

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
REPORT OF AUDIT
2010

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

BOROUGH OF STANHOPE

COUNTY OF SUSSEX

REPORT OF AUDIT

2010

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BOROUGH OF STANHOPE
PART I
FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2010

Independent Auditors' Report

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

We have audited the financial statements 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, 2010 and 2009, 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 \$4,865,509 and \$4,793,346, respectively) for 2010 and 2009. 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, 2010 and 2009, 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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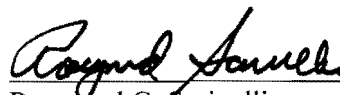
However, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the general fixed assets account group been audited, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Borough of Stanhope at December 31, 2010 and 2009, 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 15, 2011, 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 taken as a whole. The information included in the supplementary schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards are also presented for purposes of additional analysis 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. This information has been subjected to the auditing procedures applied in the audits of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1 to the financial statements and Note B to the schedules of expenditures of federal and state awards.

Mount Arlington, New Jersey
April 15, 2011

NISIVOCIA LLP



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

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2010
CURRENT FUND

BOROUGH OF STANHOPE
CURRENT FUND
COMPARATIVE BALANCE SHEET

| | Ref. | December 31, | |
|--|----------|------------------------|------------------------|
| | | 2010 | 2009 |
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents: | | | |
| Treasurer | A-4 | \$ 2,440,434.81 | \$ 2,302,997.22 |
| Change Funds | | 275.00 | 275.00 |
| Due from State of New Jersey: | | | |
| Veterans and Senior Citizens Deductions | | 1,716.67 | 1,216.67 |
| | | <u>2,442,426.48</u> | <u>2,304,488.89</u> |
| Receivables and Other Assets With Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-7 | 236,414.91 | 264,914.16 |
| Tax Title Liens Receivable | A-8 | 101,954.62 | 78,335.60 |
| Property Acquired for Taxes at Assessed Valuation | | 580,300.00 | 580,300.00 |
| Revenue Accounts Receivable | A-9 | 94,913.10 | 96,373.21 |
| Due from: | | | |
| Animal Control Fund | B | 323.83 | 2,025.28 |
| Due from Borough of Netcong | | 929.13 | |
| | | <u>1,014,835.59</u> | <u>1,021,948.25</u> |
| Total Receivables and Other Assets With Full Reserves | | <u>1,014,835.59</u> | <u>1,021,948.25</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 3,457,262.07</u> | <u>\$ 3,326,437.14</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Appropriation Reserves: | | | |
| Unencumbered | A-3;A-11 | 371,913.73 | 276,910.34 |
| Encumbered | A-3;A-11 | 77,072.85 | 93,204.00 |
| Total Appropriation Reserves | | <u>448,986.58</u> | <u>370,114.34</u> |
| Accounts Payable - Vendors | | 20,031.61 | 895.00 |
| Prepaid Taxes | | 48,542.29 | 15,387.99 |
| Tax Overpayments | | 11,791.14 | 8,701.08 |
| Due to County - Added and Omitted Taxes | | 1,197.30 | 1,790.78 |
| Due to State of New Jersey: | | | |
| Marriage License Fees | | 175.00 | 225.00 |
| Training Fees | | 445.00 | 408.00 |
| Due to Other Trust Funds: | | | |
| Reserve for Snow Removal | B | 21,000.00 | 18,000.00 |
| Reserve for Accumulated Sick and Vacation Compensation | B | 20,000.00 | 40,000.00 |

BOROUGH OF STANHOPE
CURRENT FUND
COMPARATIVE BALANCE SHEET
(Continued)

| | Ref. | December 31, | |
|---|------|------------------------|------------------------|
| | | 2010 | 2009 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Reserve for: | | | |
| Sale of Municipal Assets | | \$ 31,609.15 | \$ 31,609.15 |
| Shade Tree | | 3,504.04 | 4,410.00 |
| Third Party Liens | | 4,088.92 | 25,735.88 |
| Revaluation | | 7,664.92 | 10,864.92 |
| Pending Tax Appeals | | 114,792.61 | 100,000.00 |
| Garden State Preservation Trust Fund | | 4,439.00 | 6,658.93 |
| Appropriated Reserves: | | | |
| Drunk Driving Enforcement Fund | | 8,892.47 | 4,710.96 |
| Body Armor Replacement Program | | 3,962.75 | 2,033.37 |
| Clean Communities Program | | 28,428.84 | 25,048.39 |
| Storm Damage - FEMA | | 769.37 | 769.37 |
| Cablevision Grant | | 12,086.37 | 12,086.37 |
| SLAHEOP Grant | | 2,405.72 | 2,405.72 |
| Green Communities Grant | | 5,000.56 | 2,000.56 |
| 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 |
| 2007 Smart Growth Grant - Pedestrian/Bike | | | 1,680.00 |
| Community Stewardship Incentive Program Grant | | 543.24 | 6,753.24 |
| Housing Reimbursement Program | | 50,716.18 | 47,739.18 |
| Highlands Initial Assessment Grant | | 12,890.00 | 14,530.00 |
| Highlands Plan Conformance Grant | | 27,061.91 | 36,571.42 |
| Business Stimulus Forestry Grant | | 689.00 | |
| Smart Growth Grant | | 7,500.00 | |
| Recycling Tonnage Grant | | 5,293.76 | |
| Unappropriated Reserves: | | | |
| Clean Communities Program | | 0.38 | |
| Recycling Tonnage Grant | | 9,573.63 | 5,293.76 |
| Safe and Secure Communities Grant | | 22,500.00 | 21,110.25 |
| | | <u>939,560.74</u> | <u>820,512.66</u> |
| Reserve for Receivables | A | 1,014,835.59 | 1,021,948.25 |
| Fund Balance | A-1 | <u>1,502,865.74</u> | <u>1,483,976.23</u> |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 3,457,262.07</u> | <u>\$ 3,326,437.14</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

| | Ref. | <u>Year Ended December 31,</u> | |
|--|------|--------------------------------|----------------------|
| | | <u>2010</u> | <u>2009</u> |
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | \$ | 723,000.00 | \$ 620,000.00 |
| Miscellaneous Revenue Anticipated | | 542,472.45 | 584,791.89 |
| Receipts from: | | | |
| Delinquent Taxes | | 272,169.54 | 234,603.37 |
| Current Taxes | | 10,385,640.89 | 10,110,855.70 |
| Nonbudget Revenue | | 72,589.63 | 72,457.42 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | | 169,025.16 | 165,525.46 |
| Tax Overpayments Cancelled | | | 910.94 |
| Cancellation of Prior Year Accounts Payable | | | 93,854.00 |
| Cancellation of Unappropriated Reserves - Shade Tree Grant | | | 0.38 |
| Interfunds Returned | | 2,025.28 | 101,540.32 |
| Total Income | | <u>12,166,922.95</u> | <u>11,984,539.48</u> |
| <u>Expenditures</u> | | | |
| Budget Appropriations: | | | |
| Municipal Purposes | | 3,857,873.40 | 3,772,294.45 |
| County Taxes | | 1,692,398.91 | 1,683,773.29 |
| Due County for Added and Omitted Taxes | | 1,197.30 | 1,790.78 |
| Regional High School Taxes | | 2,110,172.48 | 2,084,737.80 |
| Local School District Taxes | | 3,760,430.50 | 3,631,390.80 |
| Refund of Prior Year Revenue | | 1,707.89 | |
| Reserve for Pending Tax Appeals | | | 50,662.54 |
| Interfunds Advanced | | 1,252.96 | |
| Total Expenditures | | <u>11,425,033.44</u> | <u>11,224,649.66</u> |
| Excess in Revenue/ Statutory Excess to Fund Balance | | 741,889.51 | 759,889.82 |

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

| | Ref. | Year Ended December 31, | |
|---------------------------------|------|-------------------------|------------------------|
| | | <u>2010</u> | <u>2009</u> |
| <u>Fund Balance</u> | | | |
| Balance January 1 | | \$ 1,483,976.23 | \$ 1,344,086.41 |
| | | 2,225,865.74 | 2,103,976.23 |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | | 723,000.00 | 620,000.00 |
| Balance December 31 | A | <u>\$ 1,502,865.74</u> | <u>\$ 1,483,976.23</u> |

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, 2010

| | <u>Budget</u> | <u>Added by NJSA 40A:4-87</u> | <u>Realized</u> | <u>Excess or Deficit *</u> |
|---|------------------------|-----------------------------------|------------------------|--------------------------------|
| Fund Balance Anticipated | \$ 723,000.00 | | \$ 723,000.00 | |
| Miscellaneous Revenue: | | | | |
| Alcoholic Beverages Licenses | 3,300.00 | | 3,083.50 | \$ 216.50 * |
| Fees and Permits | 10,000.00 | | 11,049.55 | 1,049.55 |
| Uniform Construction Code Fees | 45,000.00 | | 60,895.00 | 15,895.00 |
| Fines and Costs - Municipal Court | 60,000.00 | | 121,613.73 | 61,613.73 |
| Interest and Costs on Taxes | 35,000.00 | | 44,096.27 | 9,096.27 |
| Energy Receipt Tax | 167,788.00 | | 167,788.00 | |
| Consolidated Municipal Property Tax Relief Aid | 48,794.00 | | 48,688.79 | 105.21 * |
| Garden State Trust Fund | 6,658.93 | | 6,658.93 | |
| Reserve to Pay Debt Service | 30,000.00 | | 30,000.00 | |
| State of New Jersey: | | | | |
| Safe and Secure Communities Program | 28,147.00 | | 28,147.00 | |
| Drunk Driving Enforcement Fund | | \$ 3,041.62 | 3,041.62 | |
| Body Armor Replacement Program | 719.76 | 1,209.62 | 1,929.38 | |
| Clean Communities Program | 6,186.92 | | 6,186.92 | |
| Green Communities Grant | 3,000.00 | | | 3,000.00 * |
| Local Energy Audit Program | | 11,750.00 | | 11,750.00 * |
| Click-It or Ticket Grant | | 4,000.00 | 4,000.00 | |
| Recycling Tonnage Grant | 5,293.76 | | 5,293.76 | |
| ANJEC Smart Growth 2010 - ERI Maps | 5,000.00 | | | 5,000.00 * |
| Business Stimulus Fund - Forestry Grant | 7,000.00 | | | 7,000.00 * |
| | <u>461,888.37</u> | <u>20,001.24</u> | <u>542,472.45</u> | <u>60,582.84</u> |
| Receipts from Delinquent Taxes | 175,000.00 | | 272,169.54 | 97,169.54 |
| Amount to be Raised by Taxes for Support of Municipal Budget: | | | | |
| Local Tax for Municipal Purposes | 3,067,983.79 | | 3,411,441.70 | 343,457.91 |
| Budget Totals | 4,427,872.16 | 20,001.24 | 4,949,083.69 | 501,210.29 |
| Nonbudget Revenue | | | 72,589.63 | 72,589.63 |
| | <u>\$ 4,427,872.16</u> | <u>\$ 20,001.24</u> | <u>\$ 5,021,673.32</u> | <u>\$ 573,799.92</u> |

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2010
(continued)

Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes \$ 10,385,640.89

Allocated to:

Local School District Taxes \$ 3,760,430.50

Regional High School Taxes 2,110,172.48

County Taxes 1,693,596.21

7,564,199.19

Balance for Support of Municipal Budget 2,821,441.70

Add: Appropriation "Reserve for Uncollected Taxes" 590,000.00

Realized for Support of Municipal Budget \$ 3,411,441.70

Receipts from Delinquent Taxes:

Delinquent Tax Collections 262,100.30

Tax Title Liens 10,069.24

Delinquent Tax Collections \$ 272,169.54

Fees and Permits - Other:

Board of Health \$ 690.00

Police 664.55

Planning Board/Board of Adjustment 575.00

Zoning Officer 2,295.00

Recreation 3,080.00

Clerk 3,745.00

\$ 11,049.55

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2010
(continued)

Analysis of Nonbudget Revenue:

Treasurer:

| | | | |
|--|----|-----------|-----------|
| Interest on Investments and Deposits | \$ | 10,409.37 | |
| Administration Fee - Veterans and Senior Citizens Deductions | | 670.00 | |
| Cable Franchise Fee | | 13,850.00 | |
| Bid Specs | | 1,460.00 | |
| Outside Detail Administration Fees | | 472.91 | |
| DMV Inspection Fines | | 8,557.00 | |
| Tax Map Fees | | 1,491.00 | |
| Municipal Court Cancelled Checks | | 185.00 | |
| Public Assistance Account Closed | | 4.33 | |
| Miscellaneous | | 9,472.13 | |
| | \$ | | 46,571.74 |

Tax Collector Miscellaneous Revenue 240.00

Prior Year Anticipated Revenue Realized:

| | | | |
|---|--|----------|-----------|
| 2009 Highlands Plan Conformance Grant | | 8,803.58 | |
| Smart Growth Planning Program Grant - 2007 | | 5,000.00 | |
| Smart Growth Planning Program Grant - 2008 | | 7,500.00 | |
| Community Stewardship Incentive Program Grant | | 1,289.65 | |
| | | | 22,593.23 |

| | | | |
|--|----|----------|-----------|
| Interest Earned - Due from Animal Control Fund | | 35.53 | |
| Interest Earned - Due from Other Trust Fund | | 1,249.81 | |
| Interest Earned - Due from General Capital Fund | | 1,575.49 | |
| Statutory Excess in Animal Control Fund Reserve: | | | |
| Due from Animal Control Fund | | 323.83 | |
| | | | 3,184.66 |
| | \$ | | 72,589.63 |

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, 2010

| | Appropriations | | Expended By | | Unexpended Balance Cancelled |
|--------------------------------------|----------------|------------------------------|--------------------|-------------|------------------------------------|
| | Budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS": | | | | | |
| GENERAL GOVERNMENT: | | | | | |
| General Administration: | | | | | |
| Salaries and Wages | \$ 63,654.00 | \$ 63,654.00 | \$ 63,654.00 | | |
| Other Expenses | 21,900.00 | 21,900.00 | 18,627.11 | \$ 3,272.89 | |
| Mayor and Council: | | | | | |
| Salaries and Wages | 19,447.00 | 19,447.00 | 19,340.76 | 106.24 | |
| Other Expenses | 13,411.00 | 13,411.00 | 9,160.31 | 4,250.69 | |
| Municipal Clerk: | | | | | |
| Salaries and Wages | 53,085.00 | 54,419.00 | 54,025.87 | 393.13 | |
| Other Expenses | 14,710.00 | 14,710.00 | 10,917.69 | 3,792.31 | |
| Financial Administration: | | | | | |
| Salaries and Wages | 98,810.00 | 102,169.00 | 102,168.10 | 0.90 | |
| Other Expenses | 2,695.00 | 2,695.00 | 1,283.45 | 1,411.55 | |
| Annual Audit | 26,262.00 | 26,262.00 | 26,262.00 | | |
| Insurance (N.J.S.A. 40A:4-45.3(00)): | | | | | |
| Liability Insurance | 50,858.00 | 50,858.00 | 50,857.90 | 0.10 | |
| Workers Compensation | 51,527.00 | 51,527.00 | 51,526.43 | 0.57 | |
| Employee Group Insurance | 290,500.00 | 270,563.00 | 257,650.74 | 12,912.26 | |
| Computerized Data Processing: | | | | | |
| Other Expenses | 15,500.00 | 15,500.00 | 12,906.82 | 2,593.18 | |
| Assessment of Taxes: | | | | | |
| Salaries and Wages | 23,482.00 | 23,482.00 | 23,482.00 | | |
| Other Expenses | 1,470.00 | 1,470.00 | 1,340.55 | 129.45 | |
| Other Expenses - Fees and Appeals | 12,000.00 | 12,000.00 | 1,800.00 | 10,200.00 | |
| Collection of Taxes: | | | | | |
| Other Expenses | 3,830.00 | 3,830.00 | 3,724.01 | 105.99 | |
| Legal Services and Costs: | | | | | |
| Other Expenses | 135,100.00 | 135,100.00 | 68,246.25 | 66,853.75 | |

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(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 | \$ 28,000.00 | \$ 28,000.00 | \$ 19,753.75 | \$ 8,246.25 | |
| Public Buildings and Grounds: | | | | | |
| Salaries and Wages | 12,120.00 | 12,120.00 | 7,925.66 | 4,194.34 | |
| Other Expenses | 19,500.00 | 19,500.00 | 6,587.78 | 12,912.22 | |
| Municipal Land Use Law (N.J.S.A.40:55d-1): | | | | | |
| Planning Board: | | | | | |
| Salaries and Wages | 8,600.00 | 8,600.00 | 8,400.05 | 199.95 | |
| Other Expenses | 10,615.00 | 10,615.00 | 2,372.94 | 8,242.06 | |
| Zoning and Code Enforcement: | | | | | |
| Salaries and Wages | 21,827.00 | 21,827.00 | 21,670.00 | 157.00 | |
| Other Expenses | 700.00 | 700.00 | 125.07 | 574.93 | |
| Regional Planning Board: | | | | | |
| Other Expenses | 6,250.00 | 6,250.00 | 6,249.40 | 0.60 | |
| Affordable Housing-COAH | | | | | |
| Other Expenses | 5,000.00 | 5,000.00 | | 5,000.00 | |
| Shade Tree Commission: | | | | | |
| Other Expenses | 1,250.00 | 1,250.00 | 510.10 | 739.90 | |
| Environmental Commission (N.J.S.A. 40:56.1, et seq.): | | | | | |
| Other Expenses | 1,990.00 | 1,990.00 | 1,151.02 | 838.98 | |
| Insurance: | | | | | |
| Unemployment Compensation Insurance | 5,500.00 | 5,500.00 | 5,500.00 | | |
| PUBLIC SAFETY: | | | | | |
| Fire: | | | | | |
| Other Expenses | 43,700.00 | 42,012.00 | 42,003.12 | 8.88 | |

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(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): | | | | | |
| PUBLIC SAFETY (continued): | | | | | |
| Municipal Court: | | | | | |
| Salaries and Wages | \$ 68,531.00 | \$ 68,531.00 | \$ 63,114.10 | \$ 5,416.90 | |
| Other Expenses | 6,200.00 | 6,200.00 | 5,384.96 | 815.04 | |
| Police: | | | | | |
| Salaries and Wages | 862,517.00 | 870,517.00 | 869,110.07 | 1,406.93 | |
| Other Expenses | 57,740.00 | 53,490.00 | 53,429.19 | 60.81 | |
| Police Radio and Communication -Contractual | 86,206.00 | 86,206.00 | 86,206.00 | | |
| First Aid Organization Contribution | 10,000.00 | 10,000.00 | 10,000.00 | | |
| Emergency Management: | | | | | |
| Other Expenses | 3,102.00 | 3,102.00 | 2,768.50 | 333.50 | |
| STREETS AND ROADS: | | | | | |
| Department of Public Works: | | | | | |
| Salaries and Wages | 113,221.00 | 113,221.00 | 102,155.00 | 11,066.00 | |
| Other Expenses | 90,910.00 | 90,910.00 | 67,917.48 | 22,992.52 | |
| Vehicle Maintenance | 21,850.00 | 31,532.00 | 31,528.05 | 3.95 | |
| HEALTH AND WELFARE: | | | | | |
| Board of Health: | | | | | |
| Salaries and Wages | 3,966.00 | 3,966.00 | 3,966.00 | | |
| Other Expenses | 900.00 | 900.00 | 109.04 | 790.96 | |
| Animal Regulation: | | | | | |
| Other Expenses | 11,000.00 | 11,000.00 | 6,911.82 | 4,088.18 | |
| Garbage and Trash Removal: | | | | | |
| Salaries and Wages | 10,000.00 | 10,000.00 | 9,758.39 | 241.61 | |
| Other Expenses | 74,215.00 | 74,215.00 | 74,215.00 | | |
| Contractual | 310,000.00 | 310,000.00 | 242,781.04 | 67,218.96 | |

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(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> | |
| RECREATION AND EDUCATION: | | | | | |
| Board of Recreation Commissioners (R.S.40:12): | | | | | |
| Salaries and Wages | -\$ 4,000.00 | \$ 4,059.00 | \$ 4,058.44 | \$ 0.56 | |
| Other Expenses | 11,650.00 | 11,591.00 | 7,380.85 | 4,210.15 | |
| Celebration of Public Events: | | | | | |
| Other Expenses | 1,500.00 | 1,500.00 | 356.63 | 1,143.37 | |
| Stormwater Management: | | | | | |
| Other Expenses | 5,050.00 | 5,050.00 | 2,447.80 | 2,602.20 | |
| UNIFORM CONSTRUCTION CODE - APPROPRIATION | | | | | |
| OFFSET BY DEDICATED REVENUE: | | | | | |
| Construction Code Official: | | | | | |
| Salaries and Wages | 48,346.00 | 48,346.00 | 46,574.04 | 1,771.96 | |
| Other Expenses | 1,600.00 | 1,600.00 | 220.22 | 1,379.78 | |
| UNCLASSIFIED: | | | | | |
| Utilities | 141,550.00 | 141,550.00 | 137,126.37 | 4,423.63 | |
| Green Communities Grant Supplement | 3,000.00 | 3,000.00 | | 3,000.00 | |
| Condo Services | 87,500.00 | 87,500.00 | 70,992.78 | 16,507.22 | |
| Total Operations Within "CAPS" | <u>3,097,847.00</u> | <u>3,094,347.00</u> | <u>2,797,734.65</u> | <u>296,612.35</u> | |
| Contingent | <u>1,000.00</u> | <u>1,000.00</u> | <u>710.00</u> | <u>290.00</u> | |
| Total Operations Including Contingent Within "CAPS" | <u>3,098,847.00</u> | <u>3,095,347.00</u> | <u>2,798,444.65</u> | <u>296,902.35</u> | |
| Detail: | | | | | |
| Salaries and Wages | 1,427,486.00 | 1,440,238.00 | 1,411,230.57 | 29,007.43 | |
| Other Expenses | 1,671,361.00 | 1,655,109.00 | 1,387,214.08 | 267,894.92 | |

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(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 | \$ 40,891.00 | \$ 40,891.00 | \$ 40,891.00 | | |
| Social Security System (O.A.S.I.) | 108,000.00 | 111,500.00 | 110,863.04 | \$ 636.96 | |
| Police and Firemen's Retirement | | | | | |
| System of NJ | 74,709.41 | 74,709.41 | 74,709.41 | | |
| Total Deferred Charges and Statutory | | | | | |
| Expenditures - Municipal Within "CAPS" | <u>223,600.41</u> | <u>227,100.41</u> | <u>226,463.45</u> | <u>636.96</u> | |
| Total General Appropriations for Municipal | | | | | |
| Purposes Within "CAPS" | <u>3,322,447.41</u> | <u>3,322,447.41</u> | <u>3,024,908.10</u> | <u>297,539.31</u> | |
| Operations Excluded from "CAPS": | | | | | |
| Police & Firemen's Retirement System of N.J. | | | | | |
| (P.L. 2003, C.108) | 66,127.59 | 66,127.59 | 66,127.59 | | |

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(Continued)

| | <u>Appropriations</u> | | <u>Expended By</u> | | <u>Unexpended Balance Cancelled</u> |
|--|-----------------------|--------------------------------------|----------------------------|------------------|---|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Operations Excluded from "CAPS" (Cont'd): | | | | | |
| State and Federal Programs Offset by Revenues: | | | | | |
| Body Armor Replacement Program (N.J.S.A. 40A:4-87 + \$1,209.62) | \$ 719.76 | \$ 1,929.38 | \$ 1,929.38 | | |
| Clean Communities Program | 6,186.92 | 6,186.92 | 6,186.92 | | |
| Drunk Driving Enforcement Fund (N.J.S.A. 40A:4-87 + \$3,041.62) | | 3,041.62 | 3,041.62 | | |
| Safe and Secure Communities | 28,147.00 | 28,147.00 | 28,147.00 | | |
| Green Communities Grant | 3,000.00 | 3,000.00 | 3,000.00 | | |
| Click It or Ticket Grant (N.J.S.A. 40A:4-87 + \$4,000.00) | | 4,000.00 | 4,000.00 | | |
| Business Stimulus Fund-Forestry Grant | 7,000.00 | 7,000.00 | 7,000.00 | | |
| Recycling Tonnage Grant | 5,293.76 | 5,293.76 | 5,293.76 | | |
| 2010 ANJEC Smart Growth Grant-ERI Funds | 5,000.00 | 5,000.00 | 5,000.00 | | |
| 2010 ANJEC Smart Growth Grant Match | 2,500.00 | 2,500.00 | 2,500.00 | | |
| Local Energy Audit Program (N.J.S.A. 40A:4-87 + \$11,750.00) | | 11,750.00 | 11,750.00 | | |
| Total Operations Excluded from "CAPS" | 123,975.03 | 143,976.27 | 143,976.27 | | |
| Detail: | | | | | |
| Other Expenses | 123,975.03 | 143,976.27 | 143,976.27 | | |
| Capital Improvements-Excluded from "CAPS": | | | | | |
| Capital Improvement Fund | 20,000.00 | 20,000.00 | 20,000.00 | | |
| Morris Canal Rehabilitation | 50,000.00 | 50,000.00 | | \$ 50,000.00 | |
| Road Repairs and Resurfacing | 25,000.00 | 25,000.00 | 625.58 | 24,374.42 | |
| Total Capital Improvements Excluded from "CAPS" | 95,000.00 | 95,000.00 | 20,625.58 | 74,374.42 | |

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(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 | \$ 260,000.00 | \$ 260,000.00 | \$ 260,000.00 | | |
| Interest on Notes | 36,449.72 | 36,449.72 | 36,449.72 | | |
| Total Municipal Debt Service Excluded from "CAPS" | <u>296,449.72</u> | <u>296,449.72</u> | <u>296,449.72</u> | | |
| Total General Appropriations Excluded from "CAPS" | <u>515,424.75</u> | <u>535,425.99</u> | <u>461,051.57</u> | \$ 74,374.42 | |
| Subtotal General Appropriations | 3,837,872.16 | 3,857,873.40 | 3,485,959.67 | 371,913.73 | |
| Reserve for Uncollected Taxes | <u>590,000.00</u> | <u>590,000.00</u> | <u>590,000.00</u> | | |
| Total General Appropriations | <u>\$ 4,427,872.16</u> | <u>\$ 4,447,873.40</u> | <u>\$ 4,075,959.67</u> | <u>\$ 371,913.73</u> | <u>\$ -0-</u> |

Ref.

A

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(continued)

| | <u>Ref.</u> | <u>Analysis of</u> | |
|---------------------------------------|-------------|------------------------|------------------------|
| | | <u>Budget After</u> | <u>Paid or</u> |
| | | <u>Modification</u> | <u>Charged</u> |
| Adopted Budget | | \$ 4,427,872.16 | |
| Appropriation by NJSA 40A:4-87 | | <u>20,001.24</u> | |
| | | <u>\$ 4,447,873.40</u> | |
| | | | |
| Reserve for Uncollected Taxes | | | \$ 590,000.00 |
| Cash Disbursed | | | 3,476,112.55 |
| Encumbrances | A | | 77,072.85 |
| Appropriated Reserves: | | | |
| Body Armor Replacement Program | | | 1,929.38 |
| Drunk Driving Enforcement Fund | | | 3,041.62 |
| Green Communities Grant | | | 3,000.00 |
| Clean Communities Program | | | 6,141.75 |
| Business Stimulus Fund-Forestry Grant | | | 689.00 |
| Smart Growth Grant | | | 7,500.00 |
| Recycling Tonnage Grant | | | 5,293.76 |
| | | | <u>4,170,780.91</u> |
| Less: Appropriation Refunds | | | <u>94,821.24</u> |
| | | | <u>\$ 4,075,959.67</u> |

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

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2010
TRUST FUNDS

BOROUGH OF STANHOPE
COMPARATIVE BALANCE SHEET - TRUST FUNDS

| | Ref. | December 31, | |
|--|------|----------------------|----------------------|
| | | 2010 | 2009 |
| <u>ASSETS</u> | | | |
| Animal Control Fund: | | | |
| Cash and Cash Equivalents | B-4 | \$ 7,804.83 | \$ 6,686.28 |
| | | <u>7,804.83</u> | <u>6,686.28</u> |
| Other Trust Funds: | | | |
| Cash and Cash Equivalents: | | | |
| Recycling Tonnage Program | B-4 | 17,496.44 | 21,928.15 |
| State Unemployment Insurance Fund | B-4 | 28,996.75 | 16,207.46 |
| Performance Bonds and Escrow Deposits | B-4 | 47,248.75 | 31,034.60 |
| Public Defender | B-4 | 22,048.43 | 20,416.95 |
| Parking Offenses Adjudication Act | B-4 | 2,486.09 | 2,392.70 |
| Other | B-4 | 226,443.44 | 199,197.94 |
| COAH Housing | B-4 | 8,838.26 | 6,051.11 |
| Due from Current Fund: | | | |
| Reserve for Snow Removal | A | 21,000.00 | 18,000.00 |
| Reserve for Accumulated Sick and Vacation Compensation | A | 20,000.00 | 40,000.00 |
| | | <u>394,558.16</u> | <u>355,228.91</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 402,362.99</u> | <u>\$ 361,915.19</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Animal Control Fund: | | | |
| Due to Current Fund | A | \$ 323.83 | \$ 2,025.28 |
| Reserve for Animal Control Expenditures | B-6 | 7,479.80 | 4,658.60 |
| Due to State of New Jersey | | 1.20 | 2.40 |
| | | <u>7,804.83</u> | <u>6,686.28</u> |
| Other Trust Funds: | | | |
| Reserve for: | | | |
| Recycling Tonnage Program Expenditures | | 17,496.44 | 21,928.15 |
| State Unemployment Insurance Payments | | 28,996.75 | 16,207.46 |
| Performance Bonds and Escrow Deposits | | 75,123.75 | 58,909.60 |
| Public Defender | | 22,048.43 | 20,416.95 |
| Parking Offenses Adjudication Act | | 2,486.09 | 2,392.70 |
| Tax Sale Premiums | | 38,600.00 | 67,000.00 |
| Snow Removal | | 76,800.01 | 55,800.01 |
| Accumulated Sick and Vacation Compensation | | 95,972.75 | 75,972.75 |
| Recreation Commission | | 26,195.68 | 26,195.68 |
| Canal Restoration | | 2,000.00 | 2,000.00 |
| Tax Map Fees | | | 2,354.50 |
| COAH Housing | | 8,838.26 | 6,051.11 |
| | | <u>394,558.16</u> | <u>355,228.91</u> |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 402,362.99</u> | <u>\$ 361,915.19</u> |

BOROUGH OF STANHOPE
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE
YEAR ENDED DECEMBER 31, 2010

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, 2010

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

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

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2010
GENERAL CAPITAL FUND

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

| | | December 31, | |
|---|-------------|------------------------|------------------------|
| <u>ASSETS</u> | <u>Ref.</u> | 2010 | 2009 |
| Cash and Cash Equivalents | C-2 | \$ 185,763.77 | \$ 260,661.54 |
| Grants Receivable: | | | |
| New Jersey Department of Transportation | | 95,000.00 | 221,250.00 |
| Deferred Charges to Future Taxation: | | | |
| Unfunded | C-4 | 2,310,755.00 | 2,200,255.00 |
| <u>TOTAL ASSETS</u> | | <u>\$ 2,591,518.77</u> | <u>\$ 2,682,166.54</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Bond Anticipation Notes Payable | C-7 | \$ 1,940,255.00 | \$ 1,970,255.00 |
| Improvement Authorizations: | | | |
| Funded | C-5 | 91,506.08 | 62,853.85 |
| Unfunded | C-5 | 447,207.82 | 499,266.79 |
| Capital Improvement Fund | C-6 | 13,446.82 | 46,017.50 |
| Reserve for Sidewalk Improvements | | 16,655.02 | 16,655.02 |
| Reserve to Pay Debt Service | | 54,471.73 | 62,458.02 |
| Reserve for Preliminary Expenses | | 1,650.00 | |
| Fund Balance | C-1 | 26,326.30 | 24,660.36 |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 2,591,518.77</u> | <u>\$ 2,682,166.54</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, 2009 | C | \$ 24,660.36 |
| Increased by: | | |
| Premium on Note Sale | | <u>1,665.94</u> |
| Balance December 31, 2010 | 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
2010
WATER UTILITY FUND

BOROUGH OF STANHOPE
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET

| | Ref. | December 31 | |
|--|------|------------------------|------------------------|
| | | 2010 | 2009 |
| <u>ASSETS</u> | | | |
| Operating Fund: | | | |
| Cash and Cash Equivalents: | | | |
| Treasurer | D-5 | \$ 350,963.15 | \$ 462,185.36 |
| Collector's Change Fund | | 50.00 | 50.00 |
| | | <u>351,013.15</u> | <u>462,235.36</u> |
| Receivables with Full Reserves: | | | |
| Consumer Accounts Receivable | D-7 | 108,863.24 | 79,183.77 |
| Total Operating Fund | | <u>459,876.39</u> | <u>541,419.13</u> |
| Capital Fund: | | | |
| Cash and Cash Equivalents | D-5 | 350,228.48 | 327,624.27 |
| Fixed Capital | D-8 | 3,249,261.96 | 3,241,461.96 |
| Fixed Capital Authorized and Uncompleted | D-9 | 640,500.00 | 398,300.00 |
| Total Capital Fund | | <u>4,239,990.44</u> | <u>3,967,386.23</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 4,699,866.83</u> | <u>\$ 4,508,805.36</u> |

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

| | Ref. | December 31 | |
|---|----------|------------------------|------------------------|
| | | 2010 | 2009 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Operating Fund: | | | |
| Appropriation Reserves: | | | |
| Unencumbered | D-4;D-10 | \$ 60,162.51 | \$ 51,413.59 |
| Encumbered | D-4;D-10 | 11,318.62 | 26,161.50 |
| Total Appropriation Reserves | | <u>71,481.13</u> | <u>77,575.09</u> |
| Accrued Interest on Notes | | 498.75 | 884.92 |
| | | <u>71,979.88</u> | <u>78,460.01</u> |
| Reserve for Receivables | D | 108,863.24 | 79,183.77 |
| Fund Balance | D-1 | <u>279,033.27</u> | <u>383,775.35</u> |
| Total Operating Fund | | <u>459,876.39</u> | <u>541,419.13</u> |
| Capital Fund: | | | |
| Bond Anticipation Notes Payable | D-14 | 57,000.00 | 82,000.00 |
| Improvement Authorizations: | | | |
| Funded | D-11 | 32,365.99 | 11,116.07 |
| Unfunded | D-11 | 287,446.05 | 98,991.76 |
| Capital Improvement Fund | D-12 | 25,566.54 | 33,066.54 |
| Reserve For: | | | |
| Amortization | | 3,249,261.96 | 3,241,461.96 |
| Deferred Amortization | D-13 | 346,000.00 | 258,400.00 |
| Connection Fees | | 169,326.00 | 169,326.00 |
| Preliminary Expenses | | 2,905.00 | 2,905.00 |
| Fund Balance | D-2 | <u>70,118.90</u> | <u>70,118.90</u> |
| Total Capital Fund | | <u>4,239,990.44</u> | <u>3,967,386.23</u> |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 4,699,866.83</u> | <u>\$ 4,508,805.36</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

| | Ref. | Year Ended December 31 | |
|---|------|------------------------|----------------------|
| | | 2010 | 2009 |
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | | \$ 120,500.00 | \$ 115,743.00 |
| Rents | | 462,373.92 | 498,140.04 |
| Miscellaneous | | 11,736.92 | 18,813.30 |
| Other Credits to Income: | | | |
| Prior Year Accounts Payable Cancelled | | | 119.56 |
| Appropriation Reserves Lapsed | | 51,112.91 | 17,609.32 |
| Total Income | | <u>645,723.75</u> | <u>650,425.22</u> |
| <u>Expenditures</u> | | | |
| Budget Expenditures: | | | |
| Operating | | 487,568.00 | 437,263.00 |
| Capital Improvements | | 5,000.00 | 5,000.00 |
| Capital Outlay | | 20,000.00 | 20,000.00 |
| Debt Service | | 83,130.83 | 150,535.48 |
| Deferred Charges and Statutory Expenditures | | 34,267.00 | 22,104.00 |
| Total Expenditures | | <u>629,965.83</u> | <u>634,902.48</u> |
| Excess in Revenue | | 15,757.92 | 15,522.74 |
| <u>Fund Balance</u> | | | |
| Balance January 1 | | <u>383,775.35</u> | <u>483,995.61</u> |
| | | 399,533.27 | 499,518.35 |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | | <u>120,500.00</u> | <u>115,743.00</u> |
| Balance December 31 | D | <u>\$ 279,033.27</u> | <u>\$ 383,775.35</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, 2009 | D | <u>\$ 70,118.90</u> |
| Balance December 31, 2010 | D | <u><u>\$ 70,118.90</u></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, 2010

| | <u>Anticipated</u> | <u>Realized</u> | <u>Excess or Deficit *</u> |
|--------------------------|----------------------|----------------------|--------------------------------|
| Fund Balance Anticipated | \$ 120,500.00 | \$ 120,500.00 | |
| Water Rents | 491,852.00 | 462,373.92 | \$ 29,478.08 * |
| Miscellaneous | 18,000.00 | 11,736.92 | 6,263.08 * |
| | <u>\$ 630,352.00</u> | <u>\$ 594,610.84</u> | <u>\$ 35,741.16 *</u> |

Analysis of Realized Revenue

Miscellaneous:

| | |
|--------------------------------------|---------------------|
| Interest on Investments and Deposits | \$ 1,931.86 |
| Interest on Water Rents | 7,967.79 |
| Other Miscellaneous Revenue | 744.94 |
| Due from Water Utility Capital Fund: | |
| Interest on Investments and Deposits | <u>1,092.33</u> |
| | <u>\$ 11,736.92</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, 2010

| | Appropriations | | Expended by | | Unexpended Balance Cancelled |
|--|----------------------|-----------------------------------|----------------------|---------------------|------------------------------------|
| | Budget | Budget After Modi- fication | Paid or Charged | Reserved | |
| Operating: | | | | | |
| Salaries and Wages | \$ 191,285.00 | \$ 197,965.00 | \$ 197,958.02 | \$ 6.98 | |
| Other Expenses | 296,933.00 | 289,603.00 | 249,493.84 | 40,109.16 | |
| 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 | 82,000.00 | 82,000.00 | 82,000.00 | | |
| Interest on Notes | 1,517.00 | 1,517.00 | 1,130.83 | | \$ 386.17 |
| Deferred Charges and Statutory Expenditures: | | | | | |
| Deferred Charges: | | | | | |
| Deferred Charges to Future Taxation - Ordinance #99-18 | 900.00 | 900.00 | 900.00 | | |
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Public Employees' Retirement System | 13,082.00 | 13,082.00 | 13,082.00 | | |
| Social Security System (O.A.S.I.) | 14,635.00 | 15,285.00 | 15,238.63 | 46.37 | |
| Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.) | 5,000.00 | 5,000.00 | 5,000.00 | | |
| | <u>\$ 630,352.00</u> | <u>\$ 630,352.00</u> | <u>\$ 569,803.32</u> | <u>\$ 60,162.51</u> | <u>\$ 386.17</u> |
| | | Ref. | | D | |
| Analysis of Paid or Charged: | | | | | |
| Cash Disbursed | | | \$ 557,353.87 | | |
| Encumbrances | | D | 11,318.62 | | |
| Accrued Interest on Notes | | | 1,130.83 | | |
| | | | <u>\$ 569,803.32</u> | | |

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2010
SEWER UTILITY FUND

BOROUGH OF STANHOPE
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET

| | <u>Ref.</u> | <u>December 31,</u> | |
|--|-------------|------------------------|------------------------|
| | | <u>2010</u> | <u>2009</u> |
| <u>ASSETS</u> | | | |
| Operating Fund: | | | |
| Cash and Cash Equivalents: | | | |
| Treasurer | E-5 | \$ 310,889.13 | \$ 416,134.31 |
| Collector's Change Fund | | 50.00 | 50.00 |
| | | <u>310,939.13</u> | <u>416,184.31</u> |
| Receivables with Full Reserves: | | | |
| Consumer Accounts Receivable | E-8 | 250,823.46 | 187,612.44 |
| Deferred Charges: | | | |
| Operating Deficit | | 8,487.13 | |
| | | <u>8,487.13</u> | |
| Total Operating Fund | | <u>570,249.72</u> | <u>603,796.75</u> |
| Capital Fund: | | | |
| Cash and Cash Equivalents | E-5 | 529,133.72 | 530,772.82 |
| Fixed Capital | E-9 | 4,468,034.30 | 4,342,034.30 |
| Fixed Capital Authorized and Uncompleted | E-10 | | 126,000.00 |
| | | <u>4,997,168.02</u> | <u>4,998,807.12</u> |
| Total Capital Fund | | <u>4,997,168.02</u> | <u>4,998,807.12</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 5,567,417.74</u> | <u>\$ 5,602,603.87</u> |

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

| | Ref. | December 31, | |
|---|----------|------------------------|------------------------|
| | | 2010 | 2009 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Operating Fund: | | | |
| Appropriation Reserves: | | | |
| Encumbered | E-4;E-11 | \$ 6,766.53 | \$ 14,246.17 |
| Unencumbered | E-4;E-11 | 95,979.46 | 54,099.58 |
| Total Appropriation Reserves | | <u>102,745.99</u> | <u>68,345.75</u> |
| Accrued Interest on Notes | | 1,960.00 | 3,118.29 |
| | | <u>104,705.99</u> | <u>71,464.04</u> |
| Reserve for Receivables | E | 250,823.46 | 187,612.44 |
| Fund Balance | E-1 | <u>214,720.27</u> | <u>344,720.27</u> |
| Total Operating Fund | | <u>570,249.72</u> | <u>603,796.75</u> |
| Capital Fund: | | | |
| Bond Anticipation Notes Payable | E-16 | 224,000.00 | 289,000.00 |
| Improvement Authorizations: | | | |
| Unfunded | E-12 | | 6,639.10 |
| Capital Improvement Fund | E-13 | 83,789.68 | 78,789.68 |
| Reserve for: | | | |
| Amortization | | 4,244,034.30 | 4,173,034.30 |
| Deferred Amortization | E-14 | | 6,000.00 |
| Debt Service | | 30,000.00 | 30,000.00 |
| Connection Fees | | 330,335.00 | 330,335.00 |
| Fund Balance | E-2 | <u>85,009.04</u> | <u>85,009.04</u> |
| Total Capital Fund | | <u>4,997,168.02</u> | <u>4,998,807.12</u> |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 5,567,417.74</u> | <u>\$ 5,602,603.87</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

| | Ref. | Year Ended December 31 | |
|---|------|------------------------|----------------------|
| | | 2010 | 2009 |
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | | \$ 130,000.00 | \$ 140,000.00 |
| Sewer Rents | | 1,003,276.03 | 1,075,178.14 |
| Miscellaneous Revenue | | 22,280.19 | 21,928.21 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | | 53,911.30 | 39,168.56 |
| | | <u>1,209,467.52</u> | <u>1,276,274.91</u> |
| <u>Expenditures</u> | | | |
| Budget Expenditures: | | | |
| Operating | | 1,097,159.44 | 1,045,694.00 |
| Capital Improvements | | 5,000.00 | 10,000.00 |
| Capital Outlay | | 15,000.00 | 6,000.00 |
| Debt Service | | 69,188.21 | 95,381.50 |
| Deferred Charges and Statutory Expenditures | | 31,607.00 | 21,204.00 |
| | | <u>1,217,954.65</u> | <u>1,178,279.50</u> |
| Excess (Deficit) in Revenue | | (8,487.13) | 97,995.41 |
| Operating Deficit to be Raised in Budget of Succeeding Year | | <u>8,487.13</u> | |
| Statutory Excess to Fund Balance | | | 97,995.41 |
| <u>Fund Balance</u> | | | |
| Balance January 1 | | 344,720.27 | 386,724.86 |
| | | <u>344,720.27</u> | <u>484,720.27</u> |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | | 130,000.00 | 140,000.00 |
| Balance December 31 | E | <u>\$ 214,720.27</u> | <u>\$ 344,720.27</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, 2009 | E | <u>\$ 85,009.04</u> |
| Balance December 31, 2010 | E | <u><u>\$ 85,009.04</u></u> |

SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2010

| | <u>Anticipated</u> | <u>Realized</u> | <u>Excess or Deficit *</u> |
|--------------------------------------|------------------------|----------------------------|--------------------------------|
| Fund Balance Anticipated | \$ 130,000.00 | \$ 130,000.00 | |
| Sewer Rents | 1,069,112.94 | 1,003,276.03 | \$ 65,836.91 * |
| Miscellaneous Revenue | 20,000.00 | 22,280.19 | 2,280.19 |
| | <u>\$ 1,219,112.94</u> | <u>\$ 1,155,556.22</u> | <u>\$ 63,556.72 *</u> |
| Analysis of Realized Revenue | | | |
| Miscellaneous: | | | |
| Interest on Sewer Rents | | \$ 18,775.79 | |
| Interest on Investments and Deposits | | 1,022.02 | |
| Due from Sewer Utility Capital Fund: | | | |
| Interest on Investments and Deposits | | <u>2,482.38</u> | |
| | | <u><u>\$ 22,280.19</u></u> | |

BOROUGH OF STANHOPE
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010

| | Appropriations | | Expended | | Unexpended Balance Cancelled |
|--|------------------------|-----------------------------------|------------------------|---------------------|------------------------------------|
| | Budget | Budget After Modi- fication | Paid or Charged | Reserved | |
| Operating: | | | | | |
| Salaries and Wages | \$ 176,785.00 | \$ 177,600.00 | \$ 174,346.48 | \$ 3,253.52 | |
| Other Expenses | 920,374.44 | 919,559.44 | 841,939.16 | 77,620.28 | |
| Capital Improvements: | | | | | |
| Capital Improvement Fund | 5,000.00 | 5,000.00 | 5,000.00 | | |
| Capital Outlay | 15,000.00 | 15,000.00 | | 15,000.00 | |
| Debt Service: | | | | | |
| Payment of Note Principal | 65,000.00 | 65,000.00 | 65,000.00 | | |
| Interest on Notes | 5,346.50 | 5,346.50 | 4,188.21 | | \$ 1,158.29 |
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Public Employees' Retirement Fund | 13,082.00 | 13,082.00 | 13,082.00 | | |
| Social Security System (O.A.S.I.) | 13,525.00 | 13,525.00 | 13,419.34 | 105.66 | |
| Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.) | 5,000.00 | 5,000.00 | 5,000.00 | | |
| | <u>\$ 1,219,112.94</u> | <u>\$ 1,219,112.94</u> | <u>\$ 1,121,975.19</u> | <u>\$ 95,979.46</u> | <u>\$ 1,158.29</u> |
| | | | | E | |
| Analysis of Paid or Charged: | | | | | |
| Cash Disbursed | | | \$ 1,111,020.45 | | |
| Encumbrances | | | 6,766.53 | | |
| Accrued Interest on Notes | | | 4,188.21 | | |
| | | | <u>\$ 1,121,975.19</u> | | |

Ref.

E

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2010
PUBLIC ASSISTANCE FUND

BOROUGH OF STANHOPE
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET

| | <u>Ref.</u> | <u>December 31,</u> | |
|--|-------------|---------------------|----------------|
| | | <u>2010</u> | <u>2009</u> |
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | F-1 | \$ -0- | \$ 4.33 |
| <u>TOTAL ASSETS</u> | | <u>\$ -0-</u> | <u>\$ 4.33</u> |
| <u>RESERVE</u> | | | |
| Reserve for Public Assistance Expenditures | | \$ -0- | \$ 4.33 |
| <u>TOTAL RESERVE</u> | | <u>\$ -0-</u> | <u>\$ 4.33</u> |

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

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2010
GENERAL FIXED ASSETS ACCOUNT GROUP
(UNAUDITED)

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

| <u>ASSETS</u> | December 31, | |
|--------------------------|-----------------|-----------------|
| | 2010 | 2009 |
| Land | \$ 1,022,100.00 | \$ 1,022,100.00 |
| Building | 1,211,000.00 | 1,211,000.00 |
| Equipment and Vehicles | 2,632,408.33 | 2,560,245.55 |
| <u>TOTAL ASSETS</u> | \$ 4,865,508.33 | \$ 4,793,345.55 |
| <u>RESERVE</u> | | |
| Reserve for Fixed Assets | \$ 4,865,508.33 | \$ 4,793,345.55 |
| <u>TOTAL RESERVE</u> | \$ 4,865,508.33 | \$ 4,793,345.55 |

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

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

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, 2010
(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.

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes. This fund was closed out during the current year.

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, 2010
(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, 2010
(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 Township has developed a fixed assets accounting and reporting system based on the following.

General fixed assets are recorded at cost, except for land which is recorded at assessed value, and buildings, which are recorded at replacement value 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, 2010

(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.

| | December 31, | | |
|-----------------------------|---------------------|---------------------|---------------------|
| | 2010 | 2009 | 2008 |
| <u>Issued</u> | | | |
| General: | | | |
| Notes | \$ 1,940,255.00 | \$ 1,970,255.00 | \$ 1,811,355.00 |
| Water Utility: | | | |
| Notes | 57,000.00 | 82,000.00 | 146,000.00 |
| Sewer Utility: | | | |
| Notes | 224,000.00 | 289,000.00 | 229,000.00 |
| Total Issued | <u>2,221,255.00</u> | <u>2,341,255.00</u> | <u>2,186,355.00</u> |
| Less: | | | |
| Funds Temporarily Held to | | | |
| Pay Bonds and Notes: | | | |
| Reserve to Pay Debt Service | 54,471.73 | 62,458.02 | 62,458.02 |
| Total Deductions | <u>54,471.73</u> | <u>62,458.02</u> | <u>62,458.02</u> |
| Net Debt Issued | <u>2,166,783.27</u> | <u>2,278,796.98</u> | <u>2,123,896.98</u> |

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

Summary of Municipal Debt (Cont'd)

| | December 31, | | |
|---|------------------------|------------------------|------------------------|
| | 2010 | 2009 | 2008 |
| <u>Authorized but not Issued:</u> | | | |
| General: | | | |
| Bonds and Notes | \$ 370,500.00 | \$ 230,000.00 | \$ 378,900.00 |
| Water Utility: | | | |
| Bonds and Notes | 237,500.00 | 57,900.00 | 82,900.00 |
| Sewer Utility: | | | |
| Bonds and Notes | | | 120,000.00 |
| Total authorized but not Issued | <u>608,000.00</u> | <u>287,900.00</u> | <u>581,800.00</u> |
| Net Bonds and Notes Issued and Authorized but not Issued | <u>\$ 2,774,783.27</u> | <u>\$ 2,566,696.98</u> | <u>\$ 2,705,696.98</u> |

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

| | Balance 12/31/2008 | Additions | Retirements | Balance 12/31/2009 |
|----------------------------|------------------------|------------------------|------------------------|------------------------|
| Serial Bonds: | | | | |
| Water Utility Capital Fund | \$ 80,000.00 | | \$ 80,000.00 | |
| Bond Anticipation Notes: | | | | |
| General Capital Fund | 1,811,355.00 | \$ 1,970,255.00 | 1,811,355.00 | \$ 1,970,255.00 |
| Water Utility Capital Fund | 66,000.00 | 82,000.00 | 66,000.00 | 82,000.00 |
| Sewer Utility Capital Fund | 229,000.00 | 289,000.00 | 229,000.00 | 289,000.00 |
| Total | <u>\$ 2,186,355.00</u> | <u>\$ 2,341,255.00</u> | <u>\$ 2,186,355.00</u> | <u>\$ 2,341,255.00</u> |
| | Balance | | | Balance |
| | 12/31/2009 | Additions | Retirements | 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> |

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

The Borough's debt issued and outstanding on December 31, 2010, is described as follows:

General Capital Fund

Bond Anticipation Notes

| <u>Purpose</u> | <u>Maturities of Notes</u> <u>Outstanding Dec. 31, 2010</u> | | |
|--|--|-------------|------------------------|
| | <u>Rate</u> | <u>Date</u> | <u>Amount</u> |
| Improvement of Musconetcong Avenue | 1.50% | 6/3/2011 | \$ 58,000.00 |
| Improvement of Kelly Place & Waterloo Rd | 1.50% | 6/3/2011 | 30,000.00 |
| Various Improvements | 1.50% | 6/3/2011 | 82,055.00 |
| Acquisition of New and Additional Vehicular Equipment | 1.50% | 6/3/2011 | 21,764.87 |
| Acquisition of New Fire Truck | 1.50% | 6/3/2011 | 426,000.00 |
| Acquisition of New and Additional Fire Fighting Equipment | 1.50% | 6/3/2011 | 36,000.00 |
| Acquisition of New Police Equipment | 1.50% | 6/3/2011 | 55,600.00 |
| Improvement of Elm St and Grove Rd | 1.50% | 6/3/2011 | 231,000.00 |
| Improvement of the Municipal Building | 1.50% | 6/3/2011 | 198,700.00 |
| Acquisition of New and Additional Equipment | 1.50% | 6/3/2011 | 26,802.40 |
| Improvement of Various Roads | 1.50% | 6/3/2011 | 153,000.00 |
| Various Improvements | 1.50% | 6/3/2011 | 40,942.45 |
| Improvement of Various Roads | 1.50% | 6/3/2011 | 69,000.00 |
| Improvement of Main St. and Grove Rd. | 1.50% | 6/3/2011 | 152,900.00 |
| Various Improvements | 1.50% | 6/3/2011 | 89,000.00 |
| Improvements on Main St- Phase II | 1.50% | 6/3/2011 | 39,490.28 |
| Various Improvements | 1.50% | 6/3/2011 | 230,000.00 |
| | | | <u>\$ 1,940,255.00</u> |

Water Utility Capital Fund

Bond Anticipation Notes

| <u>Purpose</u> | <u>Maturities of Notes</u> <u>Outstanding Dec. 31, 2010</u> | | |
|--|--|-------------|---------------------|
| | <u>Rate</u> | <u>Date</u> | <u>Amount</u> |
| Improvement to Water Supply and Distribution System | 1.50% | 6/3/2011 | <u>\$ 57,000.00</u> |

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

Sewer Utility Capital Fund

Bond Anticipation Notes

| <u>Purpose</u> | Maturities of Notes Outstanding Dec. 31, 2010 | | |
|--|--|----------|-----------------|
| | Rate | Date | Amount |
| Improvement of the Sanitary Sewerage System | 1.50% | 6/3/2011 | \$ 104,000.00 |
| Improvement of the Sanitary Sewerage System | 1.50% | 6/3/2011 | 120,000.00 |
| | | | \$ 224,000.00 |
| Total Debt Issued and Outstanding | | | \$ 2,221,255.00 |

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 .65%.

| | Gross Debt | Deductions | Net Debt |
|----------------------------|-----------------|-----------------|-----------------|
| Local School District Debt | \$ 3,489,000.00 | \$ 3,489,000.00 | |
| Water Utility Debt | 294,500.00 | 105,400.20 | \$ 189,099.80 |
| Sewer Utility Debt | 224,000.00 | | 224,000.00 |
| General Debt | 2,310,755.00 | 54,471.73 | 2,256,283.27 |
| | \$ 6,318,255.00 | \$ 3,648,871.93 | \$ 2,669,383.07 |

Net Debt \$2,669,383.07 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended,
\$412,817,562.00 = .65%.

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

| | |
|---|------------------|
| 3.5% Average Equalized Valuation of Real Property | \$ 14,448,614.67 |
| Net Debt | 2,669,383.07 |
| Remaining Borrowing Power | \$ 11,779,231.60 |

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(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 | | \$ 594,610.84 |
| Deductions: | | |
| Operating and Maintenance Costs | \$ 520,935.00 | |
| Debt Service | 83,130.83 | |
| Total Deductions | <u>604,065.83</u> | <u>604,065.83</u> |
| Deficit in Revenue | | <u>\$ (9,454.99)</u> |

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

| | | |
|--|---------------------|-----------------------|
| Cash Receipts from Fees, Rents or Other Charges for Year | | \$ 1,155,556.22 |
| Deductions: | | |
| Operating and Maintenance Costs | \$ 1,128,766.44 | |
| Debt Service | 69,188.21 | |
| Total Deductions | <u>1,197,954.65</u> | <u>1,197,954.65</u> |
| Deficit in Revenue | | <u>\$ (42,398.43)</u> |

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 |
|------------------------|---------|---------------|---------------|--------|
| 2011 | \$ -0- | \$ -0- | \$ -0- | \$ -0- |
| 2012 | -0- | -0- | -0- | -0- |
| 2013 | -0- | -0- | -0- | -0- |
| 2014 | -0- | -0- | -0- | -0- |
| 2015 | -0- | -0- | -0- | -0- |

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

(Continued)

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2010, which were appropriated and included as anticipated revenue in the year ending December 31, 2011 introduced budget, was as follows:

| | |
|------------------------------|--------------|
| Current Fund | \$679,000.00 |
| Water Utility Operating Fund | 105,000.00 |
| Sewer Utility Operating Fund | 160,000.00 |

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) or the Police and Firemen's Retirement System (PFRS) of New Jersey. The State of New Jersey sponsors and administers these two plans which cover substantially all Borough employees. As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems.

Employees who are members of PERS and retire at 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, funds and trust. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contributions are based on percentages of 5.50% for PERS and 8.50% for PFRS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

Borough contributions to PFRS amounted to \$140,837, \$72,183 and \$40,814 for 2010, 2009 and 2008, respectively. Borough contributions to PERS amounted to \$67,055, \$65,784 and \$82,528 for 2010, 2009 and 2008, respectively. The annual pension cost ("APC") for PERS differed from the net pension obligation ("NPO") due to the enactment of Chapter 114, P.L. 1997 for 2008 as the APC was \$103,160 and the NPO was \$82,528.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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 \$182,518. 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 \$95,972.75 on the Trust Funds balance sheet at December 31, 2010.

Note 7: Selected Tax Information

Selected Tax Rate 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>2010</u> | <u>2009</u> | <u>2008</u> |
|----------------------------------|--------------------------|--------------------------|--------------------------|
| <u>Tax Rate</u> | 3.03 | 2.39 | 2.36 |
| <u>Apportionment of Tax Rate</u> | | | |
| Municipal | 0.87 | 0.69 | 0.69 |
| County | 0.49 | 0.39 | 0.39 |
| Local School | 1.07 | 0.83 | 0.81 |
| Regional High School | 0.60 | 0.48 | 0.47 |
| <u>Assessed Valuations</u> | | | |
| 2010 | <u>\$ 350,855,778.00</u> | | |
| 2009 | | <u>\$ 434,003,134.00</u> | |
| 2008 | | | <u>\$ 432,035,928.00</u> |

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

(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> |
| 2010 | \$ 10,641,936.60 | \$ 10,385,640.89 | 97.59% |
| 2009 | 10,392,332.56 | 10,110,855.70 | 97.29% |
| 2008 | 10,206,743.13 | 9,991,829.23 | 97.89% |

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, 2010
(Continued)

Note 8: Risk Management (Cont'd)

The December 31, 2010 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, 2009 is as follows:

| | <u>Morris County Municipal Joint Insurance Fund</u> |
|--|---|
| Total Assets | \$ 22,795,525 |
| Net Assets | \$ 12,188,170 |
| Total Revenue | \$ 14,754,314 |
| Total Expenses | \$ 14,268,879 |
| Change in Net Assets | \$ 485,435 |
| 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
250 Pehle Avenue, Suite 701
Saddle Brook, New Jersey 07663
(201) 587-0555

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:

| <u>Year</u> | <u>Interest Earned</u> | <u>Borough/ Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|-------------|----------------------------|--|------------------------------|---------------------------|
| 2008 | \$ 765.84 | \$ 32,867.94 | \$ 13,414.50 | \$ 7,775.02 |
| 2009 | 199.26 | 14,377.81 | 6,144.63 | 16,207.46 |
| 2010 | 103.26 | 15,500.00 | 2,813.97 | 28,996.75 |

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(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, 2010
(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, 2010
(Continued)

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

As of December 31, 2010, 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 | \$ 2,343,024.14 | \$ 97,410.67 | \$ 2,440,709.81 |
| Animal Control | | 7,804.83 | | 7,804.83 |
| Other Trust | | 353,558.16 | | 353,558.16 |
| General Capital | | 178,915.23 | 6,848.54 | 185,763.77 |
| Water Operating | 50.00 | 161,623.88 | 189,339.27 | 351,013.15 |
| Water Capital | | 125,718.67 | 224,509.81 | 350,228.48 |
| Sewer Operating | 50.00 | 279,858.54 | 31,030.59 | 310,939.13 |
| Sewer Capital | | 215,233.78 | 313,899.94 | 529,133.72 |
| | <u>\$ 375.00</u> | <u>\$ 3,665,737.23</u> | <u>\$ 863,038.82</u> | <u>\$ 4,529,151.05</u> |

During the year ended December 31, 2010, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at year end was \$4,529,151.05 and the bank balance was \$4,484,338.96. The \$863,038.82 invested with the State on New Jersey Cash Management Fund is uninsured and/or unregistered. During the year ended December 31, 2009, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at year end was \$4,604,670.04 and the bank balance was \$4,655,915.93. The \$860,855.71 invested with the State on New Jersey Cash Management Fund was 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, 2010
(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 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>.

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, 2010, the Borough had 1 employee who met post-retirement eligibility requirements for health care benefits and recognized expenses of \$6,197.

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, 2010
(Continued)

Note 12: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2010:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|----------------|---------------------------------|------------------------------|
| Current | \$ 323.83 | \$ 41,000.00 |
| Animal Control | | 323.83 |
| Other Trust | 41,000.00 | |
| | <u>\$ 41,323.83</u> | <u>\$ 41,323.83</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 snow removal and accumulated sick and vacation due to the Other Trust Funds.

Note 13: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of the succeeding years. At December 31, 2010, the following deferred charge is shown on the balance sheet of the following fund:

| | <u>Balance Dec 31, 2010</u> | <u>Required 2011 Budget Appropriation</u> | <u>Balance to Succeeding Years' Budgets</u> |
|-------------------------------|---------------------------------|---|---|
| Sewer Utility Operating Fund: | | | |
| Operating Deficit | \$ 8,487.13 | \$ 8,487.13 | \$ -0- |

Note 14: 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, 2010.

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.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

Note 14: Contingent Liabilities (Cont'd)

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 \$114,792.61, which the Borough believes is adequate to cover any potential liability.

Note 15: 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, 2010

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

| Name | Title | Amount of Bond | Name of Corporate or Personal Surety |
|-------------------|---------------------------------------|----------------|--------------------------------------|
| Diana Kuncken | Mayor | | |
| Rosemarie Maio | Council President | | |
| James Benson | Councilperson | | |
| Michael Depew | Councilperson (to 8/17/10) | | |
| Edward Schwartz | Councilperson (from 8/17/10) | | |
| George Graham | Councilperson | | |
| Brian Murphy | Councilperson | | |
| Michael Vance | Councilperson | | |
| Richard Stewart | Administrator (to 11/23/10) | * | |
| Ellen Horak | Acting Administrator (from 11/23/10) | * | |
| 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 | 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
2010
CURRENT FUND

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF CASH - TREASURER

| | <u>Ref.</u> | |
|---|-------------|------------------|
| Balance December 31, 2009 | A | \$ 2,302,997.22 |
| Increased by Receipts: | | |
| Tax Collector | | \$ 11,011,504.89 |
| Revenue Accounts Receivable | | 465,711.80 |
| Miscellaneous Revenue Not Anticipated | | 46,571.74 |
| Appropriation Refunds | | 94,821.24 |
| Due to State of New Jersey | | |
| Veterans and Senior Citizens' Deductions | | 33,500.00 |
| Training Fees | | 1,485.00 |
| Marriage License Fees | | 625.00 |
| Due Animal Control License Fund | | 2,060.81 |
| Due Other Trust Funds | | 1,249.81 |
| Due to General Capital Fund | | 1,575.49 |
| Reserve for Garden State Preservation Program | | 4,439.00 |
| Unappropriated Reserves: | | |
| Body Armor Replacement Fund | | 1,929.38 |
| Drunk Driving Enforcement Fund | | 3,041.62 |
| Clean Communities Program | | 6,187.30 |
| Click-It or Ticket | | 4,000.00 |
| Safe and Secure Communities | | 29,536.75 |
| Recycling Tonnage Grant | | 9,573.63 |
| Appropriated Reserves: | | |
| Drunk Driving Enforcement Fund Reimbursement | | 2,973.41 |
| Housing Reimbursement Program Reimbursement | | 9,000.00 |
| | | 11,729,786.87 |
| | | 14,032,784.09 |

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF CASH - TREASURER

Decreased by Disbursements:

| | |
|--|-----------------|
| 2010 Appropriation Expenditures | \$ 3,476,112.55 |
| 2009 Appropriation Reserves | 120,057.57 |
| Accounts Payable | 895.00 |
| Local School District Taxes | 3,760,430.50 |
| Regional School Taxes | 2,110,172.48 |
| County Taxes | 1,694,189.69 |
| Tax Overpayment Refunds | 33,014.76 |
| Due to Other Trust Funds: | |
| Reserve for Snow Removal | 18,000.00 |
| Reserve for Accumulated Sick and Vacation Compensation | 40,000.00 |
| Due to State of New Jersey | |
| Training Fees | 1,448.00 |
| Marriage License Fees | 675.00 |
| Reserve for Shade Tree | 905.96 |
| Reserve for Third Party Tax Title Liens | 295,746.03 |
| Reserve for Revaluation | 3,200.00 |
| Reserve for Pending Tax Appeals | 5,207.39 |
| Refund of Prior Year Revenue | 1,707.89 |
| Due from Borough of Netcong | 929.13 |
| Appropriated Reserves: | |
| Housing Reimbursement Program | 6,023.00 |
| Highlands Initial Assessment Grant | 1,640.00 |
| Highlands Plan Conformance Grant | 9,509.51 |
| Clean Communities Program | 2,761.30 |
| Drunk Driving Enforcement Fund | 1,833.52 |
| 2007 Smart Growth Grant - Pedestrian/Bike | 1,680.00 |
| Community Stewardship Incentive Program Grant | 6,210.00 |

\$ 11,592,349.28

Balance December 31, 2010

A

\$ 2,440,434.81

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2010

Increased by Receipts:

| | | |
|-----------------------------|------------------|-------------------------|
| Taxes Receivable | \$ 10,598,353.20 | |
| Tax Title Liens Receivable | 10,069.24 | |
| 2011 Prepaid Taxes | 48,542.29 | |
| Tax Overpayments | 36,104.82 | |
| Outside Liens | 274,099.07 | |
| Interest and Costs on Taxes | 44,096.27 | |
| Nonbudget Revenue | 240.00 | |
| | <hr/> | <u>\$ 11,011,504.89</u> |

Decreased by:

| | | |
|-----------------------|--|--------------------------------|
| Payments to Treasurer | | <u><u>\$ 11,011,504.89</u></u> |
|-----------------------|--|--------------------------------|

CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

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

| Year | Balance | 2010 Levy | Added Taxes | Collections | | State of NJ Veterans' and Senior Citizens' Deductions | Cancelled | Transferred to Tax Title Liens | Balance |
|------|----------------------|-------------------------|---------------------|---------------------|-------------------------|---|---------------------|--------------------------------|----------------------|
| | Dec 31, 2009 | | | 2009 | 2010 | | | | Dec 31, 2010 |
| 2006 | \$ 514.84 | | | | | | | | \$ 514.84 |
| 2007 | 549.00 | | | | | | | | 549.00 |
| 2008 | 575.60 | | | | | | | | 575.60 |
| 2009 | 263,274.72 | | | | \$ 262,100.30 | | | \$ 1,174.42 | |
| | 264,914.16 | | | | 262,100.30 | | | 1,174.42 | 1,639.44 |
| 2010 | | \$ 10,641,936.60 | \$ 34,142.95 | \$ 15,387.99 | 10,336,252.90 | \$ 34,000.00 | \$ 29,526.85 | 26,136.34 | 234,775.47 |
| | <u>\$ 264,914.16</u> | <u>\$ 10,641,936.60</u> | <u>\$ 34,142.95</u> | <u>\$ 15,387.99</u> | <u>\$ 10,598,353.20</u> | <u>\$ 34,000.00</u> | <u>\$ 29,526.85</u> | <u>\$ 27,310.76</u> | <u>\$ 236,414.91</u> |

Ref. A

A

Analysis of 2010 Property Tax Levy

Tax Yield:

| | |
|---------------------------------|-------------------------|
| General Purpose Tax | \$ 10,634,438.63 |
| Added Taxes (54:4-63.1 et seq.) | 7,497.97 |
| | <u>\$ 10,641,936.60</u> |

Tax Levy:

| | |
|----------------------------------|-------------------------|
| Local School District Taxes | \$ 3,760,430.50 |
| Regional High School Taxes | 2,110,172.48 |
| County Taxes | \$ 1,692,398.91 |
| County Added and Omitted Taxes | 1,197.30 |
| | <u>1,693,596.21</u> |
| | 7,564,199.19 |
| Local Tax for Municipal Purposes | \$ 3,067,983.79 |
| Add: Additional Tax Levied | 9,753.62 |
| | <u>3,077,737.41</u> |
| | <u>\$ 10,641,936.60</u> |

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

| | <u>Ref.</u> | | |
|--------------------------------|-------------|----|--------------------------|
| Balance December 31, 2009 | A | \$ | 78,335.60 |
| Increased by: | | | |
| Interest and Costs | | \$ | 6,377.50 |
| Transfer from Taxes Receivable | | | <u>27,310.76</u> |
| | | | <u>33,688.26</u> |
| | | | 112,023.86 |
| Decreased by: | | | |
| Cash Collections | | | <u>10,069.24</u> |
| Balance December 31, 2010 | A | \$ | <u><u>101,954.62</u></u> |

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| | <u>Balance Dec 31, 2009</u> | <u>Accrued In 2010</u> | <u>Collected by Treasurer</u> | <u>Balance Dec 31, 2010</u> |
|--|---------------------------------|----------------------------|-----------------------------------|---------------------------------|
| Clerk: | | | | |
| Licenses: | | | | |
| Alcoholic Beverages | | \$ 3,083.50 | \$ 3,083.50 | |
| Fees and Permits | | 3,745.00 | 3,745.00 | |
| Zoning Officer: | | | | |
| Fees and Permits | | 2,295.00 | 2,295.00 | |
| Board of Health: | | | | |
| Fees and Permits | | 690.00 | 690.00 | |
| Construction Code Official: | | | | |
| Fees and Permits | | 60,895.00 | 60,895.00 | |
| Municipal Court: | | | | |
| Fines and Costs | \$ 13,083.00 | 115,996.85 | 121,613.73 | \$ 7,466.12 |
| Police Department: | | | | |
| Fees and Permits | | 664.55 | 664.55 | |
| Planning Board/Board of Adjustment: | | | | |
| Fees and Permits | | 575.00 | 575.00 | |
| Recreation: | | | | |
| Fees and Permits | | 3,080.00 | 3,080.00 | |
| Energy Receipts Tax | | 167,788.00 | 167,788.00 | |
| Consolidated Municipal Property Tax Relief Aid | | 48,688.79 | 48,688.79 | |
| Reserve to Pay Debt Service | | 30,000.00 | 30,000.00 | |
| 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 | | 7,000.00 |
| Green Communities Program | 2,000.56 | 3,000.00 | | 5,000.56 |
| Smart Growth Planning Program Grant - 2007 | 5,000.00 | | 5,000.00 | |
| Smart Growth Planning Program Grant - 2008 | 7,500.00 | | 7,500.00 | |
| Community Stewardship Incentive Program Grant | 1,289.65 | | 1,289.65 | |
| Environmental Grant | 2,500.00 | | | 2,500.00 |
| 2009 Highlands Initial Assessment Grant | 15,000.00 | | | 15,000.00 |
| 2009 Highlands Plan Conformance Grant | 50,000.00 | | 8,803.58 | 41,196.42 |
| | <u>\$ 96,373.21</u> | <u>\$ 464,251.69</u> | <u>\$ 465,711.80</u> | <u>\$ 94,913.10</u> |

Ref.

A

A

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2010

| | <u>Balance</u> <u>Dec 31, 2009</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 | \$ 0.02 | \$ 0.02 | | \$ 0.02 |
| Other Expenses | 1,787.50 | 1,787.50 | \$ 737.27 | 1,050.23 |
| Mayor and Council: | | | | |
| Other Expenses | 5,167.90 | 5,167.90 | 47.00 | 5,120.90 |
| Municipal Clerk: | | | | |
| Salaries and Wages | 205.43 | 205.43 | | 205.43 |
| Other Expenses | 4,655.97 | 4,655.97 | 183.15 | 4,472.82 |
| Financial Administration: | | | | |
| Salaries and Wages | 2,364.17 | 2,364.17 | | 2,364.17 |
| Other Expenses | 151.80 | 151.80 | 79.27 | 72.53 |
| Computerized Data Processing: | | | | |
| Other Expenses | 1,865.84 | 1,865.84 | 266.83 | 1,599.01 |
| Assessment of Taxes: | | | | |
| Other Expenses | 38,074.01 | 38,074.01 | 21,066.71 | 17,007.30 |
| Collection of Taxes: | | | | |
| Other Expenses | 0.30 | 0.30 | | 0.30 |
| Legal Services and Costs: | | | | |
| Other Expenses | 31,460.87 | 31,460.87 | 15,766.87 | 15,694.00 |
| Engineering Services: | | | | |
| Other Expenses | 6,541.34 | 6,541.34 | 5,611.18 | 930.16 |
| Public Buildings and Grounds: | | | | |
| Other Expenses | 4,543.39 | 4,833.39 | 4,832.89 | 0.50 |
| Municipal Land Use Law (N.J.S.A. 40:55d-1): | | | | |
| Planning Board: | | | | |
| Other Expenses | 1,810.23 | 1,810.23 | 1,809.54 | 0.69 |
| Zoning and Code Enforcement: | | | | |
| Salaries and Wages | 415.38 | 415.38 | | 415.38 |
| Other Expenses | 221.63 | 221.63 | 3.12 | 218.51 |
| Regional Planning Board: | | | | |
| Other Expenses | 250.60 | 250.60 | | 250.60 |
| Affordable Housing-COAH | | | | |
| Other Expenses | 6,700.00 | 6,700.00 | | 6,700.00 |
| Environmental Commission: | | | | |
| Other Expenses | 1,203.00 | 1,203.00 | | 1,203.00 |
| Shade Tree Commission: | | | | |
| Other Expenses | 631.91 | 631.91 | 625.00 | 6.91 |
| Public Safety: | | | | |
| Fire: | | | | |
| Other Expenses | 7,916.14 | 7,916.14 | 5,655.06 | 2,261.08 |
| Police: | | | | |
| Salaries and Wages | 47,041.06 | 47,041.06 | 22,973.41 | 24,067.65 |
| Other Expenses | 5,080.47 | 5,080.47 | 329.54 | 4,750.93 |
| Police Radio and Communication: | | | | |
| Contractual | 0.96 | 0.96 | | 0.96 |
| Emergency Management: | | | | |
| Other Expenses | 2,900.00 | 2,900.00 | 2,768.50 | 131.50 |
| Municipal Court: | | | | |
| Salaries and Wages | 491.75 | 491.75 | | 491.75 |
| Other Expenses | 1,034.89 | 1,034.89 | 483.82 | 551.07 |

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2010
(continued)

| | <u>Balance</u> <u>Dec 31, 2009</u> | <u>Balance</u> <u>After</u> <u>Modification</u> | <u>Paid or</u> <u>Charged</u> | <u>Balance</u> <u>Lapsed</u> |
|--|---------------------------------------|---|----------------------------------|---------------------------------|
| Streets and Roads: | | | | |
| Department of Public Works: | | | | |
| Salaries and Wages | \$ 5,932.44 | \$ 5,932.44 | \$ 5,000.00 | \$ 932.44 |
| Other Expenses | 44,254.99 | 44,254.99 | 44,072.05 | 182.94 |
| Vehicle Maintenance | 10,642.77 | 10,642.77 | 857.20 | 9,785.57 |
| Health and Welfare: | | | | |
| Board of Health: | | | | |
| Other Expenses | 788.57 | 788.57 | | 788.57 |
| Animal Regulation: | | | | |
| Other Expenses | 3,857.20 | 3,857.20 | 1,403.05 | 2,454.15 |
| Recreation and Education: | | | | |
| Board of Recreation Commissioners: | | | | |
| Salaries and Wages | 32.80 | 32.80 | | 32.80 |
| Other Expenses | 1,724.05 | 2,236.05 | 2,235.87 | 0.18 |
| Morris Canal Rehabilitation | 38,221.45 | 38,221.45 | 5,872.26 | 32,349.19 |
| Road Repairs & Resurfacing | 20.67 | 20.67 | 20.67 | |
| Uniform Construction Code: | | | | |
| Construction Code Official: | | | | |
| Salaries and Wages | 1,632.81 | 1,632.81 | | 1,632.81 |
| Other Expenses | 229.60 | 229.60 | 7.18 | 222.42 |
| Unclassified: | | | | |
| Utilities | 30,233.65 | 30,233.65 | 11,690.14 | 18,543.51 |
| Condo Services: | | | | |
| Other Expenses | 28,866.98 | 45,995.98 | 45,995.65 | 0.33 |
| Contingent | 115.00 | 115.00 | | 115.00 |
| Social Security System | 1,087.00 | 1,087.00 | | 1,087.00 |
| Insurance: | | | | |
| General Liability Insurance | 0.99 | 0.99 | | 0.99 |
| Employee Group Insurance | 20,096.31 | 2,165.31 | 74.00 | 2,091.31 |
| Public Employees Retirement System | 4,253.00 | 4,253.00 | | 4,253.00 |
| Police and Firemen's Retirement System | 3,620.00 | 3,620.00 | | 3,620.00 |
| Municipal Storm Water Regulation Program | 1,987.50 | 1,987.50 | 621.95 | 1,365.55 |
| | <u>\$ 370,114.34</u> | <u>\$ 370,114.34</u> | <u>\$ 201,089.18</u> | <u>\$ 169,025.16</u> |

Analysis of Balance December 31, 2009

| | <u>Ref.</u> | |
|--------------|-------------|----------------------|
| Unencumbered | A | \$ 276,910.34 |
| Encumbered | A | 93,204.00 |
| | | <u>\$ 370,114.34</u> |

Analysis of Paid or Charged

| | |
|---|----------------------|
| Cash Disbursed | \$ 120,057.57 |
| Accounts Payable | 20,031.61 |
| Reserve for Pending Tax Appeals | 20,000.00 |
| Due to Other Trust Funds: | |
| Reserve for Accumulated Sick and Vacation | 20,000.00 |
| Reserve for Snow Removal | 21,000.00 |
| | <u>\$ 201,089.18</u> |

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2010

Increased by:

Levy - Calendar Year 2010

\$ 3,760,430.50

Decreased by:

Payments to Local School District

\$ 3,760,430.50

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2010

Increased by:

Levy - Calendar Year 2010

\$ 2,110,172.48

Decreased by:

Payments to Regional School District

\$ 2,110,172.48

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2010
TRUST FUNDS

BOROUGH OF STANHOPE
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

| | Ref. | Other Trusts Funds | | | | | | | |
|------------------------------------|------|------------------------|---------------------------------|--|--|-------------------------------|--|-----------------|---------------|
| | | Animal Control Fund | Recycling Tonnage Program | State Unemployment Insurance Fund | Performance Bonds and Escrow Deposits | Public Defender Program | Parking Offenses Adjudication Act Program | COAH Housing | Other |
| Balance December 31, 2009 | B | \$ 6,686.28 | \$ 21,928.15 | \$ 16,207.46 | \$ 31,034.60 | \$ 20,416.95 | \$ 2,392.70 | \$ 6,051.11 | \$ 199,197.94 |
| Increased by Receipts: | | | | | | | | | |
| Animal Control Fees | | 3,744.60 | | | | | | | |
| State Registration Fees | | 437.40 | | | | | | | |
| Late Fees and Replacement Fees | | 465.00 | | | | | | | |
| Miscellaneous | | 4.00 | | | | | | | |
| Due to/from Current Fund: | | | | | | | | | |
| Interest Income | | 35.53 | | | 187.78 | | | | 1,062.03 |
| Interfund Advanced/Returned | | | | | | | | | 58,000.00 |
| Tax Sale Premium | | | | | | | | | 7,512.82 |
| Interest on Deposits | | | | 103.26 | | 99.48 | 11.39 | | |
| Unemployment Insurance Deposits | | | | 15,500.00 | | | | | |
| Performance Bond and Escrow | | | | | | | | | |
| Deposits and Interest | | | | | 75,073.14 | | | | |
| Parking Offenses Adjudication Act | | | | | | | 82.00 | | |
| Public Defender | | | | | | 4,532.00 | | | |
| Tax Map Deposits | | | | | | | | | 850.00 |
| COAH Housing Deposit and Interest | | | | | | | | 2,787.15 | |
| Recycling Revenue and Interest | | | 916.39 | | | | | | |
| Total Receipts | | 4,686.53 | 916.39 | 15,603.26 | 75,260.92 | 4,631.48 | 93.39 | 2,787.15 | 67,424.85 |
| Total Funds Available | | 11,372.81 | 22,844.54 | 31,810.72 | 106,295.52 | 25,048.43 | 2,486.09 | 8,838.26 | 266,622.79 |
| Decreased by Disbursements: | | | | | | | | | |
| State Registration Fees | | 438.60 | | | | | | | |
| Animal Control Fund Expenditures | | 1,068.57 | | | | | | | |
| Due to Current Fund | | 2,060.81 | | | 187.78 | | | | 1,062.03 |
| Reserve for Recycling Expenditures | | | 5,348.10 | | | | | | |
| Performance Bond and Escrow | | | | | | | | | |
| Deposit Expenditures | | | | | 58,858.99 | | | | |
| Public Defender Expenditures | | | | | | 3,000.00 | | | |
| Tax Sale Premium Expenditures | | | | | | | | | 35,912.82 |
| Tax Map Expenditures | | | | | | | | | 3,204.50 |
| Total Disbursements | | 3,567.98 | 5,348.10 | 2,813.97 | 59,046.77 | 3,000.00 | | | 40,179.35 |
| 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 |

BOROUGH OF STANHOPE
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2010

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, 2009 | B | \$ | 4,658.60 |
| Increased by: | | | |
| Dog License Fees Collected | | \$ | 2,613.60 |
| Cat License Fees Collected | | | 1,131.00 |
| Late Fees and Replacement Fees | | | 465.00 |
| Miscellaneous | | | 4.00 |
| | | | <hr/> 4,213.60 |
| | | | <hr/> 8,872.20 |
| Decreased by: | | | |
| Statutory Excess- Due to Current Fund | | | 323.83 |
| Animal Control Fund Expenditures | | | 1,068.57 |
| | | | <hr/> 1,392.40 |
| Balance December 31, 2010 | B | \$ | <hr/> <hr/> 7,479.80 |

License Fees Collected

| <u>Year</u> | <u>Amount</u> |
|---------------------------|-------------------------|
| 2008 | \$ 2,493.60 |
| 2009 | 4,986.20 |
| | <hr/> 7,479.80 |
| Maximum Allowable Reserve | <hr/> <hr/> \$ 7,479.80 |

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2010
GENERAL CAPITAL FUND

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF CASH

| | <u>Ref.</u> | |
|--|-------------|----------------------|
| Balance December 31, 2009 | C | \$ 260,661.54 |
| Increased by: | | |
| Current Fund Budget Appropriation: | | |
| Capital Improvement Fund | | \$ 20,000.00 |
| Payment of Bond Anticipation Notes | | 260,000.00 |
| New Jersey Department of Transportation Grant Receivable | | 326,250.00 |
| Bond Anticipation Notes Issued | | 1,940,255.00 |
| Premium on Note Sale | | 1,665.94 |
| Due to/from Current Fund : | | |
| Interest Income | | 1,575.49 |
| | | <u>2,549,746.43</u> |
| | | <u>2,810,407.97</u> |
| Decreased by: | | |
| Due to Current Fund: | | |
| Interest | | 1,575.49 |
| Reserve for Debt Service | | 30,000.00 |
| Reserve for Preliminary Expenses | | 19,000.00 |
| Bond Anticipation Notes Payable | | 1,970,255.00 |
| Improvement Authorization Expenditures | | 603,813.71 |
| | | <u>2,624,644.20</u> |
| Balance December 31, 2010 | C | <u>\$ 185,763.77</u> |

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
ANALYSIS OF CASH

| | Balance (Deficit) Dec 31, 2009 | Receipts | | Disbursements | | | Transfers | | Balance (Deficit) Dec 31, 2010 | |
|--|--------------------------------------|--|------------------------|-------------------------------|------------------------------------|----------------------|---------------------|----------------------|--------------------------------------|----------------------|
| | | Bond Anticipation Notes | Miscellaneous | Bond Anticipation Notes | Improvement Authori- zations | Miscellaneous | From | To | | |
| Fund Balance | \$ 24,660.36 | | \$ 1,665.94 | | | | | | \$ 26,326.30 | |
| New Jersey Department of Transportation Grant Receivable | (221,250.00) | | 326,250.00 | | | | \$ 200,000.00 | | (95,000.00) | |
| Due Current Fund | | | 261,575.49 | | | \$ 1,575.49 | 260,000.00 | | | |
| Capital Improvement Fund | 46,017.50 | | 20,000.00 | | | | 54,150.00 | \$ 1,579.32 | 13,446.82 | |
| Reserve to Pay Debt Service | 62,458.02 | | | | | | | 22,013.71 | 54,471.73 | |
| Reserve for Sidewalk Improvements | 16,655.02 | | | | | | | | 16,655.02 | |
| Reserve for Preliminary Expenses | | | | | | | 19,000.00 | 20,650.00 | 1,650.00 | |
| | | | | | | | | | | |
| Ordinance No. | Date | Improvement Description | | | | | | | | |
| 01-03 | 05/29/01 | Improvements of Public Buildings | | 62,853.85 | | \$ 5,970.00 | | | 56,883.85 | |
| 02-08 | 08/27/02 | Improvement of Musconetcong Avenue | | | \$ 58,000.00 | \$ 88,000.00 | | 30,000.00 | | |
| 03-01 | 02/25/03 | Improvement of Kelly Place and Waterloo Road | | | 30,000.00 | 40,000.00 | | 10,000.00 | | |
| 03-10; | | | | | | | | | | |
| 05-18 | 11/25/03 | Various Improvements | | | 82,055.00 | 110,055.00 | | 28,000.00 | | |
| 04-13 | 09/28/04 | Acquisition of New and Additional Vehicular Equipment | | | 21,764.87 | 28,764.87 | | 7,000.00 | | |
| 05-09 | 07/11/05 | Acquisition of New Fire Truck | | 20,965.01 | 426,000.00 | 511,000.00 | 13,754.14 | 7,210.87 | 85,000.00 | |
| 05-10 | 07/11/05 | Acquisition of New and Additional Fire Fighting Equipment | | | 36,000.00 | 41,000.00 | | | 5,000.00 | |
| 06-13 | 12/19/06 | Acquisition of New Police Equipment | | 21,126.79 | 55,600.00 | 64,600.00 | 12,772.86 | 8,353.93 | 9,000.00 | |
| 07-02 | 04/25/07 | Improvement of Elm Street and Grove Road | | | 231,000.00 | 259,000.00 | | | 28,000.00 | |
| 07-05 | 06/26/07 | Improvement of the Municipal Building | | 230,036.03 | 198,700.00 | 224,700.00 | 1,137.00 | | 26,000.00 | |
| 07-06 | 06/26/07 | Acquisition of New and Additional Equipment | | | 26,802.40 | 30,802.40 | | | 4,000.00 | |
| 07-09 | 07/31/07 | Improvement of Various Roads | | 283.50 | 153,000.00 | 165,000.00 | 283.50 | | 12,000.00 | |
| 07-12 | 12/18/07 | Various Improvements | | | 40,942.45 | 42,942.45 | | | 2,000.00 | |
| 08-02 | 05/20/08 | Improvements to Various Roads | | | 69,000.00 | 71,000.00 | | | 2,000.00 | |
| 08-03 | 05/20/08 | Improvement of Main Street and Grove Road | | 53,280.56 | 152,900.00 | 161,900.00 | 46,241.00 | | 9,000.00 | |
| 08-09 | 09/30/08 | Various Improvements | | 9,250.31 | 89,000.00 | 92,000.00 | 9,250.31 | | 3,000.00 | |
| 09-08 | 07/21/09 | Various Improvements | | (105,139.29) | 230,000.00 | | 76,967.75 | 6,448.91 | | |
| 09-13 | 07/28/09 | Improvements on Main St- Phase II | | 39,463.88 | 39,490.28 | 39,490.28 | 39,463.88 | | | |
| 10-04 | 05/25/10 | Various Improvements | | | | | 385,475.79 | | 215,000.00 | |
| 10-05 | 06/22/10 | Various Improvements | | | | | 12,420.68 | 1,579.32 | 14,000.00 | |
| 10-13 | 11/23/10 | Acquisition of New Equipment | | | | | 76.80 | | 4,500.00 | |
| | | <u>\$ 260,661.54</u> | <u>\$ 1,940,255.00</u> | <u>\$ 609,491.43</u> | <u>\$ 1,970,255.00</u> | <u>\$ 603,813.71</u> | <u>\$ 50,575.49</u> | <u>\$ 537,743.03</u> | <u>\$ 537,743.03</u> | <u>\$ 185,763.77</u> |

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

| Ord. No. | Ord. Date | Improvement Description | Balance Dec 31, 2009 | 2010 Authorizations | Notes Paid by Budget Appropriation | Balance Dec 31, 2010 | Analysis of Balance December 31, 2010 | | |
|--------------|------------|---|-------------------------|------------------------|--|--|---|----------------------|--|
| | | | | | | | Financed by Bond Antici- pation Notes | Expenditures | Unexpended Improvement Authori- zations |
| 02-04 | 05/28/02 | Various Improvements | | | | | | | |
| 02-08 | 08/27/02 | Improvement of Musconetcong Avenue | \$ 88,000.00 | | \$ 30,000.00 | \$ 58,000.00 | \$ 58,000.00 | | |
| 03-01 | 02/25/03 | Improvement of Kelly Place and Waterloo Road | 40,000.00 | | 10,000.00 | 30,000.00 | 30,000.00 | | |
| 03-10, 05-18 | 11/25/03 | Various Improvements | 110,055.00 | | 28,000.00 | 82,055.00 | 82,055.00 | | |
| 04-04 | 07/27/04 | Improvement of New Street and Plane View Street | - | | | | | | |
| 04-13 | 09/28/04 | Acquisition of New and Additional Vehicular Equipment | 28,764.87 | | 7,000.00 | 21,764.87 | 21,764.87 | | |
| 05-09 | 07/11/05 | Acquisition of New Fire Truck | 511,000.00 | | 85,000.00 | 426,000.00 | 426,000.00 | | |
| 05-10 | 07/11/05 | Acquisition of New and Additional Fire Fighting Equipment | 41,000.00 | | 5,000.00 | 36,000.00 | 36,000.00 | | |
| 06-13 | 12/19/06 | Acquisition of New Police Equipment | 64,600.00 | | 9,000.00 | 55,600.00 | 55,600.00 | | |
| 07-02 | 04/25/07 | Improvement of Elm Street and Grove Road | 259,000.00 | | 28,000.00 | 231,000.00 | 231,000.00 | | |
| 07-05 | 06/26/07 | Improvement of the Municipal Building | 224,700.00 | | 26,000.00 | 198,700.00 | 198,700.00 | | |
| 07-06 | 06/26/07 | Acquisition of New and Additional Equipment | 30,802.40 | | 4,000.00 | 26,802.40 | 26,802.40 | | |
| 07-09 | 07/31/07 | Improvement of Various Roads | 165,000.00 | | 12,000.00 | 153,000.00 | 153,000.00 | | |
| 07-12 | 12/18/07 | Improvement of Various Roads | 42,942.45 | | 2,000.00 | 40,942.45 | 40,942.45 | | |
| 08-02 | 05/20/08 | Improvement of Various Roads | 71,000.00 | | 2,000.00 | 69,000.00 | 69,000.00 | | |
| 08-03 | 05/20/08 | Improvement on Main St and Grove St | 161,900.00 | | 9,000.00 | 152,900.00 | 152,900.00 | | |
| 08-09 | 09/30/08 | Various Improvements | 92,000.00 | | 3,000.00 | 89,000.00 | 89,000.00 | | |
| 09-08 | 07/21/09 | Various Improvements | 230,000.00 | | | 230,000.00 | 230,000.00 | | |
| 09-13 | 07/28/09 | Improvements on Main St- Phase II | 39,490.28 | | | 39,490.28 | 39,490.28 | | |
| 10-04 | 06/22/10 | Various Improvements | | \$ 285,000.00 | | 285,000.00 | | \$ 170,475.79 | \$ 114,524.21 |
| 10-13 | 11/23/10 | Acquisition of New Equipment | | 85,500.00 | | 85,500.00 | | | 85,500.00 |
| | | | <u>\$ 2,200,255.00</u> | <u>\$ 370,500.00</u> | <u>\$ 260,000.00</u> | <u>\$ 2,310,755.00</u> | <u>\$ 1,940,255.00</u> | <u>\$ 170,475.79</u> | <u>\$ 200,024.21</u> |
| | <u>Ref</u> | <u>C</u> | | | | <u>C</u> | | | |
| | | | | | | Improvement Authorizations - Unfunded | | | \$ 447,207.82 |
| | | | | | | Less: Unexpended Proceeds of Bond Anticipation | | | |
| | | | | | | Notes Issued: | | | |
| | | | | | | Ordinance # 07-05 | \$ 198,700.00 | | |
| | | | | | | Ordinance # 08-03 | 7,039.56 | | |
| | | | | | | Ordinance # 09-08 | 41,444.05 | | |
| | | | | | | | | | 247,183.61 |
| | | | | | | | | | <u>\$ 200,024.21</u> |

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ord. No. | Improvement Description | Ordinance | | Balance Dec. 31, 2009 | | 2010 Authorizations | | | Paid or Charged | Authorizations Cancelled | Balance Dec. 31, 2010 | |
|----------|---|-------------|---------------|-----------------------|----------------------|--------------------------|---|--|----------------------|--|-----------------------|----------------------|
| | | Date | Amount | Funded | Unfunded | Capital Improvement Fund | New Jersey Department of Transportation Grant | Deferred Charges to Future Taxation - Unfunded | | | Funded | Unfunded |
| 01-03 | Improvements of Public Buildings | 05/29/01 | \$ 200,000.00 | \$ 62,853.85 | | | | | \$ 5,970.00 | | \$ 56,883.85 | |
| 05-09 | Acquisition of New Fire Truck | 07/11/05 | 600,000.00 | | \$ 20,965.01 | | | | 13,754.14 | \$ 7,210.87 | | |
| 06-13 | Acquisition of New Police Equipment | 12/19/06 | 70,000.00 | | 21,126.79 | | | | 12,772.86 | 8,353.93 | | |
| 07-05 | Improvement of the Municipal Building | 06/26/07 | 236,000.00 | | 230,036.03 | | | | 1,137.00 | | 30,199.03 | \$ 198,700.00 |
| 07-09 | Improvement of Various Roads | 07/31/07 | 250,000.00 | | 283.50 | | | | 283.50 | | | |
| 08-03 | Improvement of Main Street and Grove Road | 05/20/08 | 335,000.00 | | 53,280.56 | | | | 46,241.00 | | | 7,039.56 |
| 08-09 | Various Improvements | 09/30/08 | 97,000.00 | | 9,250.31 | | | | 9,250.31 | | | |
| 09-08 | Various Improvements | 07/21/09 | 421,900.00 | | 124,860.71 | | | | 76,967.75 | 6,448.91 | | 41,444.05 |
| 09-13 | Improvements on Main St- Phase II | 07/28/09 | 39,490.28 | | 39,463.88 | | | | 39,463.88 | | | |
| 10-04 | Various Improvements | 05/25/10 | 500,000.00 | | | \$ 15,000.00 | \$ 200,000.00 | \$ 285,000.00 | 385,475.79 | | | 114,524.21 |
| 10-05 | Various Improvements | 06/22/10 | 14,000.00 | | | 14,000.00 | | | 12,420.68 | 1,579.32 | | |
| 10-13 | Acquisition of New Equipment | 11/23/10 | 90,000.00 | | | 4,500.00 | | 85,500.00 | 76.80 | | 4,423.20 | 85,500.00 |
| | | | | <u>\$ 62,853.85</u> | <u>\$ 499,266.79</u> | <u>\$ 33,500.00</u> | <u>\$ 200,000.00</u> | <u>\$ 370,500.00</u> | <u>\$ 603,813.71</u> | <u>\$ 23,593.03</u> | <u>\$ 91,506.08</u> | <u>\$ 447,207.82</u> |
| | | <u>Ref.</u> | C | C | | | | | | | C | C |
| | | | | | | | | | | Capital Improvement Fund Reserve to Pay Debt Service | \$ 1,579.32 | |
| | | | | | | | | | | | 22,013.71 | |
| | | | | | | | | | | | <u>\$ 23,593.03</u> | |

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Ref.</u> | | |
|--|-------------|----|-------------------------|
| Balance December 31, 2009 | C | \$ | 46,017.50 |
| Increased by: | | | |
| Current Fund Budget Appropriation | | \$ | 20,000.00 |
| Improvement Authorizations Cancelled | | | <u>1,579.32</u> |
| | | | <u>21,579.32</u> |
| | | | 67,596.82 |
| Decreased by: | | | |
| Appropriated to Finance Improvement Authorizations | | \$ | 33,500.00 |
| Preliminary Expenses | | | <u>20,650.00</u> |
| | | | <u>54,150.00</u> |
| Balance December 31, 2010 | C | \$ | <u><u>13,446.82</u></u> |

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

| Ord. No. | Improvement Description | Date of | | Interest Rate | Balance Dec 31, 2009 | Issued | Matured | Balance Dec 31, 2010 | |
|----------|---|------------------------|----------------------|----------------------|----------------------|------------------------|------------------------|------------------------|------------------------|
| | | Issue of Original Note | Issue | | | | | | Maturity |
| 02-08 | Improvement of Musconetcong Avenue | 06/13/03 | 06/04/09 06/03/10 | 06/04/10 06/03/11 | 1.85% 1.50% | \$ 88,000.00 | \$ 88,000.00 | \$ 58,000.00 | |
| 03-01 | Improvement of Kelly Place and Waterloo Road | 06/13/03 | 06/04/09 06/03/10 | 06/04/10 06/03/11 | 1.85% 1.50% | 40,000.00 | 40,000.00 | 30,000.00 | |
| 03-10 | Various Improvements | 06/10/04 | 06/04/09 06/03/10 | 06/04/10 06/03/11 | 1.85% 1.50% | 110,055.00 | 110,055.00 | 82,055.00 | |
| 04-13 | Acquisition of New and Additional Vehicular Equipment | 06/09/05 | 06/04/09 06/03/10 | 06/04/10 06/03/11 | 1.85% 1.50% | 28,764.87 | 21,764.87 | 21,764.87 | |
| 05-09 | Acquisition of New Fire Truck | 11/18/05 | 06/04/09 06/03/10 | 06/04/10 06/03/11 | 1.85% 1.50% | 511,000.00 | 426,000.00 | 426,000.00 | |
| 05-10 | Acquisition of New and Additional Fire Fighting Equipment | 11/18/05 | 06/04/09 06/03/10 | 06/04/10 06/03/11 | 1.85% 1.50% | 41,000.00 | 36,000.00 | 36,000.00 | |
| 06-13 | Acquisition of New Police Equipment | 12/19/06 | 06/04/09 06/03/10 | 06/04/10 06/03/11 | 1.85% 1.50% | 64,600.00 | 55,600.00 | 55,600.00 | |
| 07-02 | Improvement of Elm Street and Grove Road | 04/25/07 | 06/04/09 06/03/10 | 06/04/10 06/03/11 | 1.85% 1.50% | 259,000.00 | 231,000.00 | 231,000.00 | |
| 07-05 | Improvement of the Municipal Building | 10/26/07 | 06/04/09 06/03/10 | 06/04/10 06/03/11 | 1.85% 1.50% | 224,700.00 | 198,700.00 | 198,700.00 | |
| 07-06 | Acquisition of New and Additional Equipment | 10/26/07 | 06/04/09 06/03/10 | 06/04/10 06/03/11 | 1.85% 1.50% | 30,802.40 | 26,802.40 | 26,802.40 | |
| 07-09 | Improvement of Various Roads | 10/26/07 | 06/04/09 06/03/10 | 06/04/10 06/03/11 | 1.85% 1.50% | 165,000.00 | 153,000.00 | 153,000.00 | |
| 07-12 | Various Improvements | 10/26/07 | 06/04/09 06/03/10 | 06/04/10 06/03/11 | 1.85% 1.50% | 42,942.45 | 40,942.45 | 40,942.45 | |
| 08-02 | Improvement of Various Roads | 06/04/09 | 06/04/09 06/03/10 | 06/04/10 06/03/11 | 1.85% 1.50% | 71,000.00 | 69,000.00 | 69,000.00 | |
| 08-03 | Improvement of Main St and Grove Rd | 06/04/09 | 06/04/09 06/03/10 | 06/04/10 06/03/11 | 1.85% 1.50% | 161,900.00 | 152,900.00 | 152,900.00 | |
| 08-09 | Various Improvements | 06/04/09 | 06/04/09 06/03/10 | 06/04/10 06/03/11 | 1.85% 1.50% | 92,000.00 | 89,000.00 | 89,000.00 | |
| 09-13 | Improvements on Main St- Phase II | 06/04/09 | 06/04/09 06/03/10 | 06/04/10 06/03/11 | 1.85% 1.50% | 39,490.28 | 39,490.28 | 39,490.28 | |
| 09-08 | Various Improvements | 06/03/10 | 06/03/10 | 06/03/11 | 1.50% | | 230,000.00 | 230,000.00 | |
| | | | | | | <u>\$ 1,970,255.00</u> | <u>\$ 1,940,255.00</u> | <u>\$ 1,970,255.00</u> | <u>\$ 1,940,255.00</u> |

Ref.

C

C

Renewed
 New Issues
 Budget Appropriation

| | |
|------------------------|------------------------|
| \$ 1,710,255.00 | \$ 1,710,255.00 |
| 230,000.00 | |
| | 260,000.00 |
| <u>\$ 1,940,255.00</u> | <u>\$ 1,970,255.00</u> |

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2010

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, 2009</u> | <u>2010 Authorizations</u> | <u>Bond Anticipation Notes Issued</u> | <u>Balance Dec 31, 2010</u> |
|---------------------|----------------------|--------------------------------|---------------------------------|--------------------------------|---|---------------------------------|
| 09-08 | 07/21/09 | Various Improvements | \$ 230,000.00 | | \$ 230,000.00 | |
| 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 |
| | | | <u>\$ 230,000.00</u> | <u>\$ 370,500.00</u> | <u>\$ 230,000.00</u> | <u>\$ 370,500.00</u> |

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2010
WATER UTILITY FUND

BOROUGH OF STANHOPE
WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

| | Ref. | <u>Operating</u> | <u>Capital</u> |
|--|------|----------------------|----------------------|
| Balance December 31, 2009 | D | \$ 462,185.36 | \$ 327,624.27 |
| Increased by Receipts: | | | |
| Consumer Accounts Receivable - Water Rents | | \$ 462,373.92 | |
| Interest on Water Rents | | 7,967.79 | |
| Miscellaneous Revenue | | 2,676.80 | |
| Water Utility Operating Fund Budget Appropriation: | | | |
| Capital Improvement Fund | | | \$ 5,000.00 |
| Deferred Charges to Future Taxation - Ordinance #99-18 | | | 900.00 |
| Payment of Bond Anticipation Notes | | | 82,000.00 |
| Bond Anticipation Notes Issued | | | 57,000.00 |
| Due from Water Utility Capital Fund | | 1,092.33 | |
| Due to Water Utility Operating Fund - Interest Income | | | 1,092.33 |
| | | <u>474,110.84</u> | <u>145,992.33</u> |
| | | 936,296.20 | 473,616.60 |
| Decreased by Disbursements: | | | |
| 2010 Appropriation Expenditures | | 557,353.87 | |
| 2009 Appropriation Reserves | | 26,462.18 | |
| Interest on Bonds and Notes | | 1,517.00 | |
| Bond Anticipation Notes Matured | | | 82,000.00 |
| Improvement Authorizations | | | 40,295.79 |
| Due to Water Utility Operating Fund | | | 1,092.33 |
| | | <u>585,333.05</u> | <u>123,388.12</u> |
| Balance December 31, 2010 | D | <u>\$ 350,963.15</u> | <u>\$ 350,228.48</u> |

BOROUGH OF STANHOPE
WATER UTILITY OPERATING FUND
SCHEDULE OF CASH - UTILITY COLLECTOR
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

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

| | Balance/ (Deficit) Dec.31,2009 | Receipts | | Disbursements | | | Transfers | | Balance/ (Deficit) Dec.31,2010 | |
|----------------------------------|--|-------------------------------|--------------------------|---------------------|-------------------------------|-------------------------------|---------------------|--------------------|--------------------------------------|---------------------|
| | | Bond Anticipation Notes | Budget Appropriations | Miscellaneous | Improvement Authorizations | Bond Anticipation Notes | Miscellaneous | From | | To |
| Capital Improvement Fund | \$ 33,066.54 | | \$ 5,000.00 | | | | \$ 12,500.00 | | \$ 25,566.54 | |
| Due Water Utility Operating Fund | | | | \$ 1,092.33 | | \$ 1,092.33 | | | | |
| Fund Balance | 70,118.90 | | | | | | | | 70,118.90 | |
| Reserve for Connection Fees | 169,326.00 | | | | | | | | 169,326.00 | |
| Reserve for Preliminary Expense | 2,905.00 | | | | | | | | 2,905.00 | |
| Ordinance | | | | | | | | | | |
| <u>No.</u> | | <u>General Improvements</u> | | | | | | | | |
| 1999-18 | Improvements to Water System | (800.09) | 900.00 | | | | | | 99.91 | |
| 2004-05 | Improvements to Water System | 347.02 | | | | | | | 347.02 | |
| 2008-10 | Improvement to Water Supply and Distribution System. | 41,891.85 | 82,000.00 | \$ 9,972.79 | \$ 82,000.00 | | | | 31,919.06 | |
| 2009-06 | Various Improvements | 7,800.00 | | 7,800.00 | | | | | | |
| 2009-07 | Improvement to Water Supply and Distribution System. | 2,969.05 | \$ 57,000.00 | 3,322.50 | | | | | 56,646.55 | |
| 2010-03 | Improvement to Water Supply and Distribution System. | | | 19,200.50 | | | | \$ 12,500.00 | (6,700.50) | |
| | | <u>\$ 327,624.27</u> | <u>\$ 57,000.00</u> | <u>\$ 87,900.00</u> | <u>\$ 1,092.33</u> | <u>\$ 40,295.79</u> | <u>\$ 82,000.00</u> | <u>\$ 1,092.33</u> | <u>\$ 12,500.00</u> | <u>\$ 12,500.00</u> |
| | | | | | | | | | <u>\$ 350,228.48</u> | |

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

| | <u>Ref.</u> | |
|---------------------------|-------------|----------------------|
| Balance December 31, 2009 | D | \$ 79,183.77 |
| Increased by: | | |
| 2010 Water Charges Levied | | <u>492,053.39</u> |
| | | 571,237.16 |
| Decreased by: | | |
| Collections | | <u>462,373.92</u> |
| Balance December 31, 2010 | D | <u>\$ 108,863.24</u> |

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

| | Balance Dec.31, 2009 | Transferred from Fixed Capital Authorized and Uncompleted | Balance Dec.31, 2010 |
|---|-------------------------|--|-------------------------|
| 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 | 90,807.50 | \$ 7,800.00 | 98,607.50 |
| 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>\$ 3,241,461.96</u> | <u>\$ 7,800.00</u> | <u>\$ 3,249,261.96</u> |
| | D | | D |

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

| Improvement Description | No. | Ordinance Date | Amount | Balance Dec.31, 2009 | 2010 Authorizations | | Costs to Fixed Capital | Balance Dec.31, 2010 |
|--|---------|-------------------|---------------|-------------------------|---|---|------------------------------|-------------------------|
| | | | | | Deferred Reserve for Amortization | Deferred Charges to Future Revenue | | |
| 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 |
| Various Improvements | 2009-06 | 07/21/09 | 7,800.00 | 7,800.00 | | | \$ 7,800.00 | |
| Improvement to Water Supply and Distribution System | 2009-07 | 07/21/09 | 60,000.00 | 60,000.00 | | | | 60,000.00 |
| Improvement to Water Supply and Distribution System | 2010-03 | 05/25/10 | 250,000.00 | | \$ 12,500.00 | \$ 237,500.00 | | 250,000.00 |
| | | | | <u>\$ 398,300.00</u> | <u>\$ 12,500.00</u> | <u>\$ 237,500.00</u> | <u>\$ 7,800.00</u> | <u>\$ 640,500.00</u> |
| | | <u>Ref.</u> | | D | | | | D |

BOROUGH OF STANHOPE
WATER UTILITY OPERATING FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2010

| | Balance Dec.31, 2009 | Balance After Modification | Paid or Charged | Balance Lapsed |
|---|-------------------------|----------------------------------|---------------------|---------------------|
| Operating: | | | | |
| Salaries and Wages | \$ 207.56 | \$ 207.56 | | \$ 207.56 |
| Other Expenses | 77,335.88 | 77,335.88 | \$ 26,462.18 | 50,873.70 |
| Deferred Charges and Statutory Expenditures: | | | | |
| Social Security System (O.A.S.I.) | 31.65 | 31.65 | | 31.65 |
| | <u>\$ 77,575.09</u> | <u>\$ 77,575.09</u> | <u>\$ 26,462.18</u> | <u>\$ 51,112.91</u> |

Ref. D

Analysis of Balance December 31, 2009

| | | |
|--------------|-------------|---------------------|
| | <u>Ref.</u> | |
| Encumbered | D | \$ 26,161.50 |
| Unencumbered | D | <u>51,413.59</u> |
| | | <u>\$ 77,575.09</u> |

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ord. No. | Improvement Description | Ordinance | | Balance Dec. 31, 2009 | | 2010 Authorizations | | Balance Dec. 31, 2010 | | |
|-------------|---|-------------|---------------|-----------------------|--------------|--------------------------------|---|-----------------------|--------------|---------------|
| | | Date | Amount | Funded | Unfunded | Capital Improvement Fund | Deferred Charges to Future Revenue | Paid or Charged | 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 | | 41,891.85 | | | \$ 9,972.79 | 31,919.06 | |
| 2009-06 | Various Improvements | 07/21/09 | 7,800.00 | 7,800.00 | | | | 7,800.00 | | |
| 2009-07 | Improvement to Water Supply and Distribution System | 07/21/09 | 60,000.00 | 2,969.05 | 57,000.00 | | | 3,322.50 | | \$ 56,646.55 |
| 2010-03 | Improvement to Water Supply and Distribution System | 05/25/10 | 250,000.00 | | | \$ 12,500.00 | \$ 237,500.00 | 19,200.50 | | 230,799.50 |
| | | | | \$ 11,116.07 | \$ 98,991.76 | \$ 12,500.00 | \$ 237,500.00 | \$ 40,295.79 | \$ 32,365.99 | \$ 287,446.05 |
| | | <u>Ref.</u> | | D | D | | | | D | D |

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

| | <u>Ref.</u> | |
|--|-------------|------------------------------|
| Balance December 31, 2009 | D | \$ 33,066.54 |
| Increased by: | | |
| Due from Water Utility Operating Fund - 2010 Budget Appropriation | | <u>5,000.00</u> 38,066.54 |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | <u>12,500.00</u> |
| Balance December 31, 2010 | D | <u>\$ 25,566.54</u> |

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

| Ord. No. | Improvement Description | Date of Ordinance | Balance Dec.31, 2009 | 2010 Authorizations | Funded by Budget Appropriation | To Reserve for Amorti- zation | Balance Dec.31, 2010 |
|-------------|--|----------------------|-------------------------|------------------------|--------------------------------------|-------------------------------------|-------------------------|
| 1999-18 | Improvements to Water System | 08/31/99 | \$ 242,600.00 | | \$ 900.00 | | \$ 243,500.00 |
| 2008-10 | Improvement to Water Supply and Distribution System | 09/30/08 | 5,000.00 | | 82,000.00 | | 87,000.00 |
| 2009-06 | Various Improvements | 07/21/09 | 7,800.00 | | | \$ 7,800.00 | |
| 2009-07 | Improvement to Water Supply and Distribution System | 07/21/09 | 3,000.00 | | | | 3,000.00 |
| 2010-03 | Improvement to Water Supply and Distribution System | 05/25/10 | _____ | \$ 12,500.00 | _____ | _____ | 12,500.00 |
| | | | <u>\$ 258,400.00</u> | <u>\$ 12,500.00</u> | <u>\$ 82,900.00</u> | <u>\$ 7,800.00</u> | <u>\$ 346,000.00</u> |
| | <u>Ref.</u> | | D | | | | D |

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

| Ord. No. | Improvement Description | Issue of Original Note | Date of | | Interest Rate | Balance Dec.31, 2009 | Issued | Matured | Balance Dec.31, 2010 |
|-------------|--|------------------------------|------------|------------|------------------|-------------------------|---------------------|---------------------|-------------------------|
| | | | Issue | Maturity | | | | | |
| 2008-10 | Improvements to Water System | 06/04/2009 | 06/04/2009 | 06/04/2010 | 1.85% | \$ 82,000.00 | | \$ 82,000.00 | |
| 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 |
| | | | | | | <u>\$ 82,000.00</u> | <u>\$ 57,000.00</u> | <u>\$ 82,000.00</u> | <u>\$ 57,000.00</u> |
| | | | | | <u>Ref.</u> | D | | | D |
| | | | | | | | \$ 57,000.00 | | |
| | | | | | | | | \$ 82,000.00 | |
| | | | | | | | <u>\$ 57,000.00</u> | <u>\$ 82,000.00</u> | |

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF WATER SUPPLY BOND REHABILITATION LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

BOROUGH OF STANHOPE
WATER UTILITY 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, 2009</u> | <u>2010 Authori- zations</u> | <u>Bond Anticipation Notes Issued</u> | <u>Funded by Budget Appropriation</u> | <u>Balance Dec.31, 2010</u> |
|---------------------|----------------------|--|---------------------------------|----------------------------------|---|---|---------------------------------|
| 99-18 | 08/31/99 | Improvements to Water System | \$ 900.00 | | | \$ 900.00 | |
| 09-07 | 07/21/09 | Improvement to Water Supply and Distribution System | 57,000.00 | | \$ 57,000.00 | | |
| 10-03 | 05/25/10 | Improvement to Water Supply and Distribution System | | <u>\$ 237,500.00</u> | | | <u>\$ 237,500.00</u> |
| | | | <u>\$ 57,900.00</u> | <u>\$ 237,500.00</u> | <u>\$ 57,000.00</u> | <u>\$ 900.00</u> | <u>\$ 237,500.00</u> |

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2010
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, 2009 | E | \$ 416,134.31. | \$ 530,772.82 |
| Increased by Receipts: | | | |
| Consumer Accounts Receivable - Sewer Rents | | \$ 1,003,276.03 | |
| Interest on Sewer Rents | | 18,775.79 | |
| Interest on Investments and Deposits | | 1,022.02 | |
| Sewer Utility Operating Fund Budget Appropriation: | | | |
| Capital Improvement Fund | | | \$ 5,000.00 |
| Payment of Bond Anticipation Notes | | | 65,000.00 |
| Bond Anticipation Notes Issued | | | 224,000.00 |
| Due from Sewer Utility Capital Fund | | 2,482.38 | |
| Due to Sewer Utility Operating Fund - Interest Income | | | 2,482.38 |
| | | <u>1,025,556.22</u> | <u>296,482.38</u> |
| | | 1,441,690.53 | 827,255.20 |
| Decreased by Disbursements: | | | |
| 2010 Appropriation Expenditures | | 1,111,020.45 | |
| 2009 Appropriation Reserves | | 14,434.45 | |
| Interest on Bonds and Notes | | 5,346.50 | |
| Bond Anticipation Notes Matured | | | 289,000.00 |
| Improvement Authorizations | | | 6,639.10 |
| Due to Sewer Utility Operating Fund | | | 2,482.38 |
| | | <u>1,130,801.40</u> | <u>298,121.48</u> |
| Balance December 31, 2010 | E | <u>\$ 310,889.13</u> | <u>\$ 529,133.72</u> |

BOROUGH OF STANHOPE
SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - UTILITY COLLECTOR
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

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

| | Balance Dec 31, 2009 | Receipts | | | Disbursements | | | Balance Dec 31, 2010 |
|----------------------------------|--|-------------------------------|--------------------------|---------------------|-------------------------------|-------------------------------|--------------------|-------------------------|
| | | Bond Anticipation Notes | Budget Appropriations | Miscel- laneous | Bond Anticipation Notes | Improvement Authorizations | Miscel- laneous | |
| Capital Fund Balance | \$ 85,009.04 | | | | | | | \$ 85,009.04 |
| Capital Improvement Fund | 78,789.68 | | \$ 5,000.00 | | | | | 83,789.68 |
| Due Sewer Utility Operating Fund | | | | \$ 2,482.38 | | | \$ 2,482.38 | |
| Reserve for Connection Fees | 330,335.00 | | | | | | | 330,335.00 |
| Reserve for Debt Service | 30,000.00 | | | | | | | 30,000.00 |
| <u>Ordinance</u> | | | | | | | | |
| <u>No.</u> | | | | | | | | |
| | <u>General Improvements</u> | | | | | | | |
| 05-12 | Improvement of the Sanitary Sewerage System | \$ 104,000.00 | 65,000.00 | | \$ 169,000.00 | | | |
| 08-11 | Improvement of the Sanitary Sewerage System | 6,639.10 | 120,000.00 | | 120,000.00 | \$ 6,639.10 | | |
| | | <u>\$ 530,772.82</u> | <u>\$ 224,000.00</u> | <u>\$ 70,000.00</u> | <u>\$ 289,000.00</u> | <u>\$ 6,639.10</u> | <u>\$ 2,482.38</u> | <u>\$ 529,133.72</u> |

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

| | <u>Ref.</u> | |
|---------------------------|-------------|-----------------------------|
| Balance December 31, 2009 | E | \$ 187,612.44 |
| Increased by: | | |
| 2010 Sewer Charges Levied | | <u>1,066,487.05</u> |
| | | 1,254,099.49 |
| Decreased by: | | |
| Collections | | <u>1,003,276.03</u> |
| Balance December 31, 2010 | E | <u><u>\$ 250,823.46</u></u> |

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

| | <u>Balance</u> <u>Dec 31, 2009</u> | <u>Additions</u> <u>by Ordinance</u> | <u>Balance</u> <u>Dec 31, 2010</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 | 373,602.43 | \$ 126,000.00 | 499,602.43 |
| Computer Equipment | 5,500.00 | | 5,500.00 |
| Purchase of Sewer Equipment | 14,888.93 | | 14,888.93 |
| 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>\$ 4,342,034.30</u> | <u>\$ 126,000.00</u> | <u>\$ 4,468,034.30</u> |

Ref.

E

E

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2010

| <u>Improvement Description</u> | <u>No.</u> | <u>Ordinance Date</u> | <u>Amount</u> | <u>Balance Dec 31, 2009</u> | <u>Transfer to Fixed Capital</u> |
|--|------------|---------------------------|---------------|---------------------------------|--|
| Improvement of the Sanitary Sewerage System | 08-11 | 08/12/08 | \$ 126,000.00 | \$ 126,000.00 | \$ 126,000.00 |
| | | | | <u>\$ 126,000.00</u> | <u>\$ 126,000.00</u> |
| | | | <u>Ref.</u> | E | |

BOROUGH OF STANHOPE
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2010

| | <u>Balance</u> <u>Dec 31, 2009</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 | \$ 3,913.21 | \$ 3,913.21 | | \$ 3,913.21 |
| Other Expenses | 59,053.80 | 59,053.80 | \$ 14,434.45 | 44,619.35 |
| Capital Improvements: | | | | |
| Capital Outlay | 5,175.70 | 5,175.70 | | 5,175.70 |
| Deferred Charges and Statutory | | | | |
| Expenditures: | | | | |
| Social Security System (O.A.S.I.) | 203.04 | 203.04 | | 203.04 |
| | <u>\$ 68,345.75</u> | <u>\$ 68,345.75</u> | <u>\$ 14,434.45</u> | <u>\$ 53,911.30</u> |

Analysis of Balance December 31, 2009

| | <u>Ref.</u> | |
|--------------|-------------|---------------------|
| Unencumbered | E | \$ 54,099.58 |
| Encumbered | E | <u>14,246.17</u> |
| | | <u>\$ 68,345.75</u> |

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2010

| Ord. No. | Improvement Description | Ordinance | | Balance | Paid or Charged |
|-------------|--|-----------|---------------|---------------------------|--------------------|
| | | Date | Amount | Dec. 31, 2009 Unfunded | |
| 08-11 | Improvement of the Sanitary Sewerage System | 8/12/08 | \$ 126,000.00 | \$ 6,639.10 | \$ 6,639.10 |
| | | | | <u>\$ 6,639.10</u> | <u>\$ 6,639.10</u> |
| | | | <u>Ref.</u> | E | |

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

| | <u>Ref.</u> | |
|--|-------------|---------------------|
| Balance December 31, 2009 | E | \$ 78,789.68 |
| Increased by: | | |
| Due from Sewer Utility Operating Fund - 2010 Budget Appropriation | | <u>5,000.00</u> |
| Balance December 31, 2010 | E | <u>\$ 83,789.68</u> |

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2010

| <u>Ord. No.</u> | <u>Improvement Description</u> | <u>Date of Ordinance</u> | <u>Balance Dec 31, 2009</u> | <u>To Reserve for Amorti- zation</u> |
|---------------------|--|------------------------------|---------------------------------|--|
| 08-11 | Improvement of the Sanitary Sewerage System | 08/12/08 | \$ 6,000.00 | \$ 6,000.00 |
| | | | <u>\$ 6,000.00</u> | <u>\$ 6,000.00</u> |
| | | <u>Ref.</u> | E | |

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

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

| Ord, No. | Improvement Description | Issue of Original Note | Date of | | Interest Rate | Balance Dec 31, 2009 | Issued | Matured | Balance Dec 31, 2010 | |
|-------------|--|------------------------------|------------|----------|------------------|---------------------------------|----------------------|----------------------------|-------------------------|--|
| | | | Issue | Maturity | | | | | | |
| 05-12 | Improvement of the Sanitary Sewerage System | 11/18/2005 | 6/4/2009 | 6/4/2010 | 1.85% | \$ 169,000.00 | \$ 104,000.00 | \$ 169,000.00 | \$ 104,000.00 | |
| | | | 6/3/2010 | 6/3/2011 | 1.50% | | | | | |
| 08-11 | Improvement of the Sanitary Sewerage System | 06/04/2009 | 6/4/2009 | 6/4/2010 | 1.85% | 120,000.00 | 120,000.00 | 120,000.00 | 120,000.00 | |
| | | | 06/04/2009 | 6/3/2010 | 1.50% | | | | | |
| | | | | | | <u>\$ 289,000.00</u> | <u>\$ 224,000.00</u> | <u>\$ 289,000.00</u> | <u>\$ 224,000.00</u> | |
| | | | | | | <u>Ref.</u> | E | | E | |
| | | | | | | Renewed Budget Appropriation | \$ 224,000.00 | \$ 224,000.00 65,000.00 | | |
| | | | | | | | <u>\$ 224,000.00</u> | <u>\$ 289,000.00</u> | | |

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2010
PUBLIC ASSISTANCE FUND

BOROUGH OF STANHOPE
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

| | Ref. | Fund Total | P.A.T.F. I |
|---|------|---------------|-------------|
| | | <hr/> | <hr/> |
| Balance December 31, 2009 | F | \$ 4.33 | \$ 4.33 |
| Decreased by Disbursements: | | | |
| Closed to Current Fund - Miscellaneous Revenue Not Anticipated | | 4.33 | 4.33 |
| | | <hr/> | <hr/> |
| Balance December 31, 2010 | F | \$ -0- | \$ -0- |
| | | <hr/> <hr/> | <hr/> <hr/> |

BOROUGH OF STANHOPE

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2010

BOROUGH OF STANHOPE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2010

| 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 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 | 12/31/10 | \$ 7,000.00 | | \$ 6,311.00 | \$ 6,311.00 | |
| Total Department of Agriculture | | | | | | | | 6,311.00 | 6,311.00 | |
| U.S. Department of Transportation: (Passed through New Jersey Department of Transportation) | Municipal Aid (High Street and Plane Street) | 20.205 | 6320-480-078-6320- AKN-TCAP-6010 | 01/01/10 | 12/31/10 | 200,000.00 | \$ 150,000.00 | 200,000.00 | 200,000.00 | |
| | 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 | 135,000.00 | 58,007.93 | 180,000.00 | |
| | Municipal Aid (Grove Road and Main Street) | 20.205 | 6320-480-078-6320- AJ3-TCAP-6010 | 01/01/08 | 12/31/08 | 165,000.00 | 41,250.00 | | 165,000.00 | |
| | Click-It or Ticket | 20.614 | 100-066-1160-119-6020 | 01/01/10 | 12/31/10 | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 | |
| Total Department of Transportation | | | | | | | | 330,250.00 | 262,007.93 | 549,000.00 |
| Total Federal Awards | | | | | | | | \$ 330,250.00 | \$ 268,318.93 | \$ 555,311.00 |

N/A - Not Applicable

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

BOROUGH OF STANHOPE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2010

| 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- | 01/01/09 | 12/31/10 | \$ 28,147.00 | \$ 7,036.75 | \$ 28,147.00 | \$ 28,147.00 |
| | | 232-YCJF-6120 | 01/01/10 | 12/31/11 | 22,500.00 | 22,500.00 | | |
| | | | | | | <u>29,536.75</u> | <u>28,147.00</u> | <u>28,147.00</u> |
| | Drunk Driving Enforcement Fund | 100-078-6400- YYYY | 01/01/10 | 12/31/11 | 3,041.62 | 3,041.62 | 1,833.52 | 1,833.52 |
| | | | | | <u>3,041.62</u> | <u>1,833.52</u> | <u>1,833.52</u> | |
| | Body Armor Replacement Fund | 718-066-1020-001 YCJS-6120 | 01/01/10 | 12/31/11 | 1,929.38 | 1,929.38 | | |
| | | | | | | <u>1,929.38</u> | | |
| | Total Department of Law and Public Safety | | | | | <u>34,507.75</u> | <u>29,980.52</u> | <u>29,980.52</u> |
| Department of Community Affairs | Smart Growth Planning Grant | N/A | 06/01/07 | 12/31/10 | 5,000.00 | 5,000.00 | 1,680.00 | 5,000.00 |
| | | N/A | 06/01/08 | 05/31/09 | 7,500.00 | 7,500.00 | | 7,500.00 |
| | | | | | | <u>12,500.00</u> | <u>1,680.00</u> | <u>12,500.00</u> |
| | Total Department of Community Affairs | | | | | <u>12,500.00</u> | <u>1,680.00</u> | <u>12,500.00</u> |
| Department of Environmental Protection | Clean Communities Program | 765-042-4900 | 01/01/05 | 12/31/11 | 4,000.00 | | 2,761.30 | 3,888.81 |
| | | 004-V42Y-6020 | 01/01/10 | 12/31/11 | 6,187.30 | 6,187.30 | 45.17 | 45.17 |
| | | | | | | <u>6,187.30</u> | <u>2,806.47</u> | <u>3,933.98</u> |
| | Community Stewardship Incentive Program Grant | 100-042-4870- 074-V42F-6120 | 01/01/07 | 12/31/11 | 8,597.65 | 1,289.65 | 6,210.00 | 8,054.41 |
| | Recycling Tonnage Grant | 752-042-4900- 001-V42Y-6020 | 01/01/10 | 12/31/11 | 9,573.63 | 9,573.63 | | |
| | | | | | | <u>17,050.58</u> | <u>9,016.47</u> | <u>11,988.39</u> |
| | Total Department of Environmental Protection and Energy | | | | | <u>17,050.58</u> | <u>9,016.47</u> | <u>11,988.39</u> |
| Highlands Water Protection and Planning Council | Highlands Plan Conformance Grant | 100-082-2078-032 | 01/02/09 | 12/31/10 | 50,000.00 | 8,803.58 | 9,509.51 | 22,938.09 |
| | Highlands Initial Assessment Grant | 100-082-2078-032 | 01/15/09 | 12/31/10 | 15,000.00 | | 1,640.00 | 2,110.00 |
| | | | | | | <u>8,803.58</u> | <u>11,149.51</u> | <u>25,048.09</u> |
| | Total Highlands Water Protection and Planning Council | | | | | <u>8,803.58</u> | <u>11,149.51</u> | <u>25,048.09</u> |
| Total State Awards | | | | | | <u>\$ 72,861.91</u> | <u>\$ 51,826.50</u> | <u>\$ 79,517.00</u> |

N/A - Not Applicable/Not Available

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

SUPPLEMENTARY DATA
BOROUGH OF STANHOPE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2010

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, 2010 and 2009 and have issued our report thereon dated April 15, 2011, 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 Questioned Costs as Finding 2010-01 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
Page 2

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 certain matters that we have reported to management in the comments and recommendations section of this report.

The Borough's response to the finding noted in our audit is described in the accompanying schedule of findings and questioned costs. 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, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Mount Arlington, New Jersey
April 15, 2011

NISIVOCCIA LLP



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

BOROUGH OF STANHOPE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2010

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 2010 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 2010-1

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, 2010

The Borough's one finding noted during 2009 was not resolved and is included in the audit for the year ended December 31, 2010.

BOROUGH OF STANHOPE

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

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 July 1, 2005 the bid threshold in accordance with N.J.S. 40A:11-3 and 40A:11-4 (as amended) is \$21,000 and with a qualified purchasing agent the threshold may be up to \$29,000.

Effective July 1, 2010 the bid threshold in accordance with N.J.S. 40A:11-3 and 40A:11-4 (as amended) is \$26,000.00 and with a qualified purchasing agent the threshold may be up to \$36,000.00

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, 2010, 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.

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 6, 2010 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> |
|-------------|------------------------|
| 2010 | 22 |
| 2009 | 18 |
| 2008 | 6 |

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, 2010. 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.

Payroll

During our review of the payroll account it was noted that a bank reconciliation was not maintained on a current basis. It is recommended that the payroll account bank reconciliation be maintained on a current basis.

Management's Response

In the future, the payroll account bank reconciliation will be maintained on a current basis.

Municipal Court

The financial records of the Municipal Court were examined and a summary of the transactions for the year 2010 are as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

| | Balance <u>Dec. 31, 2009</u> | Receipts | Dis- bursements | Balance <u>Dec. 31, 2010</u> |
|----------------------------------|---------------------------------|----------------------|----------------------|---------------------------------|
| Municipal Treasurer: | | | | |
| Fines and Costs | \$ 13,083.00 | \$ 115,996.85 | \$ 121,613.73 | \$ 7,466.12 |
| County Treasurer | 5,849.00 | 52,620.76 | 55,339.76 | 3,130.00 |
| State Treasurer | 9,302.00 | 101,053.89 | 103,665.01 | 6,690.88 |
| Parking Offense Adjudication Act | 10.00 | 76.00 | 82.00 | 4.00 |
| Public Defender | 180.00 | 4,513.00 | 4,532.00 | 161.00 |
| Restitution | | 711.00 | 711.00 | |
| Weights and Measures | | 1,115.00 | 885.00 | 230.00 |
| Fish and Game | | 250.00 | 250.00 | |
| Conditional Discharge | 170.00 | 720.00 | 885.00 | 5.00 |
| Interest | 41.00 | 112.96 | 112.96 | 41.00 |
| Cash Bail | 5,617.00 | 25,289.00 | 29,310.00 | 1,596.00 |
| | <u>\$ 34,252.00</u> | <u>\$ 302,458.46</u> | <u>\$ 317,386.46</u> | <u>\$ 19,324.00</u> |

BOROUGH OF STANHOPE
COMMENTS AND RECOMMENDATIONS
(Continued)

Sewer Utility Operating Fund Deficit

The Sewer Utility Operating Fund experienced an \$8,487.13 operating deficit in revenue.

It is recommended that an effort be made to ensure an operating deficit does not occur in the future.

Management's Response

The Borough has raised the deficit in the Sewer Utility Operating Fund in the 2011 budget and will make every effort to avoid a deficit in the future.

Management Suggestion

Water Utility Operating Fund

The Water Utility Operating Fund fund balance as of December 31, 2010 was \$279,033.27 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.

Corrective Action Plan

Recommendations #2, #3 and #4 from the 2009 audit report were corrected in 2010. Recommendation #1 from the 2009 audit report 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.
2. The payroll account bank reconciliation be maintained on a current basis.
3. Every effort be made to ensure an operating deficit does not occur in the future in the Sewer Utility Operating Fund.

* * * * *