<u>72,794</u>
	<u>486,747</u>
Balance, December 31, 2011	<u>\$ 30,771,037</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF ACCRUED INTEREST ON BONDS AND LOANS
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2010	\$ 117,376
Increased by:	
Charges to 2011 Budget Appropriations:	
Interest on Bonds and Notes	<u>221,217</u>
	338,593
Decreased by:	
Cash Disbursements	<u>248,015</u>
Balance, December 31, 2011	<u>\$ 90,578</u>
Serial Bonds	\$ 41,204
Wastewater Loans	<u>49,374</u>
	<u>\$ 90,578</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF SERIAL BONDS
SEWER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2011</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2010</u>	<u>Decreased</u>	<u>Balance, December 31, 2011</u>
			<u>Date</u>	<u>Amount</u>				
Sewer Refunding Bonds	5/25/2005	\$ 2,957,000	8/15/12-15	\$ 335,000	3.25-5.00%	\$ 2,267,000	\$ 335,000	\$ 1,932,000
			8/15/16	322,000				
			8/15/17-18	135,000		-	-	-
						<u>\$ 2,267,000</u>	<u>\$ 335,000</u>	<u>\$ 1,932,000</u>
					Paid by Budget Appropriation		<u>\$ 335,000</u>	

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF DUE TO SEWER OPERATING FUND
SEWER UTILITY ASSESSMENT TRUST FUND**

Increased by:	
Interest on Investments	\$ <u>485</u>
Decreased by:	
Cash Disbursements	\$ <u>485</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
SEWER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	<u>Ordinance</u>		<u>2011</u> <u>Authorizations</u>	Balance, <u>December 31, 2011</u>	
		<u>Date</u>	<u>Amount</u>		<u>Funded</u>	<u>Unfunded</u>
13-11	Refunding of Wastewater Loan	6/14/2011	\$ 700,000	\$ 700,000	-	700,000
				<u>\$ 700,000</u>	<u>\$ -</u>	<u>\$ 700,000</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
SEWER UTILITY CAPITAL FUND**

Ord.		2011	Balance,
<u>No.</u>	<u>Improvement Description</u>	<u>Authorizations</u>	<u>December 31,</u> <u>2011</u>
13-11	Refunding of Wastewater Loan	\$ 700,000	\$ 700,000
		<u>\$ 700,000</u>	<u>\$ 700,000</u>

SOLID WASTE COLLECTION DISTRICT FUND

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF CASH
SOLID WASTE COLLECTION DISTRICT FUND**

Balance, December 31, 2010		\$ 307,681
Increased by:		
Budget Revenue	\$ 2,063,468	
Non Budget Revenue	3,671	
Due from County of Morris	725,761	
Appropriation Refunds	<u>59,698</u>	
		<u>2,852,598</u>
		3,160,279
Decreased by Disbursements:		
2010 Appropriation Reserves	150,418	
2011 Appropriation Expenditures	<u>2,501,609</u>	
		<u>2,652,027</u>
Balance, December 31, 2011		<u>\$ 508,252</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF DUE FROM COUNTY OF MORRIS
SOLID WASTE COLLECTION DISTRICT FUND**

Balance, December 31, 2010	\$ 116,711
Increased by:	
Host Benefit Fees Realized as Revenue	<u>668,891</u>
	785,602
Decreased by:	
Cash Receipts	<u>725,761</u>
Balance, December 31, 2011	<u>\$ 59,841</u>

EXHIBIT F-6

**STATEMENT OF 2010 APPROPRIATION RESERVES
SOLID WASTE COLLECTION DISTRICT FUND**

	Balance December 31, <u>2010</u>	Transfer From Encumbrances <u>Payable</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating:					
Salaries and Wages	\$ 14,468		\$ 14,468		\$ 14,468
Other Expenses	2,252	\$ 175,322	177,574	\$ 146,603	30,971
Recycling Tax		4,273	4,273	3,815	458
Statutory Expenditures:					
Social Security System	<u>562</u>	<u>-</u>	<u>562</u>	<u>-</u>	<u>562</u>
	<u>\$ 17,282</u>	<u>\$ 179,595</u>	<u>\$ 196,877</u>	<u>\$ 150,418</u>	<u>\$ 46,459</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF ENCUMBRANCES PAYABLE
SOLID WASTE COLLECTION DISTRICT FUND**

Balance, December 31, 2010	\$ 179,595
Increased by:	
Charges to 2011 Budget	<u>91,195</u>
	270,790
Decreased by:	
Transfer to 2010 Appropriation Reserves	<u>179,595</u>
Balance, December 31, 2011	<u>\$ 91,195</u>

RECREATION UTILITY FUND

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF CASH
RECREATION UTILITY FUND**

Balance, December 31, 2010		\$ 131,258
Increased by:		
Budget Revenue	\$ 352,767	
Non Budget Revenue	<u>197</u>	
		<u>352,964</u>
		484,222
Decreased by Disbursements:		
2010 Appropriation Reserves	7,733	
2011 Appropriation Expenditures	<u>375,503</u>	
		<u>383,236</u>
Balance, December 31, 2011		<u>\$ 100,986</u>

**STATEMENT OF ENCUMBRANCES PAYABLE
RECREATION UTILITY FUND**

Balance, December 31, 2010		\$ 11,189
Increased by:		
Charges to 2011 Budget		<u>4,485</u>
		15,674
Decreased by:		
Transfer to Appropriation Reserves		<u>11,189</u>
Balance, December 31, 2011		<u>\$ 4,485</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF 2010 APPROPRIATION RESERVES
RECREATION UTILITY FUND**

	Balance December 31, <u>2010</u>	Transfer From Encumbrances <u>Payable</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating:					
Salaries and Wages	\$ 10,607		\$ 10,607		\$ 10,607
Other Expenses	16,957	\$ 11,189	28,146	\$ 7,733	20,413
Statutory Expenditures:					
Social Security System	<u>822</u>	<u>-</u>	<u>822</u>	<u>-</u>	<u>822</u>
	<u>\$ 28,386</u>	<u>\$ 11,189</u>	<u>\$ 39,575</u>	<u>\$ 7,733</u>	<u>\$ 31,842</u>

EXHIBIT G-7

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF FIXED CAPITAL
RECREATION UTILITY CAPITAL FUND**

Balance, December 31, 2010 \$ 2,595

Balance, December 31, 2011 \$ 2,595

EXHIBIT G-8

**STATEMENT OF RESERVE FOR AMORTIZATION
RECREATION UTILITY CAPITAL FUND**

Balance, December 31, 2010 \$ 2,595

Balance, December 31, 2011 \$ 2,595

**TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY**

PART II

GOVERNMENT AUDITING STANDARDS

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

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

Honorable Mayor and Members
of the Township Council
Township of Mount Olive
Mount Olive, New Jersey

We have audited the financial statements – regulatory basis of the Township of Mount Olive as of and for the year ended December 31, 2011, and have issued our report thereon dated June 22, 2012 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared using the regulatory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. In addition, our report on the financial statements – regulatory basis was qualified because of the presentation of the unaudited LOSAP Trust Fund. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Mount Olive’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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

This report is intended solely for the information and use of management, the governing body, others within the Township and New Jersey Department of Community Affairs and is not intended to be and should not be used by anyone other than these specified parties.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
June 22, 2012

**TOWNSHIP OF MOUNT OLIVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2011**

	<u>Grant Year</u>	<u>Federal CFDA Number</u>	<u>Grant Award Received</u>	<u>Balance, December 31, 2010</u>	<u>Revenue Realized</u>	<u>Cancelled</u>	<u>Expenditures</u>	<u>Balance, December 31, 2011</u>
U.S. Dept. of Health and Human Services								
H1N1 Flu Preparedness	2010	93.069		\$ 14,078		\$ 14,078		
U.S. Department of Environmental Protection								
Recreation Trails Grant	2007	20.219	\$ 2,300					
FEMA								
Disaster Public Assistance Grants - Severe Weather	2011	97.036	81,446		\$ 81,446		\$ 81,446	
U.S. Dept. of Transportation								
Drunk Driving Enforcement Fund	2011	20.601	16,761		16,761			\$ 16,761
Drunk Driving Enforcement Fund	2010	20.601		8,513			7,330	1,183
Click it or Ticket		20.602	3,946		4,000	54	3,946	
Highway Aid - Ord. 05-11	2002	20-205	180,000		240,000		180,000	60,000
Highway Aid - Ord. 09-10/18-10	2010	20.205		47,850	-	-	47,850	-
				<u>\$ 70,441</u>	<u>\$ 342,207</u>	<u>\$ 14,132</u>	<u>\$ 320,572</u>	<u>\$ 77,944</u>

Note - This schedule was not subject to an audit in accordance with OMB Circular A-133.

TOWNSHIP OF MOUNT OLIVE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Amount Received</u>	<u>Balance, December 31, 2010</u>	<u>2011 Revenue</u>	<u>Cancelled</u>	<u>Expended</u>	<u>Balance, December 31, 2011</u>	<u>(Memo) Cumulative Expenditures</u>
Clean Communities Program	4900-752-178810-60	2011	\$ 48,825	\$	48,825		\$ 14,253	\$ 34,572	\$ 14,253
		2010		\$ 13,205			13,205	-	46,513
Recycling Tonnage Grant	N/A	2011	104,042		104,042		69,307	34,735	69,307
Body Armor Replacement Grant	N/A	2011	4,590	-	4,590			4,590	
		2010		2,867				2,867	3,734
		2006		8,690			4,562	4,128	6,827
Bullet Proof Vest Partnership	N/A	2011	118		19,000		4,798	14,202	4,798
Alcohol, Education and Rehab	N/A	2011	647	-	647			647	
		2010		1,508			1,508	-	1,508
		2009		1,717			1,717	-	1,717
Highlands Council Grant	N/A	2011		-	133,000		133,000	-	133,000
		2010	20,212	37,354			37,354	-	50,000
Holiday - Over the Limit Under Arrest	N/A	2010		4,200		\$ 54	4,146	-	4,146
Water Use and Conservation	N/A	2009	2,022	5,000			5,000	-	5,000
Emergency Notification System Grant		2011	25,000		25,000	711	24,289		24,289
Public Health Emergency Response Grant	N/A	2011	10,000	-	10,000	-	10,000	-	10,000
				<u>\$ 74,541</u>	<u>\$ 345,104</u>	<u>\$ 765</u>	<u>\$ 323,139</u>	<u>\$ 95,741</u>	<u>\$ 375,092</u>

N/A - Not Available

Note - This schedule was not subject to an audit in accordance with NJ OMB Circular 04-04.

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

**TOWNSHIP OF MOUNT OLIVE
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2011**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Township of Mount Olive. The Township is defined in Note 1(A) to the Township's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the regulatory basis of accounting as prescribed or permitted for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1(B) to the Township's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's financial statements. Financial assistance revenues are reported in the Township's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 102,207	\$ 345,104	\$ 447,311
General Capital	<u>240,000</u>	<u>-</u>	<u>240,000</u>
Total Financial Awards	<u>\$ 342,207</u>	<u>\$ 345,104</u>	<u>\$ 687,311</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Township's fiscal year and grant program year.

**TOWNSHIP OF MOUNT OLIVE
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2011**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The Township's federal and state loans outstanding at December 31, 2011, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>Federal CFDA Number/ State Account Number</u>	<u>State</u>
Garden State Preservation Trust Loan	1427-96-025	\$ 305,637
Green Trust Loan	V-226-6020	457,936
Wastewater Trust Loans	4860-510-702440-61	5,412,960
EDA Loan	004-L04229	<u>17,752</u>
		<u>\$ 6,194,285</u>

**TOWNSHIP OF MOUNT OLIVE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*

There are none.

**TOWNSHIP OF MOUNT OLIVE
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011**

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

There were no findings reported in the prior year.

**TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY**

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
CURRENT FUND**

	<u>Year 2011</u>			<u>Year 2010</u>		
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>	
REVENUE AND OTHER INCOME REALIZED						
Fund Balance Utilized	\$ 2,272,108	2.29	%	\$ 2,350,000	2.39	%
Miscellaneous - From Other Than						
Local Property Tax Levies	5,813,681	5.85		5,376,770	5.47	
Collection of Delinquent Taxes and Tax Title Liens	1,053,668	1.06		1,149,374	1.17	
Collection of Current Tax Levy	89,960,475	90.58		89,153,385	90.77	
Other Credits to Income	<u>219,324</u>	<u>0.22</u>		<u>193,738</u>	<u>0.20</u>	
 Total Income	 <u>99,319,256</u>	 <u>100.00</u>	 %	 <u>98,223,267</u>	 <u>100.00</u>	 %
EXPENDITURES						
Budget Expenditures						
Municipal Purposes	24,886,756	25.62	%	24,325,657	25.31	%
Local School Taxes	61,396,190	63.21		60,702,860	63.17	
County Taxes	8,338,052	8.58		8,604,238	8.95	
Sanitation District Taxes	1,920,002	1.98		1,875,202	1.95	
Municipal Open Space Preservation	588,728	0.61		588,008	0.61	
Other Expenditures	<u>5,809</u>	<u>0.01</u>		<u>1,250</u>	<u>0.00</u>	
 Total Expenditures	 <u>97,135,537</u>	 <u>100.00</u>	 %	 <u>96,097,215</u>	 <u>100.00</u>	 %
 Excess in Revenue	 2,183,719			 2,126,052		
 Fund Balance, January 1	 <u>2,981,039</u>			 <u>3,204,987</u>		
	5,164,758			5,331,039		
Decreased by:						
Utilized as Anticipated Revenue	<u>2,272,108</u>			<u>2,350,000</u>		
 Fund Balance, December 31	 <u>\$ 2,892,650</u>			 <u>\$ 2,981,039</u>		

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
WATER UTILITY OPERATING FUND**

	<u>Year 2011</u>			<u>Year 2010</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 200,849	11.29 %	\$	340,787	17.34 %
Collection of Water Rents	1,416,055	79.59		1,467,722	74.68
Miscellaneous - From Other Than Water Rents	83,920	4.72		105,978	5.39
Other Credits to Income	<u>78,281</u>	<u>4.40</u>		<u>50,941</u>	<u>2.59</u>
 Total Income	 <u>1,779,105</u>	 <u>100.00</u> %		 <u>1,965,428</u>	 <u>100.00</u> %
EXPENDITURES					
Budget Expenditures					
Operating	1,097,764	69.65 %		1,173,313	70.21 %
Debt Service	430,717	27.33		449,111	26.88
Deferred Charges and Statutory Expenditures	<u>47,674</u>	<u>3.02</u>		<u>48,643</u>	<u>2.91</u>
 Total Expenditures	 <u>1,576,155</u>	 <u>100.00</u> %		 <u>1,671,067</u>	 <u>100.00</u> %
 Excess in Revenue	 202,950			 294,361	
 Fund Balance, January 1	 <u>333,096</u>			 <u>379,522</u>	
	536,046			673,883	
Decreased by:					
Utilized as Anticipated Revenue	<u>200,849</u>			<u>340,787</u>	
 Fund Balance, December 31	 <u>\$ 335,197</u>			 <u>\$ 333,096</u>	

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
SEWER UTILITY OPERATING FUND**

	<u>Year 2011</u>			<u>Year 2010</u>		
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>	
REVENUE AND OTHER INCOME REALIZED						
Fund Balance Utilized	\$ 1,141,249	22.33	%	\$ 970,279	19.24	%
Sewer User Fees	3,595,789	70.37		3,772,020	74.79	
Miscellaneous - From Other Than						
Sewer Service Charges	209,642	4.10		254,341	5.04	
Unexpended Balance of Appropriation Reserves	<u>163,503</u>	<u>3.20</u>		<u>46,940</u>	<u>0.93</u>	
 Total Income	 <u>5,110,183</u>	 <u>100.00</u>	 %	 <u>5,043,580</u>	 <u>100.00</u>	 %
 EXPENDITURES						
Budget Expenditures						
Operating	3,163,084	69.44	%	3,192,866	75.42	%
Deferred Charges and Statutory Expenditures	683,895	15.01		344,798	8.14	
Debt Service	629,011	13.81		695,979	16.44	
Capital Outlay	<u>78,953</u>	<u>1.73</u>		<u>-</u>	<u>-</u>	
 Total Expenditures	 <u>4,554,943</u>	 <u>100.00</u>	 %	 <u>4,233,643</u>	 <u>100.00</u>	 %
 Excess in Revenue	 555,240			 809,937		
 Fund Balance, January 1	 <u>2,092,704</u>			 <u>2,253,046</u>		
	 2,647,944			 3,062,983		
Decreased by:						
Utilized as Anticipated Revenue	<u>1,141,249</u>			<u>970,279</u>		
 Fund Balance, December 31	 <u>\$ 1,506,695</u>			 <u>\$ 2,092,704</u>		

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
SOLID WASTE COLLECTION DISTRICT FUND**

	<u>Year 2011</u>			<u>Year 2010</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized				\$ 26,672	0.99 %
Sanitation District Taxes	\$ 1,920,002	69.00 %		1,875,202	69.75
Host Benefit Fees - Transfer Station	736,352	26.46		666,468	24.79
Miscellaneous - Fees	79,676	2.86		56,789	2.11
Unexpended Balance of Appropriation Reserves	<u>46,459</u>	<u>1.67</u>		<u>63,211</u>	<u>2.35</u>
 Total Income	 <u>2,782,489</u>	 <u>100.00</u> %		 <u>2,688,342</u>	 <u>100.00</u> %
EXPENDITURES					
Budget Expenditures					
Operating	2,425,950	94.21 %		2,332,386	94.65 %
Deferred Charges and Statutory Expenditures	149,228	5.79		131,794	5.35
Surplus (General Budget)	-	-		-	-
Refund of Prior Year Revenue	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>
 Total Expenditures	 <u>2,575,178</u>	 <u>100.00</u> %		 <u>2,464,180</u>	 <u>100.00</u> %
 Excess in Revenue	 207,311			 224,162	
 Fund Balance, January 1	 <u>227,515</u>			 <u>30,025</u>	
	434,826			254,187	
Decreased by:					
Utilized as Anticipated Revenue	<u>-</u>			<u>26,672</u>	
 Fund Balance, December 31	 <u>\$ 434,826</u>			 <u>\$ 227,515</u>	

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE –
RECREATION UTILITY FUND**

	<u>Year 2011</u>			<u>Year 2010</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 43,400	10.14 %	\$	87,600	18.27 %
Program Fees	352,767	82.38		359,559	75.00
Other Credits to Income	<u>32,039</u>	<u>7.48</u>		<u>32,247</u>	<u>6.73</u>
 Total Income	 <u>428,206</u>	 <u>100.00</u> %		 <u>479,406</u>	 <u>100.00</u> %
 EXPENDITURES					
Budget Expenditures					
Operating	387,372	94.87 %		401,961	96.27 %
Statutory Expenditures	<u>20,928</u>	<u>5.13</u>		<u>15,593</u>	<u>3.73</u>
 Total Expenditures	 <u>408,300</u>	 <u>100.00</u> %		 <u>417,554</u>	 <u>100.00</u> %
 Excess in Revenue	 19,906			 61,852	
 Fund Balance, January 1	 <u>91,683</u>			 <u>117,431</u>	
Decreased by:					
Utilized as Anticipated Revenue	<u>43,400</u>			<u>87,600</u>	
 Fund Balance, December 31	 <u>\$ 68,189</u>			 <u>\$ 91,683</u>	

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

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>Cash Collections</u>	<u>Percentage of Collection</u>
2011	\$ 91,082,115	\$ 89,960,475	98.76%
2010	90,319,421	89,153,385	98.70%
2009	88,388,382	87,094,618	98.53%

Delinquent Taxes and Tax Title Liens

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

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2011	\$ 471,536	\$ 892,677	\$ 1,364,213	1.498%
2010	346,530	1,052,387	1,398,917	1.549%
2009	270,782	1,134,854	1,405,636	1.590%

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2011	\$4,531,994
2010	4,380,394
2009	4,380,394

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2011</u>	<u>2010 (A)</u>	<u>2009</u>
Tax Rate	<u>\$3,052</u>	<u>\$2,999</u>	<u>\$2.44</u>

Apportionment of Tax Rate

Municipal	.636	.624	.51
County	.277	.283	.24
Local School	2.041	1.997	1.63
Sanitation District	.098	.095	.06

Assessed Valuation

2011	<u>\$3,008,481,239</u>		
2010		<u>\$3,039,814,717</u>	
2009			<u>\$3,657,876,297</u>

(A) – The Township underwent a reassessment of real property which became effective for the calendar year 2010.

Comparison of Water Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(1)</u>	<u>Percentage of Collection</u>
2011	\$1,424,953	\$1,416,055	99.385
2010	1,482,444	1,467,722	99.01%
2009	1,303,357	1,314,343	100.84%

Comparison of Sewer Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(1)</u>	<u>Percentage of Collection</u>
2011	\$3,734,527	\$3,595,313	96.275
2010	3,755,476	3,772,020	100.44%
2009	3,566,784	3,754,513	105.26%

(1) Includes collection of prior year receivables.

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2011	\$ 2,892,650	\$ 2,200,000
	2010	2,981,039	2,272,108
	2009	3,204,987	2,350,000
	2008	4,119,628	2,991,310
	2007	4,907,148	3,000,000
Water Utility Operating Fund	2011	\$ 335,197	\$ 215,017
	2010	333,096	200,849
	2009	379,522	340,787
	2008	658,088	357,079
	2007	571,032	155,273
Sewer Utility Operating Fund	2011	\$ 1,506,695	\$ 1,134,224
	2010	2,092,704	1,141,249
	2009	2,253,046	970,279
	2008	2,392,756	893,968
	2007	2,467,952	684,605
Solid Waste Collection District Fund	2011	\$ 434,826	\$ 96,637
	2010	227,515	-
	2009	30,025	26,672
	2008	271,102	271,000
	2007	488,640	381,122
Recreation Utility Fund	2011	\$ 68,189	\$ 55,000
	2010	91,683	43,400
	2009	117,431	87,600
	2008	142,693	100,000
	2007	78,688	65,071

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
David M. Scapicchio	Mayor		
Phillip Tobey	Council President		
Alex Roman	Council Vice President		
John Mania	Councilman		
Pat Walsh	Councilman		
Colleen Labow	Councilwoman		
Raymond T. Perkins	Councilman		
Robert Greenbaum	Councilman		
Bill Sohl	Business Administrator		
Lisa Lashway	Clerk		
Sherry Maniscalco	Director of Finance, CFO and Treasurer	\$1,000,000	Fidelity and Deposit Co. Blanket Bond
Rose Barsanti	Tax/Utility Collector	1,000,000	Fidelity and Deposit Co. Blanket Bond
John Dorsey	Attorney		
Brian J. Levine	Municipal Court Judge	1,000,000	Fidelity and Deposit Co. Blanket Bond
Jennifer Gentilucci	Court Administrator	1,000,000	Fidelity and Deposit Co. Blanket Bond
Gary Lindsey	Construction Code Official		
John Marchione	Tax Assessor		

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500, except by contract or agreement."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year where question arises as to whether any contract agreement might result in violation of the statute; the Township Counsel's opinion should be sought before a commitment is made.

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

Membrane Modules for Wyndham Point Sewer Plant
Collision Repair Services
Budd Lake Herbicide Based Weed Control Program
Tree Removal, Tree Trimming and Stump Grinding
Improvements to Cloverhill Drive
Fleet Maintenance
Electrician Services
Water Testing Services
Environmental One Grinder Pump
Design and Construction of a Fuel Depot

Tinc Farm-Lynnwood Goldmine
Interconnection Project
Trailer Mounted Variable Message Board
4 Wheel Drive Vehicle for Fire Prevention
Rear Loading Refuse Collection Body
Landscaping and Snow Plowing Services
DPW and Dispatch Uniforms
Motor Coach Transportation
Tandem 1.5-2 Ten Asphalt Roller
Flanders Well No. 2 Upgrade Project
Fence Materials and Installation at
Turkey Brook Park

Other purchases were made under provisions of contracts entered into with the State of New Jersey Division of Purchases and Property.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our audit of expenditures revealed no instances where expenditures were in excess of \$17,500 for which no public advertising for bids were sought. N.J.S.A. 40A:11-4 requires that any work, materials or supplies, acquired or furnished for a sum exceeding in the aggregate \$17,500 shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding thereof, except as is provided otherwise by law.

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

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body on January 4, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes:

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

GENERAL COMMENTS (Continued)

Collection of Interest on Delinquent Taxes and Assessments (Continued)

WHEREAS, N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for non-payment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS, N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000.00 on properties that fail to pay the delinquency prior to the end of the calendar year.

NOW, THEREFORE, BE IT RESOLVED by the Township Council of the Township of Mount Olive, as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if delinquent is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency.

It appears from an examination of the Collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on April 26, 2011.

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

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

<u>Year</u>	<u>Tax Title</u>	<u>Sewer Rent Liens</u>	<u>Sewer Assessment Liens</u>
2011	14	-0-	1
2010	13	1	1
2009	11	2	1

The audit of the tax title liens indicates certain liens are several years old. The Township is in the process of liquidating old outstanding liens.

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

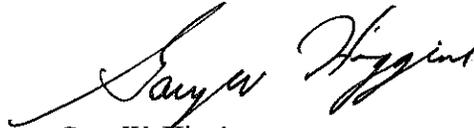
RECOMMENDATIONS

There are none.

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

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405