

TOWNSHIP OF MOUNT OLIVE
MORRIS COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2012

TOWNSHIP OF MOUNT OLIVE

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>PART I</u>		
	Independent Auditor's Report	1-3
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	6-7
A-2	Statement of Revenues – Regulatory Basis – Current Fund	8-11
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	12-17
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	18-19
B-1	Statement of Revenues – Regulatory Basis – Open Space Trust Fund	20
B-2	Statement of Expenditures – Regulatory Basis – Open Space Trust Fund	20
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	21
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis General Capital Fund	22
D	Comparative Balance Sheets – Regulatory Basis - Water Utility Fund	23-24
D-1	Comparative Statements of Operations and Changes in Operating Fund Balance - Regulatory Basis – Water Utility Operating Fund	25
D-2	Statement of Revenues – Regulatory Basis - Water Utility Operating Fund	26
D-3	Statement of Expenditures – Regulatory Basis - Water Utility Operating Fund	27
D-4	Comparative Statements of Changes in Fund Balance – Regulatory Basis – Water Utility Capital Fund	28
E	Comparative Balance Sheets – Regulatory Basis – Sewer Utility Fund	29-30
E-1	Comparative Statements of Operations and Changes in Operating Fund Balance - Regulatory Basis – Sewer Utility Operating Fund	31
E-2	Statement of Revenues – Regulatory Basis – Sewer Utility Operating Fund	32
E-3	Statement of Revenues – Regulatory Basis – Sewer Utility Assessment Trust Fund	32
E-4	Statement of Expenditures – Regulatory Basis – Sewer Utility Operating Fund	33
E-5	Statement of Expenditures – Regulatory Basis – Sewer Utility Assessment Trust Fund	34
F	Comparative Balance Sheets – Regulatory Basis – Solid Waste Collection District Fund	35
F-1	Comparative Statements of Operations and Change in Fund Balance – Regulatory Basis – Solid Waste Collection District Fund	36
F-2	Statement of Revenues – Regulatory Basis – Solid Waste Collection District Fund	37
F-3	Statement of Expenditures – Regulatory Basis – Solid Waste Collection District Fund	38
G	Comparative Balance Sheets – Regulatory Basis - Recreation Utility Fund	39
G-1	Comparative Statements of Operations and Change in Fund Balance – Regulatory Basis – Recreation Utility Fund	40
G-2	Statement of Revenues – Regulatory Basis – Recreation Utility Fund	41
G-3	Statement of Expenditures – Regulatory Basis – Recreation Utility Fund	42
H	Comparative Balance Sheets – Regulatory Basis – General Fixed Assets Account Group	43
	Notes to Financial Statements	44-81
<u>Current Fund</u>		
A-4	Statement of Current Cash - Treasurer	82
A-5	Statement of Cash – Change Funds	83
A-6	Statement of Due from the State of New Jersey for Senior Citizens' and Veterans' Deductions	83

TOWNSHIP OF MOUNT OLIVE

TABLE OF CONTENTS (Continued)

<u>Exhibits</u>		<u>Page</u>
<u>Current Fund (Continued)</u>		
A-7	Statement of Taxes Receivable	84
A-8	Statement of Tax Title Liens Receivable	85
A-9	Statement of Property Acquired for Taxes (at Assessed Valuation)	85
A-10	Statement of Revenue Accounts Receivable	86
A-11	Statement of 2011 Appropriation Reserves	87-88
A-12	Statement of Encumbrances Payable – Current Fund	89
A-13	Statement of Encumbrances Payable – State and Federal Grants Fund	89
A-14	Statement of Fees Payable	89
A-15	Statement of Prepaid Taxes	90
A-16	Statement of Reserve for Outside Lienholders	90
A-17	Statement of County Taxes Payable	90
A-18	Statement of Local District School Taxes Payable	91
A-19	Statement of Miscellaneous Reserves and Deposits	91
A-20	Statement of Reserve for Tax Appeals	91
A-21	Statement of Reserve for Appropriated Grants and Donations – Federal and State Grant Fund	92
A-22	Statement of Grants Receivable – Federal and State Grant Fund	93
A-23	Statement of Open Space Preservation Taxes	94
A-24	Statement of Sanitation District Taxes	94
A-25	Statement of Tax Overpayments	94
<u>Trust Fund</u>		
B-3	Statement of Trust Cash – Treasurer	95
B-4	Statement of Reserve for Animal Control Expenditures – Animal Control Fund	96
B-5	Statement of Due to State of New Jersey – Animal Control Fund	97
B-6	Statement of Developers Escrow Deposits – Other Trust Fund	98
B-7	Statement of Miscellaneous Reserves – Other Trust Fund	98
B-8	Statement of Due to State of New Jersey Unemployment Compensation – Other Trust Fund	99
B-9	Statement of Reserve for Open Space – Open Space Trust Fund	99
B-10	Statement of Reserve for Payroll and Payroll Deductions – Other Trust Fund	100
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash	101
C-3	Analysis of General Capital Cash	102
C-4	Statement of Deferred Charges to Future Taxation – Funded	103
C-5	Statement of Department of Transportation Grant Receivable	104
C-6	Statement of Due from County of Morris Historic Preservation Trust Fund	104
C-7	Statement of Due to Current Fund	104

TOWNSHIP OF MOUNT OLIVE

TABLE OF CONTENTS (Continued)

<u>Exhibits</u>		<u>Page</u>
<u>General Capital Fund (Continued)</u>		
C-8	Statement of Deferred Charges to Future Taxation – Unfunded	105
C-9	Statement of Improvement Authorizations	106
C-10	Statement of General Serial Bonds	107
C-11	Statement of Capital Improvement Fund	108
C-12	Statement of Encumbrances Payable	108
C-13	Statement of Due from Green Acres Trust	109
C-14	Statement of Reserve for Pocket Parks	109
C-15	Statement of Reserve for Recreation Improvements	109
C-16	Statement of Wastewater Loans Payable	110
C-17	Statement of EDA Loan Payable	110
C-18	Statement of Green Trust Loan Payable	110
C-19	Statement of Garden State Preservation Trust Loan Payable	111
C-20	Statement of Morris County Improvement Authority (MCIA) Loan Payable	111
C-21	Statement of Bond Anticipation Notes	112
C-22	Statement of Community Development Block Grant Receivable	113
C-23	Statement of Bonds and Notes Authorized But Not Issued	114
<u>Water Utility Fund</u>		
D-5	Statement of Water Utility Cash – Treasurer – Water Utility Operating Fund	115
D-6	Analysis of Water Capital Cash – Water Utility Capital Fund	116
D-7	Statement of Consumer Accounts Receivable – Water Utility Operating Fund	116
D-8	Statement of Fixed Capital – Water Utility Capital Fund	116
D-9	Statement of Encumbrances Payable – Water Utility Operating Fund	117
D-10	Statement of Accrued Interest on Bonds and Notes – Water Utility Operating Fund	117
D-11	Statement of Due from Water Utility Capital Fund – Water Utility Operating Fund	117
D-12	Statement of Reserve for Amortization – Water Utility Capital Fund	118
D-13	Statement of NJEIT Loans Payable – Water Utility Capital Fund	118
D-14	Statement of 2011 Appropriation Reserves – Water Utility Operating Fund	119
D-15	Statement of General Serial Bonds – Water Utility Capital Fund	120
D-16	Statement of Fixed Capital Authorized and Uncompleted – Water Utility Capital Fund	121
D-17	Statement of Encumbrances Payable – Water Utility Capital Fund	121
D-18	Statement of Improvement Authorizations – Water Utility Capital Fund	122
D-19	Statement of Capital Improvement Fund – Water Utility Capital Fund	123
D-20	Statement of Deferred Reserve for Amortization – Water Utility Capital Fund	124
D-21	Statement of Bonds and Notes Authorized But Not Issued – Water Utility Capital Fund	125

TOWNSHIP OF MOUNT OLIVE

TABLE OF CONTENTS

(Continued)

<u>Exhibits</u>		<u>Page</u>
<u>Sewer Utility Fund</u>		
E-7	Statement of Sewer Utility Cash	126
E-8	Analysis of Sewer Capital Cash – Sewer Utility Capital Fund	127
E-9	Statement of Consumer Accounts Receivable – Sewer Utility Operating Fund	127
E-10	Statement of Amount to be Raised – Sewer Utility Assessment Trust Fund	127
E-11	Statement of Assessments Receivables – Sewer Utility Assessment Trust Fund	128
E-12	Statement of Assessment Liens Receivable – Sewer Utility Assessment Trust Fund	128
E-13	Statement of Prospective Assessments Funded – Sewer Utility Assessment Trust Fund	129
E-14	Statement of Encumbrances Payable – Sewer Utility Operating Fund	130
E-15	Statement of Wastewater Loans Payable – Sewer Utility Capital Fund	131
E-16	Statement of Appropriation Reserves – Sewer Utility Operating Fund	132
E-17	Statement of Fixed Capital Authorized and Uncompleted – Sewer Utility Capital Fund	132
E-18	Statement of Fixed Capital – Sewer Utility Capital Fund	133
E-19	Statement of Reserve for Prospective Assessments Funded – Sewer Utility Assessment Trust Fund	134
E-20	Statement of Reserve for Lien Interest and Costs – Sewer Utility Assessment Trust Fund	134
E-21	Statement of Reserve for Amortization – Sewer Utility Capital Fund	134
E-22	Statement of Accrued Interest on Bonds and Loans – Sewer Utility Operating Fund	135
E-23	Statement of Serial Bonds – Sewer Utility Capital Fund	136
E-24	Statement of Serial Bonds – Sewer Utility Assessment Trust Fund	137
E-25	Statement of Due to Sewer Operating Fund – Sewer Utility Assessment Trust Fund	138
E-26	Statement of Improvement Authorizations - Sewer Utility Capital Fund	139
E-27	Statement of Encumbrances Payable – Sewer Utility Capital Fund	140
E-28	Statement of Bonds and Notes Authorized But Not Issued – Sewer Utility Capital Fund	141
E-29	Statement of Reserve to Pay Debt Service – Sewer Utility Assessment Trust Fund	141
<u>Solid Waste Collection District Fund</u>		
F-4	Statement of Cash – Solid Waste Collection District Fund	142
F-5	Statement of Due from County of Morris - Solid Waste Collection District Fund	143
F-6	Statement of 2011 Appropriation Reserves – Solid Waste Collection District Fund	143
F-7	Statement of Encumbrances Payable – Solid Waste Collection District Fund	144
<u>Recreation Utility Fund</u>		
G-4	Statement of Cash – Recreation Utility Fund	145
G-5	Statement of Encumbrances Payable – Recreation Utility Fund	145
G-6	Statement of 2011 Appropriation Reserves – Recreation Utility Fund	146
G-7	Statement of Fixed Capital – Recreation Utility Capital Fund	147
G-8	Statement of Reserve for Amortization – Recreation Utility Capital Fund	147

TOWNSHIP OF MOUNT OLIVE

TABLE OF CONTENTS (Continued)

	<u>Page</u>
 <u>Part II</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor’s Report	148-149
Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures Of State Financial Assistance as Required by New Jersey OMB Circular 04-04 – Independent Auditor’s Report	150-152
Schedule of Expenditures of Federal Awards, Schedule A	153
Schedule of Expenditures of State Financial Assistance, Schedule B	154
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	155-156
Schedule of Findings and Questioned Costs	157-160
 <u>Part III</u>	
Comparative Statements of Operations and Changes in Fund Balance - Current Fund	161
Comparative Statements of Operations and Changes in Fund Balance - Water Utility Operating Fund	162
Comparative Statements of Operations and Changes in Fund Balance - Sewer Utility Operating Fund	163
Comparative Statements of Operations and Changes in Fund Balance – Solid Waste Collection District Fund	164
Comparative Statements of Operations and Changes in Fund Balance – Recreation Utility Fund	164
Comparison of Tax Levies and Collection Currently	166
Delinquent Taxes and Tax Title Liens	166
Property Acquired by Tax Title Lien Liquidation	166
Comparative Schedule of Tax Rate Information	167
Comparison of Water Utility Levies	167
Comparison of Sewer Utility Levies	167
Comparative Schedule of Fund Balances	168
Officials in Office and Surety Bonds	169
General Comments	170-171
Recommendations	172

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

PART I

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2012**

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

Report on the Financial Statements

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, 2012 and 2011, 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, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the Township of Mount Olive on the basis of financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey for municipal government entities.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the requirement that the Township of Mount Olive prepare and present its financial statements on the regulatory basis of accounting as discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Mount Olive as of December 31, 2012 and 2011, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 13 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust 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 Trust Fund financial statements as part of our audit of the Township’s financial statements as of and for the years ended December 31, 2012 and 2011. The LOSAP Trust Fund financial activities are included in the Township’s Trust Funds, and represent 22 percent and 18 percent of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2012 and 2011.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above 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, 2012 and 2011, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2012 in accordance with the basis of financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Required Supplementary Information

The Township has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to supplement the regulatory basis financial statements and therefore it has not been presented by management. Our opinion on the financial statements – regulatory basis is not affected by this missing information.

Other Information

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, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance as required by NJ OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Mount Olive.

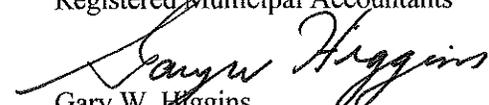
The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 25, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Mount Olive's internal control over financial reporting and compliance.


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


Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2012 AND 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
ASSETS			
Regular Fund			
Cash	A-4	\$ 4,508,708	\$ 4,335,134
Change Funds	A-5	1,600	1,600
Due from the State of New Jersey - Senior Citizens' and Veterans' Deductions	A-6	<u>29,040</u>	<u>29,403</u>
		<u>4,539,348</u>	<u>4,366,137</u>
Receivables and Other Assets with Full Reserves			
Delinquent Taxes Receivable	A-7	1,046,468	892,677
Tax Title Liens Receivable	A-8	399,434	471,536
Property Acquired for Taxes - Assessed Valuation	A-9	4,890,894	4,531,994
Revenue Accounts Receivable	A-10	<u>47,785</u>	<u>46,637</u>
		<u>6,384,581</u>	<u>5,942,844</u>
Total Regular Fund		<u>10,923,929</u>	<u>10,308,981</u>
Federal and State Grant Fund			
Cash	A-4	28,693	141,965
Grants Receivable	A-22	<u>290,746</u>	<u>180,881</u>
Total Federal and State Grant Fund		<u>319,439</u>	<u>322,846</u>
Total Assets		<u>\$ 11,243,368</u>	<u>\$ 10,631,827</u>

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2012 AND 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund			
Appropriation Reserves	A-3,A-11	\$ 203,375	\$ 178,683
Encumbrances Payable	A-12	459,765	300,965
Reserve for Outside Lienholders	A-16	-	6,893
Prepaid Taxes	A-15	248,332	356,904
Reserve for Tax Appeals	A-20	85,425	129,735
Fees Payable	A-14	300	600
Miscellaneous Reserves and Deposits	A-19	<u>660,357</u>	<u>499,707</u>
		1,657,554	1,473,487
Reserve for Receivables and Other Assets	A	6,384,581	5,942,844
Fund Balance	A-1	<u>2,881,794</u>	<u>2,892,650</u>
Total Regular Fund		<u>10,923,929</u>	<u>10,308,981</u>
Federal and State Grant Fund			
Encumbrances Payable	A-13	157,878	209,161
Reserve for Grants and Donations - Appropriated	A-21	<u>161,561</u>	<u>113,685</u>
Total Federal and State Grant Fund		<u>319,439</u>	<u>322,846</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 11,243,368</u>	<u>\$ 10,631,827</u>

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

REVENUES AND OTHER INCOME	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Fund Balance Utilized	A-2	\$ 2,200,000	\$ 2,272,108
Miscellaneous Revenue Anticipated	A-2	5,320,311	5,461,324
Receipts from Delinquent Taxes	A-2	972,794	1,053,668
Receipts from Current Taxes	A-2	91,099,556	89,960,475
Non-Budget Revenue	A-2	576,889	352,357
Other Credits to Income			
Tax Sale Premium Escheated	A-1		3,100
Unexpended Balances of Appropriation Reserves	A-11	182,494	216,224
		<hr/>	<hr/>
Total Revenues and Other Income		100,352,044	99,319,256
		<hr/>	<hr/>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	9,411,702	9,059,474
Other Expenses	A-3	8,196,106	8,350,748
Capital Improvements	A-3	127,000	75,000
Municipal Debt Service	A-3	4,839,833	4,754,552
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	2,481,751	2,646,982
County Taxes	A-17	7,548,838	7,698,841
County Taxes - Added Taxes	A-17	45,743	27,353
County Taxes - Open Space Preservation	A-17	485,827	611,858
Added Taxes Due Library	A-1		3,809
Local District School Taxes	A-18	62,520,532	61,396,190
Sanitation District Taxes	A-24	1,905,936	1,902,497
Sanitation District Taxes - Added Taxes	A-24	8,479	17,505
Municipal - Open Space Preservation	A-23	590,079	588,728
Other Debits to Income			
Prior Year Senior Citizens Deduction Disallowed - Net	A-6	1,074	2,000
		<hr/>	<hr/>
Total Expenditures		98,162,900	97,135,537
		<hr/>	<hr/>
Excess in Revenue		2,189,144	2,183,719

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, 2012 AND 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Excess in Revenue (Brought Forward)		\$ 2,189,144	\$ 2,183,719
FUND BALANCE, JANUARY 1	A	<u>2,892,650</u>	<u>2,981,039</u>
		5,081,794	5,164,758
Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>2,200,000</u>	<u>2,272,108</u>
FUND BALANCE, DECEMBER 31	A	<u>\$ 2,881,794</u>	<u>\$ 2,892,650</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Reference</u>	2012 Anticipated <u>Budget</u>	<u>Added</u> by NJS 40A:4-87	Realized in 2012	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 2,200,000	-	\$ 2,200,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-10	24,000		23,925	\$ (75)
Fees and Permits					
Other	A-2	155,000		159,870	4,870
Fines and Costs - Municipal Court	A-10	327,000		324,365	(2,635)
Interest and Costs on Taxes	A-10	200,000		231,330	31,330
Interest on Investments and Deposits	A-2	5,000		3,773	(1,227)
Water Tower Rental - NYNEX	A-10	305,000		312,812	7,812
Interest on Developers' Deposit Fees	A-10	3,000		3,697	697
Life Hazard Use Fees	A-10	52,000		46,839	(5,161)
Fire Prevention Inspection Fees	A-10	75,000		72,570	(2,430)
Additional Fire Prevention - Chester	A-10	25,000		11,900	(13,100)
Consolidated Municipal Property Tax Relief	A-10	111,171		111,171	
Energy Receipts Tax	A-10	1,855,060		1,855,060	
Reserve for Garden State Trust Fund	A-10	66,707		66,707	
Watershed Moratorium Aid	A-10	9,165		9,165	
Uniform Construction Code Fees	A-10	430,000		431,951	1,951
Interlocal Health Agreement	A-10	162,801		162,801	
Interlocal Animal Control Agreement-Byram	A-10	7,500		10,668	3,168
Interlocal Court Agreement	A-10	50,000		51,000	1,000
State and Federal Revenues Offset					
With Appropriations					
Click it or Ticket	A-22		\$ 4,000	4,000	
Body Armor Replacement	A-22		4,703	4,703	
Recycling Tonnage Grant	A-22		70,032	70,032	
Alcohol, Education and Rehabilitation	A-22		809	809	
Drive Sober/Get Pulled Over	A-22		4,400	4,400	
Year End Drive Sober/Get Pulled Over	A-22		4,400	4,400	
Bulletproof Vest Partnership	A-22		2,112	2,112	
NJ Sustainable Grant	A-22		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, 2012

	<u>Reference</u>	2012 Anticipated <u>Budget</u>	<u>Added</u> by NJS 40A:4-87	Realized in 2012	Excess or (Deficit)
State and Federal Revenues Offset					
With Appropriations (Continued)					
Donation - Foot Solutions	A-22		\$ 447	\$ 447	
Donation - BASF	A-22	\$ 500	500	1,000	
Donation - Benjamin Moore	A-22	-	1,000	1,000	
Donation - Cablevision	A-22	-	2,000	2,000	
Recreation Trails Grant	A-22	6,750		6,750	
Donation - Baptist Church	A-22	-	67,280	67,280	
Clean Communities Program	A-22	48,969	106	49,075	
Donation - Braille Trail	A-22	-	30,000	30,000	
Other Special Items:					
Cable TV Franchise Fees	A-10	88,329		88,329	
Hotel Tax Revenues	A-10	185,000		198,848	\$ 13,848
Due from Mt. Olive Child Care - Lease	A-10	85,085		89,340	4,255
Due From Sports Organizations - Down Payment	A-10	50,000		81,393	31,393
General Capital Fund Surplus	A-10	27,938		27,938	-
Due from Open Space Trust Fund - Debt Service	A-10	686,851	-	686,851	-
	A-1	<u>5,042,826</u>	<u>201,789</u>	<u>5,320,311</u>	<u>75,696</u>
Receipts from Delinquent Taxes	A-2	<u>892,000</u>	-	<u>972,794</u>	<u>80,794</u>
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for:					
Municipal Purposes	A-2	17,704,852	-	18,915,592	1,210,740
Minimum Library Tax	A-2	<u>1,103,530</u>	-	<u>1,103,530</u>	-
		<u>18,808,382</u>	-	<u>20,019,122</u>	<u>1,210,740</u>
Budget Totals		<u>\$ 26,943,208</u>	<u>\$ 201,789</u>	28,512,227	<u>\$ 1,367,230</u>
Non-Budget Revenue	A-2, A-4			<u>576,889</u>	
				<u>\$ 29,089,116</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, 2012**

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-7	\$ 91,099,556
Allocated to School, County and Special District Taxes	A-1, A-17, A-18, A-23, A-24	<u>73,105,434</u>
		17,994,122
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>2,025,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 20,019,122</u>
Fees and Permits - Other		
Township Clerk	A-10	\$ 1,997
Board of Health	A-10	99,627
Registrar	A-10	3,376
SMA Clinic, Shots and Screenings	A-10	20,341
Police Department	A-10	2,711
Tax Search Officer	A-10	30
Tax Assessor	A-10	790
Engineering	A-10	4,971
Planning Board	A-10	10,258
Zoning Board	A-10	10,675
Water Testing	A-10	<u>5,094</u>
	A-2	<u>\$ 159,870</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-10	\$ 3,770
Due from General Capital Fund	C-7	<u>3</u>
	A-2	<u>\$ 3,773</u>
Analysis of Receipts from Delinquent Taxes		
Taxes Receivable	A-7	\$ 878,038
Tax Title Liens	A-8	<u>94,756</u>
	A-2	<u>\$ 972,794</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, 2012**

	<u>Reference</u>	
Analysis of Non-Budget Revenue		
Miscellaneous Receipts		\$ 8,353
Premium on Bonds		210,286
CBS Outdoor Lease Agreement		6,749
Sale of Assets		11,577
Comcast Cable Franchise Fees		1,915
Verizon Franchise Fees		36,606
Duplicate Tax Bills		200
NSF Fees		290
Prior Year Refunds		46,412
Paragon In-Lieu Tax		159,178
Abiding Peace In-Lieu Tax		57,560
Hackettstown Medical Rental		12,000
Administrative Fee- Seniors and Veterans		2,511
Inspection Fines		1,700
Off Duty Administrative Fee		<u>21,552</u>
	A-2,A-4	<u>\$ 576,889</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, 2012

	<u>2012 Appropriated</u>		<u>2012 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	\$ 35,500	\$ -	
Other Expenses	24,365	20,365	18,523	842	\$ 1,000
Township Clerk					
Salaries & Wages	229,897	229,897	229,897	-	
Other Expenses	19,241	22,241	21,587	654	
Business Administration					
Salaries & Wages	241,020	243,020	242,329	691	
Other Expenses	69,490	69,490	64,328	3,162	2,000
Financial Administration					
Salaries & Wages	178,409	178,409	176,735	674	1,000
Other Expenses	12,955	27,955	27,518	437	-
Annual Audit	33,709	33,709	30,570	3,139	
Revenue Administration (Tax Collection)					
Salaries & Wages	67,516	67,516	67,516	-	
Other Expenses	6,711	6,711	6,679	32	
Assessment of Taxes					
Salaries & Wages	167,352	167,352	167,276	76	
Other Expenses	33,320	33,320	30,636	2,684	
Legal Services & Costs					
Other Expenses	242,737	242,737	242,737	-	
Engineering Services					
Salaries & Wages	41,010	43,010	42,333	677	
Other Expenses	14,986	14,986	12,969	2,017	
Industrial and Economic Development Committee					
Other Expenses	500	500	35	465	
Pride Committee					
Other Expenses	2,500	2,500	2,425	75	
Open Space Committee					
Other Expenses	225	225	105	120	
Mount Olive Historical Society					
Other Expenses	1,000	1,000	1,000	-	
Ethics Board					
Other Expenses	500	500	-	-	500
Information Technology Support					
Other Expenses	50,777	50,777	45,277	5,500	
LAND USE ADMINISTRATION					
Municipal Land Use Law (NJS 40:55D-1)					
Planning Board					
Salaries & Wages	168,126	169,626	169,411	215	
Other Expenses	34,750	42,750	41,865	885	
INSURANCE					
General Liability	227,626	227,626	227,478	-	148
Workers Compensation	256,684	256,684	256,518	-	166
Employee Group Health	2,418,295	2,413,295	2,382,345	9,950	21,000
Employee Group Health - Waiver	25,000	25,000	18,916	-	6,084
Unemployment Insurance	20,000	20,000	20,000	-	
PUBLIC SAFETY					
Police					
Salaries & Wages	5,857,171	5,857,171	5,840,512	16,659	
Other Expenses	196,704	196,704	195,233	1,471	
Emergency Management System					
Salaries & Wages	4,823	4,823	4,822	1	
Other Expenses	16,118	16,118	15,073	1,045	
Fire					
Other Expenses					
Flanders Fire Company	69,203	69,203	69,203	-	
Budd Lake Fire Company	96,703	96,703	95,973	30	700
Fire Hydrant Rental	15,750	15,750	15,413	337	

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 Appropriated		2012 Expended		Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
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	136,448	134,448	133,750	698	
Other Expenses	12,501	12,501	5,379	2,122	5,000
PUBLIC WORKS FUNCTIONS					
STREETS AND ROADS					
Road Repairs and Maintenance					
Salaries & Wages	786,372	776,372	762,700	3,672	10,000
Other Expenses	330,680	330,680	313,189	17,491	
Street Signs					
Other Expenses	41,294	41,294	40,471	823	
Buildings and Grounds					
Salaries & Wages	377,471	387,471	383,430	2,041	2,000
Other Expenses	207,130	207,130	199,604	7,526	
Fleet Maintenance					
Other Expenses	595,581	595,581	589,084	6,497	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries & Wages	495,882	490,882	481,179	8,703	1,000
Other Expenses	3,297	3,297	443	2,854	
Environmental Committee (R.S. 40:56A-1 et seq)					
Other Expenses	1,500	1,500	1,500	-	
Animal Control					
Other Expenses	65,877	65,877	65,877	-	
Division of Senior Social Services					
Salaries & Wages	99,171	93,671	91,951	220	1,500
Other Expenses	13,750	13,750	12,592	1,158	
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, 2012**

	<u>2012 Appropriated</u>		<u>2012 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	\$ 259,173	\$ 259,173	\$ 258,525	\$ 648	
Other Expenses	63,350	65,350	65,349	1	
UTILITY EXPENSE AND BULK PURCHASES					
Electricity	200,000	200,000	151,055	48,945	
Street Lighting	167,000	160,500	139,908	20,592	
Gas (Natural or Propane)	55,000	40,000	33,641	6,359	
Telecommunications	100,000	114,000	108,427	5,573	
Vehicle Fuel	374,000	374,000	373,890	110	
Municipal Court					
Salaries and Wages	294,861	290,361	286,239	2,622	\$ 1,500
Other Expenses	9,580	9,580	8,088	1,492	
Public Defender (P.L. 1977, C. 256)					
Other Expenses	16,900	16,900	16,850	50	-
Total Operations Within "CAPS"	<u>15,828,115</u>	<u>15,828,115</u>	<u>15,582,391</u>	<u>192,126</u>	<u>53,598</u>
Detail:					
Salaries & Wages	9,440,202	9,428,702	9,374,105	37,597	17,000
Other Expenses	6,387,913	6,399,413	6,208,286	154,529	36,598
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
Statutory Charges					
Public Employees Retirement System	546,012	546,012	546,012		
Social Security System (O.A.S.I.)	722,175	722,175	702,048	10,127	10,000
Police and Firemen's Retirement System of NJ	1,218,064	1,218,064	1,218,064		-
Deferred Contribution Retirement Program	5,500	5,500	4,378	1,122	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>2,491,751</u>	<u>2,491,751</u>	<u>2,470,502</u>	<u>11,249</u>	<u>10,000</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>18,319,866</u>	<u>18,319,866</u>	<u>18,052,893</u>	<u>203,375</u>	<u>63,598</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)	1,103,530	1,103,530	1,103,530		
Length of Service Award Program (LOSAP)	125,000	125,000	125,000		
Health Insurance	126,452	126,452	126,452		
Total Other Operations Excluded from "CAPS"	<u>1,354,982</u>	<u>1,354,982</u>	<u>1,354,982</u>	<u>-</u>	<u>-</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012 Appropriated		2012 Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)					
Interlocal Municipal Service Agreements					
Health Services	\$ 162,801	\$ 162,801	\$ 162,801		
Animal Control Services - Byram	7,500	7,500	7,500		
Court	50,000	50,000	50,000	-	-
Total Interlocal Municipal Service Agreements	<u>220,301</u>	<u>220,301</u>	<u>220,301</u>	-	-
Public and Private Programs Offset by Revenues					
Recycling Tonnage Grant	-	70,032	70,032		
Body Armor Fund	-	4,703	4,703		
Drive Sober/Get Pulled Over	-	4,400	4,400		
Year End Drive Sober/Get Pulled Over	-	4,400	4,400		
Click it or Ticket	-	4,000	4,000		
Alcohol, Education and Rehabilitation	-	809	809		
Bulletproof Vest	-	2,112	2,112		
Donation - Food Solutions	-	447	447		
Recreation Trails Grant	6,750	6,750	6,750		
Donation - BASF	500	1,000	1,000		
Donation - Cablevision	-	2,000	2,000		
Donation - Benjamin Moore	-	1,000	1,000		
Donation - Braille Trail	-	30,000	30,000		
NJ Sustainable Grant	-	10,000	10,000		
Clean Communities Program	48,969	49,075	49,075		
Donation - Baptist Church	-	67,280	67,280	-	-
Total Public and Private Programs Offset by Revenues	<u>56,219</u>	<u>258,008</u>	<u>258,008</u>	-	-
Total Operations Excluded from "CAPS"	<u>1,631,502</u>	<u>1,833,291</u>	<u>1,833,291</u>	-	-
Detail:					
Other Expenses	<u>1,631,502</u>	<u>1,833,291</u>	<u>1,833,291</u>	-	-
CAPITAL IMPROVEMENTS- EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>127,000</u>	<u>127,000</u>	<u>127,000</u>	-	-
Total Capital Improvements Excluded from "CAPS"	<u>127,000</u>	<u>127,000</u>	<u>127,000</u>	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	3,480,000	3,480,000	3,480,000		
Interest on Bonds	802,303	802,303	802,303		
Interest on Notes	11,536	11,536	11,536		
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	150,788	150,788	150,788		
Wastewater Loan:					
Principal	268,127	268,127	268,127		
Interest	35,606	35,606	35,599		\$ 7
Morris County Improvement Program Lease Program					
Principal	65,000	65,000	65,000		
Interest	17,604	17,604	17,604		
EDA Loan Payable	8,876	8,876	8,876	-	-
Total Municipal Debt Service Excluded from "CAPS"	<u>4,839,840</u>	<u>4,839,840</u>	<u>4,839,833</u>	-	<u>7</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>2012 Appropriated</u>		<u>2012 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 6,598,342	\$ 6,800,131	\$ 6,800,124	-	\$ 7
Subtotal General Appropriations	24,918,208	25,119,997	24,853,017	\$ 203,375	63,605
Reserve for Uncollected Taxes	<u>2,025,000</u>	<u>2,025,000</u>	<u>2,025,000</u>	-	-
Total General Appropriations	<u>\$ 26,943,208</u>	<u>\$ 27,144,997</u>	<u>\$ 26,878,017</u>	<u>\$ 203,375</u>	<u>\$ 63,605</u>
<u>Reference</u>	A-2			A	

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Reference</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget	A-2	\$ 26,943,208	
Additional Appropriations (N.J.S.A. 40A:4-87)	A-2	<u>201,789</u>	
		<u>\$ 27,144,997</u>	
Cash Disbursed	A-4		\$ 24,939,582
Less Refunds	A-4		<u>804,338</u>
			24,135,244
Federal and State Grants Appropriated	A-21		258,008
Encumbrances Payable	A-12		459,765
Reserve for Uncollected Taxes	A-2		<u>2,025,000</u>
			<u>\$ 26,878,017</u>

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
ASSETS			
ANIMAL CONTROL TRUST FUND			
Cash	B-3	\$ 6,799	\$ 4,554
OTHER TRUST FUND			
Cash	B-3	5,359,448	5,893,071
OPEN SPACE TRUST FUND			
Cash	B-3	225,161	275,630
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) TRUST FUND (Unaudited)			
Investments	B	1,451,686	1,225,450
Contribution Receivable	B	125,000	130,000
		<u>1,576,686</u>	<u>1,355,450</u>
Total Assets		<u>\$ 7,168,094</u>	<u>\$ 7,528,705</u>

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL TRUST FUND			
Due to State of New Jersey	B-5	\$ 4	\$ 125
Reserve for Animal Control Expenditures	B-4	<u>6,795</u>	<u>4,429</u>
		<u>6,799</u>	<u>4,554</u>
OTHER TRUST FUND			
Escrow Deposits	B-6	3,968,111	4,024,704
Due to the State of New Jersey	B-8	1,387	15,949
Reserve for Payroll and Payroll Deductions	B-10	4,569	4,000
Miscellaneous Reserves	B-7	<u>1,385,381</u>	<u>1,848,418</u>
		<u>5,359,448</u>	<u>5,893,071</u>
OPEN SPACE TRUST FUND			
Reserve for Open Space	B-9	<u>225,161</u>	<u>275,630</u>
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) TRUST FUND (Unaudited)			
Reserve for Investments in Length of Service Award Program	B	<u>1,576,686</u>	<u>1,355,450</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 7,168,094</u>	<u>\$ 7,528,705</u>

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

	<u>Reference</u>	2012 Budget (Memorandum)	2012 Realized	Excess or (Deficit)
Amount to be Raised by Taxation	B-3	\$ 586,851	\$ 590,079	\$ 3,228
		<u>\$ 586,851</u>	590,079	<u>\$ 3,228</u>
Non-Budget Revenue	B-3		<u>358,974</u>	
			<u>\$ 949,053</u>	
Analysis of Non-Budget Revenue				
Interest on Investments and Deposits			\$ 199	
Reserve for Land Sale Proceeds			<u>358,775</u>	
			<u>\$ 358,974</u>	

EXHIBIT B-2

STATEMENT OF EXPENDITURES - REGULATORY BASIS - OPEN SPACE TRUST FUND

	<u>Reference</u>	2012 Budget (Memorandum)	2012 Paid or Charged	Excess or (Deficit)
Reserve for Future Use	B-3		\$ 312,671	\$ (312,671)
Debt Service	B-3	\$ 586,851	<u>686,851</u>	<u>(100,000)</u>
		<u>\$ 586,851</u>	<u>\$ 999,522</u>	<u>\$ (412,671)</u>
		<u>Reference</u>	B-3	

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
ASSETS			
Cash	C-2,C-3	\$ 1,844,653	\$ 198,770
Deferred Charges to Future Taxation			
Funded	C-4	24,287,504	23,755,701
Unfunded	C-8	372,517	2,158,873
Department of Transportation Grant Receivable	C-5	58,750	60,000
Due from Green Acres Trust	C-13	45,000	90,000
Community Development Block Grant Receivable	C-22	57,500	
Due from County of Morris Historic Preservation Trust Fund	C-6	<u>323,360</u>	<u>297,080</u>
 Total Assets		 <u>\$ 26,989,284</u>	 <u>\$ 26,560,424</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-10	\$ 22,491,000	\$ 21,481,000
Wastewater Loans Payable	C-16	860,249	1,128,376
EDA Loan Payable	C-17	8,876	17,752
Green Trust Loan Payable	C-18	346,846	457,936
Garden State Preservation Trust Loan Payable	C-19	280,533	305,637
MCIA Loan Payable	C-20	300,000	365,000
Bond Anticipation Notes	C-21		887,365
Improvement Authorizations			
Funded	C-9	405,321	343,450
Unfunded	C-9	369,242	974,218
Capital Improvement Fund	C-11	1,393	10,773
Encumbrances Payable	C-12	1,822,639	508,479
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>50,685</u>	<u>27,938</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 26,989,284</u>	 <u>\$ 26,560,424</u>

There were bonds and notes authorized but not issued on December 31, 2012 and 2011 of \$372,517 and \$1,543,508, respectively (See Exhibit C-23).

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Balance, January 1	C	\$ 27,938	\$ 5,095
Increased By:			
Cancellation of Funded Improvement Authorizations	C-9	<u>50,685</u>	<u>27,938</u>
		78,623	33,033
Decreased by:			
Utilized as Current Fund Revenue	C-7	<u>27,938</u>	<u>5,095</u>
Balance, December 31	C	<u>\$ 50,685</u>	<u>\$ 27,938</u>

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
ASSETS			
OPERATING FUND			
Cash	D-5	\$ 388,819	\$ 438,636
Receivables With Full Reserves Consumer Accounts Receivable	D-7	<u>73,664</u>	<u>62,678</u>
Total Operating Fund		<u>462,483</u>	<u>501,314</u>
CAPITAL FUND			
Cash	D-5,D-6	574,740	340,172
Fixed Capital Authorized and Uncompleted Fixed Capital	D-16 D-8	793,506 <u>6,647,233</u>	1,451,029 <u>5,850,064</u>
Total Capital Fund		<u>8,015,479</u>	<u>7,641,265</u>
Total Assets		<u>\$ 8,477,962</u>	<u>\$ 8,142,579</u>

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
LIABILITIES, RESERVES AND FUND BALANCES			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-3,14	\$ 16,940	\$ 51,268
Encumbrances Payable	D-9	63,104	46,032
Accrued Interest on Bonds and Loans	D-10	<u>3,913</u>	<u>6,139</u>
		83,957	103,439
Reserve for Receivables	D	73,664	62,678
Fund Balance	D-1	<u>304,862</u>	<u>335,197</u>
Total Operating Fund		<u>462,483</u>	<u>501,314</u>
CAPITAL FUND			
Serial Bonds	D-15	540,000	597,000
NJEIT Loan Payable	D-13	372,483	382,200
Encumbrances Payable	D-17	578,565	776,175
Improvement Authorizations:			
Funded	D-18	7,771	290,752
Unfunded	D-18	191,302	372,085
Capital Improvement Fund	D-19	1,000	5,750
Reserve for Amortization	D-12	6,299,856	5,207,228
Deferred Reserve for Amortization	D-20	4,149	
Fund Balance	D-4	<u>20,353</u>	<u>10,075</u>
Total Capital Fund		<u>8,015,479</u>	<u>7,641,265</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 8,477,962</u>	<u>\$ 8,142,579</u>

There were bonds and notes authorized but not issued at December 31, 2012 and 2011 of \$224,251 and \$1,114,665, respectively, (See Exhibit D-21)

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, 2012 AND 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
REVENUES AND OTHER INCOME			
Fund Balance Utilized	D-2	\$ 215,017	\$ 200,849
Rents	D-2	1,418,930	1,416,055
Fund Balance- Capital Fund	D-2	10,075	
Other Budget Revenues	D-2	110,146	83,920
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-14	<u>64,232</u>	<u>78,281</u>
 Total Revenues and Other Income		 <u>1,818,400</u>	 <u>1,779,105</u>
EXPENDITURES			
Budget Appropriations			
Operating	D-3	1,153,552	1,097,764
Capital Improvements	D-3	3,250	
Debt Service	D-3	414,511	430,717
Deferred Charges and Statutory Expenditures	D-3	<u>62,405</u>	<u>47,674</u>
 Total Expenditures		 <u>1,633,718</u>	 <u>1,576,155</u>
 Excess in Revenue		 184,682	 202,950
 FUND BALANCE, JANUARY 1	D	 <u>335,197</u>	 <u>333,096</u>
 Decreased by:		 519,879	 536,046
Utilized as Anticipated Revenue	D-1	<u>215,017</u>	<u>200,849</u>
 FUND BALANCE, DECEMBER 31	D	 <u>\$ 304,862</u>	 <u>\$ 335,197</u>

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Reference</u>	2012 <u>Anticipated</u>	2012 <u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	D-1	\$ 215,017	\$ 215,017	
Rents	D-1, D-7	1,410,000	1,418,930	\$ 8,930
Fund Balance - Capital Fund	D-1, D-4	10,075	10,075	
Miscellaneous	D-1	<u>80,000</u>	<u>110,146</u>	<u>30,146</u>
		<u>\$ 1,715,092</u>	<u>\$ 1,754,168</u>	<u>\$ 39,076</u>
<u>Analysis of Miscellaneous Budget Revenue</u>	<u>Reference</u>	<u>D-3</u>		
Tower Rental Fees			\$ 73,630	
Connection Fees			9,120	
Pool Permits			1,940	
Interest on Delinquent Rents			8,667	
Miscellaneous			<u>16,278</u>	
	D-5		<u>109,635</u>	
Interest on Investments:				
Cash Receipts	D-5		275	
Due from Water Capital Fund	D-11		<u>236</u>	
			<u>511</u>	
Total Miscellaneous Revenue	D-1, D-2		<u>\$ 110,146</u>	

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>2012 Appropriated</u>		<u>2012 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	\$ 443,907	\$ 443,907	\$ 440,664	\$ 3,243	
Other Expenses	779,645	779,645	696,197	13,448	\$ 70,000
Capital Improvement Fund	3,250	3,250	3,250		
DEBT SERVICE					
Payment of Bond Principal	390,000	390,000	390,000		
Interest on Bonds	15,885	15,885	15,885		-
Principal and Interest on Loans	20,000	20,000	8,626		11,374
STATUTORY EXPENDITURES					
Contribution to Public Employee Retirement System	28,445	28,445	28,445		
Social Security System	33,960	33,960	33,711	249	-
	<u>\$ 1,715,092</u>	<u>\$ 1,715,092</u>	<u>\$ 1,616,778</u>	<u>\$ 16,940</u>	<u>\$ 81,374</u>

	<u>Reference</u>	D-2	D-2	D
Cash Disbursed	D-5			\$ 1,541,017
Less: Refunds	D-5			<u>1,002</u>
				1,540,015
Encumbrances Payable	D-9			63,104
Accrued Interest on Bonds and Notes	D-10			<u>13,659</u>
				<u>\$ 1,616,778</u>

TOWNSHIP OF MOUNT OLIVE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Balance, January 1	D	\$ 10,075	
Increased By:			
Cancellation of Improvement Authorizations	D-18	<u>20,353</u>	<u>\$ 10,075</u>
		30,428	10,075
Decreased By:			
Transfer to Water Utility Operating Fund	D-2	<u>10,075</u>	<u>-</u>
Balance, December 31	D	<u>\$ 20,353</u>	<u>\$ 10,075</u>

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
ASSETS			
OPERATING FUND			
Cash	E-7	\$ 1,477,861	\$ 1,670,477
Receivables With Full Reserves Consumer Accounts Receivable	E-9	<u>190,803</u>	<u>360,211</u>
		<u>190,803</u>	<u>360,211</u>
Total Operating Fund		<u>1,668,664</u>	<u>2,030,688</u>
ASSESSMENT TRUST FUND			
Cash	E-7	1,778,906	771,836
Assessments Receivable	E-11	790,688	1,840,762
Assessment Lien Receivable	E-12		810
Amount to be Raised by Taxation	E-10	584	
Prospective Assessments Funded	E-13	<u>3,107,822</u>	<u>3,136,573</u>
Total Assessment Trust Fund		<u>5,678,000</u>	<u>5,749,981</u>
CAPITAL FUND			
Cash	E-7,E-8	112,545	-
Fixed Capital	E-18	33,027,560	32,998,105
Fixed Capital Authorized and Uncompleted	E-17	<u>120,545</u>	<u>700,000</u>
Total Capital Fund		<u>33,260,650</u>	<u>33,698,105</u>
Total Assets		<u>\$ 40,607,314</u>	<u>\$ 41,478,774</u>

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SEWER UTILITY FUND
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Appropriation Reserves	E-4,E-16	\$ 72,832	\$ 25,871
Encumbrances Payable	E-14	92,585	47,333
Accrued Interest on Bonds and Notes	E-22	<u>64,903</u>	<u>90,578</u>
		230,320	163,782
Reserve for Receivables	E	190,803	360,211
Fund Balance	E-1	<u>1,247,541</u>	<u>1,506,695</u>
Total Operating Fund		<u>1,668,664</u>	<u>2,030,688</u>
ASSESSMENT TRUST FUND			
Serial Bonds	E-24	1,083,000	478,000
Wastewater Loans Payable	E-15	1,711,601	3,989,516
Reserve to Pay Debt Service	E-29	700,000	
Reserve for Assessment Interest and Costs	E-20		147
Reserve for Prospective Assessments Funded	E-19	<u>2,183,399</u>	<u>1,282,318</u>
		<u>5,678,000</u>	<u>5,749,981</u>
CAPITAL FUND			
Serial Bonds	E-23	1,739,000	1,932,000
Wastewater Loans Payable	E-15	223,558	295,068
Improvement Authorizations Funded	E-26	50,913	
Unfunded	E-26	500	700,000
Reserve for Amortization	E-21	31,185,047	30,771,037
Encumbrances Payable	E-27	<u>61,632</u>	<u>-</u>
Total Capital Fund		<u>33,260,650</u>	<u>33,698,105</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 40,607,314</u>	<u>\$ 41,478,774</u>

There were bonds and notes authorized but not issued at December 31, 2012 and 2011 of \$500 and \$700,000, respectively, (See Exhibit E-28)

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, 2012 AND 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
REVENUES AND OTHER INCOME			
Fund Balance Utilized	E-2	\$ 1,134,224	\$ 1,141,249
Sewer Rents and Liens	E-2	4,096,788	3,595,789
Other Budget Revenues	E-2	271,166	209,642
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	E-16	<u>32,102</u>	<u>163,503</u>
 Total Revenues and Other Income		 <u>5,534,280</u>	 <u>5,110,183</u>
 EXPENDITURES			
Budget Appropriations			
Operating	E-4	3,131,111	3,163,084
Capital Improvements	E-4	7,500	78,953
Deferred Charges and Statutory Expenditures	E-4	958,227	683,895
Debt Service	E-4	<u>562,372</u>	<u>629,011</u>
 Total Expenditures		 <u>4,659,210</u>	 <u>4,554,943</u>
 Excess in Revenue		 875,070	 555,240
 FUND BALANCE, JANUARY 1	E	 <u>1,506,695</u>	 <u>2,092,704</u>
		2,381,765	2,647,944
Decreased by:			
Utilized as Anticipated Revenue	E-1	<u>1,134,224</u>	<u>1,141,249</u>
 FUND BALANCE, DECEMBER 31	E	 <u>\$ 1,247,541</u>	 <u>\$ 1,506,695</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Reference</u>	2012 <u>Anticipated</u>	2012 <u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	E-1	\$ 1,134,224	\$ 1,134,224	
Rents	E-1,E-9	3,595,000	4,096,788	\$ 501,788
Miscellaneous	E-2	50,000	117,892	67,892
Reimbursement - Mt. Olive School District	E-1,E-7	70,000	82,999	12,999
Interest on Assessments	E-1,E-7	<u>56,250</u>	<u>70,275</u>	<u>14,025</u>
		<u>\$ 4,905,474</u>	<u>\$ 5,502,178</u>	<u>\$ 596,704</u>
	<u>Reference</u>	E-4		
Analysis of Miscellaneous Revenues				
Interest on Delinquent Rents			\$ 77,921	
Premium on Bond Sale			38,466	
Return Check Fees			<u>140</u>	
	E-7		116,527	
Interest on Investments and Deposits:				
Sewer Operating Fund	E-7	\$ 850		
Sewer Assessment Trust Fund	E-25	<u>515</u>		
			<u>1,365</u>	
Total Miscellaneous Revenues	E-1,E-2		<u>\$ 117,892</u>	

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

	<u>Reference</u>	2012 <u>Anticipated</u>	2012 <u>Realized</u>	Excess or <u>(Deficit)</u>
Assessment Cash	E-7	\$ 771,835	\$ 771,835	-
Deficit (Sewer Operating Budget)	E-7	<u>901,081</u>	<u>901,081</u>	-
		<u>\$ 1,672,916</u>	1,672,916	<u>\$ -</u>
	<u>Reference</u>	E-5		
Assessment Liens	E-7,12		226	
Receipts from Sale of EDU's	E-7		<u>28,751</u>	
			<u>\$ 1,701,893</u>	

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Appropriated</u>		<u>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	\$ 404,061	\$ 404,061	\$ 400,058	\$ 4,003	
Other Expenses	896,484	896,484	802,961	68,523	\$ 25,000
Musconetcong Sewerage Authority	2,025,438	2,025,438	1,855,566	-	169,872
CAPITAL IMPROVEMENTS					
Capital Outlay	7,500	7,500	7,500		
DEBT SERVICE					
Payment of Bond and Loan Principal	406,510	406,510	406,510		
Interest on Bonds and Loans	207,254	207,254	155,862		51,392
DEFERRED CHARGES					
Anticipated Deficit - Sewer Assessment Trust Fund	901,081	901,081	901,081		
STATUTORY EXPENDITURES					
Contribution to Public Employees Retirement System	26,235	26,235	26,235		
Social Security System	30,911	30,911	30,605	306	-
	<u>\$ 4,905,474</u>	<u>\$ 4,905,474</u>	<u>\$ 4,586,378</u>	<u>\$ 72,832</u>	<u>\$ 246,264</u>

	<u>Reference</u>	E-2	E-2	E
Cash Disbursed	E-7		\$ 4,338,532	
Less: Refunds	E-7		<u>601</u>	
			4,337,931	
Accrued Interest on Bonds and Notes	E-22		155,862	
Encumbrances Payable	E-14		<u>92,585</u>	
			<u>\$ 4,586,378</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>	2012 <u>Budget</u>	2012 Paid or <u>Charged</u>	<u>Variance</u>
Payment of Bond Principal	E-24	\$ 95,000	\$ 95,000	-
Payment of Loan Principal	E-15	<u>1,577,916</u>	<u>1,577,915</u>	<u>\$ 1</u>
		<u>\$ 1,672,916</u>	<u>\$ 1,672,915</u>	<u>\$ 1</u>
	<u>Reference</u>	E-3		
	Cash Disbursed	E-7	<u>\$ 1,672,915</u>	

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SOLID WASTE COLLECTION DISTRICT FUND
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
ASSETS			
Cash	F-4	\$ 745,292	\$ 508,252
Due from County of Morris	F-5	<u>56,272</u>	<u>59,841</u>
Total Assets		<u>\$ 801,564</u>	<u>\$ 568,093</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	F-3, F-6	\$ 90,324	\$ 42,072
Encumbrance Payable	F-7	<u>158,380</u>	<u>91,195</u>
Fund Balance	F-1	248,704 <u>552,860</u>	133,267 <u>434,826</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 801,564</u>	<u>\$ 568,093</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, 2012 AND 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
REVENUES AND OTHER INCOME			
Fund Balance Utilized	F-2	\$ 96,637	
Sanitation District Taxes	F-2	1,914,415	\$ 1,920,002
Host Benefit Fees	F-2	711,899	736,352
Recycling Revenue	F-2	70,599	45,335
Bulk Item Pick-Up Fees	F-2	20,220	22,604
Yard Waste Fees	F-2	1,052	1,306
Dumpster Fees	F-2	7,670	6,760
Nonbudget Revenue	F-2	1,909	3,671
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	F-6	<u>60,291</u>	<u>46,459</u>
 Total Revenues and Other Income		 <u>2,884,692</u>	 <u>2,782,489</u>
 EXPENDITURES			
Budget Appropriations:			
Operating	F-3	2,509,268	2,425,950
Statutory Expenditures	F-3	<u>160,753</u>	<u>149,228</u>
 Total Expenditures		 <u>2,670,021</u>	 <u>2,575,178</u>
 Excess in Revenue		 214,671	 207,311
 FUND BALANCE, JANUARY 1	F	 <u>434,826</u>	 <u>227,515</u>
		649,497	434,826
Decreased by:			
Utilized as Anticipated Revenue	F-1	<u>96,637</u>	<u>-</u>
 BALANCE, DECEMBER 31	F	 <u>\$ 552,860</u>	 <u>\$ 434,826</u>

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - SOLID WASTE COLLECTION DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	F-1	\$ 96,637	\$ 96,637	-
Sanitation District Taxes	F-1,A-7	<u>1,902,497</u>	<u>1,914,415</u>	\$ 11,918
Host Benefit Fees -				
Transfer Station	F-1	600,000	645,070	45,070
County Reimbursement	F-1	61,000	66,829	5,829
Recycling Revenue	F-1	16,000	70,599	54,599
Bulk Item Pick-Up Fees	F-1	22,000	20,220	(1,780)
Dumpster Fees	F-1	6,000	7,670	1,670
Yard Waste Fees - Stickers and Bags	F-1	<u>1,200</u>	<u>1,052</u>	<u>(148)</u>
		<u>706,200</u>	<u>811,440</u>	<u>105,240</u>
Total		<u>\$ 2,705,334</u>	2,822,492	<u>\$ 117,158</u>
Nonbudget Revenue	F-1, F-4		<u>1,909</u>	
			<u>\$ 2,824,401</u>	
<u>Analysis of Budgeted Revenues</u>				
Cash Receipts	F-4		\$ 2,080,785	
Due from County of Morris	F-5		645,070	
Fund Balance Utilized	F-2		<u>96,637</u>	
	F-2		<u>\$ 2,822,492</u>	
<u>Analysis of Non Budget Revenue</u>				
Interest on Investments and Deposits			\$ 321	
Prior Year Refunds			<u>1,588</u>	
	F-2,F-4		<u>\$ 1,909</u>	

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SOLID WASTE COLLECTION DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATING					
Salaries and Wages	\$ 1,091,594	\$ 1,091,594	\$ 1,068,481	\$ 23,113	\$ -
Other Expenses	1,421,737	1,415,487	1,317,177	63,310	35,000
Health Benefit Waiver	7,500	12,500	12,187	-	313
Recycling Tax	25,000	25,000	22,130	2,870	-
STATUTORY EXPENDITURES					
Contribution to Public Employees					
Retirement System	75,996	75,996	75,996		
Social Security System	<u>83,507</u>	<u>84,757</u>	<u>83,726</u>	<u>1,031</u>	<u>-</u>
 Total	 <u>\$ 2,705,334</u>	 <u>\$ 2,705,334</u>	 <u>\$ 2,579,697</u>	 <u>\$ 90,324</u>	 <u>\$ 35,313</u>
	<u>Reference</u>	F-2	F-2	F-2	F
Cash Disbursed	F-4			\$ 2,421,317	
Encumbrances Payable	F-7			<u>158,380</u>	
				<u>\$ 2,579,697</u>	

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
RECREATION UTILITY FUND
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
ASSETS			
OPERATING FUND			
Cash	G-4	\$ 118,844	\$ 100,986
Total Operating Fund		<u>118,844</u>	<u>100,986</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>\$ 121,439</u>	<u>\$ 103,581</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Appropriation Reserves	G-3, G-6	\$ 44,980	\$ 28,312
Encumbrance Payable	G-5	<u>26,167</u>	<u>4,485</u>
		71,147	32,797
Fund Balance	G-1	<u>47,697</u>	<u>68,189</u>
Total Operating Fund		<u>118,844</u>	<u>100,986</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>\$ 121,439</u>	<u>\$ 103,581</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, 2012 AND 2011

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
REVENUES AND OTHER INCOME			
Fund Balance Utilized	G-2	\$ 55,000	\$ 43,400
Program Fees	G-2	460,066	352,767
Non-Budget Revenue	G-2	142	197
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	G-6	<u>28,445</u>	<u>31,842</u>
 Total Revenues		 <u>543,653</u>	 <u>428,206</u>
 EXPENDITURES			
Budget Appropriations:			
Operating	G-3	485,075	387,372
Statutory Expenditures	G-3	<u>24,070</u>	<u>20,928</u>
 Total Expenditures		 <u>509,145</u>	 <u>408,300</u>
 Excess in Revenue		 34,508	 19,906
 FUND BALANCE, JANUARY 1	 G	 <u>68,189</u>	 <u>91,683</u>
 Decreased by:		 102,697	 111,589
Utilized as Anticipated Revenue	G-1,G-2	<u>55,000</u>	<u>43,400</u>
 BALANCE, DECEMBER 31	 G	 <u>\$ 47,697</u>	 <u>\$ 68,189</u>

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF REVENUES - REGULATORY BASIS - RECREATION UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	G-1	\$ 55,000	\$ 55,000	
New Programs	G-1,G-4	89,964	89,964	
Program Fees	G-1,G-4	260,000	260,000	
Additional New Programs	G-1,G-4	<u>209,181</u>	<u>110,102</u>	\$ (99,079)
 Total		 <u>\$ 614,145</u>	 515,066	 <u>\$ (99,079)</u>
 Nonbudget Revenue	 G-1,G-4		 <u>142</u>	
			 <u>\$ 515,208</u>	
 <u>Analysis of Budget Revenues</u>				
Fund Balance Anticipated	G-2		\$ 55,000	
Cash Receipts	G-4		<u>460,066</u>	
	G-2		 <u>\$ 515,066</u>	
 <u>Analysis of Nonbudget Revenues</u>				
Interest on Investments and Deposits			\$ 102	
Returned Check Fee			<u>40</u>	
	G-1,G-2,G-4		 <u>\$ 142</u>	

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
RECREATION UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATING					
Salaries & Wages	\$ 314,644	\$ 314,644	\$ 232,085	\$ 12,559	\$ 70,000
Other Expenses	275,431	275,431	214,325	26,106	35,000
STATUTORY EXPENDITURES					
Social Security System	<u>24,070</u>	<u>24,070</u>	<u>17,755</u>	<u>6,315</u>	<u>-</u>
Total	<u>\$ 614,145</u>	<u>\$ 614,145</u>	<u>\$ 464,165</u>	<u>\$ 44,980</u>	<u>\$ 105,000</u>
	<u>Reference</u>	G-2	G-2	G	G
Cash Disbursed	G-4		\$ 437,998		
Encumbrances Payable	G-5		<u>26,167</u>		
			<u>\$ 464,165</u>		

**TOWNSHIP OF MOUNT OLIVE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
ASSETS		
Land	\$ 25,204,500	\$ 20,927,400
Buildings and Building Improvements	12,061,000	12,248,200
Machinery and Equipment	<u>16,787,035</u>	<u>16,161,892</u>
Total Assets	<u>\$ 54,052,535</u>	<u>\$ 49,337,492</u>
RESERVES		
Investment in General Fixed Assets	<u>\$ 54,052,535</u>	<u>\$ 49,337,492</u>
Total Reserves	<u>\$ 54,052,535</u>	<u>\$ 49,337,492</u>

NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Regulatory Basis of Accounting

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.

B. 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.

C. Measurement Focus, Basis of Accounting and Financial Statement 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.

TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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 Awards Program (LOSAP) Trust Fund – 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.

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.

TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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 accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement 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. 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 as 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 2012 and 2011 the Township Council increased the original budget by \$201,789 and \$318,934, respectively. The increases were funded by additional aid allotted to the Township. In addition, the governing body approved several budget transfers during 2012 and 2011.

TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement 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 NJSA 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, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement 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	Estimated Historical Cost
Machinery and Equipment	Assessed Valuation

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 recreational 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, 2012 AND 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Reclassifications - Certain reclassifications may have been made to the December 31, 2011 balances to conform to the December 31, 2012 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.

D. Financial Statements – Regulatory Basis

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 regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis 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 for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2012 and 2011, the book value of the Township's deposits were \$17,172,069 and \$14,681,083 and bank and brokerage firm balances of the Township's deposits amounted to \$17,401,813 and \$15,110,410, 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>2012</u>	<u>2011</u>
Insured	\$ 17,401,813	\$ 15,110,410

**TOWNSHIP OF MOUNT OLIVE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

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, 2012 and 2011, none of the Township’s bank balances were exposed to custodial credit risk.

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, 2012 and 2011, the Township had the following investments:

	<u>Fair Value</u>
<u>2012</u>	
Investment:	
Length of Service Awards Program	\$ <u>1,451,686</u>

	<u>Fair Value</u>
<u>2011</u>	
Investment:	
Length of Service Awards Program	\$ <u>1,225,450</u>

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, 2012 and 2011, \$1,451,686 and \$1,225,450 of the Township’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>	
	<u>2012</u>	<u>2011</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department		
but not in the Township's name	\$ <u>1,451,686</u>	\$ <u>1,225,450</u>

**TOWNSHIP OF MOUNT OLIVE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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. As of December 31, 2012 and 2011, the Township’s investment in Lincoln Financial, a subsidiary of Lincoln National Corporation, was rated Baa2 by Moody’s Investors Service.

Concentration of Credit Risk – The Township places no limit in the amount the Township may invest in any one issuer. More than five (5) percent of the Township’s investments are in Lincoln Financial. These investments are 100% of the Township’s total investments.

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

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

NOTE 3 TAXES AND UTILITY RENTS RECEIVABLE

Receivables at December 31, 2012 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility</u>	<u>Sewer</u>	<u>Total</u>
<u>2012</u>					
Property Taxes	\$ 1,046,468				\$ 1,046,468
Tax Title Liens	399,434				399,434
Utility Rents	-	\$ 73,664	\$ 190,803		264,467
	<u>\$ 1,445,902</u>	<u>\$ 73,664</u>	<u>\$ 190,803</u>		<u>\$ 1,710,369</u>

In 2012, the Township collected \$972,794 and \$422,889 from delinquent taxes and utility rents, which represented 71%, 100% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2011.

**TOWNSHIP OF MOUNT OLIVE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

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.

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 capital fund projects. 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.

**TOWNSHIP OF MOUNT OLIVE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 MUNICIPAL DEBT (Continued)

The Township's debt is summarized as follows:

	<u>2012</u>	<u>2011</u>
Issued		
General		
Bonds, Notes and Loans	\$ 24,287,504	\$ 24,643,066
Water Utility		
Bonds and Loans	912,483	979,200
Sewer Utility		
Bonds and Loans	1,962,558	2,227,068
Sewer Utility Assessment		
Bonds and Loans	<u>2,794,601</u>	<u>4,467,516</u>
	29,957,146	32,316,850
Less: Funds Temporarily Held to Pay Bonds and Notes	<u>2,478,906</u>	<u>771,836</u>
Net Debt Issued	<u>27,478,240</u>	<u>31,545,014</u>
Authorized But Not Issued		
General		
Bonds and Notes	372,517	1,543,508
Water Utility		
Bonds and Notes	224,251	1,114,665
Sewer Utility		
Bonds and Notes	<u>500</u>	<u>700,000</u>
	<u>597,268</u>	<u>3,358,173</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 28,075,508</u>	<u>\$ 34,903,187</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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 .72% and .73% at December 31, 2012 and 2011, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2012</u>			
General Debt	\$ 24,660,021	\$ 300,000	\$ 24,360,021
School Debt	51,575,000	51,575,000	
Utility Debt	<u>5,894,393</u>	<u>5,894,393</u>	<u>-</u>
Total	<u>\$ 82,129,414</u>	<u>\$ 57,769,393</u>	<u>\$ 24,360,021</u>

	<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>

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>2012</u>	<u>2011</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 116,978,662	\$ 123,441,183
Net Debt	<u>24,360,021</u>	<u>25,821,574</u>
Remaining Borrowing Power	<u>\$ 92,618,641</u>	<u>\$ 97,619,609</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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>2012</u>	<u>2011</u>
\$5,795,000, 2003 Bonds		\$ 3,120,000
\$2,958,000, 2004 Bonds	-	1,488,000
\$1,430,000, 2005 Bonds, due in annual installments of \$160,000 through April 1, 2015, interest at 3.375% to 3.75%	\$ 480,000	640,000
\$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%	4,615,000	5,300,000
\$3,279,000, 2006 Bonds, due in annual installments of \$229,000 to \$230,000 through May 15, 2021, interest at 4.00% to 4.10%	2,069,000	2,289,000
\$3,405,000, 2007 Bonds, due in annual installments of \$225,000 to \$230,000 through March 15, 2017 at 3.75%	1,140,000	1,365,000

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt (Continued)

General Obligation Bonds (Continued)

	<u>2012</u>	<u>2011</u>
\$1,372,000, 2008 Bonds, due in annual installments of \$377,000 through September 1, 2013 at 3.00%	\$ 377,000	\$ 752,000
\$4,105,000, 2009 Refunding Bonds, due in annual installments of \$590,000 through February 15, 2016 at 4.00%	2,360,000	2,955,000
\$1,537,000, 2011 Bonds, due in annual installments of \$130,000 to \$200,000 through April 15, 2020 at 3.00% to 3.50%	1,437,000	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%	375,000	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%	1,220,000	1,460,000
\$3,815,000, 2012 Refunding Bonds, due in annual installments of \$365,000 to \$690,000 through February 15, 2019 at 2.00% through 4.00%	3,815,000	-
\$4,603,000, 2012 Bonds, due in annual installments of \$325,000 to \$650,000 through November 1, 2020 at 2.00%	<u>4,603,000</u>	<u>-</u>
	<u>\$ 22,491,000</u>	<u>\$ 21,481,000</u>

**TOWNSHIP OF MOUNT OLIVE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt (Continued)

Utility Bonds

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

Sewer Capital Fund	<u>2012</u>	<u>2011</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%	\$ 1,597,000	\$ 1,932,000
\$142,000, 2012 Bonds, due in annual installments of \$20,000 to \$32,000 through November 1, 2017, interest at 2.00%	<u>142,000</u>	<u>-</u>
Total Sewer Capital Fund	<u>1,739,000</u>	<u>1,932,000</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%	383,000	478,000
\$700,000, 2012 Bonds, due in annual installments of \$140,000 November 1, 2017, interest at 2.00%	<u>700,000</u>	<u>-</u>
Total Sewer Assessment Trust Fund	<u>1,083,000</u>	<u>478,000</u>
Total Sewer Utility Bonds	<u>\$ 2,822,000</u>	<u>\$ 2,410,000</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt (Continued)

Utility Bonds (Continued)

	<u>2012</u>	<u>2011</u>
Water Utility Bonds		
\$645,000, 2007 Bonds		\$ 180,000
\$757,000, 2008 Bonds, due in annual installments of \$207,000 through September 1, 2013, interest at 3.00%	\$ 207,000	417,000
\$333,000, 2012 Bonds, due in annual installments of \$40,000 to \$75,000 through November 1, 2017, interest at 2.00%	<u>333,000</u>	<u>-</u>
Total Water Utility Bonds	<u>\$ 540,000</u>	<u>\$ 597,000</u>

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>2012</u>	<u>2011</u>
\$500,000, 2002 Loan due in semi-annual installments of \$12,489 to \$15,392 through July 2022, interest at 2.00%	<u>\$ 280,533</u>	<u>\$ 305,637</u>

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>2012</u>	<u>2011</u>
\$1,884,294, 1996 Loan due in semi-annual installments of \$55,269 to \$59,255 through December, 2015, interest at 2.00%	<u>\$ 346,846</u>	<u>\$ 457,936</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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 Utility Capital Fund. The loan balances outstanding at December 31, which is included in the General Capital Fund and Sewer Utility Fund, are as follows:

	<u>2012</u>	<u>2011</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%	\$ 1,117,820	\$ 3,345,945
\$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%	1,454,030	1,771,947
\$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%	<u>223,558</u>	<u>295,068</u>
	<u>\$ 2,795,408</u>	<u>\$ 5,412,960</u>
	<u>2012</u>	<u>2011</u>
General Capital Fund	\$ 860,249	\$ 1,128,376
Sewer Utility Fund	<u>1,935,159</u>	<u>4,284,584</u>
	<u>\$ 2,795,408</u>	<u>\$ 5,412,960</u>

New Jersey Environmental Infrastructure Trust (NJEIT)

The Township has entered into a loan agreement with the NJEIT for water supply system improvements . The Township pledges water utility fees to pay debt service in the Water Utility Capital Fund. The loan balances in the Water Utility Capital Fund at December 31 are as follows:

	<u>2012</u>	<u>2011</u>
\$382,200, 2011 Loan due in semi-annual installments of \$4,858 to \$15,798 through August 2031, interest at .22% to 3.14%	<u>\$ 372,483</u>	<u>\$ 382,200</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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>2012</u>	<u>2011</u>
\$88,760, 2003 Loan due in annual installments of \$8,876 through June 2013, interest at 0.00%	\$ 8,876	\$ 17,752
	<u>\$ 8,876</u>	<u>\$ 17,752</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>2012</u>	<u>2011</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%	\$ 300,000	\$ 365,000

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2012 is as follows:

Calendar Year	<u>General</u>		<u>Water Utility</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2013	\$ 4,383,282	\$ 761,810	\$ 266,087	\$ 14,630	\$ 1,900,012	\$ 152,501	\$ 7,478,322
2014	4,210,254	614,750	89,097	7,610	822,895	101,343	5,845,949
2015	4,137,817	472,394	94,113	6,194	812,252	68,837	5,591,607
2016	3,617,184	331,873	94,135	4,673	640,000	38,290	4,726,155
2017	2,662,730	228,583	92,161	3,146	307,000	17,040	3,310,660
2018-2022	5,276,237	265,587	96,556	7,682	275,000	8,200	5,929,262
2023-2027			98,762	5,475			104,237
2028-2031	-	-	81,572	1,820	-	-	83,392
Total	<u>\$ 24,287,504</u>	<u>\$ 2,674,997</u>	<u>\$ 912,483</u>	<u>\$ 51,230</u>	<u>\$ 4,757,159</u>	<u>\$ 386,211</u>	<u>\$ 33,069,584</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years ended December 31, 2012 and 2011 were as follows:

	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within <u>One Year</u>
<u>2012</u>					
General Capital Fund					
Bonds Payable	\$ 21,481,000	\$ 8,418,000	\$ 7,408,000	\$ 22,491,000	\$ 3,957,000
Intergovernmental Loans Payable	<u>2,274,701</u>	<u>-</u>	<u>478,197</u>	<u>1,796,504</u>	<u>426,282</u>
General Capital Fund Long-Term Liabilities	<u>\$ 23,755,701</u>	<u>\$ 8,418,000</u>	<u>\$ 7,886,197</u>	<u>\$ 24,287,504</u>	<u>\$ 4,383,282</u>
Water Utility Capital Fund					
Bonds Payable	\$ 597,000	\$ 333,000	\$ 390,000	\$ 540,000	\$ 247,000
Intergovernmental Loans	<u>382,200</u>	<u>-</u>	<u>9,717</u>	<u>372,483</u>	<u>19,087</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 979,200</u>	<u>\$ 333,000</u>	<u>\$ 399,717</u>	<u>\$ 912,483</u>	<u>\$ 266,087</u>
Sewer Utility Capital Fund					
Bonds Payable	\$ 1,932,000	\$ 142,000	\$ 335,000	\$ 1,739,000	\$ 355,000
Intergovernmental Loans	<u>295,068</u>	<u>-</u>	<u>71,510</u>	<u>223,558</u>	<u>70,227</u>
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 2,227,068</u>	<u>\$ 142,000</u>	<u>\$ 406,510</u>	<u>\$ 1,962,558</u>	<u>\$ 425,227</u>
Sewer Utility Assessment Fund					
Bonds Payable	\$ 478,000	\$ 700,000	\$ 95,000	\$ 1,083,000	\$ 95,000
Intergovernmental Loans	<u>3,989,516</u>	<u>-</u>	<u>2,277,915</u>	<u>1,711,601</u>	<u>1,379,785</u>
Sewer Utility Assessment Fund Long-Term Liabilities	<u>\$ 4,467,516</u>	<u>\$ 700,000</u>	<u>\$ 2,372,915</u>	<u>\$ 2,794,601</u>	<u>\$ 1,474,785</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt

The Township's short-term debt activity for the years ended December 31, 2012 and 2011 was as follows:

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance, December 31, 2011	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2012
<u>2012</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Various Improvements	1.30%	12/28/2012	\$ 11,245		\$ 11,245	
Various Improvements	1.30%	12/28/2012	60,000		60,000	
Various Improvements	1.30%	12/28/2012	98,746		98,746	
Resurfacing of Wolfe Road	1.30%	12/28/2012	7,752		7,752	
Clover Hill Road Resurfacing	1.30%	12/28/2012	99,000		99,000	
Various Improvements	1.30%	12/28/2012	456,275		456,275	
Clover Hill Road Resurfacing	1.30%	12/28/2012	17,000		17,000	
Acquisition of Mobi-Matt	1.30%	12/28/2012	13,847		13,847	
River Road Emergency Repairs	1.30%	12/28/2012	123,500	-	123,500	-
Total Bond Anticipation Notes Payable			<u>\$ 887,365</u>	<u>\$ -</u>	<u>\$ 887,365</u>	<u>\$ -</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

	Rate (%)	Maturity Date	Balance, December 31, 2010	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2011
<u>2011</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Various Improvements	1.50%	4/28/2011	\$ 30,830		\$ 30,830	
Various Improvements	1.50%	4/28/2011	7,655		7,655	
Various Improvements	1.50%	4/28/2011	10,561		10,561	
Acquisition of Various Equipment	1.50%	4/28/2011	3,900		3,900	
Acquisition of Various Vehicles	1.50%	4/28/2011	1,822		1,822	
Various Improvements	1.50%	4/28/2011	445,232		445,232	
Various Improvements	1.50%	4/28/2011	425,000		425,000	
Various Improvements	1.50%	4/28/2011	350,000		350,000	
Refunding Tax Appeals	2.06%	4/28/2011	575,000		575,000	
ARD Tax Appeals	0.99%	4/28/2011		\$ 1,460,000	1,460,000	
Various Improvements	1.30%	12/28/2012		11,245		\$ 11,245
Various Improvements	1.30%	12/28/2012		60,000		60,000
Various Improvements	1.30%	12/28/2012		98,746		98,746
Resurfacing of Wolfe Road	1.30%	12/28/2012		7,752		7,752
Clover Hill Road Resurfacing	1.30%	12/28/2012		99,000		99,000
Various Improvements	1.30%	12/28/2012		456,275		456,275
Clover Hill Road Resurfacing	1.30%	12/28/2012		17,000		17,000
Acquisition of Mobi-Matt	1.30%	12/28/2012		13,847		13,847
River Road Emergency Repairs	1.30%	12/28/2012	-	123,500	-	123,500
Total Bond Anticipation Notes Payable			<u>\$ 1,850,000</u>	<u>\$ 2,347,365</u>	<u>\$ 3,310,000</u>	<u>\$ 887,365</u>

The purpose of these short-time borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2012 and 2011.

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Land	\$ 20,927,400	\$ 4,277,100		\$ 25,204,500
Buildings and Building Improvements	12,248,200		\$ 187,200	12,061,000
Machinery and Equipment	<u>16,161,892</u>	<u>988,192</u>	<u>363,049</u>	<u>16,787,035</u>
	<u>\$ 49,337,492</u>	<u>\$ 5,265,292</u>	<u>\$ 550,249</u>	<u>\$ 54,052,535</u>
	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>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 5 FIXED ASSETS (Continued)

Utility Funds Fixed Assets

The following is a summary of changes in the utility funds fixed assets for the years ended December 31, 2012 and 2011.

Water Utility Fund

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Fixed Capital				
System and System Improvements	\$ 5,850,064	\$ 797,169	\$ -	\$ 6,647,233
	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

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 5 FIXED ASSETS (Continued)

Utility Funds Fixed Assets (Continued)

Sewer Utility Fund

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>
<u>2012</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	639,267	\$ 29,455		668,722
Vehicles and Equipment	<u>303,026</u>	<u>-</u>	<u>-</u>	<u>303,026</u>
	<u>\$ 32,998,105</u>	<u>\$ 29,455</u>	<u>\$ -</u>	<u>\$ 33,027,560</u>
	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	<u>303,026</u>	<u>-</u>	<u>-</u>	<u>303,026</u>
	<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, 2012 AND 2011**

NOTE 5 FIXED ASSETS (Continued)

Utility Funds Fixed Assets (Continued)

Recreation Utility Fund

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Fixed Capital				
Various Equipment & Improvements	\$ 2,595	\$ -	\$ -	\$ 2,595
	<u>\$ 2,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,595</u>
	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
	<u>\$ 2,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,595</u>

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>2012</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2011</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 2,852,754	\$ 1,975,000	\$ 2,863,247	\$ 2,200,000
Non-Cash Surplus	29,040	-	29,403	-
	<u>\$ 2,881,794</u>	<u>\$ 1,975,000</u>	<u>\$ 2,892,650</u>	<u>\$ 2,200,000</u>
Water Utility Operating Fund				
Cash Surplus	304,862	\$ 119,202	335,197	\$ 215,017
Non-Cash Surplus	-	-	-	-
	<u>\$ 304,862</u>	<u>\$ 119,202</u>	<u>\$ 335,197</u>	<u>\$ 215,017</u>

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 6 FUND BALANCES APPROPRIATED (Continued)

	Fund Balance December 31, <u>2012</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2011</u>	Utilized in Subsequent Year's Budget
Sewer Utility Operating Fund				
Cash Surplus	\$ 1,247,541	\$ 347,357	\$ 1,506,695	\$ 1,134,224
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,247,541</u>	<u>\$ 347,357</u>	<u>\$ 1,506,695</u>	<u>\$ 1,134,224</u>
Solid Waste Collection District				
Cash Surplus	\$ 552,860	\$ 241,820	\$ 374,985	\$ 96,637
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>59,841</u>	<u>-</u>
	<u>\$ 552,860</u>	<u>\$ 241,820</u>	<u>\$ 434,826</u>	<u>\$ 96,637</u>
Recreation Utility Fund				
Cash Surplus	\$ 47,697	\$ 33,500	\$ 68,189	\$ 55,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 47,697</u>	<u>\$ 33,500</u>	<u>\$ 68,189</u>	<u>\$ 55,000</u>

NOTE 7 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 \$3,342,182 and \$3,280,813 at December 31, 2012 and 2011, 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, 2012 and 2011, the Township has reserved in the Other Trust Fund \$-0- and \$-0-, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

NOTE 8 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.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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, but are currently suspended as a result of reform legislation.

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.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 8 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:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the PERS 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), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: 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 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 was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

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, 2012 AND 2011**

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.5 percent and \$11.6 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 funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2011 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: (a) a revised investment rate of return for all the retirement systems from 8.25 percent to 7.95 percent ; and (b) revised projected salary increases which vary by fund (6.32% for PFRS and 4.52% for PERS).

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, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation.

Annual Pension Cost (APC)

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.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2012, 2011 and 2010, 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 respective year:

<u>Year Ended December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2012	\$ 1,218,064	\$ 712,902	\$ 4,378
2011	1,336,076	621,214	281
2010	1,117,010	521,453	281

NOTE 9 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 Teacher’s 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 566 state and local participating employers and contributing entities for Fiscal Year 2012.

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.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 9 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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.

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.

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$18.0 billion for state active and retired members and \$30.9 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, 2011 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.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 9 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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, 2012, there were 97,661 retirees receiving post-retirement medical benefits, and the State contributed \$958.9 million on their behalf. 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 \$112.6 million for 8,810 eligible retired members for Fiscal Year 2012. This benefit covers the Police and Firemen's Retirement System.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System 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 \$36.6 million in Fiscal Year 2012 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 years ended December 31, 2012, 2011 and 2010 were \$573,477, \$450,281 and \$192,372, respectively, which equaled the required contributions for each year.

NOTE 10 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.

**TOWNSHIP OF MOUNT OLIVE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 10 RISK MANAGEMENT (Continued)

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.

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>
2012	\$ 20,000	\$ 320,210	\$ 320,248	\$ 109,929
2011	100,000	217,053	242,402	89,967
2010		147,750	196,305	15,316

NOTE 11 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.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 11 CONTINGENT LIABILITIES (Continued)

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2012 and 2011. 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 settlements in the aggregate could be material. As of December 31, 2012 and 2011, the Township reserved \$85,425 and \$129,735, 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, 2012 and 2011, 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 12 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, 2012 and 2011, the Township has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 13 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.

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 13 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

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 \$1,544 and \$1,511 for 2012 and 2011, respectively, for each eligible volunteer fire company and rescue squad member 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 Fund.

**TOWNSHIP OF MOUNT OLIVE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 14 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>2012</u> <u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
Design and Construction of Fuel Depot	\$ 16,035	2013
Flanders Well No. 2 Upgrade Project	14,216	2013
Exterior Restoration	80,631	2013
Improvement of the Indian Spring Well House	535,400	2013

<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
		Remaining

As of December 31, the Township has other significant commitments as follows:

<u>Purpose</u>	<u>Remaining Commitment</u>
Acquisition of One Fire Truck	\$ 949,729
Roll Off Truck	232,627

**TOWNSHIP OF MOUNT OLIVE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 15 DEFEASANCE OF DEBT

On March 15, 2012, the Township issued \$3,815,000 in General Obligation Refunding Bonds having an interest rate of 2.00% to 4.00%. These Bonds were issued in order to currently refund certain principal maturities of General Improvement Bonds of the Township. The total principal currently refunded was \$3,928,000. This current refunding resulted in the issuance of \$ 113,000 less in bonds and resulted in an increase of cash flows over the life of these bonds issues in the amount \$186,926; however, the economic gain (difference between the present value of the old and new debt service payments) was \$179,681. The current refunding was undertaken to reduce total debt service payments over the next 8 years by \$186,926.

NOTE 16 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Township has incurred costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Township has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2012.

NOTE 17 SUBSEQUENT EVENTS

Debt Authorized

Through June 2013 the Township adopted several bond ordinances authorizing the issuance \$3,966,270 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Township has not issued nor awarded the sale of said bonds or notes.

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, 2011	\$ 4,335,134	\$ 141,965
Increased by Receipts:		
Taxes Receivable	\$ 91,494,427	
Tax Title Liens Receivable	94,756	
Non-Budget Revenues	576,889	
State of NJ - Senior Citizens' and Vet. Deductions	125,552	
Revenue Accounts Receivable	4,280,804	
Fees Payable	2,800	
Prepaid Taxes	248,332	
Receipts from Open Space Trust Fund	686,851	
Receipts from General Capital Fund	27,941	
Reserve for Outside Lienholders	1,335,333	
Budget Refunds	804,338	
Grants Receivable		148,118
Tax Overpayments	88,497	
Miscellaneous Reserves and Deposits	828,507	-
	<u>100,595,027</u>	<u>148,118</u>
	104,930,161	290,083
Decreased by Disbursements:		
2012 Budget Appropriations	24,939,582	
2011 Appropriation Reserves	297,154	
Miscellaneous Reserves and Deposits	601,150	
Reserve for Outside Lienholders	1,342,226	
Encumbrances Payable		69,633
Reserve for Grants Appropriated		191,757
Fees Payable	3,100	
County Taxes Payable	8,080,408	
Local District School Taxes Payable	62,520,532	
Sanitation District Taxes Payable	1,914,415	
Open Space Trust Taxes Payable	590,079	
Reserve for Tax Appeals	44,310	
Tax Overpayments	88,497	-
	<u>100,421,453</u>	<u>261,390</u>
Balance, December 31, 2012	<u>\$ 4,508,708</u>	<u>\$ 28,693</u>

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

	Balance, December 31, <u>2011</u>	Balance, December 31, <u>2012</u>
Tax Collector	\$ 900	\$ 900
Planning	50	50
Water and Sewer	100	100
Police Department	50	50
Recreation	50	50
Municipal Court	200	200
Buildings/Construction	100	100
Sanitation	50	50
Municipal Beach	50	50
Township Clerk	<u>50</u>	<u>50</u>
	<u>\$ 1,600</u>	<u>\$ 1,600</u>

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

Balance, December 31, 2011		\$ 29,403
Increased by:		
Veterans Deductions Per Tax Billings - 2012	\$ 104,250	
Senior Citizen Deductions Per Tax Billings - 2012	21,000	
Senior Citizen Deductions Allowed Per Tax Collector-2012	1,000	
Veterans Deductions Allowed Per Tax Collector - 2012	<u>1,000</u>	
		<u>127,250</u>
		156,653
Decreased by:		
Cash Received	125,552	
Senior Citizen Deductions Disallowed Per Tax Collector-2012	737	
Veterans Deductions Disallowed Per Tax Collector-2012	250	
Senior Citizen Deductions Disallowed Per Tax Collector-2011	<u>1,074</u>	
		<u>127,613</u>
Balance, December 31, 2012		<u>\$ 29,040</u>

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF TAXES RECEIVABLE

Year	Balance, December 31, 2011	2012 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	2011	Collections 2012	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2012
2009	\$ 2,774					\$ 2,774		\$ 2,879		\$ 5,913
2010	8,792							1,099	832	28,257
2011	881,111	-	\$ 23,267	\$ 1,074	-	875,264	-			
2012	892,677	-	23,267	1,074	-	878,038	-	3,978	832	34,170
		\$ 92,383,880	-	987	\$ 356,904	90,616,389	\$ 127,250	208,164	63,862	1,012,298
	\$ 892,677	\$ 92,383,880	\$ 23,267	\$ 2,061	\$ 356,904	\$ 91,494,427	\$ 127,250	\$ 212,142	\$ 64,694	\$ 1,046,468

Analysis of 2012 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 91,868,064
Added Taxes	515,816
	<u>\$ 92,383,880</u>
Tax Levy	
County Taxes (Abstract)	\$ 7,548,838
Due County for Added and Omitted Taxes	45,743
County Open Space Preservation	485,827
	<u>\$ 8,080,408</u>
Local District School Tax (Abstract)	62,520,532
Local Sanitation District	
Local Sanitation District - Added Taxes	1,905,936
	<u>8,479</u>
Local Open Space Levy	586,851
Local Open Space Levy-Added Taxes	3,228
	<u>590,079</u>
Local Tax for Municipal Purposes	17,704,852
Minimum Library Tax	1,103,580
Add Additional Tax Levied	470,014
	<u>19,278,446</u>
	<u>\$ 92,383,880</u>

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

Balance, December 31, 2011		\$ 471,536
Increased by:		
Interest and Costs - 2012 Tax Sale	\$ 100	
Added Taxes	6,464	
Transfers from Taxes Receivable	<u>64,694</u>	
		<u>71,258</u>
		542,794
Decreased by:		
Transferred to Foreclosed Property	48,604	
Collections	<u>94,756</u>	
		<u>143,360</u>
Balance, December 31, 2012		<u>\$ 399,434</u>

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

Balance, December 31, 2011		\$ 4,531,994
Increased by:		
Transfer from Tax Title Liens	\$ 48,604	
Adjustment to Assessed Valuation	<u>310,296</u>	
		<u>358,900</u>
Balance, December 31, 2012		<u>\$ 4,890,894</u>

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

	Balance, December 31, <u>2011</u>	Accrued in <u>2012</u>	<u>Collected</u>	Balance, December 31, <u>2012</u>
Township Clerk				
Licenses				
Alcoholic Beverages		\$ 23,925	\$ 23,925	
Fees and Permits		1,997	1,997	
Board of Health				
Fees and Permits		99,627	99,627	
Registrar				
Fees and Permits		3,376	3,376	
SMA Clinic, Shots and Screening				
Fees and Permits		20,341	20,341	
Police Department				
Fees and Permits		2,711	2,711	
Tax Search Officer				
Fees and Permits		30	30	
Tax Assessor				
Fees and Permits		790	790	
Engineering				
Fees and Permits		4,971	4,971	
Planning Board				
Fees and Permits		10,258	10,258	
Zoning Board				
Fees and Permits		10,675	10,675	
Water Testing				
Fees and Permits		5,094	5,094	
Municipal Court				
Fines and Costs	\$ 23,218	326,006	324,365	\$ 24,859
Interest and Costs on Taxes		231,330	231,330	
Interest on Investments and Deposits		3,770	3,770	
Water Tower Rental - NYNEX		312,812	312,812	
Interest on Developers' Deposit Fees		3,697	3,697	
Life Hazard Use Fees		46,839	46,839	
Fire Prevention Inspection Fees		72,570	72,570	
Additional Fire Prevention - Chester		11,900	11,900	
Reserve for Garden State Trust Fund		66,707	66,707	
Watershed Moratorium Aid		9,165	9,165	
Consolidated Municipal Property Tax Relief		111,171	111,171	
Energy Receipts Taxes		1,855,060	1,855,060	
Uniform Construction Code Fees	23,419	431,458	431,951	22,926
Interlocal Health Agreement		162,801	162,801	
Interlocal Court Agreement		51,000	51,000	
Interlocal Animal Control Agreement		10,668	10,668	
Cable TV Franchise Fee		88,329	88,329	
Hotel Tax Revenues		198,848	198,848	
General Capital Fund Surplus		27,938	27,938	
Due from Open Space Trust Fund - Debt Service		686,851	686,851	
Due from Sports Organizations - Down Payments		81,393	81,393	
Due from Mt. Olive Child Care - Lease	-	89,340	89,340	-
	<u>\$ 46,637</u>	<u>\$ 5,063,448</u>	<u>\$ 5,062,300</u>	<u>\$ 47,785</u>
			Cash Receipts	\$ 4,280,804
			Reserve for Garden State Trust Fund	66,707
			General Capital Fund Surplus	27,938
			Due from Open Space Trust Fund Debt Service	<u>686,851</u>
				<u>\$ 5,062,300</u>

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF 2011 APPROPRIATION RESERVES

	Balance, December 31, <u>2011</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
SALARIES AND WAGES				
General Government				
Mayor and Council	\$ 92	\$ 92		\$ 92
Township Clerk	5	5		5
Business Administration	572	2,572	\$ 1,876	696
Financial Administration	61	61		61
Revenue Administration	75	75		75
Assessment of Taxes	49	49		49
Engineering Services and Costs	2,765	2,765		2,765
Planning Board	19	19		19
Public Safety				
Police	46,412	34,412	32,142	2,270
Emergency Management	9	9		9
Fire Prevention	89	89		89
Streets and Roads				
Road Repairs and Maintenance	6,145	6,145		6,145
Buildings and Grounds	179	179		179
Health and Human Services				
Board of Health	3,363	1,363		1,363
Division of Senior Social Services	1,293	1,293		1,293
Code Enforcement - Inspection of Buildings	69	69		69
Municipal Court	11,016	11,016		11,016
OTHER EXPENSES				
Mayor and Council	694	3,040	1,144	1,896
Township Clerk	690	1,465	776	689
Business Administration	182	1,782	1,686	96
Financial Administration	232	232	6	226
Annual Audit	4,834	6,834		6,834
Revenue Administration	509	1,748	901	847
Assessment of Taxes	3,712	5,637	3,925	1,712
Legal Services & Costs	509	15,709	12,614	3,095
Engineering Services and Costs	1,665	6,909	2,087	4,822
Pride Committee	239	1,015	706	309
Open Space Committee	225	225		225
Ethics Board	200	200		200
Information Technology Support	287	7,046	6,010	1,036
Planning Board	868	7,565	3,197	4,368
Public Safety				
Police	3,181	17,967	9,576	8,391
Emergency Management System	1,204	3,562	2,503	1,059
Fire				
Budd Lake Fire Company	796	6,074		6,074
Flanders Fire Company		1,787		1,787
First Aid Organization				
Budd Lake Rescue Squad	91	15,215	\$ 14,353	862
Fire Prevention	1,210	1,318	108	1,210
Fire Hydrant Rental	209	673	464	209
Streets and Roads				
Road Repairs and Maintenance	3,814	16,286	8,769	7,517

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF 2011 APPROPRIATION RESERVES**

	Balance, December 31, 2011	Balance After Modification	Paid or Charged	Balance Lapsed
OTHER EXPENSES (Continued)				
Street Signs	\$ 1,068	\$ 5,068	\$ 4,000	\$ 1,068
Buildings and Grounds	10,567	30,852	18,755	12,097
Fleet Maintenance	1,933	4,659	2,569	2,090
Health and Human Services				
Board of Health		4,608	4,011	597
Environmental Committee	195	770		770
Division of Senior Social Services	1,718	1,884	24	1,860
Code Enforcement - Inspection of Buildings	34	934	890	44
Utilities				
Electricity	18,343	27,206	3,950	23,256
Street Lighting	10,814	18,859	6,314	12,545
Gas	12,634	20,964	6,442	14,522
Telecommunications	3,696	3,781	95	3,686
Vehicle Fuel	3,225	15,918	2,378	13,540
Municipal Court	1,178	1,887	389	1,498
Public Defender	100	100		100
Statutory Charges				
Social Security System	12,024	12,024	2,459	9,565
Deferred Contribution Retirement Program	219	261	42	219
Insurance				
Employee Group Health	3,371	3,371		3,371
Length of Service Award Program (LOSAP)	-	144,000	141,993	2,007
	<u>\$ 178,683</u>	<u>\$ 479,648</u>	<u>\$ 297,154</u>	<u>\$ 182,494</u>
		\$ 178,683		
		<u>300,965</u>		
		<u>\$ 479,648</u>		

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

Balance, December 31, 2011	\$ 300,965
Increased by:	
Charges to 2012 Appropriations	459,765
	760,730
Decreased by:	
Transferred to Appropriation Reserves	300,965
Balance, December 31, 2012	\$ 459,765

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

Balance, December 31, 2011	\$ 209,161
Increased by:	
Charges to Appropriated Grant Reserves	18,350
	227,511
Decreased by:	
Cash Disbursements	69,633
Balance, December 31, 2012	\$ 157,878

STATEMENT OF FEES PAYABLE

Balance, December 31, 2011	\$ 600
Increased by:	
Cash Received	2,800
	3,400
Decreased by:	
Cash Disbursed	3,100
Balance, December 31, 2012	\$ 300

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

Balance, December 31, 2011	\$	356,904
Increased by:		
Collection of 2013 Taxes		248,332
		605,236
Decreased by:		
Application to 2012 Taxes Receivable		356,904
Balance, December 31, 2012	\$	248,332

EXHIBIT A-16

STATEMENT OF RESERVE FOR OUTSIDE LIENHOLDERS

Balance, December 31, 2011	\$	6,893
Increased By:		
Cash Receipts		1,335,333
		1,342,226
Decreased By:		
Cash Disbursements		1,342,226
Balance, December 31, 2012	\$	-

EXHIBIT A-17

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:			
2012 Tax Levy	\$	7,548,838	
2012 Open Space Preservation		485,827	
2012 Added and Omitted Taxes (54:4-63.1 et seq.)		45,743	
	\$	8,080,408	
Decreased by:			
Cash Disbursed	\$	8,080,408	

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

Increased by:	
Levy - Calendar Year 2012	\$ <u>62,520,532</u>
Decreased by:	
Cash Disbursed	\$ <u>62,520,532</u>

EXHIBIT A-19

STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS

	Balance, December 31, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2012</u>
Reserve for Tax Sale Premiums	\$ 433,000	\$ 761,800	\$ 601,150	\$ 593,650
Reserve for Garden State Trust Fund	<u>66,707</u>	<u>66,707</u>	<u>66,707</u>	<u>66,707</u>
	<u>\$ 499,707</u>	<u>\$ 828,507</u>	<u>\$ 667,857</u>	<u>\$ 660,357</u>
 Cash Receipts		 \$ 828,507		
Cash Disbursements			\$ 601,150	
Utilized as Budget Revenue		<u>-</u>	<u>66,707</u>	
		<u>\$ 828,507</u>	<u>\$ 667,857</u>	

EXHIBIT A-20

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2011	\$ 129,735
Decreased by:	
Cash Disbursed	<u>44,310</u>
Balance, December 31, 2012	<u>\$ 85,425</u>

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

	Balance, December 31, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2012</u>
Clean Communities Program	\$ 34,572	\$ 49,075	\$ 61,382	\$ 22,265
Alcohol, Education, and Rehab	647	809	647	809
Click it or Ticket		4,000	4,000	-
Recreation Trails Grant		6,750	6,198	552
Drunk Driving Enforcement Fund	17,944		17,462	482
Body Armor Replacement Grant	11,585	4,703	5,070	11,218
Drive Sober or Get Pulled Over		4,400	4,400	-
Drive Sober or Get Pulled Over - Year End		4,400	600	3,800
Recycling Tonnage Grant	34,735	70,032	23,577	81,190
NJ Sustainable Grant		10,000	10,000	-
Bulletproof Vest Partnership	14,202	2,112	5,069	11,245
Donation - Braile Trail		30,000		30,000
Donations - Food Solutions		447	447	-
Donations - Cablevision		2,000	2,000	-
Donations - Baptist Church		67,280	67,280	-
Donation - BASF		1,000	1,000	-
Donations - Benjamin Moore	-	1,000	1,000	-
	<u>\$ 113,685</u>	<u>\$ 258,008</u>	<u>\$ 210,132</u>	<u>\$ 161,561</u>
Budget Appropriation: State & Federal Grants		<u>\$ 258,008</u>		
Cash Disbursements			\$ 191,757	
Cancelled			25	
Encumbrances Payable			18,350	
			<u>\$ 210,132</u>	

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF GRANTS RECEIVABLE
FEDERAL AND STATE GRANT FUND**

	Balance, December 31, <u>2011</u>	Revenue <u>Realized</u>	<u>Decreased</u>	Balance, December 31, <u>2012</u>
Highlands Council Grant	\$ 159,021		\$ 998	\$ 158,023
Clean Communities Program		\$ 49,075	49,075	-
Alcohol, Education, and Rehab		809	809	-
Click it or Ticket		4,000	4,000	-
Recreation Trails Grant		6,750	-	6,750
Body Armor Replacement Grant		4,703	4,703	-
Drive Sober or Get Pulled Over		4,400	4,400	-
Drive Sober or Get Pulled Over - Year End		4,400	-	4,400
Recycling Tonnage Grant		70,032	70,032	-
NJ Sustainable Grant		10,000	5,000	5,000
Donation - Braille Trail		30,000	-	30,000
Donations - Food Solutions		447	447	-
Donations - Cablevision		2,000	2,000	-
Donations - Baptist Church		67,280	-	67,280
Donation - BASF		1,000	1,000	-
Donations - Benjamin Moore		1,000	1,000	-
Water Conservation Grant	2,978		-	2,978
Bullet Proof Vest Partnership	18,882	2,112	4,679	16,315
	<u>\$ 180,881</u>	<u>\$ 258,008</u>	<u>\$ 148,143</u>	<u>\$ 290,746</u>
Original Budget		\$ 56,219		
Chapter 159		<u>201,789</u>		
		<u>\$ 258,008</u>		
Cash Received			\$ 148,118	
Cancelled			<u>25</u>	
			<u>\$ 148,143</u>	

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

Increased by:	
2012 Tax Levy	\$ 586,851
2012 Added Tax Levy	<u>3,228</u>
	\$ 590,079
Decreased by:	
Cash Disbursed to Open Space Trust Fund	<u>\$ 590,079</u>

STATEMENT OF SANITATION DISTRICT TAXES

Increased by:	
2012 Tax Levy	\$ 1,905,936
2012 Added Tax Levy	<u>8,479</u>
	\$ 1,914,415
Decreased by:	
Cash Disbursed to Sanitation District Fund	<u>\$ 1,914,415</u>

STATEMENT OF TAX OVERPAYMENTS

Increased By:	
Overpayments Received	<u>\$ 88,497</u>
Decreased By:	
Cash Disbursements	<u>\$ 88,497</u>

TRUST FUND

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

	Animal Control <u>Fund</u>	Other <u>Trust Fund</u>	Open Space <u>Trust Fund</u>
Balance, December 31, 2011	\$ 4,554	\$ 5,893,071	\$ 275,630
Increased by Receipts:			
State of New Jersey Dog License Fees Collected	\$ 5,095		
Interest on Investments and Deposits			\$ 199
Municipal Open Space Tax Levy			590,079
Payroll and Payroll Deductions		\$ 23,976,268	
Developers Escrow Deposits		281,635	
Miscellaneous Reserves		6,289,775	
Animal Control Fees	61,313		
Current Fund Budget Appropriations	73,377	-	
Sale of Land	-	-	358,775
	<u>139,785</u>	<u>30,547,678</u>	<u>949,053</u>
	144,339	36,440,749	1,224,683
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.11	132,324		
Due to State of New Jersey	5,216	334,810	
Open Space Expenditures			306,101
Payments to Current Fund			686,851
Payments to General Capital Fund			6,570
Payroll and Payroll Deductions		23,975,699	
Developers Escrow Deposits Refunded		338,228	
Miscellaneous Reserves	-	6,432,564	-
	<u>137,540</u>	<u>31,081,301</u>	<u>999,522</u>
Balance, December 31, 2012	<u>\$ 6,799</u>	<u>\$ 5,359,448</u>	<u>\$ 225,161</u>

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

Balance, December 31, 2011		\$	4,429
Increased by:			
Current Fund Budget Appropriation	\$	73,377	
Animal Control Fees			
Dog License Fees		36,855	
Cat License Fees		12,549	
Miscellaneous Receipts		140	
Impound/Kennel Fees		5,693	
Fines		<u>6,076</u>	
			<u>134,690</u>
			139,119
Decreased by:			
Expenditures Under R.S. 4:19-15-11			<u>132,324</u>
Balance, December 31, 2012		\$	<u>6,795</u>

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

Balance, December 31, 2011	\$ 125
Increased by:	
Dog License Fees Collected	<u>5,095</u>
	5,220
Decreased by:	
Payments Made to State of New Jersey	<u>5,216</u>
Balance, December 31, 2012	<u>\$ 4</u>

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

Balance, December 31, 2011	\$	4,024,704
Increased by:		
Cash Receipts		281,635
		4,306,339
Decreased by:		
Cash Disbursements		338,228
Balance, December 31, 2012	\$	3,968,111

EXHIBIT B-7

**OTHER TRUST FUND
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2012</u>
Unemployment Compensation	\$ 89,967	\$ 340,210	\$ 320,248	\$ 109,929
Law Enforcement	22,319	6,980	15,035	14,264
Affordable Housing	1,507,541	5,077,816	5,573,774	1,011,583
DARE Program	637	-	-	637
Off-Duty Police Contributions	39,526	221,049	202,337	58,238
Accumulated Snow Removal	48,597	163,038	156,391	55,244
POAA	279	8	-	287
Pride Committee	649	21	-	670
Senior Citizens Trust	100	1	-	101
Dog Park Donations	1,219	-	918	301
Detention Basin Contributions	40,216	151,030	151,550	39,696
Municipal Alliance	9,325	24,273	21,465	12,133
Tree Bank Fund	75,409	288,054	294,122	69,341
Food Pantry	10,735	7,504	8,892	9,347
Electronic Fees	1,899	9,791	8,080	3,610
	<u>\$ 1,848,418</u>	<u>\$ 6,289,775</u>	<u>\$ 6,752,812</u>	<u>\$ 1,385,381</u>

Cash Receipts \$ 6,289,775

Cash Disbursements	\$	6,432,564
Due to State of New Jersey		320,248
	\$	6,752,812

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

Balance, December 31, 2011	\$	15,949
Increased by:		
Unemployment Claims		320,248
		336,197
Decreased By:		
Cash Disbursements		334,810
Balance, December 31, 2012	\$	1,387

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

Balance, December 31, 2011	\$	275,630
Increased by:		
Interest on Investments and Deposits	\$	199
Sale of Land		358,775
Municipal Open Space Tax Levy		590,079
		949,053
		1,224,683
Decreased by:		
Payments to Current Fund - Debt Service	686,851	
Payments to General Capital Fund - Improvement Authorizations	6,570	
Miscellaneous Cash Disbursements		306,101
		999,522
Balance, December 31, 2012	\$	225,161

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

Balance, December 31, 2011	\$ 4,000
Increased by:	
Cash Receipts	<u>23,976,268</u>
	23,980,268
Decreased by:	
Cash Disbursements	<u>23,975,699</u>
Balance, December 31, 2012	<u>\$ 4,569</u>

GENERAL CAPITAL FUND

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

Balance, December 31, 2011		\$ 198,770
Increased by Receipts:		
Interest on Investments and Deposits	\$ 3	
Department of Transportation Grant Proceeds	236,250	
Green Acres Trust Proceeds	45,000	
Due from Open Space Trust Fund	6,570	
Budget Appropriation - Capital Improvement Fund	127,000	
Serial Bonds Issued	<u>4,603,000</u>	
		<u>5,017,823</u>
		5,216,593
Decreased by Disbursements:		
Improvement Authorizations	1,948,155	
Reserve for Encumbrances	508,479	
Bond Anticipation Notes	887,365	
Payments to Current Fund	<u>27,941</u>	
		<u>3,371,940</u>
Balance, December 31, 2012		<u>\$ 1,844,653</u>

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

		Balance, December 31, <u>2012</u>
	Capital Improvement Fund	\$ 1,393
	Encumbrances Payable	1,822,639
	Reserve for Pocket Parks	15,000
	Reserve for Recreation Improvements	37,500
	Fund Balance	50,685
	Department of Transportation Grant Receivable	(58,750)
	Due from Green Acres Trust	(45,000)
	Community Development Block Grant Receivable	(57,500)
	Due from County of Morris Historic Preservation Trust Fund	(323,360)
Ord.		
<u>No.</u>		
	<u>Improvement Authorizations</u>	
27-00	Construction of New Connector Road	111,085
48-02	BLFD Tank Removal	27,012
18-09	Various Improvements	9,263
28-11	Various Improvements	55,783
33-11	Various Improvements	45,450
13-12	Various Improvements	156,728
29-12	Various Improvements	(3,275)
		<hr/>
		\$ <u>1,844,653</u>

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

Balance, December 31, 2011		\$ 23,755,701
Increased by:		
Bonds Issued		<u>8,418,000</u>
		32,173,701
Decreased by:		
Bonds Refunded	\$ 3,928,000	
2012 Budget Appropriation		
Payment of Bond Principal	\$ 3,480,000	
Payment of Loan Principal:		
Wastewater	268,127	
EDA	8,876	
Garden State Preservation Trust	25,104	
Morris County Improvement Authority	65,000	
Green Trust	<u>111,090</u>	
	<u>3,958,197</u>	<u>7,886,197</u>
Balance, December 31, 2012		<u>\$ 24,287,504</u>

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

Balance, December 31, 2011	\$ 60,000
Increased by:	
Grant Awards	<u>235,000</u>
	295,000
Decreased by:	
Cash Receipts	<u>236,250</u>
Balance, December 31, 2012	<u>\$ 58,750</u>
<u>Analysis of Balance</u>	
Ordinance # 13-12	<u>\$ 58,750</u>

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

Balance, December 31, 2011	\$ 297,080
Increased by:	
Grant Awards	<u>26,280</u>
Balance, December 31, 2012	<u>\$ 323,360</u>

STATEMENT OF DUE TO CURRENT FUND

Increased By:		
Interest on Investments	\$ 3	
Utilized as Current Fund Revenue	<u>27,938</u>	
		<u>\$ 27,941</u>
Decreased By:		
Cash Disbursements to Current Fund		<u>\$ 27,941</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2011	2012 Authori- zations	Authorizations Cancelled	Bonds Issued	Balance, December 31, 2012	Expenditures	Analysis of Balance, December 31, 2012 Unexpended Improvement Authori- zations
11-01/4-02	Various Capital Improvements	\$ 11,246		1	11,245	-		
06-02	Library Construction	95,153			95,153	-		
27-05	Various Capital Improvements	93,538		1	93,537	-		
18-09	Various Improvements	98,746			98,746	-		
9-10/18-10	Resurfacing of Wolfe Road	7,752			7,752	-		
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	-		
6-12	Various Improvements		\$ 436,525		436,525			334,517
13-12	Various Improvements		2,294,621		1,960,104	334,517		
28-12	Acq. Of Ladder Truck for Budd Lake Fire Department		47,500		47,500			
29-12	Various Municipal Building Improvements	-	38,000		-	38,000	3,275	34,725
		<u>\$ 2,158,873</u>	<u>\$ 2,816,646</u>	<u>\$ 2</u>	<u>\$ 4,603,000</u>	<u>\$ 372,517</u>	<u>\$ 3,275</u>	<u>\$ 369,242</u>
			Improvement Authorizations- Unfunded					<u>\$ 369,242</u>

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, December 31, 2011	Increased	Decreased	Balance, December 31, 2012
			Date	Amount					
General Improvements	05/15/03	\$ 5,795,000				\$ 3,120,000		\$ 3,120,000	
General Improvements	05/15/04	2,958,000				1,488,000		1,488,000	
General Improvements	04/01/05	1,430,000	4/1/13-15	\$ 160,000	3.375-3.750	640,000		160,000	\$ 480,000
Refunding Bonds	06/15/05	7,190,000	02/15/13	715,000	5.00	5,300,000		685,000	4,615,000
			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	2,289,000		220,000	2,069,000
			5/15/2021	229,000	4.10				
General Improvement and Tax Appeal Refunding	03/15/07	3,405,000	3/15/2013	225,000	3.75	1,365,000		225,000	1,140,000
			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	9/1/2013	377,000	3.00	752,000		375,000	377,000
Refunding Bonds	04/30/09	4,105,000	2/15/2013-16	590,000	4.00	2,955,000		595,000	2,360,000
General Improvements	04/06/11	1,537,000	4/15/2013	130,000	3.00	1,537,000		100,000	1,437,000
			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				
Refunding Bonds	04/06/11	575,000	4/15/2013	200,000	3.00	575,000		200,000	375,000
			4/15/2014	175,000	3.00				
Refunding Bonds	04/06/11	1,460,000	4/15/2013	240,000	3.00	1,460,000	-	240,000	1,220,000
			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				
Refunding Bonds	02/16/12	3,815,000	2/15/2013	690,000	2.00	-	\$ 3,815,000	-	3,815,000
			2/15/2014	685,000	2.00				
			2/15/2016	675,000	2.00				
			2/15/2016	665,000	3.00				
			2/15/2017	365,000	3.00				
			2/15/2018	365,000	4.00				
			2/15/2019	370,000	4.00				
General Improvements	10/17/12	4,603,000	11/1/2013	325,000	2.00	-	4,603,000	-	4,603,000
			11/1/2014	500,000	2.00				
			11/1/2015	550,000	2.00				
			11/1/2016	630,000	2.00				
			11/1/2017	650,000	2.00				
			11/1/2018	650,000	2.00				
			11/1/2019	650,000	2.00				
			11/1/2020	648,000	2.00				

\$ 21,481,000 \$ 8,418,000 \$ 7,408,000 \$ 22,491,000

Serial Bonds Issued	\$ 4,603,000
Refunding Bonds Issued	3,815,000
Bonds Defeased	\$ 3,928,000
Paid by Budget Appropriation	- 3,480,000
	<u>8,418,000</u> <u>7,408,000</u>

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

Balance, December 31, 2011	\$ 10,773
Increased by:	
2012 Budget Appropriations	<u>127,000</u>
	137,773
Decreased by:	
Appropriations to Finance Improvement Authorizations	<u>136,380</u>
Balance, December 31, 2012	<u>\$ 1,393</u>

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2011	\$ 508,479
Increased by:	
Charges to Improvement Authorizations	<u>1,822,639</u>
	2,331,118
Decreased by:	
Cash Disbursements	<u>508,479</u>
Balance, December 31, 2012	<u>\$ 1,822,639</u>

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

Balance, December 31, 2011	\$ 90,000
Decreased by:	
Received in 2012	<u>45,000</u>
Balance, December 31, 2012	<u>\$ 45,000</u>

STATEMENT OF RESERVE FOR POCKET PARKS

Balance, December 31, 2011	<u>\$ 15,000</u>
Balance, December 31, 2012	<u>\$ 15,000</u>

STATEMENT OF RESERVE FOR RECREATION IMPROVEMENTS

Balance, December 31, 2011	<u>\$ 37,500</u>
Balance, December 31, 2012	<u>\$ 37,500</u>

EXHIBIT C-16

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

Balance, December 31, 2011	\$ 1,128,376
Decreased by:	
Paid by Budget Appropriation	<u>268,127</u>
Balance, December 31, 2012	<u>\$ 860,249</u>

EXHIBIT C-17

STATEMENT OF EDA LOAN PAYABLE

Balance, December 31, 2011	\$ 17,752
Decreased by:	
Paid by Budget Appropriation	<u>8,876</u>
Balance, December 31, 2012	<u>\$ 8,876</u>

EXHIBIT C-18

STATEMENT OF GREEN TRUST LOAN PAYABLE

Balance, December 31, 2011	\$ 457,936
Decreased by:	
Paid by Budget Appropriation	<u>111,090</u>
Balance, December 31, 2012	<u>\$ 346,846</u>

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

Balance, December 31, 2011	\$ 305,637
Decreased by:	
Paid by Budget Appropriation	<u>25,104</u>
Balance, December 31, 2012	<u>\$ 280,533</u>

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

Balance, December 31, 2011	\$ 365,000
Decreased by:	
Paid by Budget Appropriation	<u>65,000</u>
Balance, December 31, 2012	<u>\$ 300,000</u>

**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, 2011</u>	<u>Decreased</u>	<u>Balance December 31, 2012</u>
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%	<u>123,500</u>	<u>123,500</u>	<u>-</u>
					<u>\$ 887,365</u>	<u>\$ 887,365</u>	<u>\$ -</u>

Paid with Bond Proceeds \$ 887,365

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE**

Increased by:	
Grant Awards	<u>\$ 57,500</u>
Balance, December 31, 2012	<u>\$ 57,500</u>
<u>Analysis of Balance</u>	
Ordinance # 32-12	<u>\$ 57,500</u>

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

Ord. No.	Improvement Description	Increased by		Decreased by		Balance, December 31, 2012
		Balance, December 31, 2011	2012 Authorizations	Bonds Issued	Cancelled	
	<u>General Improvements</u>					
11-01/4-02	Various Capital Improvements	\$ 1		\$ 1		-
06-02/15-11	Library Construction	35,153		35,153		-
27-05	Various Capital Improvements	93,538		93,537	1	-
12-11	Acquisition of Property	380,000		380,000		-
33-11	Various Improvements	762,816		762,816		-
35-11	Refunding Bond Ordinance	272,000		-	272,000	-
6-12	Various Improvements		\$ 436,525	436,525		-
13-12	Various Improvements		2,294,621	1,960,104		\$ 334,517
28-12	Acq. Of Ladder Truck for Budd Lake Fire Department		47,500	47,500		-
29-12	Various Municipal Building Improvements		38,000	-		38,000
		<u>\$ 1,543,508</u>	<u>\$ 2,816,646</u>	<u>\$ 3,715,635</u>	<u>\$ 272,002</u>	<u>\$ 372,517</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, 2011	\$ 438,636		\$ 340,172
Increased by Receipts:			
Consumer Accounts Receivable	\$ 1,418,930		
Interest on Investments	275	\$ 236	
Miscellaneous Fees	109,635		
Appropriation Refunds	1,002		
2012 Budget Appropriation - Capital Improvement Fund			3,250
Grant Proceeds			709,413
Bond Proceeds			333,000
Receipts from Water Utility Capital Fund	<u>10,311</u>		<u>-</u>
		<u>1,540,153</u>	<u>1,045,899</u>
		1,978,789	1,386,071
Decreased by Disbursements:			
2012 Budget Appropriations	1,541,017		
2011 Appropriation Reserves	33,068		
Accrued Interest on Bonds and Notes	15,885		
Improvement Authorizations			88,456
Encumbrances Payable			712,564
Payments made to Water Utility Operating Fund	<u>-</u>		<u>10,311</u>
		<u>1,589,970</u>	<u>811,331</u>
Balance, December 31, 2012	<u>\$ 388,819</u>		<u>\$ 574,740</u>

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

	Balance, December 31, <u>2012</u>
Encumbrances Payable	\$ 578,565
Capital Improvement Fund	1,000
Fund Balance	20,353
Improvement Authorizations:	
25-07 Various Improvements	(300)
26-08 Flanders Well #2	(32,243)
40-08 Various Improvements	(406)
12-12 Upgrades to Indian Spring Well House	<u>7,771</u>
	<u>\$ 574,740</u>

EXHIBIT D-7

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

Balance, December 31, 2011	\$ 62,678
Increased by:	
Water Rents Levied	<u>1,429,916</u>
	1,492,594
Decreased by:	
Cash Receipts	<u>1,418,930</u>
Balance, December 31, 2012	<u>\$ 73,664</u>

EXHIBIT D-8

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

Balance, December 31, 2011	\$ 5,850,064
Increased by:	
Transfers from Fixed Capital Authorized and Uncompleted	<u>797,169</u>
Balance, December 31, 2012	<u>\$ 6,647,233</u>

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

Balance, December 31, 2011	\$	46,032
Increased by:		
Charges to 2012 Budget Appropriations		<u>63,104</u>
		109,136
Decreased by:		
Transfer to Appropriation Reserves		<u>46,032</u>
Balance, December 31, 2012	\$	<u>63,104</u>

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

Balance, December 31, 2011	\$	6,139
Increased by:		
Charged to 2012 Budget Appropriations		<u>13,659</u>
		19,798
Decreased by:		
Cash Disbursements		<u>15,885</u>
Balance, December 31, 2012	\$	<u>3,913</u>

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

Increased by:		
Interest Earned in Water Utility Capital Fund	\$	<u>236</u>
Decreased by:		
Receipts from Water Utility Capital Fund	\$	<u>236</u>

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

Balance, December 31, 2011		\$ 5,207,228
Increased by:		
Serial Bonds Paid by Budget	\$ 390,000	
Loans Paid by Budget	9,717	
Transferred from Deferred Reserve for Amortization	3,851	
Grant Proceeds	<u>709,413</u>	
		<u>1,112,981</u>
		6,320,209
Decreased by:		
Funded Improvement Authorizations Cancelled		<u>20,353</u>
Balance, December 31, 2012		<u>\$ 6,299,856</u>

EXHIBIT D-13

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

Balance, December 31, 2011		\$ 382,200
Decreased By:		
2012 Budget Appropriation		<u>9,717</u>
Balance, December 31, 2012		<u>\$ 372,483</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF 2011 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND**

	Balance, December 31, <u>2011</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	\$ 2,849		\$ 2,849	\$ 188	\$ 2,661
Other Expenses	48,084	\$ 46,032	94,116	32,866	61,250
STATUTORY EXPENDITURES					
Social Security System	<u>335</u>	<u>-</u>	<u>335</u>	<u>14</u>	<u>321</u>
	<u>\$ 51,268</u>	<u>\$ 46,032</u>	<u>\$ 97,300</u>	<u>\$ 33,068</u>	<u>\$ 64,232</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, <u>2011</u>	2012 <u>Authorizations</u>	Transferred to <u>Fixed Capital</u>	<u>Cancelled</u>	Balance, December 31, <u>2012</u>
25-07	Various Improvements	\$ 358,493		\$ 35,216		\$ 323,277
26-08	Flanders Well #2	902,704		718,877		183,827
40-08	Various Improvements	118,250				118,250
17-09	Water System Interconn.	5,332		5,332		-
19-09	Various Improvements	66,250	-	624	\$ 19,172	46,454
12-12	Various Improvements		\$ 65,000	37,120		27,880
21-12	Upgrades to Indian Spring Well House	-	95,000	-	1,182	93,818
		<u>\$ 1,451,029</u>	<u>\$ 160,000</u>	<u>\$ 797,169</u>	<u>\$ 20,354</u>	<u>\$ 793,506</u>

EXHIBIT D-17

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

Balance, December 31, 2011	\$ 776,175
Increased By	
Charges to Improvement Authorizations	<u>541,713</u>
	1,317,888
Decreased by:	
Cancelled to Improvement Authorizations	\$ 26,759
Cash Disbursements	<u>712,564</u>
	<u>739,323</u>
Balance, December 31, 2012	<u>\$ 578,565</u>

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

Ord. No.	Improvement Description	Ordinance Date	Ordinance Amount	Balance, December 31, 2011		2012 Authorizations	Encumbrances Cancelled	Ordinance Cancelled	Expended	Balance, December 31, 2012	
				Funded	Unfunded					Funded	Unfunded
25-07	Various Improvements	6/26/2007	774,000	\$ 289,420	\$ 300		\$ 26,759		\$ 316,479		\$ 174,552
26-08	Flanders Well #2	5/20/2008	1,000,000		216,785				42,233		-
40-08	Various Improvements	7/8/2008	365,000		100,000				100,000		-
17-09	Water System Interconn.	8/4/2009	382,200	1,332					1,332		-
19-09	Various Improvements	8/4/2009	225,000	-	55,000			\$ 19,172	35,828		-
12-12	Various Improvements	4/27/2012	65,000			\$ 65,000			40,479	\$ 7,771	16,750
21-12	Upgrades to Indian Spring Well House	7/11/2012	95,000			95,000		1,182	93,818		-
				\$ 290,752	\$ 372,085	\$ 160,000	\$ 26,759	\$ 20,354	\$ 630,169	\$ 7,771	\$ 191,302

Capital Improvement Fund \$ 8,000
Deferred Charges to Future Revenue 152,000

\$ 160,000

\$ 20,353

1

\$ 20,354

Cash Disbursements \$ 88,456
Encumbrances Payable 541,713

\$ 630,169

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

Balance, December 31, 2011	\$ 5,750
Increased By:	
2012 Budget Appropriation	<u>3,250</u>
	9,000
Decreased By:	
Appropriated to Finance Improvement Authorizations	<u>8,000</u>
Balance, December 31, 2012	<u><u>\$ 1,000</u></u>

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

Balance, December 31, 2011	\$ -
Increased By:	
2012 Improvement Authorizations	<u>8,000</u>
	8,000
Decreased By:	
Transferred to Reserve for Amortization	<u>3,851</u>
Balance, December 31, 2012	<u>\$ 4,149</u>

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

Ord.		Balance, December 31, <u>2011</u>	2012 <u>Authorizations</u>	Bonds <u>Issued</u>	Grant <u>Receipts</u>	<u>Cancelled</u>	Balance, December 31, <u>2012</u>
<u>No.</u>	<u>Improvement Description</u>						
25-07	Various Improvements	\$ 300					\$ 300
26-08	Flanders Well #2	916,208			\$ 709,413		206,795
40-08	Various Improvements	113,940		\$ 113,534			406
19-09	Various Improvements	84,217		84,216		\$ 1	-
12-12	Various Improvements		\$ 61,750	45,000			16,750
21-12	Upgrades to Indian Spring Well House	-	90,250	90,250	-	-	-
		<u>\$ 1,114,665</u>	<u>\$ 152,000</u>	<u>\$ 333,000</u>	<u>\$ 709,413</u>	<u>\$ 1</u>	<u>\$ 224,251</u>

SEWER UTILITY FUND

TOWNSHIP OF MOUNT OLIVE
STATEMENT OF SEWER UTILITY CASH

	<u>Operating</u>	<u>Capital</u>	<u>Assessment</u>
Balance, December 31, 2011	\$ 1,670,477	\$ -	\$ 771,836
Increased by Receipts:			
Interest on Investments and Deposits	\$ 850		\$ 515
Receipts from Sewer Utility Operating Fund		\$ 7,500	901,081
Receipts from Sewer Utility Assessment Trust Fund	515		
Consumer Rents Accounts Receivable (Net of Refunds)	4,096,788		
Assessments Receivable			1,050,074
Assessments Liens Receivable			226
Receipts from Sale of EDU's			28,751
Reimbursement from Mount Olive School District	82,999		
Miscellaneous Budget Revenues	116,527		
Interest on Assessments	70,275		
Refunding Loans Payable		142,000	700,000
Bonds Payable			
Budget Refunds	<u>601</u>	<u>-</u>	<u>-</u>
	4,368,555	149,500	2,680,647
Decreased by Disbursements:			
2012 Budget Appropriations	4,338,532		
2011 Appropriation Reserves	41,102		1,672,915
Improvement Authorizations		36,955	
Reserve for Assessments Liens			147
Accrued Interest on Bond and Notes	181,537		
Due to Sewer Operating Fund	<u>-</u>	<u>-</u>	<u>515</u>
	6,039,032	149,500	3,452,483
	<u>4,561,171</u>	<u>36,955</u>	<u>1,673,577</u>
Balance, December 31, 2012	<u>\$ 1,477,861</u>	<u>\$ 112,545</u>	<u>\$ 1,778,906</u>

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

	Balance, December 31, <u>2012</u>
Encumbrances Payable	\$ 61,632
Improvement Authorizations:	
11-12 Various Improvements	<u>50,913</u>
	<u>\$ 112,545</u>

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

Balance, December 31, 2011	\$ 360,211
Increased by:	
Sewer Rents Levied	<u>3,927,380</u>
	4,287,591
Decreased by:	
Cash Collections (net of refunds)	<u>4,096,788</u>
Balance, December 31, 2012	<u>\$ 190,803</u>

**STATEMENT OF AMOUNT TO BE RAISED
SEWER UTILITY ASSESSMENT TRUST FUND**

Balance, December 31, 2011	\$ -
Increased by:	
Assessment Liens Cancelled	<u>584</u>
Balance, December 31, 2012	<u>\$ 584</u>

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

Balance, December 31, 2011		\$ 1,840,762
Increased by:		
Sale of EDU's		<u>28,751</u>
		1,869,513
Decreased by:		
Cash Receipts for EDU's	\$ 28,751	
Cash Receipts for Assessments Receivable (Net of Refunds)	<u>1,050,074</u>	
		<u>1,078,825</u>
Balance, December 31, 2012		<u>\$ 790,688</u>

EXHIBIT E-12

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

Balance, December 31, 2011		\$ 810
Decreased by:		
Assessment Liens Interest and Costs - Cancelled	\$ 584	
Cash Receipts for Assessment Liens Receivable	<u>226</u>	
		<u>810</u>
Balance, December 31, 2012		<u>\$ -</u>

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

Ord. No.	<u>Improvement Description</u>	Balance December 31, 2011	<u>Decreased by</u>	Balance December 31, 2012	Balance <u>Pledged To</u> Wastewater <u>Loans</u>
3-92/21-92/ 7-93/16-93/ 10-95/20-95/ 11-97/17-98	Sewer Collection and Treatment System - Budd Lake	\$ 3,136,573	\$ 28,751	\$ 3,107,822	\$ 3,107,822

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

Balance, December 31, 2011	\$ 47,333
Increased by:	
Charges to 2012 Budget Appropriations	<u>92,585</u>
	139,918
Decreased by:	
Transfer to Appropriation Reserves	<u>47,333</u>
Balance, December 31, 2012	<u>\$ 92,585</u>

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

	Sewer Assessment Trust Fund	Sewer Capital Fund	Total
Balance, December 31, 2011	\$ 3,989,516	\$ 295,068	\$ 4,284,584
Decreased by:			
Repayment of Loans by Assessment Budget	1,577,915		1,577,915
Refunded - Reserve for Debt Service	700,000		700,000
Repayment of Loans by Operating Budget	<u> -</u>	<u>71,510</u>	<u>71,510</u>
	<u>2,277,915</u>	<u>71,510</u>	<u>2,349,425</u>
Balance, December 31, 2012	\$ <u>1,711,601</u>	\$ <u>223,558</u>	\$ <u>1,935,159</u>

Analysis of Balance

1993 Loan	\$ 1,117,820
1995 Loan	593,781
1996 Loan	<u>223,558</u>
	<u>\$ 1,935,159</u>

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

	Balance, December 31, <u>2011</u>	Transferred From Encumbrances Payable	Balance After Transfers	Paid or Charged	Balance Lapsed
OPERATING					
Salaries and Wages	\$ 2,376		\$ 2,376	\$ 94	\$ 2,282
Other Expenses	23,211	\$ 47,333	70,544	41,001	29,543
STATUTORY EXPENDITURES					
Social Security System	<u>284</u>	<u>-</u>	<u>284</u>	<u>7</u>	<u>277</u>
	<u>\$ 25,871</u>	<u>\$ 47,333</u>	<u>\$ 73,204</u>	<u>\$ 41,102</u>	<u>\$ 32,102</u>
		Cash Disbursements		<u>\$ 41,102</u>	

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

<u>Ord. No.</u>	<u>Improvement Description</u>	Balance December 31, <u>2011</u>	Authorized in 2012	Transferred Fixed Capital	Cancelled in 2012	Balance December 31, <u>2012</u>
13-11	Refunding of Wastewater Loan	\$ 700,000			\$ 700,000	
11-12	Various Improvements	<u>-</u>	\$ 150,000	\$ 29,455	<u>-</u>	\$ 120,545
		<u>\$ 700,000</u>	<u>\$ 150,000</u>	<u>\$ 29,455</u>	<u>\$ 700,000</u>	<u>\$ 120,545</u>

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2011</u>	Transferred - Fixed Capital Authorized and <u>Uncompleted</u>	Balance, December 31, <u>2012</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
11-12	Various Improvements - 2012	-	\$ 29,455	29,455
		<u>\$ 32,998,105</u>	<u>\$ 29,455</u>	<u>\$ 33,027,560</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>2011</u>	Raised in Operating <u>Budget</u>	Balance December 31, <u>2012</u>
3-92/21-92/7-93/16-93/ 10-95/20-95/11-97/17-98	Sewer Collection and Treatment System - Budd Lake	\$ 1,282,318	\$ 901,081	\$ 2,183,399

EXHIBIT E-20

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

Balance, December 31, 2011	\$ 147
Decreased by:	
Disbursed in 2012	<u>147</u>
Balance, December 31, 2012	<u>\$ -</u>

EXHIBIT E-21

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

Balance, December 31, 2011	\$ 30,771,037
Increased by:	
2012 Budget Appropriation	
Capital Outlay	\$ 7,500
Bond Principal	335,000
Loan Principal	<u>71,510</u>
	<u>414,010</u>
Balance, December 31, 2012	<u>\$ 31,185,047</u>

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

Balance, December 31, 2011		\$ 90,578
Increased by:		
Charges to 2012 Budget Appropriations:		
Interest on Bonds and Notes		<u>155,862</u>
		246,440
Decreased by:		
Cash Disbursements		<u>181,537</u>
Balance, December 31, 2012		<u>\$ 64,903</u>
	Serial Bonds	\$ 35,951
	Wastewater Loans	<u>28,952</u>
		<u>\$ 64,903</u>

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2012	Interest Rate	Balance, December 31, 2011	Increased	Decreased	Balance, December 31, 2012
Sewer Refunding Bonds	5/25/2005	\$ 2,957,000	\$ 335,000	3.25-5.00%	\$ 1,932,000	\$	\$ 335,000	\$ 1,597,000
			322,000					
				135,000				
Sewer Improvement Bonds	10/17/2012	142,000	20,000	2.00 %		\$ 142,000		142,000
			30,000	2.00 %				
			30,000	2.00 %				
			30,000	2.00 %				
			32,000	2.00 %				
					<u>\$ 1,932,000</u>	<u>\$ 142,000</u>	<u>\$ 335,000</u>	<u>\$ 1,739,000</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>515</u>
Decreased by:	
Cash Disbursements	\$ <u>515</u>

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

Balance, December 31, 2011	\$ -
Increased by:	
Charges to Improvement Authorizations	<u>61,632</u>
Balance, December 31, 2012	<u>\$ 61,632</u>

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

Ord.		Balance, December 31, <u>2011</u>	2012 <u>Authorizations</u>	Bonds <u>Issued</u>	<u>Cancelled</u>	Balance, December 31, <u>2012</u>
<u>No.</u>	<u>Improvement Description</u>					
13-11	Refunding of Wastewater Loan	\$ 700,000			\$700,000	
11-12	Various Improvements	<u>-</u>	\$ 142,500	\$ 142,000	<u>-</u>	\$ 500
		<u>\$ 700,000</u>	<u>\$ 142,500</u>	<u>\$ 142,000</u>	<u>\$ 700,000</u>	<u>\$ 500</u>

**STATEMENT OF RESERVE TO PAY DEBT SERVICE
SEWER UTILITY ASSESSMENT TRUST FUND**

Increased by:		
Refunding Bond Proceeds		<u>\$ 700,000</u>
Balance, December 31, 2012		<u>\$ 700,000</u>

SOLID WASTE COLLECTION DISTRICT FUND

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

Balance, December 31, 2011		\$ 508,252
Increased by:		
Budget Revenue	\$ 2,080,785	
Non Budget Revenue	1,909	
Due from County of Morris	<u>648,639</u>	
		<u>2,731,333</u>
		3,239,585
Decreased by Disbursements:		
2011 Appropriation Reserves	72,976	
2012 Appropriation Expenditures	<u>2,421,317</u>	
		<u>2,494,293</u>
Balance, December 31, 2012		<u>\$ 745,292</u>

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

Balance, December 31, 2011	\$ 59,841
Increased by:	
Host Benefit Fees Realized as Revenue	645,070
	704,911
Decreased by:	
Cash Receipts	648,639
Balance, December 31, 2012	\$ 56,272

EXHIBIT F-6

**STATEMENT OF 2011 APPROPRIATION RESERVES
SOLID WASTE COLLECTION DISTRICT FUND**

	Balance December 31, <u>2011</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	\$ 34,976		\$ 34,976	\$ 188	\$ 34,788
Other Expenses	1,436	\$ 89,195	90,631	70,925	19,706
Health Benefit Waiver	4,307		4,307		4,307
Recycling Tax	1,081	2,000	3,081	1,849	1,232
Statutory Expenditures:					
Social Security System	272	-	272	14	258
	\$ 42,072	\$ 91,195	\$ 133,267	\$ 72,976	\$ 60,291

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

Balance, December 31, 2011	\$ 91,195
Increased by:	
Charges to 2012 Budget	<u>158,380</u>
	249,575
Decreased by:	
Transfer to 2011 Appropriation Reserves	<u>91,195</u>
Balance, December 31, 2012	<u>\$ 158,380</u>

RECREATION UTILITY FUND

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

Balance, December 31, 2011		\$ 100,986
Increased by:		
Budget Revenue	\$ 460,066	
Non Budget Revenue	<u>142</u>	
		<u>460,208</u>
		561,194
Decreased by Disbursements:		
2011 Appropriation Reserves	4,352	
2012 Appropriation Expenditures	<u>437,998</u>	
		<u>442,350</u>
Balance, December 31, 2012		<u>\$ 118,844</u>

**STATEMENT OF ENCUMBRANCES PAYABLE
RECREATION UTILITY FUND**

Balance, December 31, 2011		\$ 4,485
Increased by:		
Charges to 2012 Budget		<u>26,167</u>
		30,652
Decreased by:		
Transfer to Appropriation Reserves		<u>4,485</u>
Balance, December 31, 2012		<u>\$ 26,167</u>

**TOWNSHIP OF MOUNT OLIVE
STATEMENT OF 2011 APPROPRIATION RESERVES
RECREATION UTILITY FUND**

	Balance December 31, <u>2011</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	\$ 13,030		\$ 13,030		\$ 13,030
Other Expenses	10,842	\$ 4,485	15,327	\$ 4,352	10,975
Statutory Expenditures:					
Social Security System	<u>4,440</u>	<u>-</u>	<u>4,440</u>	<u>-</u>	<u>4,440</u>
	<u>\$ 28,312</u>	<u>\$ 4,485</u>	<u>\$ 32,797</u>	<u>\$ 4,352</u>	<u>\$ 28,445</u>

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

Balance, December 31, 2011	\$ <u>2,595</u>
----------------------------	-----------------

Balance, December 31, 2012	\$ <u>2,595</u>
----------------------------	-----------------

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

Balance, December 31, 2011	\$ <u>2,595</u>
----------------------------	-----------------

Balance, December 31, 2012	\$ <u>2,595</u>
----------------------------	-----------------

**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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the 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, the financial statements – regulatory basis of the Township of Mount Olive as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2013. Our report on the financial statements – regulatory basis indicated that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was qualified on the regulatory basis of accounting because of the unaudited LOSAP Trust Fund financial statements.

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 of the financial statements, we considered the Township of Mount Olive's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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 of Mount Olive's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Mount Olive's internal control.

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

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

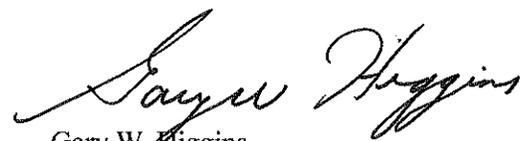
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Mount Olive's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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


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


Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
June 25, 2013

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 COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Township of Mount Olive's compliance with the types of compliance requirements described in the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Township of Mount Olive's major state programs for the year ended December 31, 2012. The Township of Mount Olive's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Mount Olive's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Township of Mount Olive's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Township of Mount Olive's compliance.

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements - regulatory basis of the Township of Mount Olive as of and for the year ended December 31, 2012, and the related notes to the financial statements and have issued our report thereon dated June 25, 2013, which contained a modified opinion on those financial statements because they were not prepared and presented in accordance with accounting principles generally accepted in the United States of America and also contained an unmodified opinion on those financial statements prepared and presented in accordance with the regulatory basis of accounting. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial

statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

Leitch, Vinci & Higgins LLP

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

Gary W. Higgins

Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
June 25, 2013

**TOWNSHIP OF MOUNT OLIVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2012**

	Grant Year	Federal CFDA Number	Grant Award Received	Balance, December 31, 2011	Revenue Realized	Cancelled	Expenditures	Balance, December 31, 2012
U.S. Department of Environmental Protection Recreation Trails Grant	2007	20.219			\$ 6,750		\$ 6,198	\$ 552
FEMA								
Disaster Public Assistance Grants	2011	97.036	\$ 40,236		40,236		40,236	
Disaster Public Assistance Grants	2011	97.036	6,741		6,741		6,741	
U.S. Dept. of Housing and Urban Development								
Community Development Block Grant	2012	14.218			57,500			57,500
U.S. Dept. of Transportation								
Drunk Driving Enforcement Fund	2011	20.601		\$ 16,761			16,279	\$ 482
Drunk Driving Enforcement Fund	2010	20.601		1,183			1,183	-
Click it or Ticket	2012	20.602	4,000		4,000		4,000	-
Drive Sober or Get Pulled Over	2012	20.801	4,375		4,400	\$ 25	4,375	-
Drive Sober or Get Pulled Over - Year End	2012	20.801	-		4,400	600		3,800
Highway Aid - Ord. 05-11	2002	20.205	60,000	60,000			60,000	-
Highway Aid - Ord. 13-12	2012	20.205	176,250	-	235,000	-	176,250	58,750
				\$ 77,944	\$ 359,027	\$ 625	\$ 315,262	\$ 121,084

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, 2012

State Grant Program	Grant Number	Grant Year	Grant Amount Received	Balance, December 31, 2011	2012 Revenue	Expended	Balance, December 31, 2012	(Memo) Cumulative Expenditures
Clean Communities Program	4900-752-178810-60	2012 2011	\$ 49,075	\$ 34,572	\$ 49,075	26,810 34,572	\$ 22,265	\$ 26,810 48,825
Recycling Tonnage Grant	N/A	2012 2011	70,032	- 34,735	70,032	23,577	70,032 11,158	- 92,884
Body Armor Replacement Grant	N/A	2012 2011 2010 2006	4,703	- 4,590 2,867 4,128	4,703	942 4,128	4,703 4,590 1,925	- - 4,676 10,955
Bullet Proof Vest Partnership	N/A	2012 2011	4,679	14,202	2,112	5,069	2,112 9,133	- 9,867
Alcohol, Education and Rehab	N/A	2012 2011	809	647	809	647	809	- 647
NJ Sustainable Grant	N/A	2012	5,000		10,000	10,000		10,000
Department of Environmental Protection: Hazardous Substance Remediation Constitution Dedication	4815-100-435	2012	709,413	-	931,500	793,205	138,295	793,205
N/A - Not Available			\$ 95,741	\$ 1,068,231	\$ 898,950	\$ 265,022	\$ 997,869	

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, 2012**

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 prepared and presented using the regulatory basis of accounting as prescribed 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 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	\$ 66,527	\$ 136,731	\$ 203,258
General Capital	292,500	-	292,500
Water Capital	<u>-</u>	<u>931,500</u>	<u>931,500</u>
 Total Financial Awards	 <u>\$ 359,027</u>	 <u>\$ 1,068,231</u>	 <u>\$ 1,427,258</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, 2012**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The Township's federal and state loans outstanding at December 31, 2012, 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	\$ 280,533
Green Trust Loan	V-226-6020	346,846
Wastewater Trust Loans	4860-510-702440-61	2,795,408
EDA Loan	004-L04229	8,876
NJEIT Loan		<u>372,483</u>
		<u>\$ 3,804,146</u>

**TOWNSHIP OF MOUNT OLIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Part I – Summary of Auditor’s Results

Financial Statements

- A) Type of auditors' report issued on financial statements Qualified - Regulatory Basis, Unaudited LOSAP Trust Fund
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified yes X no
- 2) Significant deficiency(ies) that are not considered to be material weakness(es)? yes X none reported
- C) Noncompliance material to the financial statements noted? yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

- J) Dollar threshold used to determine Typ \$ 300,000
- K) Auditee qualified as low-risk auditee? yes X no
- L) Type of auditor's report on compliance for major programs: Unmodified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? yes X no
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? yes X no
- O) Identification of major programs:

GMIS Number(s)	Name of State Program
4815-100-435	Hazardous Substance Remediation -
	Constitutional Dedication

**TOWNSHIP OF MOUNT OLIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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 of *Government Auditing Standards*

There are none.

**TOWNSHIP OF MOUNT OLIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

There are none.

**TOWNSHIP OF MOUNT OLIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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

None reported.

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

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

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

	<u>Year 2012</u>			<u>Year 2011</u>		
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>	
REVENUE AND OTHER INCOME REALIZED						
Fund Balance Utilized	\$ 2,200,000	2.19	%	\$ 2,272,108	2.29	%
Miscellaneous - From Other Than						
Local Property Tax Levies	5,897,200	5.88		5,813,681	5.85	
Collection of Delinquent Taxes and Tax Title Liens	972,794	0.97		1,053,668	1.06	
Collection of Current Tax Levy	91,099,556	90.78		89,960,475	90.58	
Other Credits to Income	<u>182,494</u>	<u>0.18</u>		<u>219,324</u>	<u>0.22</u>	
 Total Income	 <u>100,352,044</u>	 <u>100.00</u>	 %	 <u>99,319,256</u>	 <u>100.00</u>	 %
EXPENDITURES						
Budget Expenditures						
Municipal Purposes	25,056,392	25.53	%	24,886,756	25.62	%
Local School Taxes	62,520,532	63.69		61,396,190	63.21	
County Taxes	8,080,408	8.23		8,338,052	8.58	
Sanitation District Taxes	1,914,415	1.95		1,920,002	1.98	
Municipal Open Space Preservation	590,079	0.60		588,728	0.61	
Other Expenditures	<u>1,074</u>	<u>0.00</u>		<u>5,809</u>	<u>0.01</u>	
 Total Expenditures	 <u>98,162,900</u>	 <u>100.00</u>	 %	 <u>97,135,537</u>	 <u>100.00</u>	 %
 Excess in Revenue	 2,189,144			 2,183,719		
 Fund Balance, January 1	 <u>2,892,650</u>			 <u>2,981,039</u>		
	 5,081,794			 5,164,758		
Decreased by:						
Utilized as Anticipated Revenue	<u>2,200,000</u>			<u>2,272,108</u>		
 Fund Balance, December 31	 <u>\$ 2,881,794</u>			 <u>\$ 2,892,650</u>		

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

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

	<u>Year 2012</u>			<u>Year 2011</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 215,017	11.82 %	\$	200,849	11.29 %
Collection of Water Rents	1,418,930	78.03		1,416,055	79.59
Miscellaneous - From Other Than Water Rents	120,221	6.61		83,920	4.72
Other Credits to Income	<u>64,232</u>	<u>3.53</u>		<u>78,281</u>	<u>4.40</u>
 Total Income	 <u>1,818,400</u>	 <u>100.00</u> %		 <u>1,779,105</u>	 <u>100.00</u> %
 EXPENDITURES					
Budget Expenditures					
Operating	1,153,552	70.61 %		1,097,764	69.65 %
Capital Improvements	3,250	0.20		-	
Debt Service	414,511	25.37		430,717	27.33
Deferred Charges and Statutory Expenditures	<u>62,405</u>	<u>3.82</u>		<u>47,674</u>	<u>3.02</u>
 Total Expenditures	 <u>1,633,718</u>	 <u>100.00</u> %		 <u>1,576,155</u>	 <u>100.00</u> %
 Excess in Revenue	 184,682			 202,950	
 Fund Balance, January 1	 <u>335,197</u>			 <u>333,096</u>	
Decreased by:					
Utilized as Anticipated Revenue	<u>215,017</u>			<u>200,849</u>	
 Fund Balance, December 31	 <u>\$ 304,862</u>			 <u>\$ 335,197</u>	

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

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

	<u>Year 2012</u>			<u>Year 2011</u>		
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>	
REVENUE AND OTHER INCOME REALIZED						
Fund Balance Utilized	\$ 1,134,224	20.49	%	\$ 1,141,249	22.33	%
Sewer User Fees	4,096,788	74.03		3,595,789	70.37	
Miscellaneous - From Other Than						
Sewer Service Charges	271,166	4.90		209,642	4.10	
Unexpended Balance of Appropriation Reserves	<u>32,102</u>	<u>0.58</u>		<u>163,503</u>	<u>3.20</u>	
 Total Income	 <u>5,534,280</u>	 <u>100.00</u>	 %	 <u>5,110,183</u>	 <u>100.00</u>	 %
EXPENDITURES						
Budget Expenditures						
Operating	3,131,111	67.20	%	3,163,084	69.44	%
Deferred Charges and Statutory Expenditures	958,227	20.57		683,895	15.01	
Debt Service	562,372	12.07		629,011	13.81	
Capital Outlay	<u>7,500</u>	<u>0.16</u>		<u>78,953</u>	<u>1.73</u>	
 Total Expenditures	 <u>4,659,210</u>	 <u>100.00</u>	 %	 <u>4,554,943</u>	 <u>100.00</u>	 %
 Excess in Revenue	 875,070			 555,240		
 Fund Balance, January 1	 <u>1,506,695</u>			 <u>2,092,704</u>		
Decreased by:						
Utilized as Anticipated Revenue	<u>1,134,224</u>			<u>1,141,249</u>		
 Fund Balance, December 31	 <u>\$ 1,247,541</u>			 <u>\$ 1,506,695</u>		

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

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

	<u>Year 2012</u>			<u>Year 2011</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 96,637	3.35 %			
Sanitation District Taxes	1,914,415	66.36	\$ 1,920,002	69.00 %	
Host Benefit Fees - Transfer Station	711,899	24.68	736,352	26.46	
Miscellaneous - Fees	101,450	3.52	79,676	2.86	
Unexpended Balance of Appropriation Reserves	<u>60,291</u>	<u>2.09</u>	<u>46,459</u>	<u>1.67</u>	
 Total Income	 <u>2,884,692</u>	 <u>100.00</u> %	 <u>2,782,489</u>	 <u>100.00</u> %	
EXPENDITURES					
Budget Expenditures					
Operating	2,509,268	93.98 %	2,425,950	94.21 %	
Deferred Charges and Statutory Expenditures	<u>160,753</u>	<u>6.02</u>	<u>149,228</u>	<u>5.79</u>	
 Total Expenditures	 <u>2,670,021</u>	 <u>100.00</u> %	 <u>2,575,178</u>	 <u>100.00</u> %	
 Excess in Revenue	 214,671		 207,311		
 Fund Balance, January 1	 <u>434,826</u>		 <u>227,515</u>		
	649,497		434,826		
Decreased by:					
Utilized as Anticipated Revenue	<u>96,637</u>		<u>-</u>		
 Fund Balance, December 31	 <u>\$ 552,860</u>		 <u>\$ 434,826</u>		

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

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

	<u>Year 2012</u>			<u>Year 2011</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 55,000	10.12 %	\$	43,400	10.14 %
Program Fees	460,066	84.62		352,767	82.38
Other Credits to Income	<u>28,587</u>	<u>5.26</u>		<u>32,039</u>	<u>7.48</u>
 Total Income	 <u>543,653</u>	 <u>100.00</u> %		 <u>428,206</u>	 <u>100.00</u> %
 EXPENDITURES					
Budget Expenditures					
Operating	485,075	95.27 %		387,372	94.87 %
Statutory Expenditures	<u>24,070</u>	<u>4.73</u>		<u>20,928</u>	<u>5.13</u>
 Total Expenditures	 <u>509,145</u>	 <u>100.00</u> %		 <u>408,300</u>	 <u>100.00</u> %
 Excess in Revenue	 34,508			 19,906	
 Fund Balance, January 1	 <u>68,189</u>			 <u>91,683</u>	
	102,697			111,589	
Decreased by:					
Utilized as Anticipated Revenue	<u>55,000</u>			<u>43,400</u>	
 Fund Balance, December 31	 <u>\$ 47,697</u>			 <u>\$ 68,189</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>
2012	\$ 92,383,880	\$ 91,099,556	98.60%
2011	91,082,115	89,960,475	98.76%
2010	90,319,421	89,153,385	98.70%

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>
2012	\$ 399,434	\$ 1,046,468	\$ 1,445,902	1.565%
2011	471,536	892,677	1,364,213	1.498%
2010	346,530	1,052,387	1,398,917	1.549%

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2012	\$4,890,894
2011	4,531,994
2010	4,380,394

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	<u>\$3.096</u>	<u>\$3.052</u>	<u>\$2.999</u>

Apportionment of Tax Rate

Municipal	.645	.636	.624
County	.269	.277	.283
Local School	2.085	2.041	1.997
Sanitation District	.097	.098	.095

Assessed Valuation

2012	<u>\$2,999,670,679</u>		
2011		<u>\$3,008,481,239</u>	
2010			<u>\$3,039,814,717</u>

Comparison of Water Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(1)</u>	<u>Percentage of Collection</u>
2012	\$1,429,916	\$1,418,930	99.23%
2011	1,424,953	1,416,055	99.38
2010	1,482,444	1,467,722	99.01

Comparison of Sewer Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(1)</u>	<u>Percentage of Collection</u>
2012	\$3,927,380	\$4,096,788	104.31%
2011	3,734,527	3,595,313	96.27%
2010	3,755,476	3,772,020	100.44%

(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	2012	\$ 2,881,794	\$ 1,975,000
	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
Water Utility Operating Fund	2012	\$ 304,862	\$ 119,202
	2011	335,197	215,017
	2010	333,096	200,849
	2009	379,522	340,787
	2008	658,088	357,079
Sewer Utility Operating Fund	2012	\$ 1,247,541	\$ 347,357
	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
Solid Waste Collection District Fund	2012	\$ 552,860	\$ 241,820
	2011	434,826	96,637
	2010	227,515	-
	2009	30,025	26,672
	2008	271,102	271,000
Recreation Utility Fund	2012	\$ 47,697	\$ 33,500
	2011	68,189	55,000
	2010	91,683	43,400
	2009	117,431	87,600
	2008	142,693	100,000

**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>
Robert Greenbaum	Mayor		
Alex Roman	Council President		
Colleen Labow	Council Vice President		
John Mania	Councilman		
Pat Walsh	Councilman		
Raymond T. Perkins	Councilman		
John Ferrante	Councilman		
Joe Nicastro	Councilman		
Sean Canning	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
Fred Semrau	Attorney		
Brian J. Levine	Municipal Court Judge	1,000,000	Fidelity and Deposit Co. Blanket Bond
Jennifer Gentilucci	Court Administrator (1/1/12-6/30/12)	1,000,000	Fidelity and Deposit Co. Blanket Bond
Michelle Armbrecht	Court Administrator (7/1/12-12/31/12)	1,000,000	Fidelity and Deposit Co. Blanket Bond
Gary Lindsay	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:

Security Equipment and Fire Alarm Service	Herbicide Treatment
Carnival Services	CAD/Record Management System Upgrade
Payroll/HR/Time and Attendance Management System	Tree Services
Sewerage Sludge Pumping	Exterior Restoration
Sports Lighting for the Football Field	Impound Facility for Cats and Dogs
Grinder Pump Sales and Services	Turf Fields
Improvements to Cloverhill Drive Phase II	Mobile Generator
Electrician Services	Carpet Replacement
Digital Sign	Furnishing and Delivery of a Fire Truck
Snow Plowing Services	Maintenance Services
	Tree Chipping

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 \$36,000 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 \$36,000 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 3, 2012 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 September 20, 2012.

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>
2012	9	0	0
2011	14	0	1
2010	13	1	1

**TOWNSHIP OF MOUNT OLIVE
SUPPLEMENTARY DATA**

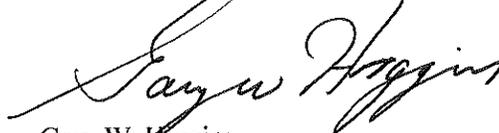
RECOMMENDATIONS

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