

**TOWNSHIP OF HARDWICK
COUNTY OF WARREN
STATE OF NEW JERSEY**

**REPORT OF AUDIT
DECEMBER 31, 2010**

TOWNSHIP OF HARDWICK

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Ardito and Co., LLP

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PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2010

AUDITORS' REPORTS



ARDITO & Co., LLP

1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825-1192
908-996-4711 Fax: 908-996-4688
e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA
Anthony F. Ardito, PA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Hardwick
County of Warren, New Jersey

I have audited the accompanying balance sheets-statutory basis of the various funds of the Township of Hardwick as of December 31, 2010 and 2009, and the related statements of operations and changes in fund balance-statutory basis for the years then ended and the related statement of revenues-statutory basis and statement of expenditures-statutory basis of the various funds for the years then ended. These financial statements are the responsibility of the Township of Hardwick's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards 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 Government Audit Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit 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. I believe that my audits provide a reasonable basis for my opinion.

As described in Note 1, the Township of Hardwick prepares its financial statements in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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.

-Continued-

In my opinion, because of the Township's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with generally accepted accounting principles in the United States of America, the financial position of the Township of Hardwick at December 31, 2010, and 2009, or the results of its operations.

However, in my opinion, the financial statements-statutory basis referred to above present fairly, in all material respects, the financial position-statutory basis of the various funds of the Township of Hardwick, as of December 31, 2010 and 2009, and the results of operations and changes in fund balance-statutory basis of such funds for the years then ended and the statement of revenues-statutory basis and statement of expenditures-statutory basis of the various funds for the years then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued my report dated May 5, 2011, on my consideration of the Township of Hardwick's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance with the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be read in conjunction with this report in considering the results of the audit.

My audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The information included in the supplementary exhibits listed in the table of contents is presented for purposes of additional analysis and is 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 my 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.



Anthony Ardito
Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
May 5, 2011



ARDITO & Co., LLP

1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825-1192
908-996-4711 Fax: 908-996-4688
e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA
Anthony F. Ardito, PA, RMA, PSA

**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 Township Committee
Township of Hardwick
County of Warren, New Jersey
Hardwick, New Jersey 07825

We have audited the financial statements of the Township of Hardwick in the County of Warren, State of New Jersey, as of and for the fiscal year ended December 31, 2010 and 2009, and have issued our report thereon dated May 5, 2011, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

-Continued-

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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.

This report is intended solely for the information and use of management, the Mayor and Members of the Township Committee, and to meet filing requirements for filing with the Division of Local Government Services, and other 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.



Anthony Ardito
Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
May 5, 2011

FINANCIAL STATEMENTS

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 1

		<u>BALANCE</u>	<u>BALANCE</u>
	<u>REF.</u>	<u>12/31/10</u>	<u>12/31/09</u>
ASSETS			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ 294,290	\$ 354,595
Cash - Certificates of Deposit	A-4	100,000	100,000
Cash - Time Savings	A-4	<u>12,073</u>	<u>12,073</u>
Subtotal		<u>406,363</u>	<u>466,668</u>
Accounts Receivable - Senior Citizens and Veterans Deductions	A-18	<u>956</u>	<u>956</u>
Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	164,749	146,258
Tax Title Liens Receivable	A-7	42,994	43,011
Amount Due Other Trust Fund - Open Space Tax Levy	A-16	-	495
Amount Due From Grants Fund	A	23,672	12,437
Amount Due From Dog License Fund	B	204	4
Amount Due From General Capital Fund	C	<u>-</u>	<u>10,153</u>
Subtotal		<u>231,619</u>	<u>212,358</u>
Deferred Charges:			
Overexpenditure of Appropriations	A-3	<u>697</u>	<u>-</u>
Subtotal		<u>639,635</u>	<u>679,982</u>
Federal And State Grant Fund:			
Amount Due General Capital Fund	C	36,123	
State Grants Receivable	A-19	<u>8,503</u>	<u>115,500</u>
Subtotal		<u>44,626</u>	<u>115,500</u>
TOTAL ASSETS		<u>\$ 684,261</u>	<u>\$ 795,482</u>

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 2

		<u>BALANCE</u>	<u>BALANCE</u>
		<u>12/31/10</u>	<u>12/31/09</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Appropriation Reserves	A-3:10	\$ 50,169	\$ 7,596
Amount Due to Other Trust Fund	B	1,705	1,705
Taxes Collected In Advance	A-11	39,613	22,037
County Taxes Payable - Added/Omitted	A-13	7,041	
Amount Due Other Trust Fund - Open Space Tax Levy	A-16	46,855	
Reserve for Garden State Trust Fund	A-18	22,315	33,472
Reserve for Township School Obligations-Federal Impact Aid	A-22	<u>133,656</u>	<u>236,360</u>
		301,354	301,170
Reserve For Receivables And Other Assets	A	231,619	212,358
Fund Balance	A-1	<u>106,662</u>	<u>166,454</u>
Subtotal		<u>639,635</u>	<u>679,982</u>
Federal And State Grant Fund:			
Amount Due Current Fund	A	23,672	12,437
Reserve For State Grants	A-20	20,954	101,654
Reserve For State Grants - Unappropriated	A-21	<u>-</u>	<u>1,409</u>
Subtotal		<u>44,626</u>	<u>115,500</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 684,261</u>	<u>\$ 795,482</u>

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE

A-1

	<u>REF.</u>	<u>YEAR</u> <u>2010</u>	<u>YEAR</u> <u>2009</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 165,000	\$ 175,877
Miscellaneous Revenue Anticipated	A-2	323,886	667,055
Receipts From Delinquent Taxes	A-2	100,652	143,795
Receipts from Current Taxes	A-2	4,255,908	4,252,107
Non-Budget Revenues	A-2	90,154	25,108
Other Credits To Income:			
Unexpended Balance Of Appropriation Reserves	A-10	6,257	11,195
Interfund Returns - Grants Fund	A	2,743	-
Interfund Returns - General Capital	C	10,153	-
Interfund Returns - Trust Funds	B	<u>1,899</u>	<u>9</u>
Total Income		<u>4,956,652</u>	<u>5,275,146</u>
EXPENDITURES			
Budget and Emergency Appropriations:			
Appropriations Within "CAP":			
Operations:			
Salaries and Wages	A-3	290,145	304,228
Other Expenses	A-3	328,828	364,351
Deferred Charges and Statutory Expenditures	A-3	48,079	35,876
Appropriations Excluded From "CAP":			
Operations:			
Salaries and Wages	A-3	765	773
Other Expenses	A-3	13,893	38,678
Capital Improvements	A-3	30,000	96,750
Municipal Debt Service	A-3	85,470	80,516
County Taxes	A-13	1,419,495	1,491,102
Amount Due County For Added and Omitted Taxes	A-13	7,041	4,304
Local District School Taxes	A-14	1,314,889	1,300,000
Regional High School Taxes	A-15	1,252,570	1,333,031
Municipal Open Space Tax	A-16	47,350	47,445
Interfund Advance - State and Federal Grants Fund	A	-	12,436
Interfund Advance - General Capital Fund	C	-	9,917
Interfund Advance - Other Trust Fund	B	-	492
Refund Of Prior Years Revenue	A-4	<u>12,919</u>	<u>-</u>
Total Expenditures		<u>4,851,444</u>	<u>5,119,899</u>
Excess in Revenue		105,208	155,247
Fund Balance January 1	A	<u>166,454</u>	<u>187,084</u>
		271,662	342,331
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>165,000</u>	<u>175,877</u>
Fund Balance December 31	A	<u>\$ 106,662</u>	<u>\$ 166,454</u>

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 1

	<u>REF.</u>	<u>BUDGET</u>	<u>ANTICIPATED ADDED BY NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS OR DEFICIT</u>
Fund Balance Anticipated	A-1	\$ 165,000	-	\$ 165,000	-
Miscellaneous Revenues:					
LOCAL REVENUES:					
Interest and Costs On Taxes	A-5	43,260	-	28,098	\$ (15,162)
Total Local Revenues		<u>43,260</u>	<u>-</u>	<u>28,098</u>	<u>(15,162)</u>
STATE AID REVENUES:					
Legislative Initiative Municipal Block Grant	A-8				
Consolidated Municipal Property Tax Relief Aid	A-8	2,926		2,926	-
Energy Receipts Tax	A-8	118,033		118,033	-
Supplemental Energy Receipts Tax	A-8				
Municipal Property Tax Assistance	A-8				
Reserve for Garden State Trust Fund	A-18	33,472	-	33,472	-
Total State Aid		<u>154,431</u>	<u>-</u>	<u>154,431</u>	<u>-</u>
UNIFORM CONSTRUCTION CODE FEES	A-8	<u>24,000</u>	<u>-</u>	<u>18,482</u>	<u>(5,518)</u>
FEDERAL AND STATE GRANT REVENUES:					
Clean Communities Program	A-19	6,786		6,786	-
Clean Communities Program - Prior Year	A-19	1,409		1,409	-
Municipal Alliance On Alcohol and Drug Abuse	A-19	2,941	\$ 503	3,444	-
NJLM Education Foundation Grant	A-19	-	1,000	1,000	-
Total Federal and State Grant Revenues		<u>11,136</u>	<u>1,503</u>	<u>12,639</u>	<u>-</u>
OTHER SPECIAL ITEMS:					
Alina Lodge-In Lieu Payments	A-8	26,000		30,000	4,000
Cell Tower Rentals	A-8	50,000	-	80,236	30,236
Total Other Special Items		<u>76,000</u>	<u>-</u>	<u>110,236</u>	<u>34,236</u>
Total Miscellaneous Revenue	A-1	<u>308,827</u>	<u>1,503</u>	<u>323,886</u>	<u>13,556</u>
Receipts From Delinquent Taxes	A-1	<u>116,000</u>	<u>-</u>	<u>100,652</u>	<u>(15,348)</u>
Amount To be Raised by Taxes For Support Of Municipal Budget:					
Local Tax For Municipal Purposes	A-2	337,862	-	325,651	(12,211)
Total General Revenues		<u>927,689</u>	<u>1,503</u>	<u>915,189</u>	<u>(14,003)</u>
Non-Budget Revenues:					
Other Non-Budget Revenues	A-1:2			90,154	90,154
		<u>\$ 927,689</u>	<u>\$ 1,503</u>	<u>\$ 1,005,343</u>	<u>\$ 76,151</u>

REF.

A-3

A-1

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 2

ANALYSIS OF REALIZED REVENUES

	<u>REF.</u>	
Allocation Of Current Tax Collections:		
Revenue from Collections	A-6	\$ 4,236,908
State of New Jersey, Senior Citizens and Veterans Deductions	A-6	<u>19,000</u>
		4,255,908
Allocated To:		
School and County Taxes	A-1	<u>4,062,269</u>
Deficiency Supported by Municipal Revenues		193,639
Add (Decreased) by:		
Appropriation "Reserve For Uncollected Taxes	A-3	<u>132,012</u>
Amount For Support Of Municipal Budget Appropriations	A-2	<u>\$ 325,651</u>

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 3

ANALYSIS OF NON-BUDGET REVENUES

Miscellaneous Revenue Not Anticipated:	<u>REF.</u>		
Treasurer:			
Interest on Investments		\$ 820	
Clerk Receipts		10,722	
Zoning Fees		575	
Tax Assessments/Prints		70	
Cancelled Checks		10,766	
Miscellaneous Refunds		27,480	
Cable TV Fees		1,262	
Miscellaneous		18,108	
Recreation		19,900	
Vets/ Sr. Admin. Fee		<u>380</u>	
	A-4		\$ 90,083
Tax Collector:			
Miscellaneous	A-5		<u>71</u>
			<u>\$ 90,154</u>

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 1

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>	<u>OVEREXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>		<u>APPROPRIATIONS</u>
GENERAL GOVERNMENT FUNCTIONS:					
General Administration:					
Salaries and Wages	\$ 8,858	\$ 8,858	\$ 8,858		
Other Expenses:					
Other Professional, Consultant & Services(Codification)	15,000	15,668	15,373	\$ 295	
Miscellaneous Other Expenses	900	900			900
Human Resources (Personnel):					
Education Program for Employees	1,300	1,300	1,115		185
Mayor and Council:					
Salaries and Wages	7,692	7,692	7,692		
Municipal Clerk:					
Salaries and Wages	36,930	36,930	36,797		133
Financial Administration(Treasury):					
Salaries and Wages	16,731	16,731	16,731		
Other Expenses	1,100	1,100	501		599
Audit Services:					
Other Expenses	15,791	16,891	16,891		
Revenue Administration (Tax Collection):					
Salaries and Wages	15,271	15,271	15,271		
Other Expenses	5,000	3,500	2,996		504
Tax Assessment Administration:					
Salaries and Wages	16,952	16,952	16,952		
Other Expenses:					
Other Professional, Consultant & Services(Tax Map)	2,000	2,000			2,000
Miscellaneous Other Expenses	4,000	4,000	3,148		852
Legal Services (Legal Dept.):					
Other Expenses:					
Regular Counsel	31,000	31,884	31,884		
Engineering Services:					
Other Expenses	14,300	14,300	4,673		9,627
Historical Sites Office:					
Other Expenses	900	900	900		
LAND USE ADMINISTRATION:					
Planning Board:					
Salaries and Wages	5,586	5,586	5,586		
Other Expenses	10,200	9,161	1,386		7,775
Zoning Board of Adjustment:					
Salaries and Wages	3,363	3,363	3,363		
Other Expenses	7,100	6,288	2,672		3,616

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 2

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u> <u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>OVEREXPENDED</u> <u>APPROPRIATIONS</u>
CODE ENFORCEMENT AND ADMINISTRATION:					
Code Enforcement Officer:					
Salaries and Wages	10,326	10,326	10,326		
Other Expenses	150	150	14	136	
Construction Official:					
Salaries and Wages:					
Construction Official	17,162	17,261	17,261		
Construction Secretary	7,343	7,343	7,343		
Other Expenses	500	500		500	
Plumbing Sub-Code Official:					
Other Expenses	2,566	2,566	1,988	578	
Electrical Sub-Code Official:					
Salaries and Wages	3,581	3,581	3,878		297
Fire Protection Sub-Code Official:					
Salaries and Wages	2,561	2,561	2,775		214
Other Expenses	50	50	50		
INSURANCE:					
Liability Insurance	48,000	48,277	48,277		
Employee Insurance	33,000	33,000	33,186		186
Unemployment Insurance	2,300	2,300	1,371	929	
Other Insurance Premiums	400	855	855		
PUBLIC SAFETY FUNCTIONS:					
Office of Emergency Management:					
Salaries and Wages	1,587	1,897	1,897		
Other Expenses	670	670		670	
Aid to Volunteer Fire Companies-Adjoining	12,000	12,000	12,000		
Contribution to First Aid Organizations	6,500	6,500	6,500		
Municipal Prosecutor's Office:					
Other Expenses	100	100		100	
PUBLIC WORKS FUNCTIONS:					
Streets and Road Maintenance:					
Salaries and Wages	127,810	127,810	120,895	6,915	
Other Expenses	71,600	71,600	64,962	6,638	
Solid Waste Collection(Recycling Program):					
Salaries and Wages	196	196		196	
Other Expenses	245	245	188	57	
Buildings and Grounds:					
Other Expenses	6,800	6,800	5,855	945	
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Environmental Health Services:					
Other Expenses	435	435		435	
Animal Control Services:					
Salaries and Wages	7,787	7,787	7,787		
Other Expenses	630	630	241	389	
Contributions to Social Services Agencies:					
Senior Citizens Centers	1,800	1,800	1,800		

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 3

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u> <u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>OVEREXPENDED</u> <u>APPROPRIATIONS</u>
PARK AND RECREATION FUNCTIONS:					
Recreation Services and Programs:					
Other Expenses	3,600	3,600	3,600		
OTHER COMMON OPERATING FUNCTIONS:					
(Unclassified):					
Celebration of Public Events	1,000	1,000	715	285	
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	5,500	5,500	4,726	774	
Street Lighting	700	700	479	221	
Telephone	7,600	7,600	6,397	1,203	
Gas (Natural or Propane)	5,500	7,958	7,958		
Fuel Oil	9,000	6,100	5,062	1,038	
			-		
Total Operations - Within "CAPS"	618,973	618,973	571,175	48,495	697
Detail:					
Salaries and Wages	289,736	290,145	283,412	7,244	
Other Expenses	329,237	328,828	287,763	41,251	697
DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"					
Statutory Expenditures:					
Social Security	23,695	23,695	22,021	1,674	
Contribution to:					
PERS	24,384	24,384	24,384		
Total Deferred Charges and Statutory Expenditures Within "CAPS"	48,079	48,079	46,405	1,674	
Total General Appropriations for Municipal Purposes - Within "CAPS"	667,052	667,052	617,580	50,169	697
OPERATIONS-EXCLUDED from "CAPS"					
Police Dispatch/91:					
Salaries and Wages	765	765	765		
Total Other Operations-Excluded from "CAPS"	765	765	765		
Interlocal Municipal Service Agreements Excluded from "CAPS":					
Municipal Court(Hope Twp./NW Court)-Other Expenses	273	273	273		
Total Interlocal Municipal Service Agreements	273	273	273		
PUBLIC & PRIVATE PROGRAMS OFFSET BY REVENUES:					
Federal and State Grants:					
Clean Communities Program:					
Other Expenses	8,195	8,195	8,195		
Sustainable Jersey Small Grant (NJLM Educational Foundation):					
Other Expenses		1,000	1,000		
Municipal Alliance on Alcoholism and Drug Abuse:					
Other Expenses-State Share	2,941	3,444	3,444		
Other Expenses-Local Share	981	981	981		
Total Public & Private Programs Offset by Revenues	12,117	13,620	13,620		

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 4

	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>RESERVED</u>	<u>OVEREXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>APPROPRIATIONS</u>
Total Operations-Excluded from "CAPS"	13,155	14,658	14,658	
Detail:				
Salaries and Wages	765	765	765	
Other Expenses	12,390	13,893	13,893	
CAPITAL IMPROVEMENTS-EXCLUDED from "CAPS":				
Capital Improvement Fund	30,000	30,000	30,000	
Total Capital Improvements-Excluded from "CAPS"	30,000	30,000	30,000	
MUNICIPAL DEBT SERVICE- EXCLUDED from "CAPS":				
Payment of Notes	68,150	68,150	68,150	
Note Interest	17,320	17,320	17,320	
Total Municipal Debt Service	85,470	85,470	85,470	
Total General Appropriations for Municipal Purposes Excl. from "CAPS"	128,625	130,128	130,128	
Subtotal General Appropriations	795,677	797,180	747,708	697
RESERVE FOR UNCOLLECTED TAXES	132,012	132,012	132,012	
TOTALS	\$ 927,689	\$ 929,192	\$ 879,720	\$ 50,169

A

A-1

<u>REF.</u>	
Appropriation 40A:4-87	\$ 1,503
Budget	<u>927,689</u>
	\$ 929,192

	<u>TOTAL</u>
Reserve for State Grants	A-20 \$ 13,620
Reserve for Uncollected Taxes	A-2 132,012
Reserve for Encumbrances	A-9 <u>734,088</u>
	\$ 879,720

TRUST FUND
COMPARATIVE BALANCE SHEET

B

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>BALANCE</u> <u>12/31/09</u>
<u>ASSETS</u>			
Dog License Fund:			
Cash and Cash Equivalents	B-2	\$ 6,141	\$ 4,290
Accounts Receivable - Dog Registrar	B-3	-	552
Total Dog License Fund		<u>6,141</u>	<u>4,842</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-2	209,488	\$397,162
Amount Due Current Fund	B-7	48,560	1,210
Total Other Trust Fund		<u>258,048</u>	<u>398,372</u>
TOTAL ASSETS		<u>\$ 264,189</u>	<u>\$ 403,214</u>

LIABILITIES, RESERVES AND FUND BALANCE

Dog License Fund:			
Reserve for Dog Fund Expenditures	B-4	\$ 5,924	\$ 4,814
Amount Due State of New Jersey	B-5	13	24
Amount Due Current Fund	B-6	204	4
Total Dog License Fund		<u>6,141</u>	<u>4,842</u>
Other Trust Fund:			
Reserve for Planning Board Escrow Deposits	B-8	58,895	145,771
Reserve for Monument Escrow Deposits	B-9	1,730	1,728
Reserve for Driveway Bond Deposits	B-10	30,040	30,656
Reserve for Recreation Escrow Deposits	B-11	5,295	25,195
Reserve for Municipal Open Space Tax	B-12	86,816	127,202
Reserve for Environmental Commission	B-13	635	635
Reserve for Snow Removal Deposits	B-14	1,705	1,705
Reserve for COAH	B-15	72,932	65,480
Total Other Trust Fund		<u>258,048</u>	<u>398,372</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 264,189</u>	<u>\$ 403,214</u>

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

C

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/10</u>		<u>BALANCE</u> <u>12/31/09</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	C-2	\$ 54,020	\$	41,842
Deferred Charges To Future Taxation: Unfunded	C-4	<u>644,466</u>		<u>688,216</u>
TOTAL ASSETS		<u>\$ 698,486</u>		<u>\$ 730,058</u>

LIABILITIES, RESERVES AND FUND BALANCE

Bond Anticipation Notes Payable	C-8	\$ 609,250		687,400
Due Grants Fund	C-9	36,123		
Reserve for Road Equipment	C-5	529		529
Capital Improvement Fund	C-6	35,027		6,750
Amount Due Current Fund	C-3	-		10,153
Capital Fund Balance	C-1	8,160		8,160
Improvement Authorizations: Unfunded	C-7	<u>9,397</u>		<u>17,066</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 698,486</u>		<u>\$ 730,058</u>

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL FUND BALANCE

C-1

	<u>REF.</u>	
Balance December 31, 2009	C	<u>\$ 8,160</u>
Balance December 31, 2010	C	<u>\$ 8,160</u>

PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET

E

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>BALANCE</u> <u>12/31/09</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	E-1	_____ -	\$ <u>7,717</u>
TOTAL ASSETS		_____ -	\$ <u>7,717</u>

<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance		_____ -	\$ <u>7,717</u>
TOTAL LIABILITIES AND RESERVES		_____ -	\$ <u>7,717</u>

GENERAL FIXED ASSETS
STATEMENT OF GENERAL FIXED ASSETS

DECEMBER 31, 2010

F

	<u>BALANCE</u> <u>12/31/09</u>	<u>BALANCE</u> <u>12/31/10</u>
General Fixed Assets:		
Land	\$ 342,300	\$ 342,300
Buildings	663,337	663,337
Machinery and Equipment	<u>904,459</u>	<u>904,459</u>
Total General Fixed Assets	<u>\$ 1,910,096</u>	<u>\$ 1,910,096</u>
Investment In General Fixed Assets	<u>\$ 1,910,096</u>	<u>\$ 1,910,096</u>

PAYROLL AGENCY FUND
COMPARATIVE BALANCE SHEET

G

	<u>BALANCE</u> <u>12/31/10</u>	<u>BALANCE</u> <u>12/31/09</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	-	\$ (192)
TOTAL ASSETS	<u>-</u>	<u>\$ (192)</u>
<u>LIABILITIES AND RESERVES</u>		
Payroll Deductions Payable		\$ 4,602
Imprest Balances	-	<u>1,514</u>
TOTAL LIABILITIES AND RESERVES	<u>-</u>	<u>\$ 6,116</u>

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT POLICIES

A. Reporting Entity

GASB Statement No.14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Township to be reported separately.

The financial statements of the Township of Hardwick include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as The financial statements of the Township do not include the operations of the Board of Education.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America(GAAP).

The accounting policies of the Township of Hardwick 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. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Hardwick accounts for its financial transactions through the following separate funds, which differ from the fund structure required by GAAP.

Current Fund

Resources and expenditures for governmental operations of a general nature, including State grants for operations.

Trust Funds

Records the receipts, disbursement and custodianship of monies in accordance with the purpose for which each account was established.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)

B. Description of Funds (Continued)

General Capital Fund

The receipts and disbursement of funds for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund. General bonds and notes payable are recorded in this fund offset by deferred charges to future taxation.

Public Assistance Fund

Receipt and disbursements of funds that provide assistance to certain residents of the Township pursuant to the provisions of Title 44 of New Jersey statutes.

General Fixed Assets Account Group

To account for all fixed assets of the Township. The Township's infrastructure is not reported in the

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

Revenues--are recorded as received in cash except for certain amounts which are due from other governmental units. Receipts from State grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible of accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)

C. Basis of Accounting (Continued)

Expenditures--are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st 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. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Property Tax Revenue--Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, Open Space and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1.

The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally.

If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid to the County by the Township quarterly on February 15, May 15,

on February 15, May 15, August 15 and November 15. When unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on April 1 in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey

proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township.

In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP required tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)

C. Basis of Accounting (Continued)

Deferred School Taxes--A portion of the school taxes collected at December 31 relating to the period January 1 to June 30 of the subsequent year have been included in fund balance. GAAP requires such revenue to be deferred and recognized in the accounting period when it becomes susceptible to accrual.

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 are not included on the various balance sheets.

General Fixed Assets--In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the municipality develops a fixed asset accounting and reporting system.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value.

No depreciation is to be provided for in the financial statements. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)

C. Basis of Accounting (Continued)

Budget and Budgetary Procedures--The foundation of the New Jersey local finance system is the annual cash basis budget required under the Local Budget Law (N.J.S.A.40A:4-1, et seq.). Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The normal budget calendar begins early in the fiscal year with introduction, public advertisement and after state approval, budget adoption. The cash basis for revenues and budgetary basis for expenditures is the budget basis of accounting.

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

**General Capital Fund
Public Assistance Fund
Trust Fund**

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption, must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Government Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)

C. Basis of Accounting (Continued)

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

Tax Appeals and Other Contingent Losses--Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

Deferred Charges to Future Taxation Funded and Unfunded--Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A.40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

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

Use of Estimates--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)

C. Basis of Accounting (Continued)

Departures from Generally Accepted Accounting Principles--The accounting principles and practices followed by the Township differ generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

- Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved.
- Unexpended and uncommitted appropriations are reflected as expenditures.
- Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.
- Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.
- Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

It was not practicable to determine the effect of such difference.

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

Note 2: CASH AND CASH EQUIVALENTS

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 2: CASH AND CASH EQUIVALENTS (Continued)

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the municipality's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2010, all of the municipality's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The municipality does not have a policy for custodial credit risk.

As of December 31, 2010, cash and cash equivalents of the municipality consisted of the following:

	Cash and Cash <u>Equivalents</u>	<u>Total</u>
Checking	\$ 576,012	\$ 576,012
Certificate of Deposit	<u>100,000</u>	<u>100,000</u>
Total	<u>\$ 676,012</u>	<u>\$ 676,012</u>

The carrying amount of the municipality's cash and cash equivalents at December 31, 2010, was \$676,012 and the bank balance was \$684,138. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$523,432 was covered by federal depository insurances and \$160,706 was covered by collateral pool.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 2: CASH AND CASH EQUIVALENTS (Continued)

Investments

Pursuant to the Enabling Act, the funds of the municipality may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the municipality may approve.

In order to maximize liquidity, the municipality utilizes the New Jersey Cash Management Fund ("NJCMF") as its sole investments. The NJCMF is administered by the New Jersey Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At December 31, 2010, the municipality's balance was -0-.

Custodial Credit Risk: Pursuant to GASB 40, the NJCMF, which is a pooled investment, is exempt from custodial credit risk disclosure. The municipality does not have a policy for custodial credit risk.

Credit Risk: The municipality does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

Interest Rate Risk: The municipality does not have a policy to limit interest rate risk. The average maturity of the municipality's investments is less than one year.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 3: LONG-TERM DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal expenditures. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued by temporarily finance capital projects, must be paid off within ten years or retired by issuance of bonds.

The Township debt is summarized as follows:

Summary of Municipal Debt

	YEAR <u>2010</u>	YEAR <u>2009</u>	YEAR <u>2008</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 609,250	\$ 687,400	\$ 745,550
Total Deductions	-	-	-
Net Debt Issued	609,250	687,400	745,550
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	35,216	816	816
Net Bonds and Notes Issued and Authorized But Not Issued	\$ 644,466	\$ 399,816	\$ 399,816

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 .28%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 65,627	\$ 65,627	-
General Debt	644,466	-	\$ 644,466
	\$ 710,093	\$ 65,627	\$ 644,466

Net Debt \$644,466	Divided by Equalized Valuation Basis per	
N.J.S.A. 40A:2-2 as amended,	\$233,055,048	= 0.28%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 3: LONG-TERM DEBT (Continued)

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 8,156,927
Net Debt	<u>644,466</u>
Remaining Borrowing Power	<u>\$ 7,512,461</u>

Bond Anticipation Notes

The Township has outstanding at December 31, 2010, a bond anticipation note in the amount of \$609,250 payable to Lakeland Bank. This note matures on July 15, 2011. The interest rate on the note was 1.90%. Principal and interest on this note is paid from the current fund budget of the Township.

	Debt
	<u>Outstanding</u>
Total General Capital Bonds/Loans Issued Above	<u>\$ 609,250</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 4: GENERAL FIXED ASSETS

The following is a summary of changes in the general fixed assets:

	Balance Beginning <u>of Year</u>	<u>Additions</u>	Adjustments/ <u>Deletions</u>	Balance <u>End of Year</u>
Land	\$ 342,300			\$ 342,300
Buildings	663,337			663,337
Equipment	<u>904,459</u>	<u>\$ -</u>	<u>-</u>	<u>904,459</u>
	<u>\$ 1,910,096</u>	<u>None</u>	<u>None</u>	<u>\$ 1,910,096</u>

Note 5: FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2010, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2011, were as follows:

Current Fund - \$ 103,625 *

* - Introduced

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2010, \$697 in 2010 overexpenditures were appropriated in the 2011 budget.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 7: SCHOOL TAXES

Local District Tax and Regional High School Tax have been raised and liabilities deferred by statute (under provisions of C.63, P.L.1991, as amended), resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	TOTAL DEFERRED TAX <u>12/31/10</u>	LOCAL DISTRICT SCHOOL TAX BALANCE <u>12/31/10</u>	BALANCE <u>12/31/09</u>	TOTAL DEFERRED TAX <u>12/31/09</u>	REGIONAL HIGH SCHOOL TAX BALANCE <u>12/31/10</u>	BALANCE <u>12/31/09</u>
Balance of Tax		-	-		-	-
Deferred		\$ 676,207	\$ 637,500		\$ 617,393	\$ 635,177
Tax Payable		<u>\$ 676,207</u>	<u>\$ 637,500</u>		<u>\$ 617,393</u>	<u>\$ 635,177</u>
Tax Deferred	<u>\$ 1,293,600</u>			<u>\$ 1,272,677</u>		

Note 8: PENSIONS

Description of Plans - All required employees of the Township are covered by the Public Employees' Retirement System which has been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 8: PENSIONS (Continued)

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Township's normal contributions to the Fund may be reduced based on the revaluation of assets.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2010	\$24,384	100%	-0-
2009	\$12,181	100%	-0-
2008	\$14,815	100%	-0-

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The Municipality does not provide post-employment benefits other than pension.

Note 10: LEASES

The Township has not entered into any long-term lease agreements except for equipment which can be capitalized as installment purchases of fixed assets in accordance with Technical Accounting Directive No. 85-2.

Note 11: ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the liability related to unused sick pay.

The Township has permitted employees to accrue unused sick pay for limited days, which may be paid or otherwise resolved at a later date at an agreed upon rate. There is provision for accruing of vacation days if not currently used.

In accordance with New Jersey principles, the amount is not reported as an expenditure or liability in the financial statements.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 12: CONTINGENT LIABILITIES

GRANT PROGRAMS

The Township participated in a number of state assisted grant programs administered at the state level. These programs, exclusive of the single audit concept, can be subject to program compliance audits by the grantors or their representatives. Accordingly, the Township's compliance with certain applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Township expects such amounts, if any, to be immaterial.

LITIGATION

There are several pending lawsuits in which the Township is involved. The Township estimates that the potential claims against the Township not covered by insurance resulting from such litigation would not materially affect the financial statements of the Township.

Note 13: OTHER REQUIRED DISCLOSURES

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

- A. Summary disclosures of debt service requirements for all types of outstanding debt. This requirement is met by Note 3.
- B. Summary disclosures of changes in general fixed assets by major asset class. This requirement is met by Note 4.
- C. Summary disclosures of changes in general long-term debt. This requirement is met by Note 3.
- D. Excesses of expenditures over appropriations in individual funds. There were no excess of expenditures over appropriations in any of the individual funds where budgets were required or employed as a management control device.
- E. Deficit fund balances or retained earnings balances of individual funds. There were no deficits in fund balances or retained earnings in any of the individual funds, except as noted in Note 6.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 13: OTHER REQUIRED DISCLOSURES (Continued)

F. Individual fund interfund receivable and payable balances. All interfund receivable and payable balances outstanding at the beginning of the fiscal period were fully liquidated during the fiscal period, with the following exceptions outstanding at December 31, 2010:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 23,876	\$ 48,560
Dog License Fund	-	204
Other Trust Funds	48,560	-
General Capital Fund	-	36,123
Grants Fund	<u>36,123</u>	<u>23,672</u>
	<u>\$ 108,559</u>	<u>\$ 108,559</u>

Note 14: RISK FINANCING

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage. There were no significant reductions in insurance coverage from coverage in the prior year.

PART II
SUPPLEMENTARY INFORMATION

CURRENT FUND SCHEDULES

CURRENT FUND
SCHEDULE OF CASH -- TREASURER

A-4

	<u>REF.</u>	<u>CURRENT FUND</u>	
Balance December 31, 2009	A		\$ 466,668
Increased by Receipts:			
Collector	A-5	\$ 4,421,291	
Miscellaneous Revenue Not Anticipated	A-2	90,083	
Revenue Accounts Receivable	A-8	219,677	
Amount Due State of N.J. for Senior Citizens/Veterans Deductions	A-17	19,000	
Amount Due Dog License Fund	B	1,404	
Amount Due General Capital Fund	C	14,109	
Garden State Trust Aid - CY2011	A-18	22,315	
State Grants	A-19	<u>116,331</u>	<u>4,904,210</u>
			5,370,878
Decreased by Disbursements:			
Prior Year Appropriation Reserves	A-10	1,339	
Reserve for Encumbrances	A-9	734,088	
Amount Due General Capital Fund	C	37,123	
Tax Overpayments Refunded	A-12	7,986	
County Taxes	A-13	1,419,495	
Local District School Tax	A-14	1,314,889	
Regional High School Tax	A-15	1,252,571	
State Grant Funds	A-20	94,320	
Federal Impact Aid Reserve	A-22	<u>102,704</u>	<u>4,964,515</u>
Balance December 31, 2010	A		<u>\$ 406,363</u>

CURRENT FUND
SCHEDULE OF CASH -- COLLECTOR

A-5

	<u>REF.</u>		
Received:			
Interest and Costs on Taxes	A-2	\$ 28,098	
In Lieu Taxes - Alina Lodge	A-2	30,000	
Miscellaneous Revenue Not Anticipated	A-2	71	
Taxes Receivable	A-6	4,312,474	
Tax Title Liens	A-7	3,049	
2011 Prepaid Taxes	A-11	39,613	
Tax Overpayments	A-12	<u>7,986</u>	<u>\$ 4,421,291</u>
Payments to Treasurer	A-4		<u>\$ 4,421,291</u>

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2009	A	\$ 43,011
Increased by:		
Transfers from Taxes Receivable	A-6	<u>8,872</u>
		51,883
Decreased by:		
Canceled		\$ 5,840
Paid	A-5	<u>3,049</u> <u>8,889</u>
Balance December 31, 2010	A	<u>\$ 42,994</u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-8

	BALANCE	ACCRUED	COLLECTED		BALANCE
	<u>12/31/09</u>	<u>IN 2010</u>	<u>BY</u>	<u>BY</u>	<u>12/31/10</u>
			TREASURER	COLLECTOR	
Construction Code Department:					
Fees and Permits		\$ 18,482	\$ 18,482		-
Alina Lodge-In Lieu Payments		30,000		\$ 30,000	
Cell Tower Rentals		80,236	80,236		
Consolidated Municipal Property Tax Relief Aid		2,926	2,926		
Energy Receipts Tax		118,033	118,033		
Garden State Trust Fund		33,472	33,472		
 Totals					
	-	\$ 283,149	\$ 253,149	\$ 30,000	-
REF.	A		A-2	A-5	A

Received by Treasurer	\$ 219,677
Transfers From Reserve-Garden State Trust	<u>33,472</u>
	<u>\$ 253,149</u>

CURRENT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

A-9

REF.

Increased by:			
Charges to 2010 Budget Appropriations	A-3	\$ <u>734,088</u>	\$ <u>734,088</u>
Decreased by:			
Payments	A-4		\$ <u>734,088</u>

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2009

A-10

	<u>BALANCE</u>	<u>BALANCE</u>	<u>PAID OR</u>	<u>BALANCE</u>
	<u>12/31/09</u>	<u>AFTER</u>	<u>CHARGED</u>	<u>LAPSED</u>
		<u>TRANSFERS</u>		
Genral Administration:				
Other Expenses	\$ 1,192	\$ 1,192	\$ 218	\$ 974
Building and Grounds:				
Other Expenses	473	473	130	343
Gas - Propane	746	746	675	71
Fuel Oil	2,774	2,774	316	2,458
All Accounts - No Change	2,411	2,411		2,411
 TOTALS				
	<u>\$ 7,596</u>	<u>\$ 7,596</u>	<u>\$ 1,339</u>	<u>\$ 6,257</u>
REF.		A	A-4	A-1

CURRENT FUND
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-11

	<u>REF.</u>	
Balance December 31, 2009	A	\$ 22,037
Increased by:		
2011 Taxes Collected in Advance	A-5	<u>39,613</u> 61,650
Decreased by:		
Applied to 2010 Taxes Receivable	A-6	<u>22,037</u>
Balance December 31, 2010	A	<u>\$ 39,613</u>

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

A-12

REF.

Increased by:

2011 Tax Overpayments

A-5

\$ 7,986

Decreased by:

Refunded

A-4

\$ 7,986

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

A-13

REF.

Increased by:

2010 Levy:

County Taxes	A-1:6	\$ 1,167,917	
County Library Taxes	A-1:6	112,109	
County Open Space Tax	A-1:6	139,469	
Added and Omitted Taxes	A-1:6	<u>7,041</u>	<u>\$ 1,426,536</u>

Decreased by:

Payments	A-4		<u>1,419,495</u>
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Balance December 31, 2010	A		<u>\$ 7,041</u>
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CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-14

	<u>REF.</u>	
Balance December 31, 2009:		
School Tax Payable		-
School Tax Deferred		\$ 637,500
		<u>\$ 637,500</u>
Increased by:		
Levy - School Year July 1, 2010 to June 30, 2011	A-6	1,353,596
		<u>1,991,096</u>
Decreased by:		
Payments	A-4	1,314,889
		<u>1,314,889</u>
Balance December 31, 2010:		
School Tax Payable	A	-
School Tax Deferred		676,207
		<u>\$ 676,207</u>
2010 Liability for Local District School Tax:		
Tax Paid		\$ 1,314,889
Tax Payable 12/31/10		<u>676,207</u>
		1,991,096
Less: Deferred School Taxes at 12/31/10		38,707
Less -- Tax Payable 12/31/09		<u>637,500</u>
Amount Charged to 2010 Operations	A-1	<u>\$ 1,314,889</u>

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

A-15

	<u>REF.</u>		
Balance December 31, 2009:			
School Tax Payable			
School Tax Deferred		<u>\$ 635,177</u>	\$ 635,177
Increased by:			
Levy - School Year July 1, 2010 to June 30, 2011	A-6	1,234,787	
		<u>1,869,964</u>	
Decreased by:			
Payments	A-4	<u>1,252,571</u>	
Balance December 31, 2010:			
School Tax Payable	A	-	
School Tax Deferred		<u>617,393</u>	<u>\$ 617,393</u>
2010 Liability for Regional High School Tax:			
Tax Paid			\$ 1,252,571
Tax Payable 12/31/10			<u>617,393</u>
			1,869,964
Add -- 2010/2011 Levy Reduction - Reversal of Deferred Taxes			17,783
Less -- Tax Payable 12/31/09			<u>635,177</u>
Amount Charged to 2010 Operations	A-1		<u>\$ 1,252,570</u>

CURRENT FUND
SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

A-16

	<u>REF.</u>	
Balance December 31, 2009	A	\$ (495)
Increased by:		
2010 Levy:		
Open Space Tax	A-6	<u>47,350</u>
		46,855
Decreased by:		
Payments to Trust Fund	A-4	
Balance December 31, 2010	A	<u>\$ 46,855</u>

CURRENT FUND
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY FOR
SENIOR CITIZENS AND VETERANS DEDUCTIONS

A-17

	<u>REF.</u>		
Balance December 31, 2009	A	\$	(956)
Increased by:			
Senior Citizens Deductions Disallowed By Tax Collector		-	
Received in Cash from State	A-4	\$ 19,000	<u>19,000</u>
			18,044
Decreased by:			
Veterans Deductions per Tax Billings	A-6	16,000	
Senior Citizens Deductions per Tax Billings	A-6	3,000	
Senior Citizens Deductions Allowed By Tax Collector	A-6	<u>-</u>	<u>19,000</u>
Balance December 31, 2010	A	\$	<u>(956)</u>
<u>ANALYSIS OF BALANCE:</u>			
Amount Due To State of N.J. -- Pre 1/1/78		\$ 2,015	
Amount Due From State of N.J. -- Post 1/1/78		<u>(2,971)</u>	<u>\$ (956)</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR GARDEN STATE TRUST FUND

A-18

	<u>REF.</u>	
Balance December 31, 2009	A	\$ 33,472
Increased by:		
Garden State Trust Funds	A-4	<u>22,315</u> 55,787
Decreased by:		
Realized as Revenue	A-2:8	<u>33,472</u>
Balance December 31, 2010	A	<u>\$ 22,315</u>

CURRENT FUND
SCHEDULE OF STATE GRANTS RECEIVABLE

A-19

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/09</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/10</u>
ESP Grant	\$ 3,000				\$ 3,000
Municipal Alliance		\$ 3,444	\$ 2,752	\$ 189	503
Clean Communities Program		6,786	6,786		
NJ DOT - Mill Still Road Phase II	95,000		93,293	1,707	
NJLM Education Foundation Grant	12,500	1,000	13,500		
Storm Water Grant	5,000				5,000
Totals	<u>\$ 115,500</u>	<u>\$ 11,230</u>	<u>\$ 116,331</u>	<u>\$ 1,896</u>	<u>\$ 8,503</u>
REF.	A	A-2	A-4	A-1	A

CURRENT FUND
SCHEDULE OF STATE GRANTS

A-20

	<u>BALANCE</u>		<u>2010 BUDGET</u>		<u>BALANCE</u>
	<u>12/31/09</u>	TRANSFER FROM	<u>APPROPRIATIONS</u>	<u>EXPENDED</u>	<u>12/31/10</u>
ESP Grant	\$ 3,000				\$ 3,000
Municipal Alliance - County Share	1,983	\$	3,444	\$	2,486
Municipal Alliance - Township Share	2,007		981	978	2,010
Clean Communities Grant - Excess 2009			1,409	1,409	
Clean Communities Grant - CY 10			6,786		6,786
Clean Communities Grant - CY 09	5,108				5,108
Clean Communities Grant - CY 08	3,215			2,651	564
Clean Communities Grant - CY 07	1,052			1,052	
NJ DOT - Mill Still Road Phase II	70,190			70,190	
NJLM Education Foundation Grant	15,099		1,000	15,099	1,000
Totals	<u>\$ 101,654</u>	<u>\$</u>	<u>13,620</u>	<u>\$</u>	<u>\$ 20,954</u>
REF.	A		A-3	A-4	A

CURRENT FUND
SCHEDULE OF STATE GRANTS - UNAPPROPRIATED

A-21

	<u>BALANCE</u> <u>12/31/09</u>	<u>TRANSFERRED</u> <u>TO BUDGET</u> <u>APPROPRIATION</u>	
Clean Communities Grant - CY2009	\$ 1,409	\$ 1,409	
 Totals	<u>\$ 1,409</u>	<u>\$ 1,409</u>	
 REF.	 A	 A-3	

CURRENT FUND
SCHEDULE OF RESERVE FOR TOWNSHIP SCHOOL OBLIGATIONS

A-22

	<u>REF.</u>	
Balance December 31, 2009	A	\$236,360
Decreased by:		
Return of Federal Impact Aid Funds to Federal Agency	A-4	<u>\$102,704</u>
Balance December 31, 2010	A	<u>\$133,656</u>

TRUST FUND SCHEDULES

TRUST FUND
SCHEDULE OF CASH - TREASURER

B-2

		<u>DOG</u>	
	<u>REF.</u>	<u>LICENSES</u>	<u>OTHER</u>
Balance December 31, 2009	B	\$ 4,290	\$ 397,162
Increased by Receipts:			
Accounts Receivable	B-3	4,845	
Amount Due Current Fund	B-6:7	16	
Planning Board Escrow Deposits	B-8		3,565
Monument Escrow Deposits	B-9		2
Driveway Bond Deposits	B-10		3,984
Special District Tax - Open Space	B-12		379,383
COAH Receipts	B-15	-	7,452
Total Receipts		<u>4,861</u>	<u>394,386</u>
		<u>9,151</u>	<u>791,548</u>
Decreased by Disbursements:			
Expenditures Under R.S. 4:29-15.11	B-4	872	
State Dog License Fees	B-5	734	
Amount Due Current Fund	B-6	1,404	
Escrow Trust Deposits Refunded	B-8		90,441
Driveway Bond Deposits Refunded	B-10		4,600
Recreation Escrow Deposits	B-11		19,900
Special District Tax - Open Space	B-12		467,119
Total Disbursements		<u>3,010</u>	<u>582,060</u>
Balance December 31, 2010	B	<u>\$ 6,141</u>	<u>\$ 209,488</u>

TRUST FUND
SCHEDULE OF ACCOUNTS RECEIVABLE - DOG REGISTRAR

B-3

	<u>REF.</u>		
Balance December 31, 2009	B	\$	552
Increased By:			
Due to State	B-5	\$	723
Dog Fees	B-4	<u>3,570</u>	<u>4,293</u>
			4,845
Decreased By:			
Collections	B-2		<u>4,845</u>
Balance December 31, 2010	B	<u>\$</u>	<u>-</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-4

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 4,814
Increased by:		
Dog License Fees	B-3	<u>3,570</u>
		8,384
Decreased by:		
Statutory Excess	B-6	1,588
Expenditures Under R.S.4:29-15.11.	B-2	<u>872</u> <u>2,460</u>
Balance December 31, 2010	B	<u>\$ 5,924</u>

<u>LICENSE FEES</u>	
<u>COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2009	\$ 2,570
2008	<u>3,354</u>
	<u>\$ 5,924</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO STATE OF
NEW JERSEY DEPARTMENT OF HEALTH

B-5

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 24
Increased by:		
Collected in 2010:		
State Board of Health Fees	B-3	<u>723</u> 747
Decreased by:		
Payments	B-2	<u>734</u>
Balance December 31, 2010	B	<u>\$ 13</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
DOG LICENSE FUND

B-6

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 4
Increased by:		
Statutory Excess	B-4	\$ 1,588
Interest Credits Due Current Fund	B-2	<u>16</u> <u>1,604</u> 1,608
Decreased by:		
Due Current Fund	B-2	<u>1,404</u>
Balance December 31, 2010	B	<u>\$ 204</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
OTHER TRUST FUND

B-7

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 1,210
Increased by:		
Municipal Open Space Levy and Added/Omitted Taxes	B-12	<u>47,350</u> 48,560
Balance December 31, 2010	B	<u>\$ 48,560</u>
 <u>Detail of Balance:</u>		
Municipal Open Space		\$ 46,855
Snow Removal Reserve		<u>1,705</u>
Total Receivables		<u>\$ 48,560</u>

TRUST FUND
SCHEDULE OF RESERVE FOR PLANNING BOARD ESCROW DEPOSITS

B-8

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 145,771
Increased by:		
Escrow Deposits	B-2	<u>3,565</u> 149,336
Decreased by:		
Escrow Deposits Refunded	B-2	<u>90,441</u>
Balance December 31, 2010	B	<u>\$ 58,895</u>

TRUST FUND
SCHEDULE OF RESERVE FOR MONUMENT ESCROW DEPOSITS

B-9

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 1,728
Increased by:		
Interest Deposit	B-2	<u> 2</u>
Balance December 31, 2010	B	<u>\$ 1,730</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DRIVEWAY BOND DEPOSITS

B-10

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 30,656
Increased by:		
Driveway Bond Deposits	B-2	<u>3,984</u> 34,640
Decreased by:		
Driveway Deposits Refunded	B-2	<u>4,600</u>
Balance December 31, 2010	B	<u>\$ 30,040</u>

TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION ESCROW DEPOSITS

B-11

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 25,195
Decreased by:		
Returned to Current Fund for Reimbursement of Generator	B-2	<u>19,900</u>
Balance December 31, 2010	B	<u>\$ 5,295</u>

TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE TAXES

B-12

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 127,202
Increased by:		
2010 Levy:		
Open Space Tax Levy	B-7	\$ 47,350
Green Acres Trust State Portion of Wehrl Acquisition	B-2	378,425
Interest Credits	B-2	958
		<u>426,733</u>
		553,935
Decreased by:		
Debt Service Reimbursed to Current Fund	B-2	12,280
Wehrl Acquisition	B-2	408,633
Open Space Expenditures	B-2	46,206
		<u>467,119</u>
Balance December 31, 2010	B	<u>\$ 86,816</u>

Detail:

Open Space Levy including Added/Omitted Taxes - 1999	\$ 10,000
Open Space Levy including Added/Omitted Taxes - 2000	10,356
Open Space Levy including Added/Omitted Taxes - 2001	10,923
Open Space Levy including Added/Omitted Taxes - 2002	14,441
Open Space Levy including Added/Omitted Taxes - 2003	43,556
Open Space Levy including Added/Omitted Taxes - 2004	44,880
Open Space Levy including Added/Omitted Taxes - 2005	45,719
Open Space Levy including Added/Omitted Taxes - 2006	46,901
Open Space Levy including Added/Omitted Taxes - 2007	46,926
Open Space Levy including Added/Omitted Taxes - 2008	47,441
Open Space Levy including Added/Omitted Taxes - 2009	47,445
Open Space Levy including Added/Omitted Taxes - 2010	47,350
Green Acres Trust - State Share for Open Space Acquisition - 2010	378,425
Warren County - County Share for Open Space Acquisition - 2004	15,000
Interest Credits	7,889
Finance Improvement Authorizations - Development Easement (Water Co. Property)	(20,000)
Disbursements for Acquisition of Open Space - 2010	(467,119)
Disbursements for Acquisition of Open Space - 2009	(60,599)
Disbursements for Acquisition of Open Space - 2008	(18,066)
Disbursements for Acquisition of Open Space - 2007	(30,300)
Disbursements for Acquisition of Open Space - 2006	(12,500)
Disbursements for Acquisition of Open Space - 2005	(116,750)
Disbursements for Acquisition of Open Space - 2004 and Prior	(5,102)
	<u>\$ 86,816</u>

TRUST FUND
SCHEDULE OF RESERVE FOR ENVIRONMENTAL COMMISSION

B-13

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 635
Balance December 31, 2010	B	\$ <u>635</u>

TRUST FUND
SCHEDULE OF RESERVE FOR SNOW REMOVAL

B-14

	<u>REF.</u>	
Balance December 31, 2009	B	\$ 1,705
Balance December 31, 2010	B	<u>\$ 1,705</u>

TRUST FUND
SCHEDULE OF RESERVE FOR COAH

B-15

	<u>REF.</u>	
Balance December 31, 2009	<u>B</u>	\$ 65,480
Increased by:		
Coah Receipts	B-2	<u>7,452</u>
Balance December 31, 2010	B	<u>\$ 72,932</u>

GENERAL CAPITAL FUND SCHEDULES

GENERAL CAPITAL FUND
SCHEDULE OF CASH -TREASURER

C-2

	<u>REF.</u>	
Balance December 31, 2009	C	\$ 41,842
Increased by:		
Budgeted Current Fund Appropriation - Capital Improvement Fund	C-6	<u>30,000</u>
		71,842
Decreased by:		
Interfund Returned	C-3	\$ 10,153
Improvement Authorizations	C-7	<u>7,669</u>
		<u>17,822</u>
Balance December 31, 2010	C	<u>\$ 54,020</u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-3

	<u>REF.</u>	
Balance December 31, 2009		<u>\$ 10,153</u>
Decreased by:		
Interfund Returned	C-2	<u>\$ 10,153</u>

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

C-4

<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/09</u>	<u>2010</u> <u>AUTHORIZATIONS</u>	<u>DECREASED</u> <u>BUDGET</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>ANALYSIS OF BALANCE</u>	
					<u>DEBT</u> <u>AUTHORIZED</u> <u>NOT ISSUED</u>	<u>DEBT</u> <u>ISSUED</u>
Acquisition of Loader	\$ 816			\$ 816	\$ 816	
Acquisition of Dump Truck	47,500		\$ 9,500	38,000		\$ 38,000
Acquisition of Dump Truck	39,900		6,650	33,250		33,250
Acquisition of Development Easement	80,000		10,000	70,000		70,000
Tractor, Backhoe, Resurfacing of Various Township Road:	520,000		52,000	468,000		468,000
Millbrook-Stillwater Road		\$ 34,400		34,400	34,400	
	<u>\$ 688,216</u>	<u>\$ 34,400</u>	<u>\$ 78,150</u>	<u>\$ 644,466</u>	<u>\$ 35,216</u>	<u>\$ 609,250</u>
REF.	C	C-7	C-8	C		C-8

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR ROAD EQUIPMENT

C-5

	<u>REF.</u>	
Balance December 31, 2009	C	<u>\$ 529</u>
Balance December 31, 2010	C	<u>\$ 529</u>

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-6

	<u>REF.</u>	
Balance December 31, 2009	C	\$ 6,750
Increased by:		
2010 Budget Appropriation	C-2	<u>30,000</u>
		36,750
Decreased by:		
Funding of Improvement Authorizations	C-7	<u>1,723</u>
Balance December 31, 2010	C	<u>\$ 35,027</u>

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-7

<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE</u> NUMBER	<u>DATE</u>	<u>AMOUNT</u>	<u>BALANCE</u> <u>12/31/09</u>		<u>CAPITAL</u> <u>IMPROVEMENT</u> <u>FUND</u>	<u>DEFERRED</u> <u>CHARGES</u>	<u>PAID</u>	<u>BALANCE</u> <u>12/31/10</u>	
				<u>FUNDED</u>	<u>UNFUNDED</u>				<u>FUNDED</u>	<u>UNFUNDED</u>
Tractor, Backhoe, Resurfacing of Birch Ridge Road, Maple Lane Road, and Sun Set Lake Road	2007-11	10/17/07	697,000		\$ 17,066			\$ 7,669		\$ 9,397
Amended for road improvements and guide rails	2010-05	09/01/10								
Millbrook-Stillwater Road	2010-08	12/22/10	36,123			\$ 1,723	\$ 34,400	36,123		
				-	\$ 17,066	\$ 1,723	\$ 34,400	\$ 43,792	-	\$ 9,397
REF.				C	C	C-6	C-4	C-2	C	C
							C-2	\$ 7,669		
							C-9	36,123		
								<u>\$ 43,792</u>		

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

C-8

<u>IMPROVEMENT DESCRIPTION</u>	<u>ORIGINAL ISSUE</u>	<u>DATE OF ISSUE</u>	<u>MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE 12/31/09</u>	<u>DECREASED</u>	<u>BALANCE 12/31/10</u>
Acquisition of Loader/Dump Truck	\$95,000	7/25/04	7/15/11	\$9,500	1.90%	\$ 47,500	\$ 9,500	\$ 38,000
Acquisition of Dump Truck	\$66,500	7/22/05	7/15/11	\$6,650	1.90%	39,900	6,650	33,250
Acquisition of Development Easement	\$100,000	7/20/07	7/15/11	\$10,000	1.90%	80,000	10,000	70,000
Tractor, Backhoe, Resurfacing of Various Township Roads	\$520,000	12/5/07	7/15/11	\$52,000	1.90%	520,000	52,000	468,000
						<u>\$ 687,400</u>	<u>\$ 78,150</u>	<u>\$ 609,250</u>
REF.						C	C-4	C

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE GRANTS FUND

C-9

REF.

Increased by:

Disbursement for Millbrook-Stillwater from Grants Fund	C-7	<u>\$ 36,123</u>
Balance December 31, 2010	C	<u>\$ 36,123</u>

PUBLIC ASSISTANCE FUND SCHEDULES

PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

E-1

	<u>REF.</u>	<u>P.A.T.F.</u> <u>#1</u>	<u>P.A.T.F.</u> <u>#2</u>	<u>FUND</u> <u>TOTAL</u>
Balance December 31, 2009	E	<u>\$ 4,522</u>	<u>\$ 3,195</u>	<u>\$ 7,717</u>
Increased by Receipts:				
Interest Credits on Bank Deposits		<u>4</u>	<u>2</u>	<u>6</u>
		<u>4</u>	<u>2</u>	<u>6</u>
Decreased by Disbursements				
2010 Public Assistance		<u>4,526</u>	<u>3,197</u>	<u>7,723</u>
Balance December 31, 2010	E	<u>-</u>	<u>-</u>	<u>-</u>

SCHEDULE OF GENERAL FIXED ASSETS

GENERAL FIXED ASSETS
SCHEDULE OF ADDITIONS AND DELETIONS
DECEMBER 31, 2010

F-1

	<u>BALANCE</u> <u>12/31/09</u>	<u>ADDITIONS</u>	<u>BALANCE</u> <u>12/31/10</u>
General Fixed Assets:			
Land	\$ 342,300		\$ 342,300
Buildings	663,337		663,337
Machinery and Equipment	<u>904,459</u>		<u>904,459</u>
Total General Fixed Assets	<u>\$ 1,910,096</u>	<u>-</u>	<u>\$ 1,910,096</u>

**PART III
SUPPLEMENTARY INFORMATION**

GENERAL COMMENTS

SCHEDULE OF FEDERAL/STATE AWARDS

STATUS OF PRIOR AUDIT FINDINGS

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS-
GENERAL FINDINGS**

GENERAL COMMENTS

GENERAL COMMENTS

Scope of Audit

The audit of the financial statements of the Township of Hardwick, County of Warren, New Jersey, as required by the Division of Local Government Services, covered the financial transactions of the Treasurer, Tax Collector, the activities of the Township.

Contracts and Agreements Requiring Advertisement for Bids

Effective April 17, 2000, N.J.S.A.40A:11-1 et.seq (Local Public Contracts Law) was revised by P.L.1999,c.440 (originally known as Assembly Bill No. 3519). Rules and regulations pertaining to the amended law are to be promulgated by the Division of Local Government Services.

N.J.S.A. 40A:11-3 is amended to read as follows:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in the contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the governing body without public advertising for bids and bidding therefore, except that the governing body may adopt a 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. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971,c.198(C.40A:11-9) the governing body 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 paragraph (i) of paragraph (a) of subsection (1) of Section 5 of P.L.1971, C.198(C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall 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 N.J.S.18A:18A-2(pending before the Legislature as section 50 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all municipal units of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A.40A:11-4 (as amended) states, "Every contract or agreement 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 to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

Effective July 1, 2010, the bid threshold in accordance with N.J.S.A.40A:11-3(c) (as amended) is increased to \$26,000.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

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

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 determine whether any clear-cut violations existed.

My examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory thresholds "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 1, 2010, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, that the Mayor and Committee hereby establish an interest rate of 8% per annum on amounts over \$1,500. BE IT FURTHER RESOLVED that no interest shall be charged if payment of taxes, any installment, is made within ten (10) days after the date upon which the same became payable. An additional penalty of 6% shall be added on delinquencies in excess of \$10,000 which are not paid prior to the end of the calendar year."

Under provisions of C.75, P.L. 1991 (amending N.J.S. 54:4-67), enacted March 28, 1991, the definition of tax delinquency was defined as the sum of all taxes and municipal charges due on a given parcel or property covering any number of quarters or years. In addition, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six (6%) per cent of the amount of the delinquency.

The governing body, on January 1, 2010, adopted a resolution enabling the \$10,000 delinquency penalty provisions.

The audit of the Collector's records on a test basis indicated no differences between the amount of interest payable on delinquent tax payments, based on our calculations, and the amount of interest charged.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2010, include only real property items on the 2007, 2008, 2009 and 2010 tax levies.

The last tax sale was held in October 26, 2010 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2010	7
2009	8
2008	2

Verification of Delinquent Taxes and Other Charges

Verification notices were mailed to confirm balances as of November 12, 2010. The items that were returned were compared to and are in agreement with the Township's records. For items not returned, alternative procedures were performed.

A test verification of delinquent charges and current payments was made in accordance with verification procedures approved by the Division of Local Government Services. A summary of such verification is as follows:

<u>Verification Type</u>	<u>Request Form</u>	<u>Total No. of Items</u>	<u>Total</u>	
			<u>No. of Circular</u>	<u>Total No. Returned</u>
2010 Property Tax	Positive	1,792	100	30
2011 Property Tax	Positive	1,792	100	30
2010 Delinquent Tax	Negative	325	25	11

Technical Accounting Directives

During the calendar year 1984, the Division of Local Government Services initiated as part of the Single Audit Law, a planned revision of the Requirements of Audit to provide new accounting requirements mandated for most local government units. The revision to the Requirements of Audit and Accounting would be in order to improve fiscal accountability for all local governments, satisfy federal-state audit requirements and enhance the credibility for New Jersey municipal accounting practices with federal-state funding sources and bond rating agencies. The new requirements for most local units started January 1, 1986, unless exemption, based upon amount of federal aid received and population size, was formally secured. The Division in 1988 notified those exempted municipal units of a transition requirement for fully implementation of all accounting directives beginning in the 1989 fiscal periods. The identity and compliance status of the Township of Hardwick to these new directives are as follows:

<u>Requirement</u>	FY 2010 Required	
	<u>Yes</u>	<u>No</u>
A. General Ledger Accounting System	X	
B. Encumbrance Accounting	X	
C. Purchase Order System	X	
D. Fixed Asset Accounting and Reporting System	X	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-
CURRENT FUND

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2010</u>	<u>%</u>	<u>YEAR 2009</u>	<u>%</u>
Fund Balance Utilized	\$ 165,000	3.33%	\$ 175,877	3.33%
Miscellaneous - From Other Than				
Local Property Tax Levies	433,193	8.74%	703,358	13.33%
Collection of Delinquent Taxes and				
Tax Title Liens	100,652	2.03%	143,795	2.73%
Collection of Current Tax Levy	4,255,908	85.86%	4,252,107	80.61%
Interfund Loans Returned	<u>1,899</u>	<u>0.04%</u>	<u>9</u>	<u>0.00%</u>
Total Income	<u>4,956,652</u>	<u>100.00%</u>	<u>5,275,146</u>	<u>100.00%</u>

EXPENDITURES

Budget Expenditures:

Municipal Purposes	797,180	16.43%	944,017	18.44%
County Taxes	1,426,536	29.40%	1,495,406	29.21%
Local and Regional Taxes	2,567,459	52.92%	2,633,031	51.43%
Municipal Open Space Tax	47,350	0.98%	47,445	0.93%
Other Expenditures	<u>12,919</u>	<u>0.27%</u>	<u>-</u>	<u>0.00%</u>
Total Expenditures	<u>4,851,444</u>	<u>100.00%</u>	<u>5,119,899</u>	<u>100.00%</u>

Excess in Revenue	105,208		155,247	
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Fund Balance January 1	166,454		187,084	
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Less:

Utilization as Anticipated Revenue	<u>165,000</u>		<u>175,877</u>	
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Fund Balance December 31	<u>\$ 106,662</u>		<u>\$ 166,454</u>	
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Comparative Schedule of Tax Rate Information

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Tax Rate</u>	<u>\$2.80</u>	<u>\$2.77</u>	<u>\$2.93</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	0.22	0.18	0.17
County	0.91	0.94	0.99
Local School	0.86	0.81	0.85
Regional High School	0.79	0.81	0.89
Municipal Open Space Tax	0.03	0.03	0.03

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2010	\$157,065,887
2009	\$157,710,100
2008	\$156,046,474

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>Collections</u>	<u>Percentage of Collections</u>
2010	\$4,414,719	\$4,255,907	96.40%
2009	\$4,378,002	\$4,252,107	97.12%
2008	\$4,645,901	\$4,474,459	96.30%

Delinquent Taxes and Tax Title Liens

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

<u>Dec.31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2010	\$42,994	\$164,749	\$207,743	4.71%
2009	\$43,011	\$146,258	\$189,269	4.32%
2008	\$16,593	\$212,824	\$229,417	4.94%

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2010	NONE
2009	NONE
2008	NONE

Comparitive Schedule of Fund Balances

<u>Year</u>	<u>Balance December 31</u>	<u>Regular</u>	<u>Utilized In Budget of Succeeding Year</u>	
				<u>Defer School Tax</u>
2010	\$ 106,662	\$ 64,918		\$38,707
2009	\$ 166,454	\$ 165,000		
2008	\$ 187,084	\$ (38,519)		\$214,396
2007	\$ 318,452	\$ 130,060		\$160,000
2006	\$ 312,293	\$ 150,060		\$140,000

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Kevin M. Duffy	Mayor		
James Perry	Deputy Mayor		
Alfred Carrazzone	Committeeman		
Judith M. Fisher	Clerk; Registrar of Vital Statistics; Assessment Search Officer	\$40,000	Selective Insurance Co.
Donna Clouse	Tax Collector; Tax Search Officer	\$100,000	Selective Insurance Co.

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Amy B. Maronpot	Certified Municipal Finance Officer	\$40,000	Selective Insurance Co.
Michael Lavery	Attorney		
David M. Gill	Assessor		
David Peck	Building Inspector		
George Boesze	Code/Zoning Enforcement Officer		
Alfia Schemm	Planning Board Secretary; Zoning Board of Adjustment Secretary		

The minimum bond coverage for the Tax Collector based on prior year tax levies is as follows:

<u>Year</u>	<u>Tax Collector</u>
2010	\$89,074

There is a public employees' blanket bond in the amount of \$10,000 provided by the Selective Insurance Company. This bond would cover all officials handling monies, except those officials specifically bonded. Those officials included under the blanket bond are the Clerk, Construction Official, Dog Warden and Planning and Zoning Board of Adjustment Secretaries.

All the bonds were examined and were properly executed.

SCHEDULE OF FEDERAL/STATE AWARDS

SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010
N/A

SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

STATE GRANTOR/PROGRAM TITLE	ACCOUNT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/10	RECEIPTS		DISBURSEMENTS	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/10	
						PROGRAM	OTHER			
<u>DEPT. OF ENVIR. PROTECTION</u>										
Solid Waste Admin.-Clean	4900-765-178900	\$ 6,786	2010	A		\$ 6,786			\$ 6,786	
		6,517	2009	A	\$ 6,517			\$ 1,409	5,108	
Communities Program		5,095	2008	A	3,216			2,651	565	
		4,620	2007	A	1,052			1,052	-	
Municipal Drug Alliance	N/A	3,444	2010	A		2,752	\$ 189	958	1,983	
		2,941	2009	A	1,983			1,983		
<u>DEPT. OF TRANSPORTATION</u>										
NJDOT-Mill Still Road-Phase II	N/A	95,000	2009	A	(24,810)	93,293	1,707	70,190	-	
<u>DEPT. OF HUMAN SERVICES</u>										
Payments to Municipalities for Cost of General Assistance (State Share)	75050-150-158010-60		Open	E	7,717		6		7,723	
<u>DEPT. OF ENVIRONMENTAL PROTECTION</u>										
Stormwater Management Grant	WQ05-574	5,000	2008	A	(5,000)				(5,000)	
<u>OTHER AWARDS</u>										
NJLM Education Foundation, Inc.	Sustainable Jersey Sm. Gr	1,000	2010	A		1,000			1,000	
NJLM Education Foundation, Inc.	Sustainable Jersey Small Grant	25,000	2009	A	2,599	12,500		15,099	-	
TOTAL STATE ASSISTANCE						\$ (6,726)	\$ 116,331	\$ 1,902	\$ 93,342	\$ 18,165

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

STATUS OF PRIOR AUDIT FINDINGS

STATUS OF PRIOR AUDIT FINDINGS

CY
Occurrence

2009-1 I suggest that all interfunds be transferred to their respective fund.

STATUS - Finding is reported in CY 2010 and further corrective action required.

2009-2 I suggest that the aged grants receivables be collected or canceled if necessary.

STATUS - Finding is reported in CY 2010 and further corrective action required.

2009-3 I noted the monthly state dog reports were not filed for the period July 1, 2009 through December 31, 2009. I suggest that the state dog reports be timely filed.

STATUS - Finding is corrected in 2010.

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS-
GENERAL FINDINGS**

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

GENERAL FINDINGS

Reportable Conditions

Segregation of Duties:

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

Certain functions, including payroll preparation, are handled by one person. While this situation is not unusual in operations the size of the municipality, management should be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

My audit did not reveal any errors or irregularities resulting from this lack of segregation of employees duties and responsibilities.

Other Findings

Ref.#

Interfunds:

I noted various interfund balances at year end.

2010-1(*) I suggest that all interfunds be transferred to their respective funds.

Grants Receivable:

I noted various aged grants receivable for a Storm Water Grant (\$5,000) and an ESP Grant (\$3,000).

2010-2(*) I suggest that the aged grants receivables be collected or canceled if necessary.

(*) Prior Year Finding