

*BOROUGH OF STANHOPE*  
*COUNTY OF SUSSEX*  
*REPORT OF AUDIT*  
*2011*

*NISIVOCCIA LLP*  
*CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF STANHOPE

COUNTY OF SUSSEX

REPORT OF AUDIT

2011

BOROUGH OF STANHOPE  
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BOROUGH OF STANHOPE

PART I

FINANCIAL STATEMENTS AND

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2011

### Independent Auditors' Report

The Honorable Mayor and Members  
of the Borough Council  
Borough of Stanhope, NJ

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

Except as discussed in the fourth paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

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

Our audits of the financial statements did not include the general fixed assets account group (stated at \$4,939,605 and \$4,865,508, respectively) for 2011 and 2010. The account group was not audited since there was not sufficient evidential matter to support the historical value of general fixed assets.

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

The Honorable Mayor and Members  
of the Borough Council  
Borough of Stanhope, NJ  
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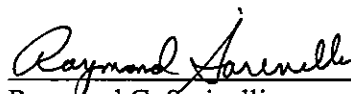
However, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the general fixed assets account group been audited, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position of the various funds of the Borough of Stanhope at December 31, 2011 and 2010, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended, in conformity with accounting principles prescribed by the Division, as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2012, on our consideration of the Borough of Stanhope's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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

Mount Arlington, New Jersey  
April 30, 2012

NISIVOC CIA LLP



Raymond G. Sarinelli  
Registered Municipal Accountant No. 383  
Certified Public Accountant



BOROUGH OF STANHOPE  
COUNTY OF SUSSEX  
2011  
CURRENT FUND

BOROUGH OF STANHOPE  
CURRENT FUND  
COMPARATIVE BALANCE SHEET

		December 31,	
	Ref.	2011	2010
<u>ASSETS</u>			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 2,468,865.86	\$ 2,440,434.81
Change Funds		275.00	275.00
Due from State of New Jersey:			
Veterans and Senior Citizens Deductions		216.67	1,716.67
		<u>2,469,357.53</u>	<u>2,442,426.48</u>
Receivables and Other Assets With			
Full Reserves:			
Delinquent Property Taxes Receivable	A-7	248,230.67	236,414.91
Tax Title Liens Receivable	A-8	138,395.64	101,954.62
Property Acquired for Taxes at Assessed Valuation		580,300.00	580,300.00
Revenue Accounts Receivable	A-9	40,503.84	94,913.10
Due from:			
Animal Control Fund	B	4,361.60	323.83
Due from Borough of Netcong			929.13
		<u>1,011,791.75</u>	<u>1,014,835.59</u>
Total Receivables and Other Assets With Full Reserves			
		<u>\$ 3,481,149.28</u>	<u>\$ 3,457,262.07</u>
<u>TOTAL ASSETS</u>			
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves:			
Unencumbered	A-3;A-11	332,048.86	371,913.73
Encumbered	A-3;A-11	54,113.91	77,072.85
Total Appropriation Reserves		<u>386,162.77</u>	<u>448,986.58</u>
Accounts Payable - Vendors		25,723.26	20,031.61
Prepaid Taxes		16,686.72	48,542.29
Tax Overpayments		28,350.70	11,791.14
Due to County - Added and Omitted Taxes		2,820.29	1,197.30
Due to State of New Jersey:			
Marriage License Fees		75.00	175.00
Training Fees		456.00	445.00
Due to Other Trust Funds:			
Reserve for Snow Removal	B		21,000.00
Reserve for Accumulated Sick and Vacation Compensation	B	15,000.00	20,000.00
Due to General Capital Fund	C	49,900.00	

BOROUGH OF STANHOPE  
CURRENT FUND  
COMPARATIVE BALANCE SHEET  
(Continued)

		December 31,	
	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for:			
Sale of Municipal Assets		\$ 31,609.15	\$ 31,609.15
Shade Tree		3,024.04	3,504.04
Third Party Liens		3,203.57	4,088.92
Revaluation		7,664.92	7,664.92
Pending Tax Appeals		139,792.61	114,792.61
Garden State Preservation Trust Fund		4,439.00	4,439.00
Encumbrance		5,000.00	
Appropriated Reserves:			
Drunk Driving Enforcement Fund		8,035.44	8,892.47
Body Armor Replacement Program		5,229.62	3,962.75
Clean Communities Program		21,677.65	28,428.84
Storm Damage - FEMA			769.37
Cablevision Grant		2,674.81	12,086.37
SLAHEOP Grant		2,405.72	2,405.72
Green Communities Grant			5,000.56
North Jersey Conservation Grant		1,500.00	1,500.00
Alcohol Education Rehabilitation Program		1,135.00	1,135.00
Shade Tree Grant		344.00	344.00
Community Stewardship Incentive Program Grant		543.24	543.24
Housing Reimbursement Program		57,818.18	50,716.18
Highlands Initial Assessment Grant		12,890.00	12,890.00
Highlands Plan Conformance Grant		27,061.91	27,061.91
Business Stimulus Forestry Grant		439.00	689.00
Smart Growth Grant		7,500.00	7,500.00
Recycling Tonnage Grant			5,293.76
Unappropriated Reserves:			
Clean Communities Program		0.38	0.38
Recycling Tonnage Grant			9,573.63
Shade Tree Grant		165.00	
Safe and Secure Communities Grant		15,241.50	22,500.00
		<u>884,569.48</u>	<u>939,560.74</u>
Reserve for Receivables	A	1,011,791.75	1,014,835.59
Fund Balance	A-1	<u>1,584,788.05</u>	<u>1,502,865.74</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 3,481,149.28</u>	<u>\$ 3,457,262.07</u>

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

BOROUGH OF STANHOPE  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	<u>Year Ended December 31,</u>	
<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 679,000.00	\$ 723,000.00
Miscellaneous Revenue Anticipated	503,065.75	542,472.45
Receipts from:		
Delinquent Taxes	232,960.43	272,169.54
Current Taxes	10,322,232.34	10,385,640.89
Nonbudget Revenue	99,408.91	72,589.63
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	211,484.18	169,025.16
Cancellation of Prior Year Accounts Payable	226.26	
Cancellation of Appropriated Reserves - Green Communities	2,000.56	
Interfunds Returned	1,252.96	2,025.28
Total Income	<u>12,051,631.39</u>	<u>12,166,922.95</u>
<u>Expenditures</u>		
Budget Appropriations:		
Municipal Purposes	3,809,097.24	3,857,873.40
County Taxes	1,672,975.84	1,692,398.91
Due County for Added and Omitted Taxes	2,820.29	1,197.30
Regional High School Taxes	1,978,820.11	2,110,172.48
Local School District Taxes	3,807,834.00	3,760,430.50
Refund of Prior Year Revenue		1,707.89
Reserve for Pending Tax Appeals	14,800.00	
Interfunds Advanced	4,361.60	1,252.96
Total Expenditures	<u>11,290,709.08</u>	<u>11,425,033.44</u>
Excess in Revenue/ Statutory Excess to Fund Balance	760,922.31	741,889.51

BOROUGH OF STANHOPE  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	Year Ended December 31,	
Ref.	2011	2010
<u>Fund Balance</u>		
Balance January 1	\$ 1,502,865.74	\$ 1,483,976.23
	2,263,788.05	2,225,865.74
Decreased by:		
Utilized as Anticipated Revenue	679,000.00	723,000.00
Balance December 31	A \$ 1,584,788.05	\$ 1,502,865.74

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

BOROUGH OF STANHOPE  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2011

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 679,000.00		\$ 679,000.00	
Miscellaneous Revenue:				
Alcoholic Beverages Licenses	3,083.50		3,031.00	\$ 52.50 *
Fees and Permits	10,000.00		7,792.69	2,207.31 *
Uniform Construction Code Fees	45,000.00		50,370.00	5,370.00
Fines and Costs - Municipal Court	60,000.00		96,795.09	36,795.09
Interest and Costs on Taxes	35,000.00		51,506.55	16,506.55
Energy Receipt Tax	171,975.00		171,975.00	
Consolidated Municipal Property Tax Relief Aid	44,607.00		44,607.00	
Garden State Trust Fund	4,439.00		4,439.00	
Reserve to Pay Debt Service	15,000.00		15,000.00	
State of New Jersey:				
Safe and Secure Communities Program	30,000.00		30,000.00	
Drunk Driving Enforcement Fund		\$ 2,127.06	2,127.06	
Body Armor Replacement Program		1,266.87	1,266.87	
Clean Communities Program		5,965.24	5,965.24	
Click-It or Ticket Grant		4,000.00	4,000.00	
Recycling Tonnage Grant	9,573.63	4,616.62	14,190.25	
	428,678.13	17,975.79	503,065.75	56,411.83
Receipts from Delinquent Taxes	175,000.00		232,960.43	57,960.43
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	3,128,443.33		3,479,782.10	351,338.77
Budget Totals	4,411,121.46	17,975.79	4,894,808.28	465,711.03
Nonbudget Revenue			99,408.91	99,408.91
	\$ 4,411,121.46	\$ 17,975.79	\$ 4,994,217.19	\$ 565,119.94

BOROUGH OF STANHOPE  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2011  
 (continued)

Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$ 10,322,232.34
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Allocated to:

Local School District Taxes	\$ 3,807,834.00	
Regional High School Taxes	1,978,820.11	
County Taxes	1,675,796.13	
		7,462,450.24

Balance for Support of Municipal Budget	2,859,782.10
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Add: Appropriation "Reserve for Uncollected Taxes"	620,000.00
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Realized for Support of Municipal Budget	\$ 3,479,782.10
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Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 226,073.83	
Tax Title Liens	6,886.60	

Delinquent Tax Collections	\$ 232,960.43	
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Fees and Permits - Other:

Board of Health	\$ 795.00	
Police	643.69	
Planning Board/Board of Adjustment	1,225.00	
Zoning Officer	1,675.00	
Clerk	3,454.00	

	\$ 7,792.69
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BOROUGH OF STANHOPE  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2011  
(continued)

Analysis of Nonbudget Revenue:

Treasurer:

Interest on Investments and Deposits	\$	8,083.89	
Administration Fee - Veterans and Senior Citizens Deductions		686.00	
Tax Sale Premiums Cancelled		11,000.00	
Cable Franchise Fee		14,242.00	
Bid Specs		210.00	
Outside Detail Administration Fees		883.64	
DMV Inspection Fines		3,980.00	
Prior Year Refunds and Reimbursements		3,176.00	
Tax Map Fees		75.00	
Miscellaneous		<u>2,096.58</u>	
	\$		44,433.11

Tax Collector Miscellaneous Revenue 240.00

Prior Year Anticipated Revenue Realized:

2009 Highlands Initial Assessment Grant	9,271.38	
2009 Highlands Plan Conformance Grant	17,950.64	
Local Energy Audit Program	11,750.00	
Business Stimulus Fund - Forestry Grant	6,561.00	
Green Communities Program	<u>3,000.00</u>	
		48,533.02

Interest Earned - Due from Animal Control Fund	33.50	
Interest Earned - Due from Other Trust Fund	869.27	
Interest Earned - Due from General Capital Fund	938.41	
Statutory Excess in Animal Control Fund Reserve:		
Due from Animal Control Fund	<u>4,361.60</u>	
		<u>6,202.78</u>
	\$	<u>99,408.91</u>

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



BOROUGH OF STANHOPE  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 67,054.00	\$ 67,054.00	\$ 53,596.28	\$ 13,457.72	
Other Expenses	19,900.00	19,900.00	18,472.04	1,427.96	
Mayor and Council:					
Salaries and Wages	19,447.00	19,447.00	19,222.19	224.81	
Other Expenses	11,411.00	11,411.00	9,406.36	2,004.64	
Municipal Clerk:					
Salaries and Wages	55,588.00	55,588.00	53,053.01	2,534.99	
Other Expenses	12,320.00	12,320.00	10,100.40	2,219.60	
Financial Administration:					
Salaries and Wages	104,212.00	104,212.00	103,454.56	757.44	
Other Expenses	7,100.00	7,100.00	4,717.47	2,382.53	
Annual Audit	29,222.00	29,222.00	29,222.00		
Insurance (N.J.S.A. 40A:4-45.3(00)):					
Liability Insurance	60,400.00	60,400.00	59,073.17	1,326.83	
Workers Compensation	54,487.00	54,487.00	54,487.00		
Employee Group Insurance	281,386.00	281,386.00	233,616.10	47,769.90	
Computerized Data Processing:					
Other Expenses	12,000.00	12,000.00	11,359.43	640.57	
Assessment of Taxes:					
Salaries and Wages	23,952.00	23,952.00	23,833.99	118.01	
Other Expenses	1,825.00	1,825.00	1,276.39	548.61	
Other Expenses - Fees and Appeals	7,000.00	7,000.00	3,382.50	3,617.50	
Collection of Taxes:					
Other Expenses	3,771.00	3,771.00	3,668.06	102.94	
Legal Services and Costs:					
Other Expenses	111,000.00	111,000.00	68,366.95	42,633.05	

BOROUGH OF STANHOPE  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Cont'd):					
GENERAL GOVERNMENT (continued):					
Engineering Services and Costs:					
Other Expenses	\$ 25,000.00	\$ 25,000.00	\$ 16,669.25	\$ 8,330.75	
Public Buildings and Grounds:					
Salaries and Wages	7,100.00	8,021.00	8,014.21	6.79	
Other Expenses	16,500.00	17,550.00	12,636.55	4,913.45	
Municipal Land Use Law (N.J.S.A.40:55d-1):					
Planning Board:					
Salaries and Wages	8,800.00	8,800.00	8,484.07	315.93	
Other Expenses	7,675.00	7,675.00	2,826.59	4,848.41	
Zoning and Code Enforcement:					
Salaries and Wages	22,245.00	22,245.00	22,020.69	224.31	
Other Expenses	640.00	640.00	326.68	313.32	
Regional Planning Board:					
Other Expenses	7,456.00	7,456.00	7,455.60	0.40	
Affordable Housing-COAH					
Other Expenses	5,000.00	5,000.00	16.80	4,983.20	
Shade Tree Commission:					
Other Expenses	1,100.00	1,100.00	524.61	575.39	
Environmental Commission (N.J.S.A. 40:56.1,et seq.):					
Other Expenses	1,490.00	1,490.00	972.29	517.71	
Insurance:					
Unemployment Compensation Insurance	5,500.00	5,500.00	5,500.00		
PUBLIC SAFETY:					
Fire:					
Other Expenses	41,897.00	41,897.00	41,859.95	37.05	

BOROUGH OF STANHOPE  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
Operations Within "CAPS" (Cont'd):					
PUBLIC SAFETY (continued):					
Municipal Court:					
Salaries and Wages	\$ 69,311.00	\$ 40,144.00	\$ 38,588.44	\$ 1,555.56	
Other Expenses	5,850.00	35,017.00	30,583.68	4,433.32	
Police:					
Salaries and Wages	930,993.00	930,993.00	867,731.08	63,261.92	
Other Expenses	56,716.00	55,016.00	53,102.53	1,913.47	
Police Radio and Communication -Contractual	89,223.00	89,223.00	89,223.00		
First Aid Organization Contribution	10,000.00	10,000.00	10,000.00		
Emergency Management:					
Other Expenses	2,852.00	2,886.00	2,885.56	0.44	
STREETS AND ROADS:					
Department of Public Works:					
Salaries and Wages	130,248.00	130,248.00	115,868.42	14,379.58	
Other Expenses	87,560.00	87,560.00	86,016.13	1,543.87	
Vehicle Maintenance	32,000.00	35,032.00	35,031.35	0.65	
HEALTH AND WELFARE:					
Board of Health:					
Salaries and Wages	4,046.00	4,046.00	4,006.01	39.99	
Other Expenses	900.00	900.00	100.78	799.22	
Animal Regulation:					
Other Expenses	10,000.00	10,000.00	4,743.45	5,256.55	
Garbage and Trash Removal:					
Salaries and Wages	10,500.00	10,500.00	9,839.04	660.96	
Other Expenses	319,215.00	319,215.00	312,126.76	7,088.24	

BOROUGH OF STANHOPE  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
RECREATION AND EDUCATION:					
Board of Recreation Commissioners (R.S.40:12):					
Salaries and Wages	\$ 4,100.00	\$ 763.00		\$ 763.00	
Other Expenses	10,100.00	10,100.00	\$ 2,409.09	7,690.91	
Celebration of Public Events:					
Other Expenses	1,000.00	1,000.00		1,000.00	
Stormwater Management:					
Other Expenses	4,600.00	4,600.00	4,297.85	302.15	
UNIFORM CONSTRUCTION CODE - APPROPRIATION					
OFFSET BY DEDICATED REVENUE:					
Construction Code Official:					
Salaries and Wages	45,040.00	45,040.00	44,694.96	345.04	
Other Expenses	1,000.00	1,000.00	887.60	112.40	
UNCLASSIFIED:					
Utilities	154,601.00	154,601.00	148,217.81	6,383.19	
Condo Services	98,210.00	98,210.00	67,359.96	30,850.04	
Total Operations Within "CAPS"	3,110,543.00	3,110,543.00	2,815,328.69	295,214.31	
Contingent	1,000.00	1,000.00	315.00	685.00	
Total Operations Including Contingent Within "CAPS"	3,111,543.00	3,111,543.00	2,815,643.69	295,899.31	
Detail:					
Salaries and Wages	1,502,636.00	1,471,053.00	1,372,406.95	98,646.05	
Other Expenses	1,608,907.00	1,640,490.00	1,443,236.74	197,253.26	

BOROUGH OF STANHOPE  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Cont'd):					
Deferred Charges and Statutory Expenditures -					
Municipal Within "CAPS":					
Contributions to:					
Public Employees' Retirement System	\$ 60,352.00	\$ 60,352.00	\$ 60,352.00		
Social Security System (O.A.S.I.)	118,315.00	118,315.00	107,165.45	\$ 11,149.55	
Police and Firemen's Retirement					
System of NJ	106,320.00	106,320.00	106,320.00		
Total Deferred Charges and Statutory					
Expenditures - Municipal Within "CAPS"	284,987.00	284,987.00	273,837.45	11,149.55	
Total General Appropriations for Municipal					
Purposes Within "CAPS"	3,396,530.00	3,396,530.00	3,089,481.14	307,048.86	
Operations Excluded from "CAPS":					
Employee Group Insurance	10,914.00	10,914.00	10,914.00		

BOROUGH OF STANHOPE  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Cont'd):					
State and Federal Programs Offset by Revenues:					
Body Armor Replacement Program (N.J.S.A. 40A:4-87 + \$1,266.87)		\$ 1,266.87	\$ 1,266.87		
Clean Communities Program (N.J.S.A. 40A:4-87 + \$5,965.24)		5,965.24	5,965.24		
Drunk Driving Enforcement Fund (N.J.S.A. 40A:4-87 + \$2,127.06)		2,127.06	2,127.06		
Safe and Secure Communities	\$ 30,000.00	30,000.00	30,000.00		
Click It or Ticket Grant (N.J.S.A. 40A:4-87 + \$4,000.00)		4,000.00	4,000.00		
Recycling Tonnage Grant (N.J.S.A. 40A:4-87 + \$4,616.22)	9,573.63	14,190.25	14,190.25		
Total Operations Excluded from "CAPS"	50,487.63	68,463.42	68,463.42		
Detail:					
Other Expenses	50,487.63	68,463.42	68,463.42		
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	20,000.00	20,000.00	20,000.00		
Road Repairs and Resurfacing	25,000.00	25,000.00		\$ 25,000.00	
Total Capital Improvements Excluded from "CAPS"	45,000.00	45,000.00	20,000.00	25,000.00	

BOROUGH OF STANHOPE  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Municipal Debt Service Excluded from "CAPS":					
Payment of Note Principal	\$ 270,000.00	\$ 270,000.00	\$ 270,000.00		
Interest on Notes	29,103.83	29,103.83	29,103.82		\$ 0.01
Total Municipal Debt Service Excluded from "CAPS"	299,103.83	299,103.83	299,103.82		0.01
Total General Appropriations Excluded from "CAPS"	394,591.46	412,567.25	387,567.24	\$ 25,000.00	0.01
Subtotal General Appropriations	3,791,121.46	3,809,097.25	3,477,048.38	332,048.86	0.01
Reserve for Uncollected Taxes	620,000.00	620,000.00	620,000.00		
Total General Appropriations	<u>\$ 4,411,121.46</u>	<u>\$ 4,429,097.25</u>	<u>\$ 4,097,048.38</u>	<u>\$ 332,048.86</u>	<u>\$ 0.01</u>

Ref.

A

BOROUGH OF STANHOPE  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After</u>	<u>Paid or</u>
		<u>Modification</u>	<u>Charged</u>
Adopted Budget		\$ 4,411,121.46	
Appropriation by NJSA 40A:4-87		<u>17,975.79</u>	
		<u>\$ 4,429,097.25</u>	
Reserve for Uncollected Taxes			\$ 620,000.00
Cash Disbursed			3,497,880.99
Encumbrances	A		54,113.91
Appropriated Reserves:			
Body Armor Replacement Program			1,266.87
Drunk Driving Enforcement Fund			2,127.06
Clean Communities Program			<u>5,809.24</u>
			<u>4,181,198.07</u>
Less: Appropriation Refunds			<u>84,149.69</u>
			<u>\$ 4,097,048.38</u>

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



BOROUGH OF STANHOPE  
COUNTY OF SUSSEX  
2011  
TRUST FUNDS

BOROUGH OF STANHOPE  
COMPARATIVE BALANCE SHEET - TRUST FUNDS

		December 31,	
	Ref.	2011	2010
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 13,094.80	\$ 7,804.83
		<u>13,094.80</u>	<u>7,804.83</u>
Other Trust Funds:			
Cash and Cash Equivalents:			
Recycling Tonnage Program	B-4	37,981.43	17,496.44
State Unemployment Insurance Fund	B-4	33,357.95	28,996.75
Performance Bonds and Escrow Deposits	B-4	58,228.25	47,248.75
Public Defender	B-4	19,372.54	22,048.43
Parking Offenses Adjudication Act	B-4	2,589.77	2,486.09
Other	B-4	285,243.44	226,443.44
COAH Housing	B-4	8,864.79	8,838.26
Due from Current Fund:			
Reserve for Snow Removal	A		21,000.00
Reserve for Accumulated Sick and Vacation Compensation	A	15,000.00	20,000.00
		<u>460,638.17</u>	<u>394,558.16</u>
<u>TOTAL ASSETS</u>		<u>\$ 473,732.97</u>	<u>\$ 402,362.99</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 4,361.60	\$ 323.83
Reserve for Animal Control Expenditures	B-6	8,730.80	7,479.80
Due to State of New Jersey		2.40	1.20
		<u>13,094.80</u>	<u>7,804.83</u>
Other Trust Funds:			
Reserve for:			
Recycling Tonnage Program Expenditures		37,981.43	17,496.44
State Unemployment Insurance Payments		33,357.95	28,996.75
Performance Bonds and Escrow Deposits		86,103.25	75,123.75
Public Defender		19,372.54	22,048.43
Parking Offenses Adjudication Act		2,589.77	2,486.09
Tax Sale Premiums		34,400.00	38,600.00
Snow Removal		98,800.01	76,800.01
Accumulated Sick and Vacation Compensation		110,972.75	95,972.75
Recreation Commission		26,195.68	26,195.68
Canal Restoration		2,000.00	2,000.00
COAH Housing		8,864.79	8,838.26
		<u>460,638.17</u>	<u>394,558.16</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 473,732.97</u>	<u>\$ 402,362.99</u>

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

BOROUGH OF STANHOPE  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

BOROUGH OF STANHOPE  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

NOT APPLICABLE

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

BOROUGH OF STANHOPE  
COUNTY OF SUSSEX  
2011  
GENERAL CAPITAL FUND

BOROUGH OF STANHOPE  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET

		December 31,	
	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 393,006.21	\$ 185,763.77
Due from Current Fund	A	49,900.00	
Grants Receivable:			
New Jersey Department of Transportation		50,000.00	95,000.00
Energy Efficiency and Conservation			
Block Grant Program		33,743.28	
Deferred Charges to Future Taxation:			
Unfunded	C-4	<u>2,075,955.00</u>	<u>2,310,755.00</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,602,604.49</u>	<u>\$ 2,591,518.77</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 2,018,745.00	\$ 1,940,255.00
Improvement Authorizations:			
Funded	C-5	78,429.00	91,506.08
Unfunded	C-5	321,976.87	447,207.82
Capital Improvement Fund	C-6	31,646.82	13,446.82
Reserve for Sidewalk Improvements		16,655.02	16,655.02
Reserve for Road Improvements		19,453.75	
Reserve to Pay Debt Service		39,471.73	54,471.73
Reserve for Preliminary Expenses			1,650.00
Reserve for Canal Rehabilitation		49,900.00	
Fund Balance	C-1	<u>26,326.30</u>	<u>26,326.30</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,602,604.49</u>	<u>\$ 2,591,518.77</u>

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

BOROUGH OF STANHOPE  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 26,326.30
Balance December 31, 2011	C	<u>\$ 26,326.30</u>

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

BOROUGH OF STANHOPE  
COUNTY OF SUSSEX  
2011  
WATER UTILITY FUND



BOROUGH OF STANHOPE  
WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET

		December 31	
	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	D-5	\$ 338,292.75	\$ 350,963.15
Collector's Change Fund		50.00	50.00
Due from Water Utility Capital Fund	D	<u>1,475.47</u>	
		339,818.22	<u>351,013.15</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	<u>85,612.34</u>	<u>108,863.24</u>
Total Operating Fund		<u>425,430.56</u>	<u>459,876.39</u>
Capital Fund:			
Cash and Cash Equivalents	D-5	367,149.83	350,228.48
Fixed Capital	D-8	3,269,260.96	3,249,261.96
Fixed Capital Authorized and Uncompleted	D-9	<u>699,500.00</u>	<u>640,500.00</u>
Total Capital Fund		<u>4,335,910.79</u>	<u>4,239,990.44</u>
<u>TOTAL ASSETS</u>		<u>\$ 4,761,341.35</u>	<u>\$ 4,699,866.83</u>

BOROUGH OF STANHOPE  
WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET  
(Continued)

		December 31	
	Ref.	2011	2010
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-4;D-10	\$ 70,429.71	\$ 60,162.51
Encumbered	D-4;D-10	10,015.78	11,318.62
Total Appropriation Reserves		80,445.49	71,481.13
Accrued Interest on Notes		1,974.22	498.75
		82,419.71	71,979.88
Reserve for Receivables	D	85,612.34	108,863.24
Fund Balance	D-1	257,398.51	279,033.27
Total Operating Fund		425,430.56	459,876.39
Capital Fund:			
Bond Anticipation Notes Payable	D-14	237,500.00	57,000.00
Improvement Authorizations:			
Funded	D-11	47,545.19	32,365.99
Unfunded	D-11	104,212.73	287,446.05
Capital Improvement Fund	D-12	30,566.54	25,566.54
Due to Water Utility Operating Fund	D	1,475.47	
Reserve For:			
Amortization		3,269,260.96	3,249,261.96
Deferred Amortization	D-13	462,000.00	346,000.00
Connection Fees		118,326.00	169,326.00
Preliminary Expenses		2,905.00	2,905.00
Fund Balance	D-2	62,118.90	70,118.90
Total Capital Fund		4,335,910.79	4,239,990.44
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 4,761,341.35</u>	<u>\$ 4,699,866.83</u>

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

BOROUGH OF STANHOPE  
WATER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN OPERATING FUND BALANCE

		Year Ended December 31	
	Ref.	2011	2010
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 105,000.00	\$ 120,500.00
Rents		507,070.03	462,373.92
Miscellaneous		11,271.37	11,736.92
Other Credits to Income:			
Appropriation Reserves Lapsed		36,466.84	51,112.91
Total Income		<u>659,808.24</u>	<u>645,723.75</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		460,688.00	487,568.00
Capital Improvements		5,000.00	5,000.00
Capital Outlay		20,000.00	20,000.00
Debt Service		57,855.00	83,130.83
Deferred Charges and Statutory Expenditures		32,900.00	34,267.00
Total Expenditures		<u>576,443.00</u>	<u>629,965.83</u>
Excess in Revenue		83,365.24	15,757.92
<u>Fund Balance</u>			
Balance January 1		<u>279,033.27</u>	<u>383,775.35</u>
		362,398.51	399,533.27
Decreased by:			
Utilization as Anticipated Revenue		<u>105,000.00</u>	<u>120,500.00</u>
Balance December 31	D	<u>\$ 257,398.51</u>	<u>\$ 279,033.27</u>

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

BOROUGH OF STANHOPE  
WATER UTILITY CAPITAL FUND  
STATEMENT OF CAPITAL FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 70,118.90
Decreased by:		
Appropriated to Finance Improvement		
Authorizations		<u>8,000.00</u>
Balance December 31, 2011	D	<u>\$ 62,118.90</u>

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

BOROUGH OF STANHOPE  
WATER UTILITY OPERATING FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2011

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 105,000.00	\$ 105,000.00	
Water Rents	462,000.00	507,070.03	\$ 45,070.03
Miscellaneous	9,443.00	11,271.37	1,828.37
	<u>\$ 576,443.00</u>	<u>\$ 623,341.40</u>	<u>\$ 46,898.40</u>

Analysis of Realized Revenue

Miscellaneous:

Interest on Investments and Deposits	\$ 954.02
Interest on Water Rents	9,646.58
Due from Water Utility Capital Fund:	
Interest on Investments and Deposits	<u>670.77</u>
	<u>\$ 11,271.37</u>

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

BOROUGH OF STANHOPE  
WATER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modi- fication</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 188,132.00	\$ 188,132.00	\$ 174,122.39	\$ 14,009.61	
Other Expenses	272,556.00	272,556.00	237,044.41	35,511.59	
Capital Improvements:					
Capital Improvement Fund	5,000.00	5,000.00	5,000.00		
Capital Outlay	20,000.00	20,000.00		20,000.00	
Debt Service:					
Payment of Bond Anticipation Notes	57,000.00	57,000.00	57,000.00		
Interest on Notes	855.00	855.00	855.00		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	13,500.00	13,500.00	13,500.00		
Social Security System (O.A.S.I.)	14,400.00	14,400.00	13,491.49	908.51	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	5,000.00	5,000.00	5,000.00		
	<u>\$ 576,443.00</u>	<u>\$ 576,443.00</u>	<u>\$ 506,013.29</u>	<u>\$ 70,429.71</u>	<u>\$ -0-</u>
	<u>Ref.</u>			<u>D</u>	
Analysis of Paid or Charged:					
Cash Disbursed			\$ 495,142.51		
Encumbrances		D	10,015.78		
Accrued Interest on Notes			855.00		
			<u>\$ 506,013.29</u>		

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

BOROUGH OF STANHOPE  
COUNTY OF SUSSEX  
2011  
SEWER UTILITY FUND

BOROUGH OF STANHOPE  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET

		December 31,	
	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	E-5	\$ 345,586.40	\$ 310,889.13
Collector's Change Fund		50.00	50.00
		<u>345,636.40</u>	<u>310,939.13</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	E-8	206,901.16	250,823.46
Deferred Charges:			
Operating Deficit			8,487.13
		<u></u>	<u></u>
Total Operating Fund		<u>552,537.56</u>	<u>570,249.72</u>
Capital Fund:			
Cash and Cash Equivalents	E-5	517,133.72	529,133.72
Fixed Capital	E-9	4,470,374.30	4,468,034.30
		<u></u>	<u></u>
Total Capital Fund		<u>4,987,508.02</u>	<u>4,997,168.02</u>
		<u></u>	<u></u>
<u>TOTAL ASSETS</u>		<u>\$ 5,540,045.58</u>	<u>\$ 5,567,417.74</u>



BOROUGH OF STANHOPE  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET  
(Continued)

		December 31,	
	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	E-4;E-11	\$ 799.62	\$ 6,766.53
Unencumbered	E-4;E-11	93,426.80	95,979.46
Total Appropriation Reserves		94,226.42	102,745.99
Accrued Interest on Notes		1,363.25	1,960.00
		95,589.67	104,705.99
Reserve for Receivables	E	206,901.16	250,823.46
Fund Balance	E-1	250,046.73	214,720.27
Total Operating Fund		552,537.56	570,249.72
Capital Fund:			
Bond Anticipation Notes Payable	E-16	164,000.00	224,000.00
Capital Improvement Fund	E-13	88,789.68	83,789.68
Reserve for:			
Amortization		4,306,374.30	4,244,034.30
Debt Service		30,000.00	30,000.00
Connection Fees		330,335.00	330,335.00
Fund Balance	E-2	68,009.04	85,009.04
Total Capital Fund		4,987,508.02	4,997,168.02
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 5,540,045.58</u>	<u>\$ 5,567,417.74</u>

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

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

		Year Ended December 31	
	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 160,000.00	\$ 130,000.00
Sewer Rents		1,099,881.28	1,003,276.03
Miscellaneous Revenue		24,589.59	22,280.19
Sewer Utility Capital Fund Balance		17,000.00	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		<u>93,210.97</u>	<u>53,911.30</u>
Total Income		<u>1,394,681.84</u>	<u>1,209,467.52</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,091,325.00	1,097,159.44
Capital Improvements		5,000.00	5,000.00
Capital Outlay			15,000.00
Debt Service		62,763.25	69,188.21
Deferred Charges and Statutory Expenditures		<u>40,267.13</u>	<u>31,607.00</u>
Total Expenditures		<u>1,199,355.38</u>	<u>1,217,954.65</u>
Excess (Deficit) in Revenue		195,326.46	(8,487.13)
Operating Deficit to be Raised in Budget of Succeeding Year		<u></u>	<u>8,487.13</u>
Statutory Excess to Fund Balance		195,326.46	
<u>Fund Balance</u>			
Balance January 1		<u>214,720.27</u>	<u>344,720.27</u>
		410,046.73	344,720.27
Decreased by:			
Utilization as Anticipated Revenue		<u>160,000.00</u>	<u>130,000.00</u>
Balance December 31	E	<u>\$ 250,046.73</u>	<u>\$ 214,720.27</u>

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

BOROUGH OF STANHOPE  
SEWER UTILITY CAPITAL FUND  
STATEMENT OF CAPITAL FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 85,009.04
Decreased by:		
Due to Sewer Utility Operating Fund as Operating Revenue		<u>17,000.00</u>
Balance December 31, 2011	E	<u>\$ 68,009.04</u>

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

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 160,000.00	\$ 160,000.00	
Sewer Rents	1,003,080.00	1,099,881.28	\$ 96,801.28
Miscellaneous Revenue	20,000.00	24,589.59	4,589.59
Capital Fund Balance	<u>17,000.00</u>	<u>17,000.00</u>	
	<u>\$ 1,200,080.00</u>	<u>\$ 1,301,470.87</u>	<u>\$ 101,390.87</u>

Analysis of Realized Revenue

Miscellaneous:

Interest on Sewer Rents	\$ 22,901.45
Interest on Investments and Deposits	698.32
Due from Sewer Utility Capital Fund:	
Interest on Investments and Deposits	<u>989.82</u>
	<u>\$ 24,589.59</u>

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

BOROUGH OF STANHOPE  
SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modi- fication</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 170,561.00	\$ 170,561.00	\$ 160,027.42	\$ 10,533.58	
Other Expenses	920,764.00	920,764.00	838,732.19	82,031.81	
Capital Improvements:					
Capital Improvement Fund	5,000.00	5,000.00	5,000.00		
Debt Service:					
Payment of Note Principal	60,000.00	60,000.00	60,000.00		
Interest on Notes	3,360.00	3,360.00	2,763.25		\$ 596.75
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement Fund	13,500.00	13,500.00	13,500.00		
Social Security System (O.A.S.I.)	13,280.00	13,280.00	12,418.59	861.41	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	5,000.00	5,000.00	5,000.00		
Deficits in Operations in Prior Years	8,615.00	8,615.00	8,487.13		127.87
	<u>\$ 1,200,080.00</u>	<u>\$ 1,200,080.00</u>	<u>\$ 1,105,928.58</u>	<u>\$ 93,426.80</u>	<u>\$ 724.62</u>

Ref.

E

Analysis of Paid or Charged:

Cash Disbursed		\$ 1,093,878.58
Deferred Charges		8,487.13
Encumbrances	E	799.62
Accrued Interest on Notes		2,763.25
		<u>\$ 1,105,928.58</u>

BOROUGH OF STANHOPE  
COUNTY OF SUSSEX  
2011  
PUBLIC ASSISTANCE FUND  
NOT APPLICABLE

BOROUGH OF STANHOPE  
COUNTY OF SUSSEX  
2011  
GENERAL FIXED ASSETS ACCOUNT GROUP  
(UNAUDITED)

BOROUGH OF STANHOPE  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET  
(Unaudited)

	December 31,	
	2011	2010
<u>ASSETS</u>		
Land	\$ 1,022,100.00	\$ 1,022,100.00
Building	1,211,000.00	1,211,000.00
Equipment and Vehicles	2,706,504.54	2,632,408.33
<u>TOTAL ASSETS</u>	\$ 4,939,604.54	\$ 4,865,508.33
 <u>RESERVE</u>		
Reserve for Fixed Assets	\$ 4,939,604.54	\$ 4,865,508.33
<u>TOTAL RESERVE</u>	\$ 4,939,604.54	\$ 4,865,508.33

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

BOROUGH OF STANHOPE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Stanhope include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Stanhope, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Stanhope do not include the operations of the rescue squad or first aid organization.

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

B. Description of Funds

The accounting policies of the Borough of Stanhope conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Stanhope accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

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

Water Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned water utility.



BOROUGH OF STANHOPE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

B. Description of Funds (Cont'd)

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

General Fixed Asset Account Group (Unaudited) - These accounts were established with estimated values of land, buildings and certain fixed assets of the Borough as discussed in Note 1E - "Basis of Accounting".

C. Basis of Accounting

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

The accounting policies of the Borough of Stanhope conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow.

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

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

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

BOROUGH OF STANHOPE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

C. Basis of Accounting (Cont'd)

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

Had the Borough's financial statements been prepared under accounting principles generally accepted in the United States of America; encumbrances would not be considered as expenditures, appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when received; and inventories would not be reflected as expenditures at the time of purchase.

The cash basis of accounting is followed in the Trust and Capital Funds.

D. Deferred Charges to Future Taxation

The Capital Fund balance sheet includes unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, or by selling bonds, by issuing loans or through capital lease purchase agreements.

E. Other Significant Accounting Policies Include:

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

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

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

BOROUGH OF STANHOPE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

E. Other Significant Accounting Policies Include: (Cont'd)

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

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

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

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

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

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

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

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

BOROUGH OF STANHOPE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

E. Other Significant Accounting Policies Include: (Cont'd)

General Fixed Assets (Unaudited) (Cont'd)

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

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

Note 2: Long-Term Debt

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

	<u>December 31,</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Issued</u>			
General:			
Notes	\$ 2,018,745.00	\$ 1,940,255.00	\$ 1,970,255.00
Water Utility:			
Notes	237,500.00	57,000.00	82,000.00
Sewer Utility:			
Notes	164,000.00	224,000.00	289,000.00
Total Issued	<u>2,420,245.00</u>	<u>2,221,255.00</u>	<u>2,341,255.00</u>
Less:			
Funds Temporarily Held to			
Pay Bonds and Notes:			
Reserve to Pay Debt Service	39,471.73	54,471.73	62,458.02
Total Deductions	<u>39,471.73</u>	<u>54,471.73</u>	<u>62,458.02</u>
Net Debt Issued	<u>2,380,773.27</u>	<u>2,166,783.27</u>	<u>2,278,796.98</u>

**BOROUGH OF STANHOPE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2011**  
(Continued)

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

Summary of Municipal Debt (Cont'd)

	December 31,		
	2011	2010	2009
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	\$ 57,210.00	\$ 370,500.00	\$ 230,000.00
Water Utility:			
Bonds and Notes		237,500.00	57,900.00
Total authorized but not Issued	<u>57,210.00</u>	<u>608,000.00</u>	<u>287,900.00</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 2,437,983.27</u>	<u>\$ 2,774,783.27</u>	<u>\$ 2,566,696.98</u>

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

	Balance 12/31/2009	Additions	Retirements	Balance 12/31/2010
Bond Anticipation Notes:				
General Capital Fund	1,970,255.00	\$ 1,940,255.00	\$ 1,970,255.00	\$ 1,940,255.00
Water Utility Capital Fund	82,000.00	57,000.00	82,000.00	57,000.00
Sewer Utility Capital Fund	289,000.00	224,000.00	289,000.00	224,000.00
Total	<u>\$ 2,341,255.00</u>	<u>\$ 2,221,255.00</u>	<u>\$ 2,341,255.00</u>	<u>\$ 2,221,255.00</u>
	Balance 12/31/2010	Additions	Retirements	Balance 12/31/2011
Bond Anticipation Notes:				
General Capital Fund	\$ 1,940,255.00	\$ 2,018,745.00	\$ 1,940,255.00	\$ 2,018,745.00
Water Utility Capital Fund	57,000.00	237,500.00	57,000.00	237,500.00
Sewer Utility Capital Fund	224,000.00	164,000.00	224,000.00	164,000.00
Total	<u>\$ 2,221,255.00</u>	<u>\$ 2,420,245.00</u>	<u>\$ 2,221,255.00</u>	<u>\$ 2,420,245.00</u>

BOROUGH OF STANHOPE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

The Borough's debt issued and outstanding on December 31, 2011, is described as follows:

General Capital Fund

Bond Anticipation Notes

<u>Purpose</u>	Maturities of Notes Outstanding Dec. 31, 2011		
	<u>Rate</u>	<u>Date</u>	<u>Amount</u>
Acquisition of New and Additional Vehicular Equipment	1.425%	6/1/2012	\$ 14,534.87
Acquisition of New Fire Truck	1.425%	6/1/2012	368,900.00
Acquisition of New and Additional Fire Fighting Equipment	1.425%	6/1/2012	31,240.00
Acquisition of New Police Equipment	1.425%	6/1/2012	47,183.91
Improvement of Elm St and Grove Rd	1.425%	6/1/2012	211,000.00
Improvement of the Municipal Building	1.425%	6/1/2012	180,700.00
Acquisition of New and Additional Equipment	1.425%	6/1/2012	26,802.40
Improvement of Various Roads	1.425%	6/1/2012	153,000.00
Various Improvements	1.425%	6/1/2012	40,942.45
Improvement of Various Roads	1.425%	6/1/2012	69,000.00
Improvement of Main St. and Grove Rd.	1.425%	6/1/2012	152,900.00
Various Improvements	1.425%	6/1/2012	89,000.00
Improvements on Main St- Phase II	1.425%	6/1/2012	39,490.28
Various Improvements	1.425%	6/1/2012	223,551.09
Various Improvements	1.425%	6/1/2012	285,000.00
Acquisition of New Equipment	1.425%	6/1/2012	85,500.00
			<u>\$ 2,018,745.00</u>

Water Utility Capital Fund

Bond Anticipation Notes

<u>Purpose</u>	Maturities of Notes Outstanding Dec. 31, 2011		
	<u>Rate</u>	<u>Date</u>	<u>Amount</u>
Improvement to Water Supply and Distribution System	1.425%	6/1/2012	<u>\$ 237,500.00</u>

BOROUGH OF STANHOPE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

Sewer Utility Capital Fund

Bond Anticipation Notes

<u>Purpose</u>	Maturities of Notes Outstanding Dec. 31, 2011		
	<u>Rate</u>	<u>Date</u>	<u>Amount</u>
Improvement of the Sanitary Sewerage System	1.425%	6/1/2012	\$ 44,000.00
Improvement of the Sanitary Sewerage System	1.425%	6/1/2012	120,000.00
			<u>\$ 164,000.00</u>
Total Debt Issued and Outstanding			<u>\$ 2,420,245.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .52%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 3,284,000.00	\$ 3,284,000.00	
Water Utility Debt	237,500.00	237,500.00	
Sewer Utility Debt	164,000.00	164,000.00	
General Debt	2,075,955.00	39,471.73	\$ 2,036,483.27
	<u>\$ 5,761,455.00</u>	<u>\$ 3,724,971.73</u>	<u>\$ 2,036,483.27</u>

Net Debt \$2,036,483.27 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$392,371,224 = .52%.

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

3.5% Average Equalized Valuation of Real Property	\$ 13,732,992.84
Net Debt	<u>2,036,483.27</u>
Remaining Borrowing Power	<u>\$ 11,696,509.57</u>

BOROUGH OF STANHOPE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

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

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 623,341.40
Deductions:		
Operating and Maintenance Costs	\$ 493,588.00	
Debt Service	57,855.00	
Total Deductions		551,443.00
Excess in Revenue		\$ 71,898.40

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

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 1,301,470.87
Deductions:		
Operating and Maintenance Costs	\$ 1,123,105.00	
Debt Service	62,763.25	
Total Deductions		1,185,868.25
Excess in Revenue		\$ 115,602.62

Footnote:

If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount or the gross amount of authorized debt whichever is lesser.

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

Schedule of Annual Debt Service for the Next Five Years and Thereafter for Bonded Debt Issued and Outstanding

Year Ended Dec. 31,	General	Water Utility	Sewer Utility	Total
2012	\$ -0-	\$ -0-	\$ -0-	\$ -0-
2013	-0-	-0-	-0-	-0-
2014	-0-	-0-	-0-	-0-
2015	-0-	-0-	-0-	-0-
2016	-0-	-0-	-0-	-0-



BOROUGH OF STANHOPE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 3: Fund Balances Appropriated

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

Current Fund	\$700,000.00
Water Utility Operating Fund	110,000.00
Sewer Utility Operating Fund	35,000.00

Note 4: School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Borough of Stanhope has not elected to defer school taxes.

Note 5: Pension Plans

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

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS went from 5.5% to 6.50% while the employee contributions for PFRS increased to 10.00% from 8.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

BOROUGH OF STANHOPE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 5: Pension Plans (Cont'd)

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

Borough contributions to PFRS amounted to \$106,320, \$140,837 and \$72,183 for 2011, 2010 and 2009, respectively. Borough contributions to PERS amounted to \$87,352, \$67,055 and \$65,784 for 2011, 2010 and 2009, respectively.

Note 6: Accrued Sick and Vacation Benefits

The Borough of Stanhope permits employees to accrue unused sick and vacation pay, which may be taken as time off or paid upon retirement or separation. It is estimated that the current cost of such unpaid compensation would approximate \$166,455. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used. This amount is partially reserved in the Reserve for Accumulated Sick and Vacation Compensation of \$110,972.75 on the Trust Funds balance sheet at December 31, 2011.

Note 7: Selected Tax Information

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate</u>	\$ 3.03	\$ 3.03	\$ 2.39
<u>Apportionment of Tax Rate</u>			
Municipal	0.89	0.87	0.69
County	0.48	0.49	0.39
Local School	1.09	1.07	0.83
Regional High School	0.57	0.60	0.48
<u>Assessed Valuations</u>			
2011	<u>\$ 349,816,154.00</u>		
2010		<u>\$ 350,855,778.00</u>	
2009			<u>\$ 434,003,134.00</u>

BOROUGH OF STANHOPE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2011	\$ 10,606,703.45	\$ 10,322,232.34	97.31%
2010	10,641,936.60	10,385,640.89	97.59%
2009	10,392,332.56	10,110,855.70	97.29%

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

Note 8: Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey health benefits plan.

The Borough of Stanhope is a member of the Morris County Municipal Joint Insurance Fund. This fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by the fund to its members:

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

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

This Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

BOROUGH OF STANHOPE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 8: Risk Management (Cont'd)

The December 31, 2011 audit report for this fund was not filed as of the date of this report. Selected financial information for this Fund as of December 31, 2010 is as follows:

	Morris County Municipal Joint Insurance Fund
Total Assets	\$ 24,002,469
Net Assets	\$ 11,288,204
Total Revenue	\$ 16,068,417
Total Expenses	\$ 16,968,383
Change in Net Assets	\$ (899,966)
Net Assets Distribution to Participating Members	\$ -0-

Financial statements for the fund are available at the Office of the Executive Director:

PERMA Risk Management Services  
9 Campus Drive, Suite 16  
Parsippany, New Jersey 07054  
(201) 881-7632

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough 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 Borough is billed quarterly for amounts due to the State.

The following is a summary of Borough/employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and previous two years:

Year	Interest Earned	Borough/ Employee Contributions	Amount Reimbursed	Ending Balance
2009	\$ 199.26	\$ 14,377.81	\$ 6,144.63	\$ 16,207.46
2010	103.26	15,500.00	2,813.97	28,996.75
2011	99.38	15,500.00	11,238.18	33,357.95

BOROUGH OF STANHOPE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 9: Cash and Cash Equivalents and Investments

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

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

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

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

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

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal 5% of the average daily balance of public funds; or

If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

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

BOROUGH OF STANHOPE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 9: Cash and Cash Equivalents and Investments (Cont'd)

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

BOROUGH OF STANHOPE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 9: Cash and Cash Equivalents and Investments (Cont'd)

As of December 31, 2011, cash and cash equivalents of the Borough of Stanhope consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>NJ Cash Manage- ment Fund</u>	<u>Totals</u>
Current	\$ 275.00	\$ 2,371,349.53	\$ 97,516.33	\$ 2,469,140.86
Animal Control		13,094.80		13,094.80
Other Trust		445,638.17		445,638.17
General Capital		386,150.25	6,855.96	393,006.21
Water Operating	50.00	148,748.13	189,544.62	338,342.75
Water Capital		262,418.15	104,731.68	367,149.83
Sewer Operating	50.00	314,522.18	31,064.22	345,636.40
Sewer Capital		202,893.34	314,240.38	517,133.72
	<u>\$ 375.00</u>	<u>\$ 4,144,814.55</u>	<u>\$ 743,953.19</u>	<u>\$ 4,889,142.74</u>

During the year ended December 31, 2011, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at year end was \$4,889,142.74 and the bank balance was \$4,941,599.30. The \$743,953.19 invested with the State on New Jersey Cash Management Fund is uninsured and/or unregistered.

Note 10: Post-Retirement Medical Benefits

In addition to the pension benefits described in Note 5, the Borough provides other post-retirement benefits to certain Borough employees after retirement, substantially similar in nature to the health benefits provided to employees presently working.

The Borough contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP.

BOROUGH OF STANHOPE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 10: Post-Retirement Medical Benefits (Cont'd)

In accordance with the Borough's resolution, Borough employees are entitled to the following benefits:

The coverage applies to the employee and dependents. In the event of an employee's death, coverage ceases. In order to be eligible for this benefit, the employee must have a minimum of twenty-five (25) years of full-time service with the Borough.

Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to:

State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough's portion of post-retirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget.

The Borough's portion of post-retirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget. For the year ended December 31, 2011, the Borough had 1 employee who met post-retirement eligibility requirements for health care benefits and recognized expenses of \$6,398.

Note 11: Deferred Compensation Plan

The Borough of Stanhope offers its employees a deferred compensation plan (the "Plan") created in accordance with Section 457 of the Internal Revenue Code. The Plan, which is administered by VALIC, is available to all Borough employees and permits participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency, or upon death to their beneficiaries.



BOROUGH OF STANHOPE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 12: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 4,361.60	\$ 64,900.00
Animal Control		4,361.60
Other Trust	15,000.00	
General Capital	49,900.00	
Water Utility Operating	1,475.47	
Water Utility Capital		1,475.47
	<u>\$ 70,737.07</u>	<u>\$ 70,737.07</u>

The interfund receivable in the Current Fund and the interfund payable in the Animal Control Fund represents the statutory excess collected in the Animal Control Fund. The interfund between the Current Fund and the Other Trust Funds represents amounts charged to Current Fund appropriation reserves for reserves for accumulated sick and vacation due to the Other Trust Funds. The interfund between the Current Fund and the General Capital represents a reserve for canal rehabilitation that is due to the General Capital Fund. The interfund between the Water Utility Operating and the Water Utility Capital represents improvement authorizations changes that have not yet been reimbursed.

Note 13: Contingent Liabilities

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, disputes over contract awards, and as one of several hundred third-party defendants in "superfund" litigation. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Borough's financial position as of December 31, 2011.

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

Various tax appeals on assessed valuations have been filed against the Borough and are awaiting a final decision. The ultimate outcome and effect of such appeals have not been determined; however, the Borough Tax Assessor will aggressively defend the Borough's assessments. The Borough has established a reserve for this contingency in the amount of \$139,792.61, which the Borough believes is adequate to cover any potential liability.

Note 14: Economic Dependency

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

## SUPPLEMENTARY DATA

BOROUGH OF STANHOPE  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2011

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
Diana Kuncken	Mayor		
Rosemarie Maio	Council President		
James Benson	Councilperson		
Doreen Thistleton	Councilperson (from 4/26/11)		
Edward Schwartz	Councilperson		
George Graham	Councilperson		
Brian Murphy	Councilperson		
Michael Vance	Councilperson (to 3/31/11)		
Brian McNeilly	Administrator (from 5/9/11)	*	
Ellen Horak	Acting Administrator (to 5/9/11)	*	
Ellen Horak	Borough Clerk	*	
Dana Mooney	Chief Financial Officer/Tax Collector	\$ 1,000,000	Municipal Excess Liability JIF
Margaret Driscoll	Sewer Collector, Water Collector	1,000,000	Municipal Excess Liability JIF
Richard Stein	Attorney		
John Mulhern	Magistrate	1,000,000	Municipal Excess Liability JIF
Lorraine Lupo	Municipal Court Administrator (to 2/2011)	1,000,000	Municipal Excess Liability JIF
Sauna Tillotson	Acting Municipal Court Administrator (from 2/2011)	1,000,000	Municipal Excess Liability JIF

\* All employees, who are not specifically bonded, are covered under \$50,000 and \$950,000 Faithful Performance Bonds provided by the Morris County Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively.

BOROUGH OF STANHOPE  
COUNTY OF SUSSEX  
2011  
CURRENT FUND

BOROUGH OF STANHOPE  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 2,440,434.81
Increased by Receipts:		
Tax Collector	\$ 10,731,241.21	
Revenue Accounts Receivable	438,103.80	
Miscellaneous Revenue Not Anticipated	44,433.11	
Appropriation Refunds	84,149.69	
Due to State of New Jersey		
Veterans and Senior Citizens' Deductions	34,300.00	
Training Fees	1,403.00	
Marriage License Fees	675.00	
Due Animal Control License Fund	357.33	
Due Other Trust Funds	869.27	
Due to General Capital Fund	938.41	
Reserve for Garden State Preservation Program	4,439.00	
Due from Borough of Netcong	929.13	
Unappropriated Reserves:		
Body Armor Replacement Fund	1,266.87	
Drunk Driving Enforcement Fund	2,127.06	
Clean Communities Program	5,965.24	
Click-It or Ticket	4,000.00	
Shade Tree	165.00	
Safe and Secure Communities	22,741.50	
Recycling Tonnage Grant	4,616.62	
Appropriated Reserves:		
Housing Reimbursement Program Reimbursement	8,775.00	
		<u>11,391,496.24</u>
		<u>13,831,931.05</u>

BOROUGH OF STANHOPE  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

Decreased by Disbursements:

2011 Appropriation Expenditures	\$ 3,497,880.99
2010 Appropriation Reserves	131,679.14
Accounts Payable	19,805.35
Local School District Taxes	3,807,834.00
Regional School Taxes	1,978,820.11
County Taxes	1,674,173.14
Tax Overpayment Refunds	24,724.36
Due to Other Trust Funds:	
Reserve for Snow Removal	21,000.00
Reserve for Accumulated Sick and Vacation Compensation	20,000.00
Due to State of New Jersey	
Training Fees	1,392.00
Marriage License Fees	775.00
Reserve for Shade Tree	480.00
Reserve for Third Party Tax Title Liens	148,558.89
Appropriated Reserves:	
Housing Reimbursement Program	1,673.00
Clean Communities Program	12,560.43
Drunk Driving Enforcement Fund	2,984.09
Storm Damage - FEMA	769.37
Cablevision Grant	9,411.56
Green Communities	3,000.00
Business Stimulus Forestry Grant	250.00
Recycling Tonnage Grant	5,293.76

\$ 11,363,065.19

Balance December 31, 2011

A

\$ 2,468,865.86

BOROUGH OF STANHOPE  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2011

Increased by Receipts:

Taxes Receivable	\$ 10,466,963.88	
Tax Title Liens Receivable	6,886.60	
2012 Prepaid Taxes	16,686.72	
Tax Overpayments	41,283.92	
Outside Liens	147,673.54	
Interest and Costs on Taxes	51,506.55	
Nonbudget Revenue	240.00	
	<hr/>	
		<u>\$ 10,731,241.21</u>

Decreased by:

Payments to Treasurer		<u>\$ 10,731,241.21</u>
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CURRENT FUND  
SCHEDULE OF CASH - GRANT FUNDS  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

Year	Balance Dec 31, 2010	2011 Levy	Added Taxes	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Trans- ferred to Tax Title Liens	Balance Dec 31, 2011
				2010	2011				
2006	\$ 514.84								\$ 514.84
2007	549.00								549.00
2008	575.60								575.60
2010	234,775.47				\$ 226,073.83			\$ 8,701.64	
	236,414.91				226,073.83			8,701.64	1,639.44
2011		\$ 10,606,703.45	\$ 3,148.08	\$ 48,542.29	10,240,890.05	\$ 32,800.00	\$ 7,219.40	33,808.56	246,591.23
	<u>\$ 236,414.91</u>	<u>\$ 10,606,703.45</u>	<u>\$ 3,148.08</u>	<u>\$ 48,542.29</u>	<u>\$ 10,466,963.88</u>	<u>\$ 32,800.00</u>	<u>\$ 7,219.40</u>	<u>\$ 42,510.20</u>	<u>\$ 248,230.67</u>
Ref.	A								A

Analysis of 2011 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 10,588,934.98
Added Taxes (54:4-63.1 et seq.)	<u>17,768.47</u>
	<u>\$ 10,606,703.45</u>

Tax Levy:

Local School District Taxes	\$ 3,807,834.00
Regional High School Taxes	1,978,820.11
County Taxes	\$ 1,672,975.84
County Added and Omitted Taxes	<u>2,820.29</u>
	<u>1,675,796.13</u>
	<u>7,462,450.24</u>
Local Tax for Municipal Purposes	\$ 3,128,443.33
Add: Additional Tax Levied	<u>15,809.88</u>
	<u>3,144,253.21</u>
	<u>\$ 10,606,703.45</u>



BOROUGH OF STANHOPE  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2010	A	\$	101,954.62
Increased by:			
Interest and Costs		\$	817.42
Transfer from Taxes Receivable			42,510.20
			<u>43,327.62</u>
			145,282.24
Decreased by:			
Cash Collections			<u>6,886.60</u>
Balance December 31, 2011	A	\$	<u><u>138,395.64</u></u>

BOROUGH OF STANHOPE  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec 31, 2010	Accrued In 2011	Collected by Treasurer	Cancelled	Balance Dec 31, 2011
Clerk:					
Licenses:					
Alcoholic Beverages		\$ 3,031.00	\$ 3,031.00		
Fees and Permits		3,454.00	3,454.00		
Zoning Officer:					
Fees and Permits		1,675.00	1,675.00		
Board of Health:					
Fees and Permits		795.00	795.00		
Construction Code Official:					
Fees and Permits		50,370.00	50,370.00		
Municipal Court:					
Fines and Costs	\$ 7,466.12	95,419.41	96,795.09		\$ 6,090.44
Police Department:					
Fees and Permits		643.69	643.69		
Planning Board/Board of Adjustment:					
Fees and Permits		1,225.00	1,225.00		
Energy Receipts Tax		171,975.00	171,975.00		
Consolidated Municipal Property Tax Relief Aid		44,607.00	44,607.00		
Reserve to Pay Debt Service		15,000.00	15,000.00		
Local Energy Audit Program	11,750.00		11,750.00		
ANJEC Smart Growth 2010 - ERI Maps	5,000.00				5,000.00
Business Stimulus Fund - Forestry Grant	7,000.00		6,561.00		439.00
Green Communities Program	5,000.56		3,000.00	\$ 2,000.56	
Environmental Grant	2,500.00			2,500.00	
2009 Highlands Initial Assessment Grant	15,000.00		9,271.38		5,728.62
2009 Highlands Plan Conformance Grant	41,196.42		17,950.64		23,245.78
	<u>\$ 94,913.10</u>	<u>\$ 388,195.10</u>	<u>\$ 438,103.80</u>	<u>\$ 4,500.56</u>	<u>\$ 40,503.84</u>
<u>Ref.</u>	A				A

BOROUGH OF STANHOPE  
CURRENT FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

BOROUGH OF STANHOPE  
CURRENT FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2011

	<u>Balance</u> <u>Dec 31, 2010</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
General Government:				
Administrative and Executive:				
Salaries and Wages		\$ 1,160.00	\$ 1,160.00	
Other Expenses	\$ 3,716.43	2,556.43	877.98	\$ 1,678.45
Mayor and Council:				
Salaries and Wages	106.24	106.24		106.24
Other Expenses	4,750.69	4,750.69	502.34	4,248.35
Municipal Clerk:				
Salaries and Wages	393.13	393.13		393.13
Other Expenses	4,031.31	4,031.31	289.05	3,742.26
Financial Administration:				
Salaries and Wages	0.90	0.90		0.90
Other Expenses	1,411.55	1,411.55	53.70	1,357.85
Computerized Data Processing:				
Other Expenses	2,668.08	2,668.08	5.00	2,663.08
Assessment of Taxes:				
Other Expenses	134.70	134.70	5.25	129.45
Other Expenses - Fees & Appeals	10,200.00	10,200.00	10,200.00	
Collection of Taxes:				
Other Expenses	548.39	548.39	442.40	105.99
Legal Services and Costs:				
Other Expenses	66,853.75	66,853.75	5,416.25	61,437.50
Engineering Services:				
Other Expenses	16,670.89	16,670.89	11,470.89	5,200.00
Public Buildings and Grounds:				
Salaries and Wages	4,194.34	4,194.34	4,000.00	194.34
Other Expenses	13,288.52	13,288.52	394.53	12,893.99
Municipal Land Use Law (N.J.S.A. 40:55d-1):				
Planning Board:				
Salaries and Wages	199.95	199.95		199.95
Other Expenses	8,242.06	8,242.06		8,242.06
Zoning and Code Enforcement:				
Salaries and Wages	157.00	157.00		157.00
Other Expenses	614.88	614.88	39.95	574.93
Regional Planning Board:				
Other Expenses	0.60	0.60		0.60
Affordable Housing-COAH				
Other Expenses	5,000.00	5,000.00		5,000.00
Environmental Commission:				
Other Expenses	1,138.98	1,138.98		1,138.98
Shade Tree Commission:				
Other Expenses	774.94	774.94	35.04	739.90

BOROUGH OF STANHOPE  
CURRENT FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2011  
(continued)

	<u>Balance</u> <u>Dec 31, 2010</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Public Safety:				
Fire:				
Other Expenses	\$ 4,327.37	\$ 4,327.37	\$ 4,327.37	
Police:				
Salaries and Wages	1,406.93	1,406.93		\$ 1,406.93
Other Expenses	4,540.96	4,540.96	4,400.15	140.81
Emergency Management:				
Other Expenses	3,102.00	3,102.00	2,768.50	333.50
Municipal Court:				
Salaries and Wages	5,416.90	5,416.90	4,000.00	1,416.90
Other Expenses	1,726.94	1,726.94	911.90	815.04
Streets and Roads:				
Department of Public Works:				
Salaries and Wages	11,066.00	11,066.00	10,336.74	729.26
Other Expenses	25,297.13	25,297.13	25,188.65	108.48
Vehicle Maintenance	36.45	36.45	32.50	3.95
Health and Welfare:				
Board of Health:				
Other Expenses	790.96	790.96		790.96
Animal Regulation:				
Other Expenses	4,088.18	4,088.18	910.86	3,177.32
Garbage and Trash Removal:				
Salaries and Wages	241.61	241.61		241.61
Other Expenses	26,097.76	26,097.76	26,097.76	
Contractual	67,218.96	67,218.96		67,218.96
Recreation and Education:				
Celebration of Public Events:				
Other Expenses	1,143.37	1,143.37		1,143.37
Board of Recreation Commissioners:				
Salaries and Wages	0.56	0.56		0.56
Other Expenses	5,803.90	5,803.90	1,418.75	4,385.15
Morris Canal Rehabilitation	50,000.00	50,000.00	49,906.45	93.55
Road Repairs & Resurfacing	24,374.42	24,374.42	24,374.42	
Uniform Construction Code:				
Construction Code Official:				
Salaries and Wages	1,771.96	1,771.96		1,771.96
Other Expenses	1,399.78	1,399.78	20.00	1,379.78

BOROUGH OF STANHOPE  
CURRENT FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2011  
(continued)

	Balance Dec 31, 2010	Balance After Modification	Paid or Charged	Balance Lapsed
Unclassified:				
Utilities	\$ 17,416.67	\$ 18,160.67	\$ 15,744.84	\$ 2,415.83
Green Communities Grant Supplement	3,000.00	3,000.00		3,000.00
Condo Services:				
Other Expenses	26,205.35	31,582.35	31,198.13	384.22
Landfill Disposal Costs				
Contingent	785.00	785.00	495.00	290.00
Social Security System	636.96	636.96		636.96
Insurance:				
General Liability Insurance	0.10	0.10		0.10
Worker Compensation Insurance	0.57	0.57		0.57
Employee Group Insurance	13,390.26	7,269.26	478.00	6,791.26
Municipal Storm Water Regulation Program	2,602.20	2,602.20		2,602.20
	<u>\$ 448,986.58</u>	<u>\$ 448,986.58</u>	<u>\$ 237,502.40</u>	<u>\$ 211,484.18</u>

Analysis of Balance December 31, 2010

	<u>Ref</u>	
Unencumbered	A	\$ 371,913.73
Encumbered	A	<u>77,072.85</u>
		<u>\$ 448,986.58</u>

Analysis of Paid or Charged

Cash Disbursed	\$ 131,679.14
Accounts Payable	25,723.26
Reserve for Pending Tax Appeals	10,200.00
Encumbrances	5,000.00
Due to Other Trust Funds:	
Reserve for Accumulated Sick and Vacation	15,000.00
Due to General Capital Fund:	
Reserve for Morris Canal Rehabilitation	<u>49,900.00</u>
	<u>\$ 237,502.40</u>

BOROUGH OF STANHOPE  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2011

## Increased by:

Levy - Calendar Year 2011	\$ 3,807,834.00
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## Decreased by:

Payments to Local School District	\$ 3,807,834.00
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CURRENT FUND  
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2011

## Increased by:

Levy - Calendar Year 2011	\$ 1,978,820.11
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## Decreased by:

Payments to Regional School District	\$ 1,978,820.11
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BOROUGH OF STANHOPE  
COUNTY OF SUSSEX  
2011  
TRUST FUNDS



BOROUGH OF STANHOPE  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

			Other Trusts Funds						
		Animal Control	Recycling	State	Performance	Public	Parking		
	Ref.	Fund	Tonnage	Unemployment	Bonds	Defender	Offenses	COAH	
			Program	Insurance	and Escrow	Program	Adjudication	Housing	Other
				Fund	Deposits		Act Program		
Balance December 31, 2010	B	\$ 7,804.83	\$ 17,496.44	\$ 28,996.75	\$ 47,248.75	\$ 22,048.43	\$ 2,486.09	\$ 8,838.26	\$ 226,443.44
Increased by Receipts:									
Animal Control Fees		4,529.60							
State Registration Fees		524.40							
Late Fees and Replacement Fees		1,805.00							
Due to/from Current Fund:									
Interest Income		33.50			153.58				715.69
Interfund Advanced/Returned									41,000.00
Tax Sale Premium									16,900.00
Interest on Deposits				99.38		63.11	7.68		
Unemployment Insurance Deposits				15,500.00					
Performance Bond and Escrow									
Deposits and Interest					21,891.11				
Parking Offenses Adjudication Act							96.00		
Public Defender						1,411.00			
Snow Removal Deposits									22,000.00
COAH Housing Deposit and Interest								28.53	
Recycling Revenue and Interest			24,104.99						
Total Receipts		6,892.50	24,104.99	15,599.38	22,044.69	1,474.11	103.68	28.53	80,615.69
Total Funds Available		14,697.33	41,601.43	44,596.13	69,293.44	23,522.54	2,589.77	8,866.79	307,059.13
Decreased by Disbursements:									
State Registration Fees		523.20							
Animal Control Fund Expenditures		722.00							
Due to Current Fund		357.33			153.58				715.69
Reserve for Recycling Expenditures			3,620.00						
Performance Bond and Escrow									
Deposit Expenditures					10,911.61				
COAH Expenditures								2.00	
Public Defender Expenditures						4,150.00			
Tax Sale Premium Expenditures									21,100.00
State Unemployment Insurance									
Expenditures				11,238.18					
Total Disbursements		1,602.53	3,620.00	11,238.18	11,065.19	4,150.00		2.00	21,815.69
Balance December 31, 2011	B	\$ 13,094.80	\$ 37,981.43	\$ 33,357.95	\$ 58,228.25	\$ 19,372.54	\$ 2,589.77	\$ 8,864.79	\$ 285,243.44

BOROUGH OF STANHOPE  
ASSESSMENT TRUST FUND  
ANALYSIS OF CASH  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

BOROUGH OF STANHOPE  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	7,479.80
Increased by:			
Dog License Fees Collected		\$	3,229.60
Cat License Fees Collected			1,300.00
Late Fees and Replacement Fees			1,805.00
			<u>6,334.60</u>
			13,814.40
Decreased by:			
Statutory Excess- Due to Current Fund			4,361.60
Animal Control Fund Expenditures			722.00
			<u>5,083.60</u>
Balance December 31, 2011	B	\$	<u>8,730.80</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2009	\$ 4,986.20
2010	3,744.60
	<u>8,730.80</u>
Maximum Allowable Reserve	\$ 8,730.80

BOROUGH OF STANHOPE  
COUNTY OF SUSSEX  
2011  
GENERAL CAPITAL FUND

BOROUGH OF STANHOPE  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 185,763.77
Increased by:		
Current Fund Budget Appropriation:		
Capital Improvement Fund		\$ 20,000.00
Payment of Bond Anticipation Notes		270,000.00
New Jersey Department of Transportation Grant Receivable		45,000.00
Energy Efficiency and Conservation Block Grant Program		46,291.72
Bond Anticipation Notes Issued		2,018,745.00
Due to/from Current Fund :		
Interest Income		938.41
Due from Other Trust Fund:		
Reserve for Road Improvements		19,453.75
		<u>2,420,428.88</u>
		2,606,192.65
Decreased by:		
Due to Current Fund:		
Interest		938.41
Reserve for Debt Service		15,000.00
Reserve for Preliminary Expenses		1,650.00
Bond Anticipation Notes Payable		1,940,255.00
Improvement Authorization Expenditures		255,343.03
		<u>2,213,186.44</u>
Balance December 31, 2011	C	<u>\$ 393,006.21</u>

BOROUGH OF STANHOPE  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Receipts				Disbursements			Transfers		Balance (Deficit) Dec 31, 2011
	Balance (Deficit) Dec 31, 2010	Bond Anticipation Notes	Budget Appropriations	Miscellaneous	Bond Anticipation Notes	Improvement Authori- zations	Miscellaneous	From	To	
Fund Balance	\$ 26,326.30									\$ 26,326.30
New Jersey Department of Transportation Grant Receivable	(95,000.00)			\$ 45,000.00						(50,000.00)
Energy Efficiency and Conservation Block Grant Program				46,291.72				\$ 80,035.00		(33,743.28)
Due Current Fund			270,000.00	20,392.16			\$ 938.41	289,453.75		
Capital Improvement Fund	13,446.82		20,000.00					1,800.00		31,647
Reserve to Pay Debt Service	54,471.73						15,000.00			39,471.73
Reserve for Sidewalk Improvements	16,655.02									16,655.02
Reserve for Road Improvements									\$ 19,453.75	19,453.75
Reserve for Preliminary Expenses	1,650.00						1,650.00			
Ordinance		Improvement Description								
No.	Date									
01-03	05/29/01	Improvements of Public Buildings	56,883.85							56,883.85
02-08	08/27/02	Improvement of Musconetcong Avenue			\$ 58,000.00				58,000.00	
03-01	02/25/03	Improvement of Kelly Place and Waterloo Road				30,000.00			30,000.00	
03-10;										
05-18	11/25/03	Various Improvements			82,055.00				82,055.00	
04-13	09/28/04	Acquisition of New and Additional Vehicular Equipment	\$ 14,534.87		21,764.87				7,230.00	
05-09	07/11/05	Acquisition of New Fire Truck	368,900.00		426,000.00				49,889.00	(7,211.00)
05-10	07/11/05	Acquisition of New and Additional Fire Fighting Equipment		31,240.00	36,000.00				4,760.00	
06-13	12/19/06	Acquisition of New Police Equipment		47,183.91	55,600.00				66.00	(8,350.09)
07-02	04/25/07	Improvement of Elm Street and Grove Road		211,000.00	231,000.00				20,000.00	
07-05	06/26/07	Improvement of the Municipal Building	228,899.03	180,700.00	198,700.00	\$ 47,897.16			18,000.00	181,001.87
07-06	06/26/07	Acquisition of New and Additional Equipment		26,802.40	26,802.40					
07-09	07/31/07	Improvement of Various Roads		153,000.00	153,000.00					
07-12	12/18/07	Various Improvements		40,942.45	40,942.45					
08-02	05/20/08	Improvements to Various Roads		69,000.00	69,000.00					
08-03	05/20/08	Improvement of Main Street and Grove Road	7,039.56	152,900.00	152,900.00	700.00				6,339.56
08-09	09/30/08	Various Improvements		89,000.00	89,000.00					
09-08	07/21/09	Various Improvements	41,444.05	223,551.09	230,000.00	23,386.25				11,608.89
09-13	07/28/09	Improvements on Main St- Phase II		39,490.28	39,490.28					
10-04	05/25/10	Various Improvements	(170,475.79)	285,000.00		39,756.28				74,767.93
10-05	06/22/10	Various Improvements								
10-13	11/23/10	Acquisition of New Equipment	4,423.20	85,500.00		49,414.80				40,508.40
11-10	05/10/11	Energy Efficiency Improvements				58,791.72			80,035.00	21,243.28
11-13	07/12/11	Acquisition of Fire Equipment				35,396.82			1,800.00	(33,596.82)
			\$ 185,763.77	\$ 2,018,745.00	\$ 290,000.00	\$ 111,683.88	\$ 1,940,255.00	\$ 255,343.03	\$ 17,588.41	\$ 371,288.75
									\$ 371,288.75	\$ 393,006.21

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Improvement Authorizations - Unfunded		\$	321,976.87
Less: Unexpended Proceeds of Bond Anticipation			
Notes Issued:			
Ordinance # 07-05	\$	180,700.00	
Ordinance # 08-03		6,339.56	
Ordinance # 09-08		11,608.89	
Ordinance # 10-04		74,767.93	
Ordinance # 10-13		40,508.40	
			<u>313,924.78</u>
			\$ 8,052.09

BOROUGH OF STANHOPE  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2010		Capital Improvement Fund	2011 Authorizations		Paid or Charged	Balance Dec. 31, 2011	
		Date	Amount	Funded	Unfunded		Energy Efficiency and Conservation Block Grant Program	Deferred Charges to Future Taxation - Unfunded		Funded	Unfunded
01-03	Improvements of Public Buildings	05/29/01	\$ 200,000.00	\$ 56,883.85						\$ 56,883.85	
07-05	Improvement of the Municipal Building	06/26/07	236,000.00	30,199.03	\$ 198,700.00				\$ 47,897.16	301.87	\$ 180,700.00
08-03	Improvement of Main Street and Grove Road	05/20/08	335,000.00		7,039.56				700.00		6,339.56
09-08	Various Improvements	07/21/09	421,900.00		41,444.05				23,386.25		18,057.80
10-04	Various Improvements	05/25/10	500,000.00		114,524.21				39,756.28		74,767.93
10-13	Acquisition of New Equipment	11/23/10	90,000.00	4,423.20	85,500.00				49,414.80		40,508.40
11-10	Energy Efficiency Improvements	05/10/11	80,035.00				\$ 80,035.00		58,791.72	21,243.28	
11-13	Acquisition of Fire Equipment	07/12/11	37,000.00			\$ 1,800.00		\$ 35,200.00	35,396.82		1,603.18
				<u>\$ 91,506.08</u>	<u>\$ 447,207.82</u>	<u>\$ 1,800.00</u>	<u>\$ 80,035.00</u>	<u>\$ 35,200.00</u>	<u>\$ 255,343.03</u>	<u>\$ 78,429.00</u>	<u>\$ 321,976.87</u>
	<u>Ref.</u>			C	C					C	C



BOROUGH OF STANHOPE  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 13,446.82
Increased by:		
Current Fund Budget Appropriation		20,000.00
		<u>33,446.82</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		1,800.00
		<u>1,800.00</u>
Balance December 31, 2011	C	<u>\$ 31,646.82</u>

**BOROUGH OF STANHOPE  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**

Ord. No.	Improvement Description	Date of		Interest Rate	Balance Dec 31, 2010	Issued	Matured	Balance Dec 31, 2011
		Issue of Original Note	Issue					
02-08	Improvement of Musconetcong Avenue	06/13/03	06/03/10	06/03/11	1.50%	\$ 58,000.00	\$ 58,000.00	
03-01	Improvement of Kelly Place and Waterloo Road	06/13/03	06/03/10	06/03/11	1.50%	30,000.00	30,000.00	
03-10	Various Improvements	06/10/04	06/03/10	06/03/11	1.50%	82,055.00	82,055.00	
04-13	Acquisition of New and Additional Vehicular Equipment	06/09/05	06/03/10 06/03/11	06/03/11 06/01/12	1.50% 1.425%	21,764.87	21,764.87	
05-09	Acquisition of New Fire Truck	11/18/05	06/03/10 06/03/11	06/03/11 06/01/12	1.50% 1.425%	426,000.00	426,000.00	
05-10	Acquisition of New and Additional Fire Fighting Equipment	11/18/05	06/03/10 06/03/11	06/03/11 06/01/12	1.50% 1.425%	36,000.00	36,000.00	
06-13	Acquisition of New Police Equipment	12/19/06	06/03/10 06/03/11	06/03/11 06/01/12	1.50% 1.425%	55,600.00	55,600.00	
07-02	Improvement of Elm Street and Grove Road	04/25/07	06/03/10 06/03/11	06/03/11 06/01/12	1.50% 1.425%	231,000.00	231,000.00	
07-05	Improvement of the Municipal Building	10/26/07	06/03/10 06/03/11	06/03/11 06/01/12	1.50% 1.425%	198,700.00	198,700.00	
07-06	Acquisition of New and Additional Equipment	10/26/07	06/03/10 06/03/11	06/03/11 06/01/12	1.50% 1.425%	26,802.40	26,802.40	
07-09	Improvement of Various Roads	10/26/07	06/03/10 06/03/11	06/03/11 06/01/12	1.50% 1.425%	153,000.00	153,000.00	
07-12	Various Improvements	10/26/07	06/03/10 06/03/11	06/03/11 06/01/12	1.50% 1.425%	40,942.45	40,942.45	
08-02	Improvement of Various Roads	06/04/09	06/03/10 06/03/11	06/03/11 06/01/12	1.50% 1.425%	69,000.00	69,000.00	
08-03	Improvement of Main St and Grove Rd	06/04/09	06/03/10 06/03/11	06/03/11 06/01/12	1.50% 1.425%	152,900.00	152,900.00	
08-09	Various Improvements	06/04/09	06/03/10 06/03/11	06/03/11 06/01/12	1.50% 1.425%	89,000.00	89,000.00	
09-13	Improvements on Main St- Phase II	06/04/09	06/03/10 06/03/11	06/03/11 06/01/12	1.50% 1.425%	39,490.28	39,490.28	
09-08	Various Improvements	06/03/10	06/03/10 06/03/11	06/03/11 06/01/12	1.50% 1.425%	230,000.00	230,000.00	
10-04	Various Improvements	06/03/11	06/03/11	06/01/12	1.425%	285,000.00	285,000.00	
10-13	Acquisition of New Equipment	06/03/11	06/03/11	06/01/12	1.425%	85,500.00	85,500.00	
					<u>\$ 1,940,255.00</u>	<u>\$ 2,018,745.00</u>	<u>\$ 1,940,255.00</u>	<u>\$ 2,018,745.00</u>
					Ref.	C		C
					Renewed	\$ 1,648,245.00	\$ 1,648,245.00	
					New Issues	370,500.00		
					Redeemed		22,010.00	
					Budget Appropriation		270,000.00	
						<u>\$ 2,018,745.00</u>	<u>\$ 1,940,255.00</u>	

BOROUGH OF STANHOPE  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

BOROUGH OF STANHOPE  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL CAPITAL LOANS PAYABLE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

BOROUGH OF STANHOPE  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. No.</u>	<u>Ord. Date</u>	<u>Improvement Description</u>	<u>Balance Dec 31, 2010</u>	<u>2011 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Bond Anticipation Notes Redeemed</u>	<u>Balance Dec 31, 2011</u>
05-09	07/11/05	Acquisition of New Fire Truck				\$ 7,211.00	\$ 7,211.00
06-13	12/19/06	Acquisition of New Police Equipment				8,350.09	8,350.09
09-08	07/21/09	Various Improvements				6,448.91	6,448.91
10-04	05/25/10	Various Improvements	\$ 285,000.00		\$ 285,000.00		
10-13	11/23/10	Acquisition of New Equipment	85,500.00		85,500.00		
11-13	07/12/11	Acquisition of Fire Equipment		\$ 35,200.00			35,200.00
			<u>\$ 370,500.00</u>	<u>\$ 35,200.00</u>	<u>\$ 370,500.00</u>	<u>\$ 22,010.00</u>	<u>\$ 57,210.00</u>

BOROUGH OF STANHOPE  
COUNTY OF SUSSEX  
2011  
WATER UTILITY FUND

BOROUGH OF STANHOPE  
WATER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2010	D	\$ 350,963.15	\$ 350,228.48
Increased by Receipts:			
Consumer Accounts Receivable - Water Rents		\$ 507,070.03	
Interest on Water Rents		9,646.58	
Miscellaneous Revenue		954.02	
Water Utility Operating Fund Budget Appropriation:			
Capital Improvement Fund			\$ 5,000.00
Payment of Bond Anticipation Notes			57,000.00
Bond Anticipation Notes Issued			237,500.00
Due from Water Utility Capital Fund		670.77	
Due to Water Utility Operating Fund - Interest Income			670.77
		<u>518,341.40</u>	<u>300,170.77</u>
		869,304.55	650,399.25
Decreased by Disbursements:			
2011 Appropriation Expenditures		495,142.51	
2010 Appropriation Reserves		35,014.29	
Interest on Bonds and Notes		855.00	
Bond Anticipation Notes Matured			57,000.00
Improvement Authorizations			225,578.65
Due to Water Utility Operating Fund			670.77
		<u>531,011.80</u>	<u>283,249.42</u>
Balance December 31, 2011	D	<u>\$ 338,292.75</u>	<u>\$ 367,149.83</u>

BOROUGH OF STANHOPE  
WATER UTILITY OPERATING FUND  
SCHEDULE OF CASH - UTILITY COLLECTOR  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE



BOROUGH OF STANHOPE  
WATER UTILITY CAPITAL FUND  
ANALYSIS OF WATER CAPITAL CASH

		Receipts			Disbursements			Transfers		Balance/ (Deficit)	
		Balance/ (Deficit) Dec.31,2010	Bond Anticipation Notes	Budget Appropriations	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To	Balance/ (Deficit) Dec.31,2011
Capital Improvement Fund		\$ 25,566.54		\$ 5,000.00							\$ 30,566.54
Due Water Utility Operating Fund					\$ 670.77			\$ 670.77		\$ 1,475.47	1,475.47
Fund Balance		70,118.90							\$ 8,000.00		62,118.90
Reserve for Connection Fees		169,326.00							51,000.00		118,326.00
Reserve for Preliminary Expense		2,905.00									2,905.00
Ordinance											
No.	General Improvements										
1999-18	Improvements to Water System	99.91									99.91
2004-05	Improvements to Water System	347.02									347.02
2008-10	Improvement to Water Supply and Distribution System.	31,919.06				\$ 775.70					31,143.36
2009-07; 2011-05	Improvement to Water Supply and Distribution System.	56,646.55		57,000.00		91,858.05	\$ 57,000.00			51,000.00	15,788.50
2010-03	Improvement to Water Supply and Distribution System.	(6,700.50)	\$ 237,500.00			125,111.30			1,475.47		104,212.73
2011-08	Improvement to Water Supply and Distribution System.					7,833.60				\$ 8,000.00	166.40
		\$ 350,228.48	\$ 237,500.00	\$ 62,000.00	\$ 670.77	\$ 225,578.65	\$ 57,000.00	\$ 670.77	\$ 60,475.47	\$ 60,475.47	\$ 367,149.83

BOROUGH OF STANHOPE  
WATER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 108,863.24
Increased by:		
2011 Water Charges Levied		<u>483,819.13</u>
		592,682.37
Decreased by:		
Collections		<u>507,070.03</u>
Balance December 31, 2011	D	<u><u>\$ 85,612.34</u></u>

BOROUGH OF STANHOPE  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec.31, 2010	Additions By Budget	Balance Dec.31, 2011
General Plant Equipment	\$ 73,681.46		\$ 73,681.46
Reservoir	19,263.63		19,263.63
Wells and Well House	66,156.02		66,156.02
Pump House	3,587.99		3,587.99
Distribution Mains and Accessories	103,285.91		103,285.91
General Equipment	1,737.20		1,737.20
Hydrants	1,441.55		1,441.55
Water Tank and Fence	53,183.01		53,183.01
Meters	56,557.48		56,557.48
Office Building	3,000.00		3,000.00
Chlorinator	11,618.13		11,618.13
Additional Water Supply	50,000.00		50,000.00
Extension of Water Main	6,000.00		6,000.00
Purchase and Installation of One Hundred Water Meters	8,000.00		8,000.00
Improvement to Reservoirs and Associated Pumping Equipment	5,000.00		5,000.00
Construction of a Well House	250,084.42		250,084.42
Improvement to Water System	916,810.75		916,810.75
Purchase of DPW Truck	8,000.00		8,000.00
Purchase of Storage Shed	3,000.00		3,000.00
Fencing at Well #2	4,300.00		4,300.00
Installation of Gate Closing Equipment	1,500.00		1,500.00
Improvement to Water System	1,089,397.91		1,089,397.91
Dump Truck	4,974.00		4,974.00
Computer Equipment	5,500.00		5,500.00
Water Meter Reader	98,607.50	\$ 19,999.00	118,606.50
Improvement to Water System	255,000.00		255,000.00
Purchase of DPW Backhoe	28,000.00		28,000.00
Purchase of Dump Truck	33,000.00		33,000.00
Backhoe Hammer Attachment	13,575.00		13,575.00
Improvement to Water Tower	30,000.00		30,000.00
Purchase and Installation of New Generator	45,000.00		45,000.00
	<u>\$ 3,249,261.96</u>	<u>\$ 19,999.00</u>	<u>\$ 3,269,260.96</u>
	D		D

**BOROUGH OF STANHOPE**  
**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

Improvement Description	No.	Ordinance		Balance Dec.31, 2010	2011 Authorizations		
		Date	Amount		Fund Balance	Reserve for Connection Fees	Balance Dec.31, 2011
Improvements to Water System	1999-18	08/31/99	\$ 243,500.00	\$ 243,500.00			\$ 243,500.00
Improvement to Water Supply and Distribution System	2008-10	09/30/08	87,000.00	87,000.00			87,000.00
Improvement to Water Supply and Distribution System	2009-07; 2011-05	07/21/09; 02/22/11	60,000.00 51,000.00	60,000.00		\$ 51,000.00	111,000.00
Improvement to Water Supply and Distribution System	2010-03	05/25/10	250,000.00	250,000.00			250,000.00
Improvement to Water Supply and Distribution System	2011-08	03/22/11	8,000.00		\$ 8,000.00		8,000.00
				<u>\$ 640,500.00</u>	<u>\$ 8,000.00</u>	<u>\$ 51,000.00</u>	<u>\$ 699,500.00</u>
			<u>Ref.</u>	<u>D</u>			<u>D</u>

BOROUGH OF STANHOPE  
WATER UTILITY OPERATING FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2011

	<u>Balance</u> <u>Dec.31, 2010</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 6.98	\$ 6.98		\$ 6.98
Other Expenses	51,427.78	51,427.78	\$ 15,015.29	36,412.49
Capital Improvements:				
Capital Outlay	20,000.00	20,000.00	19,999.00	1.00
Deferred Charges and Statutory				
Expenditures:				
Social Security System (O.A.S.I.)	46.37	46.37		46.37
	<u>\$ 71,481.13</u>	<u>\$ 71,481.13</u>	<u>\$ 35,014.29</u>	<u>\$ 36,466.84</u>

Ref.                      D

Analysis of Balance December 31, 2010

	<u>Ref.</u>	
Unencumbered	D	60,162.51
Encumbered	D	<u>\$ 11,318.62</u>
		<u>\$ 71,481.13</u>

BOROUGH OF STANHOPE  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2010		2011 Authorizations		Paid or Charged	Balance Dec. 31, 2011	
		Date	Amount	Funded	Unfunded	Reserve for Connection Fees	Fund Balance		Funded	Unfunded
1999-18	Improvements to Water System	08/31/99	\$ 243,500.00	\$ 99.91					\$ 99.91	
2004-05	Improvements to Water System	07/27/04	15,000.00	347.02					347.02	
2008-10	Improvement to Water Supply and Distribution System	09/30/08	87,000.00	31,919.06				\$ 775.70	31,143.36	
2009-07; 2011-05	Improvement to Water Supply and Distribution System	07/21/09; 02/22/11	60,000.00 51,000.00		\$ 56,646.55	\$ 51,000.00		91,858.05	15,788.50	
2010-03	Improvement to Water Supply and Distribution System	05/25/10	250,000.00		230,799.50			126,586.77		\$ 104,212.73
2011-08	Improvement to Water Supply and Distribution System	03/22/11	8,000.00				\$ 8,000.00	7,833.60	166.40	
				<u>\$ 32,365.99</u>	<u>\$ 287,446.05</u>	<u>\$ 51,000.00</u>	<u>\$ 8,000.00</u>	<u>\$ 227,054.12</u>	<u>\$ 47,545.19</u>	<u>\$ 104,212.73</u>
		<u>Ref.</u>		D	D				D	D
					Cash Disbursed			\$ 225,578.65		
					Due to Water Utility Operating					
					Fund - Accrued Interest			<u>1,475.47</u>		
								<u>\$ 227,054.12</u>		

BOROUGH OF STANHOPE  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 25,566.54
Increased by:		
Due from Water Utility Operating Fund -		
2011 Budget Appropriation		<u>5,000.00</u>
Balance December 31, 2011	D	<u>\$ 30,566.54</u>

BOROUGH OF STANHOPE  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec.31, 2010</u>	<u>2011 Authorizations</u>	<u>Funded by Budget Appropriation</u>	<u>Balance Dec.31, 2011</u>
1999-18	Improvements to Water System	08/31/99	\$ 243,500.00			\$ 243,500.00
2008-10	Improvement to Water Supply and Distribution System	09/30/08	87,000.00			87,000.00
2009-07; 2011-05	Improvement to Water Supply and Distribution System	07/21/09 02/22/11	3,000.00	\$ 51,000.00	\$ 57,000.00	111,000.00
2010-03	Improvement to Water Supply and Distribution System	05/25/10	12,500.00			12,500.00
2011-08	Improvement to Water Supply and Distribution System	03/22/11		8,000.00		8,000.00
			<u>\$ 346,000.00</u>	<u>\$ 59,000.00</u>	<u>\$ 57,000.00</u>	<u>\$ 462,000.00</u>
		<u>Ref.</u>	D			D



BOROUGH OF STANHOPE  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec.31, 2010	Issued	Matured	Balance Dec.31, 2011
		Issue of Original Note	Issue	Maturity					
2009-07	Improvement to Water Supply and Distribution System	06/03/2010	06/03/2010	06/03/2011	1.50%	\$ 57,000.00		\$ 57,000.00	
2010-03	Improvement to Water Supply and Distribution System	06/03/2011	06/03/2011	06/01/2012	1.425%		\$ 237,500.00		\$ 237,500.00
						<u>\$ 57,000.00</u>	<u>\$ 237,500.00</u>	<u>\$ 57,000.00</u>	<u>\$ 237,500.00</u>
					<u>Ref.</u>	D			D
New Issues							\$ 237,500.00		
Budget Appropriation								\$ 57,000.00	
							<u>\$ 237,500.00</u>	<u>\$ 57,000.00</u>	

BOROUGH OF STANHOPE  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

BOROUGH OF STANHOPE  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF WATER SUPPLY BOND REHABILITATION LOAN PAYABLE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

BOROUGH OF STANHOPE  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2011

<u>Ord. No.</u>	<u>Ord. Date</u>	<u>Improvement Description</u>	<u>Balance Dec.31, 2010</u>	<u>Bond Anticipation Notes Issued</u>
10-03	05/25/10	Improvement to Water Supply and Distribution System	\$ 237,500.00	\$ 237,500.00
			<u>\$ 237,500.00</u>	<u>\$ 237,500.00</u>

BOROUGH OF STANHOPE  
COUNTY OF SUSSEX  
2011  
SEWER UTILITY FUND

BOROUGH OF STANHOPE  
SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2010	E	\$ 310,889.13	\$ 529,133.72
Increased by Receipts:			
Consumer Accounts Receivable - Sewer Rents		\$ 1,099,881.28	
Interest on Sewer Rents		22,901.45	
Interest on Investments and Deposits		698.32	
Sewer Utility Operating Fund Budget Appropriation:			
Capital Improvement Fund			\$ 5,000.00
Payment of Bond Anticipation Notes			60,000.00
Bond Anticipation Notes Issued			164,000.00
Due from Sewer Utility Capital Fund		17,989.82	
Due to Sewer Utility Operating Fund - Interest Income			989.82
		<u>1,141,470.87</u>	<u>229,989.82</u>
		1,452,360.00	759,123.54
Decreased by Disbursements:			
2011 Appropriation Expenditures		1,093,878.58	
2010 Appropriation Reserves		9,535.02	
Interest on Bonds and Notes		3,360.00	
Bond Anticipation Notes Matured			224,000.00
Due to Sewer Utility Operating Fund			17,989.82
		<u>1,106,773.60</u>	<u>241,989.82</u>
Balance December 31, 2011	E	<u>\$ 345,586.40</u>	<u>\$ 517,133.72</u>

BOROUGH OF STANHOPE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF CASH - UTILITY COLLECTOR  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

BOROUGH OF STANHOPE  
SEWER UTILITY CAPITAL FUND  
ANALYSIS OF SEWER CAPITAL CASH

		Receipts			Disbursements		Balance Dec 31, 2011
		Bond Anticipation Notes	Budget Appropriations	Miscel- laneous	Bond Anticipation Notes	Miscel- laneous	
		Balance Dec 31, 2010					
Capital Fund Balance		\$ 85,009.04				\$ 17,000.00	\$ 68,009.04
Capital Improvement Fund		83,789.68	\$ 5,000.00				88,789.68
Due Sewer Utility Operating Fund				\$ 989.82		989.82	
Reserve for Connection Fees		330,335.00					330,335.00
Reserve for Debt Service		30,000.00					30,000.00
Ordinance No.	General Improvements						
05-12	Improvement of the Sanitary Sewerage System		\$ 44,000.00	60,000.00	\$ 104,000.00		
08-11	Improvement of the Sanitary Sewerage System		120,000.00		120,000.00		
		<u>\$ 529,133.72</u>	<u>\$ 164,000.00</u>	<u>\$ 65,000.00</u>	<u>\$ 224,000.00</u>	<u>\$ 17,989.82</u>	<u>\$ 517,133.72</u>



BOROUGH OF STANHOPE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 250,823.46
Increased by:		
2011 Sewer Charges Levied		<u>1,055,958.98</u>
		1,306,782.44
Decreased by:		
Collections		<u>1,099,881.28</u>
Balance December 31, 2011	E	<u>\$ 206,901.16</u>

BOROUGH OF STANHOPE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> <u>Dec 31, 2010</u>	<u>Additions</u> <u>by Budget</u>	<u>Balance</u> <u>Dec 31, 2011</u>
Sanitary Sewer System Ordinances:			
Sanitary Sewerage Collection System	\$ 1,116,217.74		\$ 1,116,217.74
Improvement to Sanitary Sewerage Collection System	2,549,240.90		2,549,240.90
Purchase New Sewer Equipment	8,500.00		8,500.00
Purchase DPW Truck	8,000.00		8,000.00
Sewer System Extension Work	35,000.00		35,000.00
Purchase of Storage Shed	3,000.00		3,000.00
Purchase DPW Truck	44,980.00		44,980.00
Purchase and Installation of Gate Closing Equipment	2,500.00		2,500.00
Improvement of Sewer System	499,602.43		499,602.43
Computer Equipment	5,500.00		5,500.00
Purchase of Sewer Equipment	14,888.93	\$ 2,340.00	17,228.93
Purchase of DPW Backhoe	28,000.00		28,000.00
Purchase of Dump Truck	33,000.00		33,000.00
Acquisition of Sewer Cameras	85,000.00		85,000.00
Purchase of Backhoe Pallet Attachment	2,500.00		2,500.00
Purchase and Installation of New Generator	32,104.30		32,104.30
	<u>\$ 4,468,034.30</u>	<u>\$ 2,340.00</u>	<u>\$ 4,470,374.30</u>

Ref.

E

E

BOROUGH OF STANHOPE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

BOROUGH OF STANHOPE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2011

	Balance Dec 31, 2010	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 3,253.52	\$ 3,253.52		\$ 3,253.52
Other Expenses	84,386.81	84,386.81	\$ 7,195.02	77,191.79
Capital Improvements:				
Capital Outlay	15,000.00	15,000.00	2,340.00	12,660.00
Deferred Charges and Statutory Expenditures:				
Social Security System (O.A.S.I.)	105.66	105.66		105.66
	<u>\$ 102,745.99</u>	<u>\$ 102,745.99</u>	<u>\$ 9,535.02</u>	<u>\$ 93,210.97</u>

Analysis of Balance December 31, 2010

	<u>Ref.</u>	
Unencumbered	E	\$ 95,979.46
Encumbered	E	<u>6,766.53</u>
		<u>\$ 102,745.99</u>

BOROUGH OF STANHOPE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

BOROUGH OF STANHOPE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 83,789.68
Increased by:		
Due from Sewer Utility Operating Fund -		
2011 Budget Appropriation		<u>5,000.00</u>
Balance December 31, 2011	E	<u>\$ 88,789.68</u>

BOROUGH OF STANHOPE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

BOROUGH OF STANHOPE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF LOANS PAYABLE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE



BOROUGH OF STANHOPE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord, No.	Improvement Description	Date of			Interest Rate	Balance Dec 31, 2010	Issued	Matured	Balance Dec 31, 2011
		Issue of Original Note	Issue	Maturity					
05-12	Improvement of the Sanitary Sewerage System	11/18/2005	6/3/2010	6/3/2011	1.50%	\$ 104,000.00		\$ 104,000.00	
			6/3/2011	6/1/2012	1.425%		\$ 44,000.00		\$ 44,000.00
08-11	Improvement of the Sanitary Sewerage System	06/04/2009	6/3/2010	6/3/2011	1.50%	120,000.00		120,000.00	
		06/04/2009	6/3/2011	6/1/2012	1.425%		120,000.00		120,000.00
						<u>\$ 224,000.00</u>	<u>\$ 164,000.00</u>	<u>\$ 224,000.00</u>	<u>\$ 164,000.00</u>
					<u>Ref.</u>	E			E
					Renewed		\$ 164,000.00	\$ 164,000.00	
					Budget Appropriation			60,000.00	
							<u>\$ 164,000.00</u>	<u>\$ 224,000.00</u>	

BOROUGH OF STANHOPE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

BOROUGH OF STANHOPE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

BOROUGH OF STANHOPE  
COUNTY OF SUSSEX  
2011  
PUBLIC ASSISTANCE FUND  
NOT APPLICABLE

BOROUGH OF STANHOPE

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2011

**BOROUGH OF STANHOPE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2011**

Name of Federal Agency or Department	Name of Program	C.F.D.A. Number	Pass Through Entity ID	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
				From	To				
U.S. Department of Homeland Security: (Passed through New Jersey Department of Law and Public Safety)	Storm Damage - FEMA	97.029	N/A	01/01/06	12/31/11	\$ 1,277.50		\$ 769.37	\$ 1,277.50
Total Department of Homeland Security								769.37	1,277.50
U.S. Department of Agriculture: (Passed through NJ Division of Parks & Forestry)	American Recovery and Reinvestment Act: Business Stimulus Fund Grant	10.688	100-042-4870 012-V4A3-6120	01/01/10	12/31/12	7,000.00	\$ 6,561.00	250.00	6,561.00
Total Department of Agriculture							6,561.00	250.00	6,561.00
U.S. Department of Transportation: (Passed through New Jersey Department of Transportation)	Municipal Aid (Main Street Rehabilitation - Phase II)	20.205	6320-480-078-6320- AKE-TCAP-6010	01/01/09	12/31/10	180,000.00	45,000.00		180,000.00
	Click-It or Ticket	20.614	100-066-1160-119-6020	01/01/11	12/31/11	4,000.00	4,000.00	4,000.00	4,000.00
Total Department of Transportation							49,000.00	4,000.00	184,000.00
U.S. Department of Energy: (Passed through New Jersey Board of Public Utilities)	ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	N/A	01/01/11	12/31/11	80,035.00	46,291.72	58,791.72	58,791.72
Total Department of Energy							46,291.72	58,791.72	58,791.72
Total Federal Awards							\$ 101,852.72	\$ 63,811.09	\$ 250,630.22

N/A - Not Applicable/Not Available

BOROUGH OF STANHOPE  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2011

Name of State Agency or Department	Name of Program	State Account Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures	
			From	To					
Department of Law and Public Safety	Safe and Secure Communities Program	100-066-1020- 232-YCJF-6120	01/01/10	12/31/11	\$ 30,000.00	\$ 7,500.00	\$ 30,000.00	\$ 30,000.00	
			01/01/11	12/31/12	22,500.00	15,241.50			
						22,741.50	30,000.00	30,000.00	
	Drunk Driving Enforcement Fund	100-078-6400- YYYY	01/01/07	12/31/11	6,315.00		2,940.70	6,315.00	
			01/01/09	12/31/12	5,538.40		43.39	838.12	
			01/01/11	12/31/12	2,127.06	2,127.06			
						2,127.06	2,984.09	7,153.12	
	Body Armor Replacement Fund	718-066-1020-001 YCJF-6120	01/01/11	12/31/12	1,266.87	1,266.87			
						1,266.87			
						26,135.43	32,984.09	37,153.12	
	Total Department of Law and Public Safety								
	Department of Environmental Protection	Clean Communities Program	765-042-4900 004-V42Y-6020	01/01/05	12/31/11	4,000.00		111.19	4,000.00
				01/01/06	12/31/11	4,000.00		4,000.00	4,000.00
01/01/07				12/31/11	3,435.25		3,435.25	3,435.25	
01/01/08				12/31/11	4,283.50		4,283.50	4,283.50	
01/01/09				12/31/12	10,457.15		730.49	730.49	
01/01/11				12/31/12	5,965.24	5,965.24	156.00	156.00	
						5,965.24	12,716.43	16,605.24	
Recycling Tonnage Grant		752-042-4900- 001-V42Y-6020	01/01/09	12/31/11	5,293.76		5,293.76	5,293.76	
			01/01/10	12/31/11	9,573.63		9,573.63	9,573.63	
			01/01/11	12/31/11	4,616.62	4,616.62	4,616.62	4,616.62	
						4,616.62	19,484.01	19,484.01	
Green Communities Program		100-042-4870- 038-V42F-6120	01/01/05	12/31/11	3,000.00	3,000.00	3,000.00	3,000.00	
						13,581.86	35,200.44	39,089.25	
Total Department of Environmental Protection and Energy									
Highlands Water Protection and Planning Council		Highlands Plan Conformance Grant	100-082-2078-032	01/02/09	12/31/10	50,000.00	17,950.64		22,938.09
	Highlands Initial Assessment Grant	100-082-2078-032	01/15/09	12/31/10	15,000.00	9,271.38		2,110.00	
	Total Highlands Water Protection and Planning Council					27,222.02		25,048.09	
	Total State Awards					\$ 66,939.31	\$ 68,184.53	\$ 76,242.37	

N/A - Not Applicable/Not Available

SUPPLEMENTARY DATA  
BOROUGH OF STANHOPE  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2011

Note A.      GENERAL

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

Note B.      BASIS OF PRESENTATION

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

Note C.      RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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





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

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

The Honorable Mayor and Members  
of the Borough Council  
Borough of Stanhope  
Stanhope, New Jersey

We have audited the financial statements of the Borough of Stanhope, in the County of Sussex (the "Borough") as of, and for the years ended, December 31, 2011 and 2010 and have issued our report thereon dated April 30, 2012, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. The scope of our audit did not include the general fixed assets account group. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as Finding 2011-01 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Stanhope  
Stanhope, New Jersey  
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Compliance and Other Matters


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

The Borough's response to the finding identified in our audit report is described in the accompanying Schedule of Findings and Responses. We did not audit the Borough's response and, accordingly, we express no opinion on it.

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

Mount Arlington, New Jersey  
April 30, 2012

NISIVOC CIA LLP

  
Raymond G. Sarinelli  
Certified Public Accountant  
Registered Municipal Accountant No. 383

BOROUGH OF STANHOPE  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2011

Summary of Auditors' Results:

- A qualified report was issued on the Borough's financial statements prepared on an other comprehensive basis of accounting. The scope of our audit did not include an audit of the general fixed assets accounts group.
- The audit did not disclose any material weaknesses in the internal controls of the Borough.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the Borough.
- The Borough was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, for 2011 as grant expenditures were less than the single audit thresholds of \$500,000 identified in the Circulars.

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

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards, except as follows:

Finding 2011-1  
Segregation of Duties

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permit and license fees; and recording of collections. Also, the fund/account Treasurer disburses funds and reconciles the bank accounts for their respective funds or accounts. This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures. Accordingly, management and the Borough Council should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response:

The Borough's segregation of duties finding has been evaluated. However, due to budgetary constraints, no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

BOROUGH OF STANHOPE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2011

The Borough's one finding noted during 2010 was not resolved and is included in the audit for the year ended December 31, 2011.

BOROUGH OF STANHOPE

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

BOROUGH OF STANHOPE  
COMMENTS AND RECOMMENDATIONS

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

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

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

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

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

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

The governing body of the Borough of Stanhope 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 or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

BOROUGH OF STANHOPE  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes, utility charges or assessments on or before the date when they would become delinquent.

On January 1, 2011, the governing body adopted the following resolutions authorizing interest to be charged on delinquent taxes and utility charges:

Interest to be charged at the rate of 18% on all delinquent taxes and utility charges in excess of \$1,500.00 as per N.J.S. 54:4-67 and Chap. 435-1979 and at the rate of 8% on all delinquent taxes and utility charges under \$1,500.00. Interest to be waived on current taxes paid within the first 10 days after due dates. An additional penalty of 6% will be imposed on delinquencies in excess of \$10,000 at December 31.

It appears from an examination of the Tax Collector's and the Utility Collector's records on a test basis that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 5, 2011 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2011	23
2010	22
2009	18

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

Technical Accounting Directives

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

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

The Borough currently complies with the technical directives.

BOROUGH OF STANHOPE  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Federal and State Grants

There are a large number of appropriated and unappropriated grant reserves in the Current Fund as of December 31, 2011. It appears as though some of these awards may have exceeded the designated grant period under the terms of the original grant agreement. The Borough investigated and identified all the grant funds and is in the process of expending, reappropriating or cancelling them, therefore no formal recommendation is deemed necessary.

Municipal Court

The financial records of the Municipal Court were examined and a summary of the transactions for the year 2011 are as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

	Balance Dec. 31, 2010	Receipts	Dis- bursements	Balance Dec. 31, 2011
Municipal Treasurer:				
Fines and Costs	\$ 7,466.12	\$ 54,544.81	\$ 62,010.93	
County Treasurer	3,130.00	23,873.50	27,003.50	
State Treasurer	6,690.88	39,814.69	46,505.57	
Parking Offense Adjudication Act	4.00	84.00	88.00	
Public Defender	161.00	1,250.00	1,411.00	
Weights and Measures	230.00	85.00	315.00	
Fish and Game		197.00	197.00	
Conditional Discharge	5.00	185.00	190.00	
Interest	41.00		41.00	
Cash Bail	1,596.00	11,749.00	13,345.00	
	<u>\$ 19,324.00</u>	<u>\$ 131,783.00</u>	<u>\$ 151,107.00</u>	<u>\$ -0-</u>

Effective August 2011, the Stanhope Municipal Court was combined with the Borough of Hopatcong Municipal Court as a Joint Municipal Court.



BOROUGH OF STANHOPE  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Management Suggestion

Water Utility Operating Fund

The Water Utility Operating Fund fund balance as of December 31, 2011 was \$257,398.51 and has decreased significantly over the last couple of years. The Borough should review the Water Utility Operating Fund to prevent an operating deficit from occurring in the future.

Sewer Utility Operating Fund

The Sewer Utility Operating Fund fund balance as of December 31, 2011 was \$250,046.73 and has decreased significantly over the last couple of years. The Borough should review the Sewer Utility Operating Fund to prevent an operating deficit from occurring in the future.

Management Response

The Sewer Utility saw a large debt service reduction of \$141,000 in 2012 for the payment to the Musconetcong Sewer Authority. There will be a similar reduction in 2013. This should eliminate the need for any rate increase. There is a study of the Water Utility Capital needs being prepared in 2012. Once the level of Capital needs is determined, water rates will be increased in increments over several years to keep the water utility on a self liquidating basis.

Corrective Action Plan

Recommendations #2 and #3 from the 2010 audit report regarding the payroll account bank reconciliation and the operating deficit in the Sewer Utility Operating Fund were corrected in 2011. Recommendation #1 from the 2010 audit report regarding adequate segregation of duties is included in the current year recommendations and is in the process of being implemented, where possible.

BOROUGH OF STANHOPE  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The Borough maintain an adequate segregation of duties, where possible, with respect to the recording and treasury functions.

\* \* \* \* \*