

**BOROUGH OF HIGHTSTOWN**

**COUNTY OF MERCER**

**REPORT OF AUDIT**

**DECEMBER 31, 2010**

*William E. Antonides and Company*  
**CERTIFIED PUBLIC ACCOUNTANTS**

**2807 Hurley Pond Road, Suite 200  
P.O. Box 1137  
Wall, NJ 07719**

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER**

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**BOROUGH OF HIGHTSTOWN**

**COUNTY OF MERCER**

**PART I**

**AUDITOR'S REPORT OF THE TOWNSHIP'S FINANCIAL STATEMENTS**

**FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2010**

*William E. Antonides and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Borough Council  
County of Mercer  
Borough of Hightstown  
Hightstown, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Borough of Hightstown (the "Borough"), as of December 31, 2010 and 2009, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2010. These financial statements are the responsibility of the Borough's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements of the Length of Service Awards Program Fund ("LOSAP") of the Borough have not been audited, and we were not required by the Division to audit nor were we engaged to audit LOSAP financial statements as part of our audit of the Borough's financial statements. However, the LOSAP financial activities are included in the Borough's Trust Funds, and represent 29.34% and 26.37% of the assets and liabilities as of December 31, 2010 and 2009, respectively, of the Borough's Trust Funds.

As described more fully in Note 1, the Borough prepares its financial statements on a regulatory basis of accounting prescribed by the Division, as required by state statute, that demonstrates compliance with a modified accrual basis of accounting, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2010 and 2009, the changes in financial position, or, where applicable, its cash flows for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

However, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements been audited, the financial statements referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the Borough, as of December 31, 2010 and 2009 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2010 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2012, on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Borough taken as a whole. The accompanying supplementary schedules and the comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements, but is required by the Division. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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.

*William E. Antonides and Company*  
**Independent Auditors**

  
**William E. Antonides, Jr.**  
**Certified Public Accountant**  
**Registered Municipal Accountant**  
**R.M.A. Number 417**

May 4, 2012

CURRENT FUND  
 COMPARATIVE BALANCE SHEET  
 REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2010	Balance Dec. 31, 2009
Cash	A-4	\$ 1,004,599.19	\$ 1,075,191.59
Change Fund		155.00	155.00
Due from State of New Jersey (Ch. 20, P.L. 1971)	A-5	<u>377.40</u>	<u>877.40</u>
		<u>\$ 1,005,131.59</u>	<u>\$ 1,076,223.99</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	\$ 378,968.22	\$ 541,294.61
Tax Title Liens Receivable	A-7	82,299.77	71,408.17
Revenue Accounts Receivable	A-10	20,677.26	20,838.37
Interfunds:			
Animal Control Fund	A-4	131.29	-
General Capital Fund	A-4	<u>140,000.00</u>	<u>-</u>
	A	<u>\$ 622,076.54</u>	<u>\$ 633,541.15</u>
Deferred Charges:			
Emergency Authorizations	A-8	<u>\$ 32,000.00</u>	<u>\$ 64,000.00</u>
		<u>\$ 1,659,208.13</u>	<u>\$ 1,773,765.14</u>
Grant Fund:			
Cash	A-18	\$ 66,242.48	\$ 61,771.71
Grants Receivable	A-19	8,209.84	32,318.84
Due from Current Fund	A-22	<u>-</u>	<u>2,065.13</u>
		<u>\$ 74,452.32</u>	<u>\$ 96,155.68</u>
		<u>\$ 1,733,660.45</u>	<u>\$ 1,869,920.82</u>

The accompanying notes to financial statements are an integral part of the financial statements.

Continued

CURRENT FUND  
 COMPARATIVE BALANCE SHEET  
 REGULATORY BASIS  
 (CONTINUED FROM PRIOR PAGE)

LIABILITIES, RESERVES AND FUND BALANCE	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Balance Dec. 31, 2009</u>
<b>Liabilities:</b>			
Appropriations Reserves	A-3, A-11	\$ 218,278.26	\$ 294,071.89
Reserve for Encumbrances	A-3, A-11	92,063.42	50,070.91
Prepaid Taxes	A-12	138,818.84	130,135.03
Accounts Payable	A-9	32,137.64	35,395.10
Tax Overpayments	A-13	9,271.14	27,270.96
Due County for Added Taxes	A-15	17,655.60	10,915.59
Reserve for Revaluation	A-17	15,000.00	21,500.00
Reserve for Tax Appeals	A-2	53,001.50	3,001.50
Emergency Notes Payable	A-4	-	64,000.00
Due to Water-Sewer Operating Fund	A-4	6,060.03	349,186.45
Due to Other Trust	A-4	-	27,805.62
Due To Grant Fund	A-4	-	2,065.13
Due to State of New Jersey	A-16	1,937.00	868.00
		<u>\$ 584,223.43</u>	<u>\$1,016,286.18</u>
Reserve for Receivables and Other Assets	A	622,076.54	633,541.15
Fund Balance	A-1	452,908.16	123,937.81
		<u>\$1,659,208.13</u>	<u>\$1,773,765.14</u>
<b>Grant Fund:</b>			
Reserve for Grants Appropriated	A-20	\$ 67,733.48	\$ 86,672.68
Reserve for Encumbrances	A-21	1,200.00	9,483.00
Reserve for Grants Unappropriated	A-23	5,518.84	-
		<u>\$ 74,452.32</u>	<u>\$ 96,155.68</u>
		<u>\$1,733,660.45</u>	<u>\$1,869,920.82</u>

The accompanying notes to financial statements are an integral part of the financial statements.

Concluded

CURRENT FUND  
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
REGULATORY BASIS

Revenue and Other Income Realized	Ref.	<u>Year 2010</u>	<u>Year 2009</u>
Fund Balance Anticipated	A-2	\$ 118,000.00	\$ 385,000.00
Miscellaneous Revenue Realized	A-2	1,510,300.51	1,575,364.11
Receipts from Delinquent Taxes	A-2	539,948.93	306,116.66
Receipts from Current Taxes	A-2	15,052,011.40	14,207,247.28
Non-Budget Revenue	A-2	43,644.76	71,379.99
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	200,097.03	199,476.37
Interfunds Returned	A-4	-	367.90
Tax Overpayment Canceled	A-13	-	8.89
Accounts Payable Canceled	A-5	-	207.00
		<hr/>	<hr/>
Total Income		\$ 17,464,002.63	\$ 16,745,168.20
		<hr/>	<hr/>
Expenditures			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	\$ 2,661,752.00	\$ 2,750,367.75
Other Expenses	A-3	2,231,834.36	2,021,349.72
Capital Improvements	A-3	1,000.00	28,200.00
Municipal Debt Service	A-3	424,906.45	367,940.16
Deferred Charges and Statutory Expenditures - Municipal	A-3	404,569.30	416,199.00
		<hr/>	<hr/>
Total Budget		\$ 5,724,062.11	\$ 5,584,056.63
		<hr/>	<hr/>
Regional School Taxes	A-14	8,337,431.57	8,212,075.99
County Taxes	A-15	2,813,547.84	2,827,903.15
Interfunds Advanced		140,000.00	-
Prior Year Refund	A-4	1,240.76	-
Prior Year Senior Citizen Deduction Disallowed	A-5	750.00	1,000.00
		<hr/>	<hr/>
Total Expenditures		\$ 17,017,032.28	\$ 16,625,035.77
		<hr/>	<hr/>
Excess in Revenues		\$ 446,970.35	\$ 120,132.43
		<hr/>	<hr/>
Fund Balance, January 1	A	123,937.81	388,805.38
		<hr/>	<hr/>
		\$ 570,908.16	\$ 508,937.81
		<hr/>	<hr/>
Decreased by:			
Utilized as Anticipated Revenue	A-2	118,000.00	385,000.00
		<hr/>	<hr/>
Balance, December 31	A	\$ 452,908.16	\$ 123,937.81
		<hr/>	<hr/>

The accompanying notes to financial statements are an integral part of the financial statements.

CURRENT FUND  
 STATEMENT OF REVENUES  
 REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget Revenues	Special N.J.S. 40A:4-87		
Surplus Anticipated	A-1	\$ 118,000.00	\$ -	\$ 118,000.00	\$ -
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	\$ 7,500.00	\$ -	\$ 7,500.00	\$ -
Other	A-10	13,000.00	-	13,847.00	847.00
Fees and Permits	A-10	18,000.00	-	30,199.50	12,199.50
Fines and Costs:					
Municipal Court	A-10	279,000.00	-	227,213.78	(51,786.22)
Interest and Costs on Taxes	A-10	82,000.00	-	146,636.48	64,636.48
Interest on Investments and Deposits	A-10	6,600.00	-	15,862.72	9,262.72
Lease of Borough-Owned Property - AT&T	A-10	64,000.00	-	79,311.64	15,311.64
Consolidated Municipal Property Tax Relief Aid	A-10	110,935.00	-	110,935.00	-
Energy Receipts Tax	A-10	392,615.00	-	392,615.00	-
Uniform Construction Code Fees	A-10	70,000.00	-	96,169.00	26,169.00
Interlocal Services Agreement - 911 Cranbury Township	A-10	138,738.00	-	138,750.00	12.00
Interlocal Services Agreement - Roosevelt Borough					
Trash Collection	A-10	46,750.00	-	46,750.00	-
Interlocal Services Agreement - Roosevelt Borough					
Trash Collection -Tipping Fees	A-10	40,000.00	-	22,721.16	(17,278.84)
Drunk Driving Enforcement Fund	A-10	-	11,654.05	11,654.05	-
Clean Communities Program	A-10	7,909.71	-	7,909.71	-
Alcohol Education Rehabilitation Fund	A-10	-	7,038.23	7,038.23	-
Body Armor Grant	A-10	841.85	1,367.32	2,209.17	-
2009 Business Stimulus Grant - Trees	A-10	-	7,000.00	7,000.00	-
Uniform Fire Safety Act	A-10	9,924.52	-	8,128.90	(1,795.62)
CATV - Franchise Fee	A-10	36,188.00	-	36,188.99	0.99
The Peddie School - Gift	A-10	23,000.00	-	23,000.00	-
Interlocal Agreement- Cranbury 911 Prior Year	A-10	32,115.50	-	32,112.50	(3.00)
Verizon Franchise Fee	A-10	20,800.00	-	20,886.28	86.28
Reserve for Debt Service	A-10	2,506.91	-	2,506.91	-
Hightstown Housing Authority - Payment in Lieu of Taxes	A-10	23,000.00	-	23,154.49	154.49
<b>Total Miscellaneous Revenues</b>	<b>A-1</b>	<b>\$ 1,425,424.49</b>	<b>\$ 27,059.60</b>	<b>\$ 1,510,300.51</b>	<b>\$ 57,816.42</b>
Receipts from Delinquent Taxes	A-1, A-6	\$ 485,000.00	\$ -	\$ 539,948.93	\$ 54,948.93
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	\$ 4,279,011.57	\$ -	\$ 4,501,031.99	\$ 222,020.42
<b>Budget Totals</b>		<b>\$ 6,307,436.06</b>	<b>\$ 27,059.60</b>	<b>\$ 6,669,281.43</b>	<b>\$ 334,785.77</b>
Non-Budget Revenues	A-1, A-2	-	-	43,644.76	
		<b>\$ 6,307,436.06</b>	<b>\$ 27,059.60</b>	<b>\$ 6,712,926.19</b>	

The accompanying notes to financial statements are an integral part of the financial statements.

Continued

CURRENT FUND  
 STATEMENT OF REVENUES  
 REGULATORY BASIS  
 (CONTINUED FROM PRIOR PAGE)

<b>Analysis of Realized Revenues:</b>	<u>Ref.</u>	<u>Dec. 31, 2010</u>
Allocation of Current Taxes:		
Prepaid Prior Year	A-6	\$ 130,135.03
Collected Current Year	A-6	14,914,003.16
Overpayments Applied	A-6	26,373.21
Senior Citizens' and Veterans' Deductions	A-6	<u>31,500.00</u>
		\$ 15,102,011.40
Less: Reserve for Tax Appeals Pending	A	<u>50,000.00</u>
	A-1	\$ 15,052,011.40
Allocated to:		
School and County Taxes	A-14, A-15	<u>11,150,979.41</u>
Balance for Support of Municipal Budget Appropriations		\$ 3,901,031.99
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>600,000.00</u>
Amount for Support of Municipal Budget	A-2	<u><u>\$ 4,501,031.99</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-6	\$ 537,958.09
Overpayments Applied	A-6	895.95
Tax Title Lien Collections	A-7	<u>1,094.89</u>
	A-2	<u><u>\$ 539,948.93</u></u>

The accompanying notes to financial statements are an integral part of the financial statements.

Continued

CURRENT FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
(CONTINUED FROM PRIOR PAGE)

**Analysis of Non-Budget Revenues:**

Tax Map/Ordinance Copies	\$	101.60
Borough Clerk Miscellaneous		85.00
Donation		400.00
Refunds		6,013.11
Shared Services Roosevelt		197.50
Court Motor Vehicle Inspections		12,151.25
Owners List		160.00
Tax Collector Fees		5,660.28
Senior Citizens and Veterans Administration Fee		625.00
Municipal Court Miscellaneous		65.00
Police Accident Reports		904.50
Other Police Fees		1,760.20
Fire Code Other		4,568.50
Recycling Containers		4.00
Americana Lease		6,000.00
Construction Code Miscellaneous Fees		4,917.00
Miscellaneous		31.82
		<hr/>
	A-2, A-4	\$ 43,644.76
		<hr/>

The accompanying notes to financial statements are an integral part of the financial statements.

Concluded

CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS

OPERATIONS - WITHIN "CAPS"	Budget	Budget After Modifications	Expended		Unexpended Balance Cancelled
			Paid or Charged	Reserved	
<b>GENERAL GOVERNMENT</b>					
General Administration:					
Salaries and Wages	\$ 25,000.00	\$ 25,000.00	24,079.23	\$ 920.77	\$ -
Other Expenses	925.00	925.00	915.95	9.05	-
Mayor and Council:					
Salaries and Wages	11,700.00	11,700.00	9,945.00	1,755.00	-
Other Expenses	900.00	900.00	844.21	55.79	-
Municipal Clerk:					
Salaries and Wages	48,670.00	65,500.00	62,762.17	2,737.83	-
Other Expenses	8,370.00	9,070.00	8,776.36	293.64	-
Elections:					
Other Expenses	2,400.00	2,400.00	2,346.31	53.69	-
Office Supplies and Paper Products					
Other Expenses	13,700.00	13,700.00	13,196.90	503.10	-
Financial Administration:					
Salaries and Wages	92,000.00	92,770.00	90,600.28	2,169.72	-
Other Expenses	6,303.00	6,303.00	6,154.50	148.50	-
Audit Services:					
Other Expenses	14,000.00	14,000.00	14,000.00	-	-
Grant Writing and Administration:					
Other Expenses	3,000.00	2,000.00	1,947.50	52.50	-
Central Computer (Data Processing/ Info Tech)					
Other Expenses	17,000.00	21,200.00	18,708.04	2,491.96	-
Collection of Taxes:					
Salaries and Wages	36,500.00	33,999.00	33,856.88	142.12	-
Other Expenses	3,650.00	3,650.00	2,573.00	1,077.00	-
Assessment of Taxes:					
Salaries and Wages	12,500.00	12,501.00	12,500.02	0.98	-
Other Expenses	10,810.00	6,310.00	5,004.23	1,305.77	-
Interest on Tax Appeals:					
Other Expenses	100.00	100.00	-	100.00	-
Legal Services and Costs:					
Other Expenses	111,100.00	96,500.00	95,287.20	1,212.80	-
Engineering Services and Costs:					
Other Expenses	20,300.00	17,800.00	17,200.00	600.00	-
Historical Commission:					
Other Expenses	1,200.00	1,200.00	106.80	1,093.20	-
Municipal Land Use Law (N.J.S.A. 40:55D-1)					
Planning Board:					
Salaries and Wages	16,000.00	16,000.00	15,448.44	551.56	-
Other Expenses	11,645.00	12,061.00	11,559.50	501.50	-
Insurance:					
Insurance Deductibles	3,000.00	3,000.00	1,000.00	2,000.00	-
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00	-	-
General Liability	34,950.00	34,950.00	34,950.00	-	-
Workers Compensation Insurance	98,300.00	98,300.00	98,300.00	-	-
Employee Group Health Insurance	456,817.00	456,817.00	449,690.63	7,126.37	-
<b>PUBLIC SAFETY FUNCTIONS</b>					
Police Department:					
Salaries and Wages	1,354,888.00	1,425,888.00	1,422,383.83	3,504.17	-
Other Expenses	48,958.00	48,958.00	37,906.12	11,051.88	-
Police Fire and Radio Communications:					
Salaries and Wages	100,000.00	100,000.00	98,374.63	1,625.37	-
Other Expenses	7,364.00	7,364.00	6,338.89	1,025.11	-
Office of Emergency Management:					
Other Expenses	250.00	250.00	-	250.00	-

The accompanying notes to financial statements are an integral part of the financial statements.

Continued

CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
(CONTINUED FROM PRIOR PAGE)

OPERATIONS - WITHIN "CAPS" (Continued)	Budget	Budget After Modifications	Expended		Unexpended Balance Cancelled
			Paid or Charged	Reserved	
<b>PUBLIC SAFETY FUNCTIONS (Continued)</b>					
Fire Department:					
Other Expenses	\$ 33,100.00	\$ 30,400.00	16,063.09	\$ 14,336.91	\$ -
Aid to Fire Department					
Other Expenses	5,000.00	5,000.00	5,000.00	-	-
Uniform Fire Safety Act (P.L. 1983, Ch. 383):					
Salaries and Wages	15,000.00	12,500.00	12,429.98	70.02	-
Other Expenses	3,350.00	2,350.00	2,345.62	4.38	-
First Aid Organization:					
Other Expenses	13,100.00	13,591.00	13,068.81	522.19	-
First Aid Contribution:					
Other Expenses	1,500.00	1,500.00	1,500.00	-	-
Municipal Prosecutor:					
Other Expenses	14,600.00	14,600.00	14,400.00	200.00	-
<b>PUBLIC WORKS FUNCTIONS</b>					
Streets and Road Maintenance					
Salaries and Wages	130,100.00	125,100.00	117,848.94	7,251.06	-
Other Expenses	25,800.00	20,388.00	18,095.28	2,292.72	-
Snow Removal:					
Other Expenses	6,000.00	6,000.00	5,999.98	0.02	-
Sanitation/Solid Waste Collection:					
Salaries and Wages	57,950.00	53,650.00	51,913.53	1,736.47	-
Other Expenses	38,500.00	38,500.00	37,435.71	1,064.29	-
Public Buildings and Grounds:					
Salaries and Wages	52,050.00	49,450.00	47,172.30	2,277.70	-
Other Expenses	18,200.00	19,612.00	18,551.64	1,060.36	-
Recycling:					
Salaries and Wages	95,500.00	92,300.00	88,253.36	4,046.64	-
Other Expenses	36,300.00	36,300.00	34,899.64	1,400.36	-
Vehicle Maintenance:					
Other Expenses	27,600.00	27,109.00	24,578.38	2,530.62	-
Community Condominium Services Act:					
Other Expenses	30,000.00	30,000.00	27,214.93	2,785.07	-
<b>HEALTH AND HUMAN SERVICES</b>					
Board of Health:					
Salaries and Wages	65,700.00	63,000.00	60,170.37	2,829.63	-
Other Expenses	6,000.00	6,000.00	5,519.60	480.40	-
Environmental Commission (N.J.S.A. 40:56A-1)					
Other Expenses	700.00	700.00	497.86	202.14	-
Child Care Centers -					
Contracts (N.J.S.A. 40:223-8:14)					
Other Expenses:					
Better Beginnings	8,500.00	8,500.00	8,500.00	-	-
Hightstown/East Windsor	4,000.00	4,000.00	4,000.00	-	-
Animal Control					
Other Expenses	100.00	100.00	-	100.00	-
<b>PARK AND RECREATION</b>					
Maintenance of Parks:					
Salaries and Wages	80,000.00	76,394.00	72,678.87	3,715.13	-
Other Expenses	3,000.00	3,000.00	969.09	2,030.91	-
Recreation & Open Space (Parks Commission)					
Salaries and Wages	10,000.00	10,000.00	10,000.00	-	-
Other Expenses	10,700.00	10,700.00	7,928.57	2,771.43	-

The accompanying notes to financial statements are an integral part of the financial statements.

Continued

CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
(CONTINUED FROM PRIOR PAGE)

OPERATIONS - WITHIN "CAPS" (Continued)	Budget	Budget After Modifications	Expended		Unexpended Balance Cancelled
			Paid or Charged	Reserved	
<b>OTHER COMMON OPERATING FUNCTIONS (UNCLASSIFIED):</b>					
Celebration of Public Events:					
Other Expenses	\$ 1,700.00	\$ 1,700.00	1,505.00	\$ 195.00	\$ -
Accumulated Sick and Vacation					
Other Expenses	87,500.00	87,500.00	87,499.95	0.05	-
Postage and Shipping Charges:					
Other Expenses	8,800.00	8,800.00	7,791.65	1,008.35	-
<b>UTILITY EXPENSE AND BULK PURCHASES</b>					
Gasoline and Diesel Fuel	50,000.00	52,000.00	49,147.36	2,852.64	-
Electricity	62,500.00	58,290.00	54,112.14	4,177.86	-
Telephone	45,000.00	45,000.00	41,516.12	3,483.88	-
Natural Gas	21,700.00	14,700.00	12,053.96	2,646.04	-
Street Lighting	46,000.00	46,000.00	42,761.22	3,238.78	-
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>					
Landfill Disposal Costs:					
Other Expenses	200,000.00	200,000.00	172,757.45	27,242.55	-
Municipal Court:					
Salaries and Wages	162,678.00	137,678.00	136,661.24	1,016.76	-
Other Expenses	14,796.50	14,796.50	8,462.47	6,334.03	-
<b>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</b>					
State Uniform Construction Code (N.J.S.A. 52:270-120D et seq.)					
Salaries and Wages	108,850.00	105,850.00	103,646.13	2,203.87	-
Other Expenses	6,755.00	6,755.00	5,119.85	1,635.15	-
Housing Code Enforcement:					
Salaries and Wages	27,500.00	27,500.00	24,242.72	3,257.28	-
Other Expenses	450.00	450.00	-	450.00	-
<b>Total Operations within "CAPS"</b>	<b>\$ 4,218,879.50</b>	<b>\$ 4,218,879.50</b>	<b>\$ 4,061,069.43</b>	<b>\$ 157,810.07</b>	<b>\$ -</b>
Contingent	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Operations Including Contingent - within "CAPS"</b>	<b>\$ 4,218,879.50</b>	<b>\$ 4,218,879.50</b>	<b>\$ 4,061,069.43</b>	<b>\$ 157,810.07</b>	<b>\$ -</b>
<b>Detail:</b>					
Salaries and Wages	\$ 2,502,586.00	\$ 2,536,780.00	\$ 2,494,967.92	\$ 41,812.08	\$ -
Other Expenses (Including Contingent)	\$ 1,716,293.50	\$ 1,682,099.50	\$ 1,566,101.51	\$ 115,997.99	\$ -
<b>Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"</b>					
STATUTORY EXPENDITURES:					
Public Employees' Retirement System of N.J.	\$ 61,768.80	\$ 61,768.80	\$ 61,768.80	\$ -	-
Social Security System (O.A.S.I.)	119,000.00	119,000.00	115,302.01	3,697.99	-
Police and Firemen's Retirement System of N.J.	143,554.50	143,554.50	143,554.50	-	-
Defined Contribution Benefit Plan	5,000.00	5,000.00	-	5,000.00	-
<b>Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"</b>	<b>\$ 329,323.30</b>	<b>\$ 329,323.30</b>	<b>\$ 320,625.31</b>	<b>\$ 8,697.99</b>	<b>\$ -</b>
<b>Total General Appropriations for Municipal Purposes within "CAPS"</b>	<b>\$ 4,548,202.80</b>	<b>\$ 4,548,202.80</b>	<b>\$ 4,381,694.74</b>	<b>\$ 166,508.06</b>	<b>\$ -</b>

The accompanying notes to financial statements are an integral part of the financial statements.

Continued

CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
(CONTINUED FROM PRIOR PAGE)

OPERATIONS - EXCLUDED FROM "CAPS"	Budget	Budget After Modifications	Expended		Unexpended Balance Cancelled
			Paid or Charged	Reserved	
Length of Service Award Program (LOSAP)					
Other Expenses	\$ 40,650.00	\$ 40,650.00	\$ 35,250.00	\$ 5,400.00	\$ -
Recycling Tax (P.L. 2007, C.311)	6,500.00	6,500.00	5,272.72	1,227.28	-
Employer's Group Health Insurance	43,183.00	43,183.00	43,183.00	-	-
Public Employees' Retirement System	55,555.20	55,555.20	55,555.20	-	-
Police and Firemens Retirement System	166,101.50	166,101.50	166,101.50	-	-
<b>Total Other Operations - Excluded from "CAPS"</b>	<b>\$ 311,989.70</b>	<b>\$ 311,989.70</b>	<b>\$ 305,362.42</b>	<b>\$ 6,627.28</b>	<b>\$ -</b>
<b>Interlocal Municipal Service Agreements</b>					
Implementation of 911:					
Salaries and Wages	\$ 96,672.00	\$ 96,672.00	\$ 86,041.76	\$ 10,630.24	\$ -
Other Expenses	42,066.00	42,066.00	32,946.77	9,119.23	-
Senior Citizens - Program Service Center:					
Other Expenses	23,500.00	23,500.00	5,295.66	18,204.34	-
Senior Citizens Transportation:					
Other Expenses	2,180.00	2,180.00	2,180.00	-	-
Health Services:					
Salaries and Wages	28,300.00	28,300.00	27,171.75	1,128.25	-
Other Expenses	25,588.00	25,588.00	25,413.00	175.00	-
Emergency Medical Services					
Other Expenses	67,000.00	67,000.00	66,474.95	525.05	-
Landfill Disposal Costs (Roosevelt)					
Other Expenses	40,000.00	40,000.00	27,717.83	1,882.17	10,400.00
Vehicle Maintenance Services					
Other Expenses	12,000.00	12,000.00	8,521.36	3,478.64	-
<b>Total Interlocal Municipal Service Agreements</b>	<b>\$ 337,306.00</b>	<b>\$ 337,306.00</b>	<b>\$ 281,763.08</b>	<b>\$ 45,142.92</b>	<b>\$ 10,400.00</b>
<b>Public and Private Programs Offset by Revenues</b>					
Clean Communities Program	\$ 7,909.71	\$ 7,909.71	\$ 7,909.71	\$ -	\$ -
Drunk Driving Enforcement Fund		11,654.05	11,654.05	-	-
Body Armor Replacement Grant	841.85	2,209.17	2,209.17	-	-
Alcohol Education and Rehabilitation Fund		7,038.23	7,038.23	-	-
2009 Business Stimulus Grant -Trees		7,000.00	7,000.00	-	-
<b>Total Public and Private Programs Offset by Revenues</b>	<b>\$ 8,751.56</b>	<b>\$ 35,811.16</b>	<b>\$ 35,811.16</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Operations - Excluded from "CAPS"</b>	<b>\$ 658,047.26</b>	<b>\$ 685,106.86</b>	<b>\$ 622,936.66</b>	<b>\$ 51,770.20</b>	<b>\$ 10,400.00</b>
<b>Detail:</b>					
Salaries and Wages	\$ 124,972.00	\$ 124,972.00	\$ 113,213.51	\$ 11,758.49	\$ -
Other Expenses	\$ 533,075.26	\$ 560,134.86	\$ 509,723.15	\$ 40,011.71	\$ 10,400.00

The accompanying notes to financial statements are an integral part of the financial statements.

Continued

CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
(CONTINUED FROM PRIOR PAGE)

OPERATIONS - EXCLUDED FROM "CAPS" (Continued)	Budget	Budget After Modifications	Expended		Unexpended Balance Cancelled
			Paid or Charged	Reserved	
<b>Capital Improvements - Excluded from "CAPS"</b>					
Capital Improvement Fund	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ -	\$ -
Total Capital Improvements Excluded from "CAPS"	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ -	\$ -
<b>Municipal Debt Service - Excluded from "CAPS"</b>					
Payment of Bond Principal	\$ 230,000.00	\$ 230,000.00	\$ 230,000.00	\$ -	\$ -
Payment of Bond Anticipation Notes and Capital Notes	35,000.00	35,000.00	35,000.00	-	-
Interest on Bonds	131,800.00	131,800.00	131,800.00	-	-
Interest on Notes	12,140.00	12,140.00	12,107.98	-	32.02
Capital Lease Obligations Approved Prior to 7/1/2007 Principal	15,660.00	15,660.00	15,659.44	-	0.56
Interest	340.00	340.00	339.03	-	0.97
Total Municipal Debt Service Excluded from "CAPS"	\$ 424,940.00	\$ 424,940.00	\$ 424,906.45	\$ -	\$ 33.55
<b>Deferred Charges - Municipal - Excluded from "CAPS"</b>					
DEFERRED CHARGES: Special Emergency Authorizations - 5 Years (N.J.S. 40A4-55)	\$ 32,000.00	\$ 32,000.00	\$ 32,000.00	\$ -	\$ -
Total Deferred Charges - Municipal - Excluded from "CAPS"	\$ 32,000.00	\$ 32,000.00	\$ 32,000.00	\$ -	\$ -
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	\$ 43,246.00	\$ 43,246.00	\$ 43,246.00	\$ -	\$ -
Total General Appropriations for Municipal Purposes - Excluded from "CAPS"	\$ 1,159,233.26	\$ 1,186,292.86	\$ 1,124,089.11	\$ 51,770.20	\$ 10,433.55
Total General Appropriations - Excluded from "CAPS"	\$ 1,159,233.26	\$ 1,186,292.86	\$ 1,124,089.11	\$ 51,770.20	\$ 10,433.55
Subtotal General Appropriations	\$ 5,707,436.06	\$ 5,734,495.66	\$ 5,505,783.85	\$ 218,278.26	\$ 10,433.55
Reserve for Uncollected Taxes	600,000.00	600,000.00	600,000.00	-	-
Total General Appropriations	\$ 6,307,436.06	\$ 6,334,495.66	\$ 6,105,783.85	\$ 218,278.26	\$ 10,433.55
				A	
Detail:					
Original Budget		\$ 6,307,436.06			
Added by N.J.S.A. 40A:4-87		27,059.60			
		\$ 6,334,495.66			
Disbursed	A-4		\$ 5,381,720.43		
Reserve for Encumbrances	A		92,063.42		
Emergency Authorization	A-8		32,000.00		
Reserve for Uncollected Taxes	A-2		600,000.00		
			\$ 6,105,783.85		

The accompanying notes to financial statements are an integral part of the financial statements.

Concluded

TRUST FUND  
 COMPARATIVE BALANCE SHEET  
 REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2010	Balance Dec. 31, 2009
Animal Control Fund:			
Cash and Investments	B-1	<u>\$ 12,600.13</u>	<u>\$ 9,065.00</u>
Other Trust Funds:			
Cash and Investments	B-1	\$ 868,251.58	\$ 737,256.62
Due From Current Fund	B-1	-	27,805.62
Due From Water-Sewer Operating Fund	B-1	<u>-</u>	<u>17,242.84</u>
		<u>\$ 868,251.58</u>	<u>\$ 782,305.08</u>
Escrow Trust Funds:			
Cash and Investments	B-1	<u>\$ 178,576.49</u>	<u>\$ 188,391.27</u>
Length of Service Awards Program Fund (LOSAP) - Unaudited:			
Funds Held by Trustee	B-15	<u>\$ 439,895.29</u>	<u>\$ 350,848.15</u>
		<u><u>\$1,499,323.49</u></u>	<u><u>\$1,330,609.50</u></u>

The accompanying notes to financial statements are an integral part of the financial statements.

TRUST FUND  
 COMPARATIVE BALANCE SHEET  
 REGULATORY BASIS  
 (Continued from prior page)

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance Dec. 31, 2010	Balance Dec. 31, 2009
<b>Animal Control Fund:</b>			
Due to N.J. State Department of Health	B-2	\$ 22.20	\$ 148.20
Prepaid Licenses	B-3	-	561.60
Due to Current Fund	B-1	131.29	-
Reserve for Expenditures	B-3	<u>12,446.64</u>	<u>8,355.20</u>
		<u>\$ 12,600.13</u>	<u>\$ 9,065.00</u>
<b>Other Trust Funds:</b>			
Due to Capital Fund	B-1	\$ -	\$ 300.00
Due to Water Sewer Operating Reserve for:	B-1	5,000.00	-
Redemption of Tax Title Liens	B-4	1,340.17	49.67
Regional Contribution Agreement - Manalapan	B-5	174,121.53	173,926.92
Law Enforcement Fund -Federal	B-6	2,253.48	2,995.03
Law Enforcement Fund	B-7	7,127.54	7,539.62
Public Defender	B-8	7,531.47	7,476.29
Unemployment	B-9	36,828.52	24,811.52
Payroll Deductions	B-10	34,794.43	46,233.14
Miscellaneous Trust Funds	B-11	206,331.91	158,527.31
Housing Rehabilitation Loans	B-13	-	4,575.03
Housing Trust	B-14	<u>392,922.53</u>	<u>355,870.55</u>
		<u>\$ 868,251.58</u>	<u>\$ 782,305.08</u>
<b>Escrow Trust Funds:</b>			
Escrow Fees	B-12	<u>\$ 178,576.49</u>	<u>\$ 188,391.27</u>
<b>Length of Service Awards Program Fund (LOSAP) - Unaudited:</b>			
Reserve for Length of Service Awards Program (LOSAP)	B-15	<u>\$ 439,895.29</u>	<u>\$ 350,848.15</u>
		<u><u>\$1,499,323.49</u></u>	<u><u>\$1,330,609.50</u></u>

The accompanying notes to financial statements are an integral part of the financial statements.

Concluded

WATER-SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2010	Balance Dec. 31, 2009
Operating Fund:			
Cash and Investments	D-5	\$ 291,087.12	\$ 393,098.77
Due From Current Fund	D-5	6,060.03	349,186.45
Due From Water Sewer Capital Fund	D-5	300,000.00	-
Due From Trust Fund		5,000.00	-
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-8	<u>156,729.91</u>	<u>177,305.51</u>
<b>Total Operating Fund</b>		<u>\$ 758,877.06</u>	<u>\$ 919,590.73</u>
Capital Fund:			
Cash	D-6	\$ 185,198.58	\$ 79,532.04
Grants Receivable	D-6, D-24	-	171,500.00
Loans Receivable	D-6	576,319.00	-
Fixed Capital	D-9	12,962,487.48	12,962,487.48
Fixed Capital Authorized and Uncompleted	D-10	<u>5,070,400.00</u>	<u>5,018,400.00</u>
		<u>\$ 18,794,405.06</u>	<u>\$ 18,231,919.52</u>
		<u>\$ 19,553,282.12</u>	<u>\$ 19,151,510.25</u>

There were bonds and notes authorized but not issued on December 31, 2010 of \$303,450.00 and on December 31, 2009 of \$2,200,200.00 (D-24)

The accompanying notes to financial statements are an integral part of the financial statements.

Continued

WATER-SEWER UTILITY FUND  
 COMPARATIVE BALANCE SHEET  
 REGULATORY BASIS  
 (Continued from prior page)

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance <u>Dec. 31, 2010</u>	Balance <u>Dec. 31, 2009</u>
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4, D-11	\$ 105,095.66	\$ 103,786.47
Encumbrances Payable	D-4, D-11	73,807.54	93,115.29
Prepaid Rents and Fees	D-12	3,427.73	122,073.69
Overpayments	D-13	1,701.74	3,634.69
Due to Trust Fund		-	17,242.84
Accrued Interest on Bonds and Loans	D-14	51,219.80	56,684.97
Accrued Interest on Notes	D-15	81.81	185.41
		<u>235,334.28</u>	<u>396,723.36</u>
Reserve for Receivables	D	156,729.91	177,305.51
Fund Balance	D-1	<u>366,812.87</u>	<u>345,561.86</u>
Total Operating Fund		<u>\$ 758,877.06</u>	<u>\$ 919,590.73</u>
Capital Fund:			
Serial Bonds Payable	D-16	\$ 4,850,000.00	\$ 5,010,000.00
Loans Payable	D-17	1,946,250.00	271,812.71
Bond Anticipation Notes	D-18	187,000.00	229,900.00
Due to Water-Sewer Operating Fund	D-6	300,000.00	-
Improvement Authorization - Funded	D-19	101,383.49	194,035.36
Improvement Authorization - Unfunded	D-19	381,742.32	2,002,359.49
Down Payments on Improvements		200.00	200.00
Reserve for Encumbrances	D-20	253,524.06	208,652.50
Reserve for Grants	D-22	-	42,500.00
Reserve for Amortization	D-21	10,406,987.48	9,975,174.77
Deferred Reserve for Amortization	D-22	338,800.00	293,800.00
Capital Improvement Fund	D-23	25,016.95	16.95
Fund Balance	D-2	<u>3,500.76</u>	<u>3,467.74</u>
Total Capital Fund		<u>\$ 18,794,405.06</u>	<u>\$ 18,231,919.52</u>
		<u>\$ 19,553,282.12</u>	<u>\$ 19,151,510.25</u>

The accompanying notes to financial statements are an integral part of the financial statements.

Concluded

WATER-SEWER UTILITY OPERATING FUND  
 COMPARATIVE STATEMENT OF OPERATIONS AND  
 CHANGE IN OPERATING FUND BALANCE  
 REGULATORY BASIS

Revenue and Other Income Realized	Ref.	<u>Year 2010</u>	<u>Year 2009</u>
Fund Balance Utilized	D-3	\$ 325,000.00	\$ 229,702.00
Water-Sewer Rents	D-3	2,381,174.63	2,196,621.57
Miscellaneous	D-3	602,467.53	544,351.79
Non-Budget Revenue	D-3	2,221.69	434.03
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-11	<u>107,322.07</u>	<u>128,518.31</u>
 Total Income		 <u>\$ 3,418,185.92</u>	 <u>\$ 3,099,627.70</u>
 Expenditures			
Budget:			
Operating	D-4	\$ 2,298,264.00	\$ 2,284,500.00
Capital Appropriations	D-4	27,500.00	79,100.00
Debt Service	D-4	602,996.91	607,065.89
Deferred Charges and Statutory Expenditures	D-4	<u>143,174.00</u>	<u>104,635.00</u>
 Total Expenditures		 <u>\$ 3,071,934.91</u>	 <u>\$ 3,075,300.89</u>
 Excess in Revenue		 \$ 346,251.01	 \$ 24,326.81
 Fund Balance, January 1	D	 <u>345,561.86</u>	 <u>550,937.05</u>
		\$ 691,812.87	\$ 575,263.86
 Less: Utilized as Anticipated Revenue - Utility	D-1	 <u>325,000.00</u>	 <u>229,702.00</u>
 Fund Balance, December 31	D	 <u>\$ 366,812.87</u>	 <u>\$ 345,561.86</u>

The accompanying notes to financial statements are an integral part of the financial statements.

WATER-SEWER UTILITY CAPITAL FUND  
STATEMENT OF CAPITAL FUND BALANCE  
REGULATORY BASIS

	<u>Ref.</u>	
Balance, December 31, 2009	D	\$ 3,467.74
Increased by:		
Funded Improvement Authorizations Canceled	D-6	<u>33.02</u>
Balance, December 31, 2010	D	<u>\$ 3,500.76</u>

The accompanying notes to financial statements are an integral part of the financial statements.

WATER-SEWER UTILITY OPERATING FUND  
 STATEMENT OF REVENUES  
 REGULATORY BASIS

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	\$ 325,000.00	\$ 325,000.00	\$ -
Water-Sewer Rents	2,196,600.00	2,381,174.63	184,574.63
Miscellaneous	557,500.00	602,467.53	44,967.53
	<u>\$3,079,100.00</u>	<u>\$3,308,642.16</u>	<u>\$ 229,542.16</u>
Non-Budget Revenues		<u>2,221.69</u>	
		<u>\$3,310,863.85</u>	

**Analysis of Realized Revenues**

	<u>Ref.</u>	
Water-Sewer Rents:		
2010 Collections	D-8	\$ 2,256,134.40
Water-Sewer Overpayments - Applied	D-8	2,966.54
Prepaid Water-Sewer Rents Applied	D-8	<u>122,073.69</u>
	D-1	<u>\$ 2,381,174.63</u>

**Analysis of Miscellaneous Revenues**

Gray-Water Fees	D-8	\$ 495,014.45
Gray-Water Fees - Overpayments Applied	D-8	668.15
Interest on Investments		5,292.89
Interest on Delinquent Charges		20,715.03
Water Connection Fees		50,698.00
Sewer Connection Fees		29,164.00
Manual Meter Reading		690.00
On Off fees		100.00
Miscellaneous Revenue		<u>125.01</u>
	D-1	<u>\$ 602,467.53</u>
Cash Receipts	D-5	\$ 601,799.38
Overpayments Applied	D-8	<u>668.15</u>
		<u>\$ 602,467.53</u>

**Analysis of Non-Budget Revenue**

Cancel Prior Year Check		\$ 125.00
Prior Year Refund		<u>2,096.69</u>
	D-1	<u>\$ 2,221.69</u>

The accompanying notes to financial statements are an integral part of the financial statements.

WATER-SEWER UTILITY OPERATING FUND  
 STATEMENT OF EXPENDITURES  
 REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 931,900.00	\$ 931,900.00	\$ 895,061.27	\$ -	\$ 36,838.73	\$ -
Other Expenses	1,366,364.00	1,366,364.00	1,227,766.61	73,807.54	64,789.85	-
Capital Improvements:						
Capital Improvement Fund	27,500.00	27,500.00	27,500.00	-	-	-
Debt Service:						
Payment of Bond Principal	160,000.00	160,000.00	160,000.00	-	-	-
Interest on Bonds	180,263.00	180,263.00	180,262.50	-	-	0.50
Interest on Bond Anticipation Notes	3,540.00	3,540.00	3,407.61	-	-	132.39
Water and Waste Water Supply Loan	266,359.00	266,359.00	259,326.80	-	-	7,032.20
Statutory Expenditures:						
Public Employees' Retirement System	63,174.00	63,174.00	63,174.00	-	-	-
Social Security System (O.A.S.I.)	70,000.00	70,000.00	66,532.92	-	3,467.08	-
Unemployment Insurance	10,000.00	10,000.00	10,000.00	-	-	-
	<u>\$ 3,079,100.00</u>	<u>\$ 3,079,100.00</u>	<u>\$ 2,893,031.71</u>	<u>\$ 73,807.54</u>	<u>\$ 105,095.66</u>	<u>\$ 7,165.09</u>
		D-1		D	D	D-1
		Ref				
Disbursements		D-5	\$ 2,705,283.01			
Accrued Interest on Bonds and Loans		D-14	184,341.09			
Accrued Interest on Notes		D-15	3,407.61			
			<u>\$ 2,893,031.71</u>			

The accompanying notes to financial statements are an integral part of the financial statements.

GENERAL FIXED ASSETS ACCOUNT GROUP  
STATUTORY BASIS  
STATEMENT OF GENERAL FIXED ASSETS  
REGULATORY BASIS

	<u>2010</u>	<u>2009</u>
General Fixed Assets:		
Land	\$ 106,335.99	\$ 106,335.99
Buildings and Improvements	106,464.00	106,464.00
Equipment	1,102,980.94	1,102,980.94
Motor Vehicles and Equipment	<u>2,444,599.26</u>	<u>2,444,599.26</u>
	<u>\$ 3,760,380.19</u>	<u>\$ 3,760,380.19</u>
Investment in General Fixed Assets	<u>\$ 3,760,380.19</u>	<u>\$ 3,760,380.19</u>

The accompanying notes to financial statements are an integral part of the financial statements.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The financial statements of the Borough of Hightstown, County of Mercer, New Jersey (the "Borough"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the Board of Education, first aid organization or fire company which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The Borough had no component units during 2010.

**B. Descriptions of Funds**

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

The accounting policies of the Borough conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differs from the fund structure required by GAAP:

**Current Fund** - revenues and expenditures for governmental operations of a general nature, including Federal and State grant funds.

**Animal Control Trust Fund** - animal license revenues and expenditures.

**Other Trust Fund** - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

Continued

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Descriptions of Funds** (Continued)

**General Capital Fund** - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

**Water-Sewer Utility Operating Fund** - revenues and expenditures necessary to operate municipally-owned water supply and sewer collection systems from user fees.

**Water-Sewer Utility Capital Fund** - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of water-sewer capital facilities, other than those acquired through the Water-Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

**General Fixed Assets Account Group** - used to account for fixed assets used in general government operations.

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

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

**Property Taxes and Other Revenues** - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**Grant Revenues** - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Continued

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Basis of Accounting** (Continued)

**Expenditures** - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

**Encumbrances** - contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

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

**Deferred Charges** - the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2008 is set forth in Note 9.

**Compensated Absences** - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water-Sewer Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2008 is set forth in Note 4.

Continued

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Basis of Accounting** (Continued)

**Property Acquired for Taxes** - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at its market value.

**Sale of Municipal Assets** - Cash proceeds from the sale of Borough owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

**Interfunds** - advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

**Inventories of Supplies** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

**General Fixed Assets** - In accordance with the Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the Borough has developed a fixed assets accounting and reporting system based on an inspection and historic cost analysis.

Fixed assets used in governmental operations (general fixed assets) are required to be 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.

Depreciation is not recorded in the General Fixed Assets Account Group.

Expenditures for construction in progress are required to be 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.

Continued

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting** (Continued)

**Utility Fixed Assets** - Accounting for utility fund "fixed capital" remains unchanged under the Requirements of Technical Accounting Directive No. 85-2.

Property and equipment purchased by the Water-Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contribution in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Water-Sewer Utility Fund are not depreciated. Principal payments for Water-Sewer Utility debt are recorded as expenditures in the Water-Sewer Utility Statement of Operations.

During 2010 the following changes occurred in the fixed assets of the Borough:

	<u>Balance Dec. 31, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2010</u>
General Fixed Assets:				
Land	\$ 106,335.99	\$ -	\$ -	\$ 106,335.99
Buildings and Improvements	106,464.00	-	-	106,464.00
Equipment	1,141,530.66	-	-	1,141,530.66
Motor Vehicles and Equipment	2,406,049.54	-	-	2,406,049.54
	<u>\$ 3,760,380.19</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,760,380.19</u>

**D. Financial Statements**

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Borough presents its financial statements in accordance with an other comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

**E. Budgets and Budgetary Accounting**

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division in accordance with applicable statutes.

Continued

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

**NOTE 2. CASH AND CASH EQUIVALENTS**

**A. Deposits**

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

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

The market value of the collateral must equal five percent of the average daily balance of public funds; or

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

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

At year-end the carrying amount of the Borough's deposits was \$2,692,550 and the bank balance amount was \$2,581,493. Of this amount \$455,966 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered the remaining \$2,125,527.

**B. Investments**

1. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Borough may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Borough:
  - (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
  - (b) Government money market mutual funds.
  - (c) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.

Continued

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

**NOTE 2. CASH AND CASH EQUIVALENTS** (Continued)

**B. Investments** (Continued)

- (d) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
  - (e) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
  - (f) Municipal investment pools.
  - (g) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
  - (h) Agreements for the repurchase of fully collateralized securities, if:
    - (1) the underlying securities are permitted investments pursuant to paragraphs (a) and (c) of this section;
    - (2) the custody of collateral is transferred to a third party;
    - (3) the maturity of the agreement is not more than 30 days;
    - (4) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
    - (5) a master repurchase agreement providing for the custody and security of collateral is executed.
2. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.
3. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

At year-end, the carrying value of the Borough's investments and the investment balance was \$ - 0 -.

**C. Cash Management Plan**

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

Continued

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

**NOTE 2. CASH AND CASH EQUIVALENTS** (Continued)

**C. Cash Management Plan** (Continued)

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

**D. Credit Risk Categories**

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following three categories described below:

<b>Category 1</b>	Deposits covered by federal depository insurance, or by collateral held by the Borough or its agent, in the Borough's name.	\$ 2,581,493.00
<b>Category 2</b>	Deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the Borough's name.	\$ -
<b>Category 3</b>	Deposits covered by collateral, held by the pledging financial institution, or its trust department, or its agent but not in the Borough's name.	\$ -

**NOTE 3. DEBT**

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds, in anticipation of which such notes were issued, be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

Continued

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

**NOTE 3. DEBT (Continued)**

**A. Long-Term Debt**

The Borough's long-term debt is summarized as follows:

**General Capital Fund**

3.00% to 3.75% General Improvement Bonds Issued February 1, 2008, installment maturities to October 1, 2021	<u>\$ 3,735,000.00</u>
	<u><u>\$ 3,735,000.00</u></u>

**Water-Sewer Utility Capital Fund**

4.50% to 4.75% Water-Sewer Utility Bonds Issued March 1, 2002, installment maturities to March 1, 2028	\$ 1,745,000.00
3.00% to 3.50% Water-Sewer Utility Bonds Issued February 1, 2008, installment maturities to October 1, 2018	<u>3,105,000.00</u>
	<u><u>\$ 4,850,000.00</u></u>

The General Capital Fund Bonds and Water-Sewer Utility Capital Fund mature serially in installments to the year 2028. Aggregate debt service requirements during the next five fiscal years and thereafter are as follows:

<b><u>Year</u></b>	<b>General Capital</b>		<b>Water-Sewer Utility Capital</b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2011	\$ 245,000.00	\$ 124,900.00	\$ 440,000.00	\$ 176,100.00
2012	270,000.00	117,550.00	460,000.00	161,550.00
2013	290,000.00	109,450.00	480,000.00	146,475.00
2014	305,000.00	100,750.00	505,000.00	130,462.50
2015	320,000.00	91,600.00	530,000.00	113,812.50
2016-20	1,875,000.00	289,825.00	1,635,000.00	315,762.50
2021-25	430,000.00	16,125.00	500,000.00	130,625.00
2026-28	-	-	300,000.00	21,375.00
Total	<u>\$ 3,735,000.00</u>	<u>\$ 850,200.00</u>	<u>\$ 4,850,000.00</u>	<u>\$ 1,196,162.50</u>

Continued

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

**New Jersey Environmental Infrastructure Trust**

In March 2010, the Borough received loans from the State of New Jersey to fund the replacement of Water Mains. The Borough has a no interest loan in the amount of \$1,451,250.00 and a loan for \$495,000 at interest rates from 3.00% to 5.00%. The Borough must repay the loan in semi-annual installments over twenty years. Below is a maturity schedule for the loans.

<u>Year</u>	<u>No Interest Loan</u>		<u>Traditional Loan</u>	
		<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2011	\$	51,830.35	\$ 15,000.00	\$ 10,537.50
2012		77,745.52	20,000.00	20,475.00
2013		77,745.52	20,000.00	19,475.00
2014		77,745.52	20,000.00	18,475.00
2015-19		388,727.60	110,000.00	77,125.00
2020-24		388,727.60	140,000.00	50,275.00
2025-29		388,727.89	170,000.00	20,450.00
Total		<u>\$ 1,451,250.00</u>	<u>\$ 495,000.00</u>	<u>\$ 216,812.50</u>

**B. Short-Term Debt**

On December 31, 2010 the Borough's outstanding bond anticipation notes were as follows:

**General Capital Fund**

<u>Ordinance Number</u>	<u>Description</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>
07-04	Automated Garbage Truck and Containers	0.75%	\$ 204,146.00
07-21	Acquisition of Ambulance	0.75%	75,300.00
07-26	Police Department Equipment	0.75%	58,900.00
08-01	Westerlea Avenue Improvements	0.75%	53,000.00
09-01	Reconstruction of Morrison Avenue	0.75%	57,700.00
09-10	Improvements to Memorial Parking Lot	0.75%	154,500.00
10-02	Reconstruction of Leshin Lane	0.75%	228,000.00
			<u>\$ 831,546.00</u>

Continued

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

**NOTE 3. DEBT** (Continued)

**B. Short-Term Debt** (Continued)

**Water-Sewer Utility Capital Fund**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Rate</u>	<u>Dec. 31, 2010</u>
08-10,08-19	Water Sewer Improvements	0.75%	148,000.00
09-02	Morrison Avenue Improvements	0.75%	<u>39,000.00</u>
			<u>\$ 187,000.00</u>

**C. Bonds and Notes Authorized but not Issued**

At December 31, 2010, the Borough had authorized but not issued bonds and notes as follows:

General Capital Fund	\$ 1,917,625.09
Water-Sewer Utility Capital Fund	\$ 303,450.00

**D. Borrowing Power**

New Jersey statutes limit the debt of a municipality to 3½% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2010 was 1.32%. The Borough's remaining borrowing power is 2.18%.

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the statistical section of this report.

Continued

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

**NOTE 3. DEBT** (Continued)

**E. Summary of Debt Activity**

During 2010 the following changes occurred in the debt of the Borough:

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
General Capital Fund:				
Serial Bonds	\$ 3,965,000.00	\$ -	\$ 230,000.00	\$ 3,735,000.00
Bond Anticipation Notes	721,546.00	831,546.00	721,546.00	831,546.00
Water-Sewer Utility Capital Fund:				
Serial Bonds	5,010,000.00	-	160,000.00	4,850,000.00
Bond Anticipation Notes	229,900.00	187,000.00	229,900.00	187,000.00
Loans Payable	271,812.71	1,946,250.00	271,812.71	1,946,250.00
	<u>\$ 10,198,258.71</u>	<u>\$ 2,964,796.00</u>	<u>\$ 1,613,258.71</u>	<u>\$ 11,549,796.00</u>

**NOTE 4. ACCRUED SICK PAY 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 Borough's liability related to unused sick pay. The Borough permits certain employees within limits to accumulate unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation would approximate \$97,230 at December 31, 2010. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

**NOTE 5. FUND BALANCES**

The fund balances at December 31, 2010 which have been appropriated and included as anticipated revenue in the year ending December 31, 2011 are as follows:

Current Fund	\$ 287,950.00
Water-Sewer Utility Fund	\$ 291,000.00

Continued

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

**NOTE 6. TAXES AND WATER/SEWER CHARGES COLLECTED IN ADVANCE**

Taxes and water-sewer charges collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<b>Balance, December 31</b>	
	<b>2010</b>	<b>2009</b>
Prepaid Taxes	\$138,818.84	\$130,135.03
Prepaid Water-Sewer Utility Charges	\$ 3,427.73	\$122,073.69

**NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES**

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (the "Board") by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Regional School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector (the "Collector") on or before May 13th.

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

**NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED**

Upon the authorization of capital projects, the Borough establishes deferred charges for the cost 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 the New Jersey Statutes Annotated 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

Continued

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

**NOTE 9. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

	<u>Balance Dec. 31, 2010</u>	<u>2011 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Special Emergency Authorizations (40A:4-55):			
Revision of Tax Map	\$ 3,000.00	\$ 3,000.00	\$ -
Revaluation	29,000.00	29,000.00	-
	<u>\$ 32,000.00</u>	<u>\$ 32,000.00</u>	<u>\$ -</u>

The appropriations in the 2010 Budget are not less than that required by statute.

**NOTE 10. PENSION PLANS**

The Borough contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employees' Retirement System and the Police and Firemen's Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. These plans provide retirement, disability, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. Each plan has a Board of Trustees that implement benefit provisions which are established and amended by State statute. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

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

The contribution requirements of plan members are determined by State statute. Plan members enrolled in the Public Employees' Retirement System are required to contribute 3% of their annual covered salary. Plan members enrolled in the Police and Firemen's Retirement System are required to contribute 8.5% of their annual covered salary. The Borough's contributions to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2010	\$ 180,498.00	\$ 309,656.00
2009	91,813.50	138,699.50
2008	114,032.00	256,889.00
2007	65,669.40	176,741.60
2006	36,285.20	116,229.60

Continued

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

**NOTE 11. CONTINGENT LIABILITIES**

**State and Federal Financial Assistance**

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2010, the Borough estimates that no material liabilities will result from such audits.

**Major Tax Assessments**

Taxpayers in 2010 with assessments in excess of 1% of the total assessed valuation were as follows:

<b><u>Owner</u></b>	<b><u>Assessed Value</u></b>	<b><u>Assessed Value</u></b>
Presbyterian Homes at Meadow Lake	\$ 15,200,000.00	3.11%
Verizon	\$ 5,778,363.00	1.18%
Mercer St Warehouse/Bruckner Southern	\$ 5,500,000.00	1.13%
Hightstown Development Assoc. LLC	\$ 5,300,000.00	1.09%

**Pending Litigation**

There are actions, which have been instituted against the Borough which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Borough.

It is the opinion of the Borough officials that there is no litigation threatened or pending that would materially affect the financial position of the Borough or adversely affect the Borough's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

The Borough officials believe that negligence and other types of liability suits, of which the Borough is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

Continued

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

**NOTE 12. INTERFUND RECEIVABLES AND PAYABLES**

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 140,131.29	\$ -
Animal Control Fund	-	131.29
Trust Fund	-	5,000.00
General Capital Fund	-	140,000.00
Water-Sewer Operating Fund	305,000.00	
Water-Sewer Capital Fund	-	300,000.00
	<u>\$ 445,131.29</u>	<u>\$ 445,131.29</u>

**NOTE 13. LENGTH OF SERVICE AWARD PLAN**

On December 17, 2001, the Division approved the Borough's Length of Service Award Plan, provided by Lincoln National Life Insurance Company. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln National Life Insurance Company will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual contribution of \$1,150 to each eligible volunteer who accumulates a minimum of 75 service points, based on criteria established by Borough Ordinance No. 99-20. The Borough's contribution shall be included in the current year's budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participant volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

**NOTE 14. SUBSEQUENT EVENT - DEBT AUTHORIZED**

The Borough adopted the following ordinances in 2011:

General Capital Fund:			
2011-05	Milling and Paving of Various Roads	\$	432,000.00
2011-11	DPW Vehicles and DPW/Police Equipment		305,700.00
Water-Sewer Utility Capital Fund:			
2011-03	Water-Sewer Improvements -Leshin Lane	\$	2,083,000.00
2011-04	Refurbishment of Water Tanks		100,000.00

Concluded

**BOROUGH OF HIGHTSTOWN**  
**COUNTY OF MERCER**  
**PART II**  
**SUPPLEMENTARY DATA**  
**SUPPLEMENTARY SCHEDULES**  
**YEAR ENDED DECEMBER 31, 2010**

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Rate	<u>\$ 3.156</u>	<u>\$ 2.943</u>	<u>\$ 6.463</u>
Apportionment of Tax Rate			
Net County Levy	.500	.483	1.051
County Library Tax	.052	.049	.106
County Open Space Tax	.021	.032	.072
Regional School District	1.707	1.643	3.639
Local Municipal Purpose Tax	.876	.736	1.595
Assessed Valuation			
2010	\$ 488,429,147		
2009		\$499,728,918	
2008			\$216,854,688

**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 levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2010	\$15,511,943	\$15,102,011	97.35%
2009	\$14,764,063	\$14,207,247	96.22%
2008	\$14,142,936	\$13,804,793	97.60%

**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>Year Ended December 31</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	\$ 82,300	\$378,968	\$461,268	2.97%
2009	71,408	541,295	612,703	4.15%
2008	45,152	333,839	378,991	2.68%

**COMPARATIVE SCHEDULE OF FUND BALANCES**

**CURRENT FUND:**

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	
		<u>Current Fund</u>	<u>Water-Sewer Utility Fund</u>
2010	\$ 452,908	\$ 287,950	\$ -0-
2009	123,938	118,000	-0-
2008	388,805	385,000	-0-

**WATER-SEWER UTILITY FUND:**

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	
		<u>Current Fund</u>	<u>Water-Sewer Utility Operating Fund</u>
2010	\$ 366,813	\$ -0-	\$ 291,000
2009	345,562	-0-	325,000
2008	550,937	-0-	229,702

**SUMMARY OF MUNICIPAL DEBT**

	<u>Year 2010</u>	<u>Year 2009</u>	<u>Year 2008</u>
<b><u>Issued</u></b>			
General:			
Bonds, Notes and Loans	\$ 4,719,671	\$ 4,686,546	\$ 4,506,846
Water-Sewer Utility:			
Bonds, Notes and Loans	<u>6,983,250</u>	<u>5,511,713</u>	<u>5,841,913</u>
	<u>\$ 11,702,921</u>	<u>\$ 10,198,259</u>	<u>\$ 10,348,759</u>
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds and Notes	\$ 1,917,625	\$ 2,045,800	\$ 158,300
Water-Sewer Utility:			
Bonds and Notes	<u>303,450</u>	<u>2,200,200</u>	<u>200</u>
Total Authorized but not Issued	<u>\$ 2,221,075</u>	<u>\$ 4,246,000</u>	<u>\$ 158,500</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 13,923,996</u>	<u>\$ 14,444,259</u>	<u>\$10,507,259</u>

**SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 1.40%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 5,816,287	\$ 5,816,287	\$ -0-
Water-Sewer Utility Debt	7,286,700	7,286,700	-0-
General Debt	<u>6,637,296</u>	<u>-0-</u>	<u>6,637,296</u>
	<u>\$ 19,740,283</u>	<u>\$ 13,102,987</u>	<u>\$6,637,296</u>

Net Debt \$6,637,296 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$504,191,209 = 1.32%.

**BORROWING POWER UNDER N.J.S.A. 40A:2-6**

3½% of Equalized Valuation Basis (Municipal)	\$ 17,646,692
Net Debt	<u>6,637,296</u>
Remaining Borrowing Power	<u>\$ 11,009,396</u>

**CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER-SEWER UTILITY PER N.J.S. 40A:2-45**

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 3,308,642
Deductions:	
Operating and Maintenance Cost	\$ 2,441,438
Debt Service per Water-Sewer Account	<u>602,997</u>
Total Deductions	<u>3,044,435</u>
Excess in Revenues	<u>\$ 264,207</u>

The foregoing debt information is in agreement with the Revised Annual Debt Statement as filed by the Chief Financial Officer.

**BOROUGH OF HIGHTSTOWN - COUNTY OF MERCER**

**OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office at December 31, 2010:

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Amount of Bond</u></b>
Robert F. Patten	Mayor	
Lawrence D. Quattrone	Council President	
M. Jeffrey Bond	Councilman	
Isabel McGinty	Councilwoman	
Walter L. Sikorski	Councilman	
Dimitri Musing	Councilman	
Skye Gilmartin	Councilwoman	
Debra L. Sopronyi, RMC	Municipal Clerk	\$ 1,000,000
George Lang	Chief Financial Officer	1,000,000
Frederick C. Raffeto, Esq.	Attorney	
Arlene O'Rourke	Treasurer, Deputy Tax and Water-Sewer Collector	1,000,000
Kathryn Monzo	Tax Collector and Water-Sewer Collector	1,000,000
James M. Newman	Magistrate	1,000,000
Kristy Gilsean	Acting Court Administrator	1,000,000
Kenneth Pacera	Assessor	

There is a blanket bond with the Mid-Jersey Municipal Joint Insurance Fund in the amount of \$50,000. There is additional coverage through a blanket bond with the Municipal Excess Liability Joint Insurance Fund in the amount of \$950,000. There are also a Public Officials' Bond and a Statutory Position Bond with the Municipal Excess Liability Joint Insurance Fund in the amount of \$1,000,000 subject to deductibles.

CURRENT FUND  
SCHEDULE OF CASH-TREASURER

	<u>Ref.</u>	<u>Current Fund</u>
Balance, December 31, 2009	A	\$ 1,075,191.59
Increased by Receipts:		
Taxes Receivable	A-6	\$ 15,451,961.25
Tax Tile Liens	A-7	1,094.89
Miscellaneous Revenue Anticipated	A-10	1,510,300.51
Miscellaneous Revenue Not Anticipated	A-2	43,644.76
Prepaid Taxes	A-12	138,818.84
Due from State of N.J. (Ch. 20, P.L. 1971)	A-5	31,250.00
Tax Overpayments	A-13	11,962.01
Interfund - Water-Sewer Operating Fund	A	6,060.03
Due to State of New Jersey	A-16	7,949.00
		<u>17,203,041.29</u>
		\$ 18,278,232.88
Decreased by Disbursements:		
2009 Appropriation Reserves	A-11	\$ 131,205.77
2010 Appropriations	A-3	5,381,720.43
Accounts Payable	A-9	16,097.46
County Taxes	A-15	2,806,807.83
Regional School District Tax	A-14	8,337,431.57
Tax Overpayments	A-13	2,692.67
Reserve For Revaluation	A-17	6,500.00
Emergency Note Payable	A	64,000.00
Prior Year Refund	A-1	1,240.76
Due to State of New Jersey	A-16	6,880.00
Interfund - Grant Fund	A	2,065.13
Interfund - Other Trust	A	27,805.62
Interfund - General Capital Fund	A	140,000.00
Interfund - Water-Sewer Operating Fund	A	349,186.45
		<u>17,273,633.69</u>
Balance, December 31, 2010	A	<u>\$ 1,004,599.19</u>

CURRENT FUND  
 SCHEDULE OF DUE FROM STATE OF NEW JERSEY  
 (CH. 20, P.L. 1971)

	<u>Ref.</u>		
Balance, December 31, 2009	A	\$	877.40
Increased by:			
Senior Citizens Deductions Per Tax Billings		\$	6,000.00
Veterans Deductions Per Tax Billings			26,250.00
Veterans Deductions Allowed by Collector			<u>250.00</u>
			<u>32,500.00</u>
		\$	33,377.40
Decreased by:			
Senior Citizens Deductions Disallowed by Collector:			
Current Year		\$	1,000.00
Prior Year	A-1		750.00
Received in Cash from State of N.J.	A-4		<u>31,250.00</u>
			<u>33,000.00</u>
Balance, December 31, 2010	A	\$	<u><u>377.40</u></u>

**CALCULATION OF AMOUNT FOR TAXES RECEIVABLE SCHEDULE**

Deductions Per Tax Billings	A-5	\$	32,250.00
Deductions Allowed	A-5		<u>250.00</u>
			\$ 32,500.00
Decreased by:			
Deductions Disallowed	A-5		<u>1,000.00</u>
Taxes Receivable	A-6	\$	<u><u>31,500.00</u></u>

CURRENT FUND  
 SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX YIELD

Year	Balance Dec. 31, 2009	2010 Levy	Added Taxes	Collections		Overpayments Applied	Chap. 20 P.L. 1971	Adjusted or Canceled	Transfers To Tax Title Liens	Balance Dec. 31, 2010
				2009	2010					
2007	\$ 1,318.51	\$ -	\$ -	\$ -	\$ 1,318.51	\$ -	\$ -	\$ -	\$ -	\$ -
2008	15,508.15	-	-	-	12,378.16	-	-	3,129.99	-	-
2009	524,467.95	-	750.00	-	524,261.42	895.95	-	-	-	60.58
	541,294.61	-	750.00	-	537,958.09	895.95	-	3,129.99	-	60.58
2010	-	15,511,943.03	-	130,135.03	14,914,003.16	26,373.21	31,500.00	19,037.50	11,986.49	378,907.64
	<u>\$ 541,294.61</u>	<u>\$ 15,511,943.03</u>	<u>\$ 750.00</u>	<u>\$ 130,135.03</u>	<u>\$ 15,451,961.25</u>	<u>\$ 27,269.16</u>	<u>\$ 31,500.00</u>	<u>\$ 22,167.49</u>	<u>\$ 11,986.49</u>	<u>\$ 378,968.22</u>
	A	A-12	A-4	A-13	A-5	A-7	A			

Analysis of 2010 Property Tax Levy:

Tax Yield:	
General Property Tax	\$ 15,414,823.78
Added and Omitted Taxes	97,119.25
<b>Total Tax Yield</b>	<b>\$ 15,511,943.03</b>
Tax Levy:	
Regional School District Taxes	\$ 8,337,431.57
County Taxes:	
County Tax	\$ 2,441,483.98
County Library Tax	254,294.43
Open Space Tax	100,113.84
Due County for Added Taxes	17,655.60
	2,813,547.85
Local Tax for Municipal Purposes	\$ 4,279,011.57
Add: Additional Taxes Levied	81,952.04
Local Taxes for Municipal Purposes Levied	<u>4,360,963.61</u>
	<u>\$ 15,511,943.03</u>

CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance, December 31, 2009	A	\$ 71,408.17
Increased by:		
Transfer from Taxes	A-6	<u>11,986.49</u>
		\$ 83,394.66
Decreased by:		
Receipts	A-4	<u>1,094.89</u>
Balance, December 31, 2010	A	<u>\$ 82,299.77</u>

CURRENT FUND  
 SCHEDULE OF DEFERRED CHARGES

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Raised in</u> <u>2010</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Emergency Authorization (40A:4-53):			
Revision of Tax Map	\$ 6,000.00	\$ 3,000.00	\$ 3,000.00
Revaluation	<u>58,000.00</u>	<u>29,000.00</u>	<u>29,000.00</u>
	<u>\$ 64,000.00</u>	<u>\$ 32,000.00</u>	<u>\$ 32,000.00</u>
	A	A-3	A

SCHEDULE OF ACCOUNTS PAYABLE

	<u>Ref.</u>	
Balance, December 31, 2009	A	\$ 35,395.10
Increased by:		
Charged to Appropriation Reserves	A-11	<u>12,840.00</u>
		\$ 48,235.10
Decreased by:		
Disbursements	A-4	<u>16,097.46</u>
Balance, December 31, 2010	A	<u>\$ 32,137.64</u>

CURRENT FUND  
 SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Accrued in</u> <u>2010</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Licenses:					
Alcoholic Beverages	A-2	\$ -	\$ 7,500.00	\$ 7,500.00	\$ -
Other	A-2	-	13,847.00	13,847.00	-
Fees and Permits	A-2	-	30,199.50	30,199.50	-
Fines and Costs:					
Municipal Court	A-2	20,838.37	227,052.67	227,213.78	20,677.26
Interest and Costs on Taxes	A-2	-	146,636.48	146,636.48	-
Interest on Investments and Deposits	A-2	-	15,862.72	15,862.72	-
Lease of Borough-Owned Property - AT&T	A-2	-	79,311.64	79,311.64	-
Consolidated Municipal Property Tax Relief Aid	A-2	-	110,935.00	110,935.00	-
Energy Receipts Tax	A-2	-	392,615.00	392,615.00	-
Uniform Construction Code Fees	A-2	-	96,169.00	96,169.00	-
Interlocal Services Agreement - 911 Cranbury Township	A-2	-	138,750.00	138,750.00	-
Interlocal Services Agreement - Roosevelt Borough Trash Collection	A-2	-	46,750.00	46,750.00	-
Interlocal Services Agreement - Roosevelt Borough Trash Collection - Tipping Fees		-	22,721.16	22,721.16	-
Drunk Driving Enforcement Fund	A-2	-	11,654.05	11,654.05	-
Clean Communities Program	A-2	-	7,909.71	7,909.71	-
Alcohol Education Rehabilitation Fund	A-2	-	7,038.23	7,038.23	-
Body Armor Grant	A-2	-	2,209.17	2,209.17	-
2009 Business Stimulus Grant - Trees	A-2	-	7,000.00	7,000.00	-
Uniform Fire Safety Act	A-2	-	8,128.90	8,128.90	-
CATV - Franchise Fee	A-2	-	36,188.99	36,188.99	-
The Peddie School - Gift	A-2	-	23,000.00	23,000.00	-
Interlocal Agreement- Cranbury 911 Prior Year	A-2	-	32,112.50	32,112.50	-
Verizon Franchise Fee	A-2	-	20,886.28	20,886.28	-
Reserve for Debt Service	A-2	-	2,506.91	2,506.91	-
Hightstown Housing Authority - Payment in Lieu of Taxes	A-2	-	23,154.49	23,154.49	-
		<u>\$ 20,838.37</u>	<u>\$ 1,510,139.40</u>	<u>\$ 1,510,300.51</u>	<u>\$ 20,677.26</u>
		A		A-4	A

CURRENT FUND  
SCHEDULE OF 2009 APPROPRIATION RESERVES

	<u>2009</u> <u>Unexpended</u>	<u>Balance</u> <u>After</u> <u>Transfers and</u> <u>Encumbrances</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
General Administration				
Salaries and Wages	\$ 4,129.42	\$ 4,129.42	\$ -	\$ 4,129.42
Other Expenses	338.00	338.00	-	338.00
Mayor and Council				
Salaries and Wages	1,744.97	1,744.97	-	1,744.97
Other Expenses	62.00	62.00	-	62.00
Municipal Clerk				
Salaries and Wages	2,355.51	2,355.51	916.71	1,438.80
Other Expenses	1,726.96	1,726.96	975.84	751.12
Elections				
Other Expenses	310.21	310.21	-	310.21
Office Supplies and Paper Products				
Other Expenses	1,785.10	2,556.11	1,133.64	1,422.47
Financial Administration				
Salaries and Wages	0.44	0.44	-	0.44
Other Expenses	66.58	66.58	55.00	11.58
Central Computer (Data Processing Tech)				
Salaries and Wages	664.34	664.34	-	664.34
Other Expenses	1,624.41	2,324.41	1,602.50	721.91
Tax Collection				
Salaries and Wages	11,362.96	11,362.96	-	11,362.96
Other Expenses	1.00	1.00	-	1.00
Tax Assessment				
Salaries and Wages	19.98	19.98	-	19.98
Other Expenses	8,858.08	8,858.08	739.56	8,118.52
Interest on Tax Appeals				
Other Expenses	100.00	100.00	-	100.00
Legal Services and Costs				
Other Expenses	600.00	7,090.15	6,929.67	160.48
Litigation				
Other Expenses	4,965.53	5,940.53	5,491.96	448.57
Engineering Services				
Other Expenses	135.39	1,726.81	1,212.92	513.89
Planning Board				
Salaries and Wages	6,515.29	6,515.29	-	6,515.29
Other Expenses	4,851.47	4,851.47	4,757.75	93.72
Insurance				
Workers Compensation Insurance	81.00	81.00	-	81.00
Employee Group Health Insurance	40,274.61	12,751.61	1,629.00	11,122.61
Unemployment Insurance	-	20,000.00	-	20,000.00

Continued

CURRENT FUND  
SCHEDULE OF 2009 APPROPRIATION RESERVES  
(CONTINUED FROM PRIOR PAGE)

	<u>2009 Unexpended</u>	<u>Balance After Transfers and Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Police Department				
Salaries and Wages	\$ 472.09	\$ 472.09	\$ -	\$ 472.09
Other Expenses	7,707.75	15,966.22	9,344.23	6,621.99
Police - Fire Radio Communications				
Salaries and Wages	2.86	2.86	-	2.86
Other Expenses	167.50	636.00	516.00	120.00
Emergency Management				
Other Expenses	150.00	150.00	-	150.00
Fire Department				
Other Expenses	20,179.13	20,934.13	18,714.73	2,219.40
Uniform Fire Safety Act				
Salaries and Wages	1,375.80	1,375.80	-	1,375.80
Other Expenses	1,369.14	1,369.14	-	1,369.14
First Aid Organization:				
Other Expenses	1,324.40	1,324.40	1,236.37	88.03
Municipal Prosecutor				
Salaries and Wages	1,200.00	1,200.00	1,200.00	-
Streets and Roads				
Salaries and Wages	4,216.06	4,216.06	-	4,216.06
Other Expenses	1,854.04	4,911.12	4,875.81	35.31
Sanitation/Solid Waste Collection				
Salaries and Wages	5,155.44	5,155.44	-	5,155.44
Other Expenses	2,043.12	2,114.82	1,776.16	338.66
Public Buildings and Grounds				
Salaries and Wages	660.01	660.01	-	660.01
Other Expenses	516.55	611.28	494.75	116.53
Recycling				
Salaries and Wages	2,819.07	2,819.07	-	2,819.07
Other Expenses	1,333.52	3,914.95	2,716.43	1,198.52
Vehicle Maintenance				
Other Expenses	5,595.98	8,645.23	6,002.48	2,642.75
Community Services / Condominium Act				
Other Expenses	8,799.16	8,799.16	8,796.92	2.24
Board of Health				
Salaries and Wages	2,042.66	2,042.66	148.87	1,893.79
Other Expenses	734.86	1,140.76	684.90	455.86
Environmental Commission				
Other Expenses	114.00	114.00	-	114.00

Continued

CURRENT FUND  
SCHEDULE OF 2009 APPROPRIATION RESERVES  
(CONTINUED FROM PRIOR PAGE)

	<u>2009</u> <u>Unexpended</u>	Balance After <u>Transfers and</u> <u>Encumbrances</u>	<u>Paid or</u> <u>Charged</u>	Balance <u>Lapsed</u>
Animal Control				
Other Expenses	\$ 100.00	\$ 100.00	\$ -	\$ 100.00
Maintenance of Parks				
Salaries and Wages	4,395.58	4,395.58	-	4,395.58
Other Expenses	1,099.60	1,106.80	21.19	1,085.61
Recreation & Open Space (Parks Commission)				
Other Expenses	1,691.71	1,698.20	-	1,698.20
Celebration of Public Events:				
Other Expenses	195.00	195.00	-	195.00
Postage and Shipping Charges				
Other Expenses	833.59	1,246.51	338.35	908.16
Utilities				
Gasoline and Diesel Fuel	27,776.10	27,776.10	6,188.98	21,587.12
Electricity	6,774.88	9,674.00	7,966.50	1,707.50
Telephone	3,235.21	3,263.27	2,974.76	288.51
Natural Gas and Heating Oil	8,051.40	8,051.40	4,794.99	3,256.41
Street Lighting	1,907.11	2,149.95	2,148.89	1.06
Landfill Disposal Costs				
Other Expenses	10,382.29	32,597.93	32,518.22	79.71
Municipal Court				
Other Expenses	3,089.91	3,641.16	672.49	2,968.67
Construction Official				
Salaries and Wages	5,643.36	5,643.36	-	5,643.36
Other Expenses	3,097.21	3,504.76	2,207.55	1,297.21
Housing Code Enforcement				
Salaries and Wages	1,868.02	1,868.02	-	1,868.02
Other Expenses	351.42	351.42	-	351.42
Contribution to:				
Public Employees' Retirement System	1.50	1.50	-	1.50
Police and Firemens Retirement Syster	0.50	0.50	-	0.50
Social Security System	9,626.56	9,626.56	-	9,626.56
Defined Contribution Benefit Plan	999.00	999.00	-	999.00
Length of Service Awards Program	600.00	600.00	-	600.00
Recycling Tax	601.16	965.36	814.41	150.95
Implementation of 911				
Salaries and Wages	2.25	2.25	-	2.25
Other Expenses	8,006.60	9,195.60	1,447.24	7,748.36

Continued

CURRENT FUND  
 SCHEDULE OF 2009 APPROPRIATION RESERVES  
 (CONTINUED FROM PRIOR PAGE)

	<u>2009 Unexpended</u>	<u>Balance After Transfers and</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Senior Citizen Program				
Other Expenses	\$ 720.34	\$ 720.34	\$ -	\$ 720.34
Health Services:				
Salaries and Wages	297.35	297.35	-	297.35
Other Expenses	14.00	14.00	-	14.00
Emergency Medical Services				
Other Expenses	22,716.05	22,716.05	-	22,716.05
Vehicle Maintenance Services				
Other Expenses	<u>7,587.80</u>	<u>7,587.80</u>	<u>-</u>	<u>7,587.80</u>
	\$ 294,071.89	\$ 344,142.80	\$ 144,045.77	\$ 200,097.03
Encumbrances	<u>50,070.91</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 344,142.80</u>	<u>\$ 344,142.80</u>	<u>\$ 144,045.77</u>	<u>\$ 200,097.03</u>

A

A-1

Disbursements	A-4	\$ 131,205.77
Accounts Payable	A-9	<u>12,840.00</u>
		<u>\$ 144,045.77</u>

CURRENT FUND  
SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance, December 31, 2009	A	\$ 130,135.03
Increased by:		
Receipts	A-4	<u>138,818.84</u>
		\$ 268,953.87
Decreased by:		
Applied to 2010 Taxes	A-6	<u>130,135.03</u>
Balance, December 31, 2010	A	<u><u>\$ 138,818.84</u></u>

CURRENT FUND  
 SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>		
Balance, December 31, 2009	A	\$	27,270.96
Increased by:			
Receipts	A-4		<u>11,962.01</u>
		\$	39,232.97
Decreased by:			
Payments	A-4	\$	2,692.67
Applied	A-6		<u>27,269.16</u>
			<u>29,961.83</u>
Balance, December 31, 2010	A	\$	<u><u>9,271.14</u></u>

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SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2009	A	\$	-
Increased by:			
Levy Calendar year 2010	A-1, A-2		<u>8,337,431.57</u>
		\$	8,337,431.57
Decreased by:			
Payments	A-4		<u>8,337,431.57</u>
Balance, December 31, 2010	A	\$	<u><u>-</u></u>

CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Ref.</u>	
Balance, December 31, 2009	A	\$ 10,915.59
Increased by:		
General County Levy		\$ 2,441,483.98
County Library		254,294.42
County Open Space Preservation		100,113.84
Due County for Added and Omitted Taxes		<u>17,655.60</u>
	A-1, A-2	<u>2,813,547.84</u>
		\$ 2,824,463.43
Decreased by:		
Payments	A-4	<u>2,806,807.83</u>
Balance, December 31, 2010	A	<u><u>\$ 17,655.60</u></u>

CURRENT FUND  
SCHEDULE OF DUE TO STATE OF NEW JERSEY

	Balance <u>Dec. 31, 2009</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>Dec. 31, 2010</u>
State Training Fees	\$ 668.00	\$ 6,624.00	\$ 5,730.00	\$ 1,562.00
Marriage Licenses	200.00	1,325.00	1,150.00	375.00
	<u>\$ 868.00</u>	<u>\$ 7,949.00</u>	<u>\$ 6,880.00</u>	<u>\$ 1,937.00</u>
	A	A-4	A-4	A

CURRENT FUND  
SCHEDULE OF RESERVE FOR REVALUATION

	<u>Ref.</u>	
Balance, December 31, 2009	A	\$ 21,500.00
Decreased by:		
Disbursements	A-4	<u>6,500.00</u>
Balance, December 31, 2010	A	<u>\$ 15,000.00</u>

GRANT FUND  
 SCHEDULE OF CASH

	<u>Ref.</u>		
Balance, December 31, 2009	A		\$ 61,771.71
Receipts:			
Grants Receivable	A-18	\$ 55,395.16	
Grants Receivable Canceled	A-18	4,525.00	
Due from Current Fund	A-21	2,065.13	
Reserve for Grants Unappropriated	A-22	<u>5,518.84</u>	
			<u>67,504.13</u>
			\$ 129,275.84
Disbursements:			
Reserve for Grants Appropriated	A-20	\$ 58,508.36	
Reserve for Grants Canceled	A-20	<u>4,525.00</u>	
			<u>63,033.36</u>
Balance, December 31, 2010	A		<u><u>\$ 66,242.48</u></u>

GRANT FUND  
 SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2009	2010 Budget Revenue Realized	Received	Canceled	Balance Dec. 31, 2010
Drunk Driving Enforcement Fund	\$ -	\$ 11,654.05	\$ 11,654.05	\$ -	\$ -
Clean Communities	-	7,909.71	7,909.71	-	-
Municipal Court Alcohol Education and Rehabilitation Fund	-	7,038.23	7,038.23	-	-
Over the Limit - Under Arrest	5,000.00	-	475.00	4,525.00	-
Division of Parks and Forestry Trees	-	7,000.00	-	-	7,000.00
Body Armor Grant - State	-	2,209.17	2,209.17	-	-
Body Armor Grant - Federal	833.84	-	-	-	833.84
SHARE Program Grant	24,833.00	-	24,833.00	-	-
JIF Safety Grant	1,652.00	-	1,276.00	-	376.00
<b>Total</b>	<b>\$ 32,318.84</b>	<b>\$ 35,811.16</b>	<b>\$ 55,395.16</b>	<b>\$ 4,525.00</b>	<b>\$ 8,209.84</b>
	A	A-20	A-18	A-18	A

GRANT FUND  
 SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2009	Transferred from 2010 Budget Appropriations		Prior Year Encumbrances	Expended	Reserve for Encumbrances	Canceled	Balance Dec. 31, 2010
		Budget	Appropriation By 40A:4-8Z					
Drunk Driving Enforcement Fund	\$ 18,685.31	-	\$ 11,654.05	\$ -	\$ 3,083.08	\$ -	\$ -	\$ 27,256.28
Clean Communities	2,516.35	7,909.71	-	-	10,426.06	-	-	-
Mercer County Revitalization Grant - 2004	10,000.00	-	-	-	10,000.00	-	-	-
Municipal Court Alcohol Education and Rehabilitation Fund	15,989.16	-	7,038.23	-	4,017.50	1,200.00	-	17,809.89
Over the Limit - Under Arrest	4,800.00	-	-	-	275.00	-	4,525.00	-
Recycling Tonnage Grant	14,818.53	-	-	-	-	-	-	14,818.53
SHARE Program Grant	12,076.20	-	-	9,483.00	21,559.20	-	-	-
Body Armor Grant	1,827.42	841.85	1,367.32	-	1,430.00	-	-	2,606.59
Body Armor Grant - Federal Division of Parks and Forestry Trees	1,603.47	-	-	-	-	-	-	1,603.47
FEMA State and Local Hazards Emergency Grant	2,405.72	-	7,000.00	-	6,100.00	-	-	900.00
JIF Safety Grant	1,950.52	-	-	-	1,617.52	-	-	2,405.72
	\$ 86,672.68	\$ 8,751.56	\$ 27,059.60	\$ 9,483.00	\$ 58,508.36	\$ 1,200.00	\$ 4,525.00	\$ 67,733.48
A		A-19	A-19	A-21	A-18	A-21	A-19	A

GRANT FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, December 31, 2009	A	\$ 9,483.00
Increased by:		
Charged to Reserve for Grants	A-20	<u>1,200.00</u>
		\$ 10,683.00
Decreased by:		
Encumbrances Prior Year	A-20	<u>9,483.00</u>
Balance, December 31, 2010	A	<u><u>\$ 1,200.00</u></u>

SCHEDULE OF DUE FROM CURRENT FUND

Balance, December 31, 2009	A	\$ 2,065.13
Decreased by:		
Interfund Returned	A-18	<u>2,065.13</u>
Balance, December 31, 2010	A	<u><u>\$ -</u></u>

CURRENT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

<u>Grant</u>	<u>Received</u>	<u>Balance Dec. 31, 2010</u>
Recycling Tonnage Grant	\$ 5,518.84	\$ 5,518.84
	<u>\$ 5,518.84</u>	<u>\$ 5,518.84</u>
	A-18	A



TRUST FUND  
SCHEDULE OF DUE TO N.J. STATE DEPARTMENT OF HEALTH

	<u>Ref.</u>	
Balance, December 31, 2009	B	\$ 148.20
Increased by:		
State Registration Fees - 2010	B-1	<u>531.60</u>
		\$ 679.80
Decreased by:		
Disbursed to State	B-1	<u>657.60</u>
Balance, December 31, 2010	B	<u><u>\$ 22.20</u></u>

**Analysis of Balance**

January	\$ 9.60
April	3.00
May	1.20
December	<u>8.40</u>
	<u><u>\$ 22.20</u></u>

TRUST FUND  
 SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>		
Balance, December 31, 2009	B		\$ 8,355.20
Increased by:			
License Fees Collected - 2010 Licenses		\$ 4,462.80	
Late Fees		<u>1,067.00</u>	
	B-1	\$ 5,529.80	
License Fees Collected - Prepaid 2010	B	<u>561.60</u>	
			<u>6,091.40</u>
			\$ 14,446.60
Decreased by:			
Expenditures Per R.S. 4:19-15.11	B-1		<u>1,999.96</u>
Balance, December 31, 2010	B		<u><u>\$ 12,446.64</u></u>

**Municipal Fees Collected**

<u>Year</u>	<u>Amount</u>
2008	\$ 6,185.60
2009	<u>6,309.60</u>
	<u><u>\$ 12,495.20</u></u>

TRUST FUND  
SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX SALE CERTIFICATES

	<u>Ref.</u>	
Balance, December 31, 2009	B	\$ 49.67
Increased by:		
Deposits for Redemption	B-1	<u>124,771.32</u>
		\$124,820.99
Decreased by:		
Redemption of Tax Title Liens	B-1	<u>123,480.82</u>
Balance, December 31, 2010	B	<u>\$ 1,340.17</u>

SCHEDULE OF REGIONAL CONTRIBUTION AGREEMENT - MANALAPAN

Balance, December 31, 2009	B	\$173,926.92
Increased by:		
Receipts	B-1	<u>194.61</u>
Balance, December 31, 2010	B	<u>\$174,121.53</u>

TRUST FUND  
 SCHEDULE OF RESERVE FOR LAW ENFORCEMENT FUND-FEDERAL

	<u>Ref.</u>	
Balance, December 31, 2009	B	\$ 2,995.03
Increased by:		
Interest Earned	B-1	<u>8.45</u>
		\$ 3,003.48
Decreased by:		
Disbursements	B-1	<u>750.00</u>
Balance, December 31, 2010	B	<u><u>\$ 2,253.48</u></u>

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SCHEDULE OF RESERVE FOR LAW ENFORCEMENT FUND

Balance, December 31, 2009	B		\$ 7,539.62
Increased by:			
Received from County of Mercer		\$ 2,619.81	
Interest Earned		<u>68.31</u>	
	B-1		<u>2,688.12</u>
			\$ 10,227.74
Decreased by:			
Disbursements	B-1		<u>3,100.20</u>
Balance, December 31, 2010	B		<u><u>\$ 7,127.54</u></u>

TRUST FUND  
 SCHEDULE OF RESERVE FOR PUBLIC DEFENDER

	<u>Ref.</u>	
Balance, December 31, 2009	B	\$ 7,476.29
Increased by:		
Receipts	B-1	<u>5,156.70</u>
		\$ 12,632.99
Decreased by:		
Disbursements	B-1	<u>5,101.52</u>
Balance, December 31, 2010	B	<u><u>\$ 7,531.47</u></u>

B-9

SCHEDULE OF UNEMPLOYMENT TRUST FUND

Balance, December 31, 2009	B		\$ 24,811.52
Increased by Receipts:			
Budget Appropriation	B-1	\$ 25,000.00	
Interest on Investments	B-1	12.84	
Employee Payroll Deductions	B-10	<u>5,407.43</u>	
			<u>30,420.27</u>
			\$ 55,231.79
Decreased by:			
Paid to N.J. Employment Security Agency/ N.J. Unemployment Compensation Fund	B-1		<u>18,403.27</u>
Balance, December 31, 2010	B		<u><u>\$ 36,828.52</u></u>

TRUST FUND  
SCHEDULE OF RESERVE FOR PAYROLL DEDUCTIONS

	<u>Ref.</u>		
Balance, December 31, 2009	B		\$ 46,233.14
Increased by:			
Receipts	B-1		<u>4,531,409.19</u>
			\$ 4,577,642.33
Decreased by:			
Employee Unemployment Deductions due Unemployment Trust Fund	B-9	\$ 5,407.43	
Disbursements	B-1	<u>4,537,440.47</u>	
			<u>4,542,847.90</u>
Balance, December 31, 2010	B		<u>\$ 34,794.43</u>

TRUST FUND  
SCHEDULE OF MISCELLANEOUS TRUST FUNDS

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Increased by</u> <u>Receipts</u>	<u>Decreased by</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<b>Celebration of Public Events:</b>				
Memorial Day Parade Donation	\$ 1,033.55	\$ 1,239.90	\$ 962.28	\$ 1,311.17
October Fair Donations	4,832.01	8,418.00	9,645.10	3,604.91
D & M Property Drainage	462.75	-	-	462.75
<b>Donations:</b>				
Animal Welfare	2,419.88	13,071.43	8,647.43	6,843.88
Community Garden Project	210.87	5,727.00	5,779.94	157.93
First Aid - Peddie School	28,623.73	-	-	28,623.73
Hightstown Skate Park	20,104.79	575.00	20,679.79	-
Historical Site	607.61	1,000.00	-	1,607.61
K-9 Unit Police Department	12.49	-	-	12.49
National Night Out	501.42	325.00	694.30	132.12
Revitalization	69.36	-	-	69.36
Trap Release Animal Program	2,041.42	-	-	2,041.42
Well Baby	70.00	-	-	70.00
Peddie Dam Footbridge	-	7,939.00	-	7,939.00
Franklin St. Project Lighting	-	9,700.00	5,377.50	4,322.50
Environmental Commission	893.05	-	300.00	593.05
Housing Authority-Dawes	2,514.10	10,840.00	9,177.00	4,177.10
Other Escrows	34,547.70	2,000.00	1,211.50	35,336.20
<b>Parking Offense</b>				
Adjudication Act	701.00	48.00	-	749.00
<b>Parks and Recreation Donations:</b>				
General	1,000.00	-	709.62	290.38
Programs	818.91	5,026.11	3,162.26	2,682.76
Triathlon	11,478.39	24,291.21	10,987.22	24,782.38
Presbyterian Homes Sidewalks	5,000.00	-	-	5,000.00
Recaptured Funds Housing Rehabilitation	19,169.00	4,330.09	-	23,499.09
Recycling	8,091.14	2,302.51	-	10,393.65
Recycling-Grass Collection Program	5,213.86	595.00	166.50	5,642.36
Reserve for Insurance Refund	-	40,926.00	39,517.50	1,408.50
Snow Removal	1,049.13	993.27	-	2,042.40
Special Duty Police	873.40	8,594.82	9,199.81	268.41
Tax Sale Premium	492.73	28,800.00	-	29,292.73
Uniform Fire Safety Act	5,695.02	-	2,719.99	2,975.03
Workers Compensation	-	6,734.16	6,734.16	-
	<u>\$ 158,527.31</u>	<u>\$ 183,476.50</u>	<u>\$ 135,671.90</u>	<u>\$ 206,331.91</u>
	B	B-1	B-1	B

TRUST FUND  
 SCHEDULE OF RESERVE FOR ESCROW FEES

	<u>Ref.</u>	
Balance, December 31, 2009	B	\$ 188,391.27
Increased by:		
Receipts	B-1	<u>51,464.00</u>
		\$ 239,855.27
Decreased by:		
Disbursements	B-1	<u>61,278.78</u>
Balance, December 31, 2010	B	<u><u>\$ 178,576.49</u></u>

SCHEDULE OF HOUSING REHABILITATION LOANS

Balance, December 31, 2009	B		\$ 4,575.03
Increased by:			
Loan Repayments		\$ 362.32	
Interest Earned		<u>5.08</u>	
	B-1		<u>367.40</u>
			\$ 4,942.43
Decreased by:			
Disbursements	B-1		<u>4,942.43</u>
Balance, December 31, 2010	B		<u><u>\$ -</u></u>

TRUST FUND  
SCHEDULE OF HOUSING TRUST

Balance, December 31, 2009	B		\$355,870.55
Increased by:			
Payments in Lieu of Construction		\$ 33,682.16	
Interest Earned		<u>3,548.50</u>	
	B-1		<u>37,230.66</u>
			393,101.21
Decreased by:			
Disbursements	B-1		<u>178.68</u>
Balance, December 31, 2010	B		<u><u>\$392,922.53</u></u>

TRUST FUND  
SCHEDULE OF LOSAP  
(LENGTH OF SERVICE AWARD PROGRAM)  
(UNAUDITED)

	<u>Ref.</u>	
Balance December 31, 2009	B	\$350,848.15
Increased by:		
Contributions:		
Year 2010		\$ 35,250.00
Earnings on Contributions		<u>55,072.14</u>
		<u>90,322.14</u>
		\$441,170.29
Decreased by:		
Account Charge		<u>1,275.00</u>
Balance December 31, 2010	B	<u><u>\$439,895.29</u></u>

GENERAL CAPITAL FUND  
 SCHEDULE OF GENERAL CAPITAL FUND CASH-TREASURER

	<u>Ref.</u>		
Balance, December 31, 2009	C		\$ 94,152.92
Increased by Receipts:			
Current Fund Appropriations:			
Capital Improvement Fund	C-9	\$ 1,000.00	
Payment of BAN Principal	C-5	35,000.00	
Various Reserves	C-7	10,000.00	
Due From Trust Fund	C	300.00	
Due From Current Fund	C	140,000.00	
Bond Anticipation Notes	C-10	831,546.00	
Loans Payable	C, C-13	153,125.00	
Grants Receivable	C-6	749,049.91	
		<u>1,920,020.91</u>	<u>1,920,020.91</u>
			\$ 2,014,173.83
Decreased by Disbursements:			
Encumbrances Payable	C-12	\$1,250,892.78	
Various Reserves	C-7	2,506.91	
Bond Anticipation Notes	C-10	721,546.00	
		<u>1,974,945.69</u>	<u>1,974,945.69</u>
Balance, December 31, 2010	C		<u><u>\$ 39,228.14</u></u>

GENERAL CAPITAL FUND  
 SCHEDULE OF CAPITAL FUND CASH AND INVESTMENTS

Ord. No.	Purpose	Balance Dec. 31, 2009	Receipts		Disbursements		From	To	Balance Dec. 31, 2010
			Budget Appropriation	Bond Anticipation Notes	Miscellaneous	Miscellaneous			
	Fund Balance	\$ 1,722.61	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82.77	\$ 1,805.38
	Capital Improvement Fund	20,630.00	1,000.00	-	-	-	-	-	21,630.00
	Reserve for Encumbrances	128,531.85	-	-	1,250,892.78	-	-	-	891,495.74
	Due from Trust	(300.00)	-	-	300.00	-	-	-	-
	Due To /From Current Fund	2,506.91	-	-	140,000.00	-	-	-	140,000.00
	Reserve for Debt Service	47.00	-	-	10,000.00	-	-	-	10,000.00
	Reserve for Housing Rehabilitation	150.00	-	-	-	-	-	-	150.00
	Reserve for John and Mary Hight Sculpture Fund	50.00	-	-	-	-	-	-	50.00
	Reserve for Donation								
	<b>Improvement Authorizations</b>								
	<b>Purpose</b>								
99-03	Various Capital Improvements	7,000.00	-	-	-	-	-	-	7,000.00
99-05, 01-03	Downtown Revitalization Project	448.95	-	-	-	-	-	-	448.95
00-05	Housing Rehabilitation	6,553.72	-	-	-	-	-	-	6,553.72
00-09	Construction of Public Works Facility	38,756.52	-	-	-	-	-	-	14,704.40
00-10	Greenways	21,810.99	-	-	-	-	-	-	21,810.99
01-17, 02-18	Reconstruction of Center Street	82.77	-	-	-	-	82.77	-	-
04-17	Acquisition of Capacity Rights - JCP&L	34,040.25	-	-	-	-	-	-	34,040.25
05-04	Mercer Street Revitalization Project	17,182.52	-	-	-	-	-	-	17,182.52
05-24	Peddle Lake Dam Improvements	(197,638.88)	-	-	-	-	-	-	(50,069.06)
05-32	Various Equipment Police and Court	2,509.00	-	-	153,125.00	-	-	-	2,509.00
05-34	Streetscape/Main Street Redevelopment Area	28,615.31	-	-	-	-	-	-	28,315.31
06-22	Purchase of Various Equipment	1,072.00	-	-	-	-	-	-	1,072.00
07-01	Road Improve. Morrison Ave. and Outcalt St.	8,042.90	-	-	-	-	-	-	8,042.90
07-04	Automated Garbage Truck and Containers	-	25,550.00	204,146.00	-	-	-	-	30.10
07-09	Various Equipment Police and Court	30.10	-	-	-	-	-	-	30.10
07-21	Acquisition of Ambulance	-	9,450.00	75,300.00	-	-	-	-	-
07-25	Police Department Equipment	618.17	-	58,900.00	-	-	-	-	618.17
08-01	Westerlea Avenue Improvements	28,284.50	-	53,000.00	-	-	-	-	2,794.50
08-14	Purchase of Air Packs for Fire Company	122.18	-	-	-	-	-	-	-
08-18	Police Radar and Radio Equipment	432.30	-	-	-	-	-	-	452.50
09-01	Reconstruction of Morrison Avenue	(166,608.25)	-	57,700.00	-	-	-	-	3,307.12
09-09	Improvements to Franklin Street	107.50	-	-	228,500.00	-	-	-	21.25
09-10	Improvements to Memorial Park Parking Lot	143,425.80	-	154,500.00	-	-	-	-	(232,168.33)
09-20	Stockton Street Historic District Improvement	(34,104.00)	-	-	181,308.76	-	-	-	(923,363.24)
10-02	Reconstruction of Leshin Lane	-	-	228,000.00	339,241.15	-	-	-	38,956.47
10-16	Summit Street Sidewalk Improvements	-	-	-	-	-	-	-	(8,209.50)
		\$ 94,152.92	\$ 36,000.00	\$ 831,546.00	\$ 1,052,474.91	\$ 1,253,399.69	\$ 721,546.00	\$ 82.77	\$ 39,228.14

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

	<u>Ref.</u>	
Balance, December 31, 2009	C	\$ 3,965,000.00
Increased by:		
Improvement Costs Funded by Loans Issued	C-5	<u>153,125.00</u>
		\$ 4,118,125.00
Decreased by:		
2010 Budget Appropriation to Pay Serial Bonds	C-11	<u>230,000.00</u>
Balance, December 31, 2010	C	<u><u>\$ 3,888,125.00</u></u>



GENERAL CAPITAL FUND  
 SCHEDULE OF GRANTS RECEIVABLE

	Balance <u>Dec. 31, 2009</u>	<u>Increased</u>	<u>Received</u>	<u>Canceled</u>	Balance <u>Dec. 31, 2010</u>
<b>Receivables not Offset with Reserves:</b>					
Small Cities Streetscape (05-34)	\$ 35,341.00	\$ -	\$ -	\$ 35,341.00	\$ -
DOT Morrison Ave. (09-01)	171,000.00	-	171,000.00	-	-
DOT Memorial Park Parking Lot (09-10)	262,500.00	-	-	-	262,500.00
	<u>\$ 468,841.00</u>	<u>\$ -</u>	<u>\$ 171,000.00</u>	<u>\$ 35,341.00</u>	<u>\$ 262,500.00</u>
<b>Receivables Offset with Reserves:</b>					
DOT Morrison Ave. (09-01)	\$ 57,500.00	\$ -	\$ 57,500.00	\$ -	\$ -
DOT Memorial Park Parking Lot (09-10)	87,500.00	-	-	-	87,500.00
Stockton Street Historic District Imp. (09-20)	1,690,000.00	-	181,308.76	-	1,508,691.24
Reconstruction of Leshin Lane (10-02)		455,000.00	339,241.15	-	115,758.85
Summit Street Sidewalk Imp. (10-16)		147,000.00	-	-	147,000.00
	<u>\$ 1,835,000.00</u>	<u>\$ 602,000.00</u>	<u>\$ 578,049.91</u>	<u>\$ -</u>	<u>\$ 1,858,950.09</u>
<b>Total</b>	<u><u>\$ 2,303,841.00</u></u>	<u><u>\$ 602,000.00</u></u>	<u><u>\$ 749,049.91</u></u>	<u><u>\$ 35,341.00</u></u>	<u><u>\$ 2,121,450.09</u></u>
Ref.	C		C-2, C-5	C-8	C

GENERAL CAPITAL FUND  
 SCHEDULE OF VARIOUS RESERVES

	Balance <u>Dec. 31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2010</u>
Reserve for John and Mary Hight Sculpture	\$ 150.00	\$ -	\$ -	\$ 150.00
Reserve for Donations	50.00	-	-	50.00
Reserve for Housing Rehabilitation	47.00	-	-	47.00
Reserve for Debt Service	<u>2,506.91</u>	<u>10,000.00</u>	<u>2,506.91</u>	<u>10,000.00</u>
	<u>\$ 2,753.91</u>	<u>\$ 10,000.00</u>	<u>\$ 2,506.91</u>	<u>\$ 10,247.00</u>
Ref.	C	C-2	C-2	C

GENERAL CAPITAL FUND  
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Date	Ordinance Amount	Balance, Dec. 31, 2009		Capital Improvement Fund	Deferred Charges to Future Taxation	Paid or Charged	Canceled	Balance, Dec. 31, 2010	
				Funded	Unfunded					Funded	Unfunded
97-02,	Public Works Facility	2/03/1997	\$ 350,000.00	\$ 38,756.52	\$ -	\$ -	\$ -	\$ 24,052.12	\$ -	\$ 14,704.40	\$ -
98-32,		12/30/1998	170,000.00								
00-09		5/15/2000	180,000.00								
99-03	Various Capital Improvements	3/15/1999	100,000.00	7,000.00	-	-	-	-	-	7,000.00	-
99-05,	Downtown Revitalization Project	4/05/1999	450,000.00	448.95	-	-	-	-	-	448.95	-
01-03/01-04,		4/16/2001	280,000.00								
01-07,		6/04/2001	840,000.00								
02-08		5/06/2002	200,000.00								
00-05	Housing Rehabilitation	3/20/2000	360,000.00	6,553.72	-	-	-	-	-	6,553.72	-
00-10,	Greenways	6/05/2000	287,000.00	21,810.99	-	-	-	-	-	21,810.99	-
07-25		11/19/2007	135,000.00								
01-17,	Reconstruction of Center Street	9/17/2001	170,000.00	82.77	-	-	-	82.77	-	-	-
02-18		10/07/2002	20,000.00								
04-17	Acquisition of Capacity Rights - JCP&L	8/02/2004	100,000.00	34,040.25	-	-	-	-	-	34,040.25	-
05-04,	Mercer Street Revitalization Project	2/07/2005	450,000.00	17,182.52	-	-	-	-	-	17,182.52	-
07-15		6/18/2007	100,000.00								
05-24,	Peddle Lake Dam Improvements	7/05/2005	166,250.00	-	8,161.12	-	-	5,555.18	-	-	2,605.94
09-13		8/03/2009	50,000.00								
05-32	Various Equipment Police and Court	9/19/2005	28,000.00	2,509.00	-	-	-	-	-	2,509.00	-
05-34	Streetscape / Main Street Redevelopment Area	10/17/2005	450,000.00	63,956.31	-	-	-	300.00	35,341.00	28,315.31	-
06-22	Purchase of Various Equipment	10/16/2006	24,000.00	1,072.00	-	-	-	-	-	1,072.00	-
07-01,	Road Improvements Morrison Ave. and Outcalt St.	2/20/2007	555,000.00	8,042.90	-	-	-	-	-	8,042.90	-
08-07		4/07/2008	128,000.00								
07-09	Various Equipment Police and Court	5/21/2007	30,000.00	30.10	-	-	-	-	-	30.10	-
07-26	Police Department Equipment	11/19/2007	62,000.00	618.17	-	-	-	-	-	618.17	-
08-01	Westerlea Avenue Improvements	1/22/2008	332,500.00	28,294.50	-	-	-	-	-	28,294.50	-
08-14	Purchase of Air Packs for Fire Company	8/04/2008	4,600.00	122.18	-	-	-	122.18	-	-	-
08-18	Police Radar and Radio Equipment	10/20/2008	3,500.00	452.50	-	-	-	-	-	452.50	-
09-01	Reconstruction of Morrison Avenue	2/02/2009	292,000.00	4,391.75	-	-	-	1,084.63	-	-	3,307.12
09-09	Improvements to Franklin Street	4/20/2009	74,000.00	107.50	-	-	-	86.25	-	21.25	-
09-10	Improvements to Memorial Park Parking Lot	5/18/2009	425,000.00	251,425.80	154,500.00	-	-	375,594.13	-	-	30,331.67
09-20	Stockton Street Historic District Improvements	9/21/2009	1,840,000.00	-	1,805,896.00	-	-	528,284.68	-	-	735,328.00
10-02	Reconstruction of Leshin Lane	2/01/2010	568,000.00	-	1,805,896.00	-	-	568,000.00	-	-	39,715.32
10-16	Summit Street Sidewalk Improvements	9/20/2010	180,000.00					8,209.50	-	-	171,790.50
				\$ 453,594.01	\$ 2,001,861.54	\$ -	\$ 748,000.00	\$ 2,013,856.67	\$ 35,423.77	\$ 142,183.89	\$ 1,011,991.22

Ref. C C C C-9 C-5, C-13 C-12 C C

Fund Balance C-1 \$ 82.77

Grant Receivable C-6 35,341.00

\$ 35,423.77

GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance, December 31, 2009	C	\$ 20,630.00
Increased by:		
2010 Budget Appropriation	C-2	<u>1,000.00</u>
		\$ 21,630.00
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-8	<u>-</u>
Balance, December 31, 2010	C	<u><u>\$ 21,630.00</u></u>

GENERAL CAPITAL FUND  
 SCHEDULE OF BOND ANTICIPATION NOTES

Ord. No.	Description	Date of Ordinance	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2009	Increase	Decrease	Balance Dec. 31, 2010
07-04	Automated Garbage Truck and Containers	2/20/2007	12/28/2007	12/10/2010	12/09/2011	0.75%	\$ 229,696.00	\$ 204,146.00	\$ 229,696.00	\$ 204,146.00
07-21	Acquisition of Ambulance	9/04/2007	12/28/2007	12/10/2010	12/09/2011	0.75%	84,750.00	75,300.00	84,750.00	75,300.00
07-26	Police Department Equipment	11/19/2007	12/11/2008	12/10/2010	12/09/2011	0.75%	58,900.00	58,900.00	58,900.00	58,900.00
08-01	Westerlea Avenue Improvements	1/22/2008	12/11/2008	12/10/2010	12/09/2011	0.75%	78,500.00	53,000.00	78,500.00	53,000.00
09-01	Reconstruction of Morrison Avenue	2/02/2009	12/23/2009	12/10/2010	12/09/2011	0.75%	115,200.00	57,700.00	115,200.00	57,700.00
09-10	Improvements to Memorial Parking Lot	5/18/2009	12/23/2009	12/10/2010	12/09/2011	0.75%	154,500.00	154,500.00	154,500.00	154,500.00
10-02	Reconstruction of Leshin Lane	2/01/2010	12/10/2010	12/10/2010	12/09/2011	0.75%	-	228,000.00	-	228,000.00
							<u>\$ 721,546.00</u>	<u>\$ 831,546.00</u>	<u>\$ 721,546.00</u>	<u>\$ 831,546.00</u>
						Ref.	C	C-2	C	
	Notes Issued					C-13				
	Notes Renewed					-		\$ 228,000.00		
	Notes Paid by Budget Appropriation					C-5		603,546.00	603,546.00	
	Notes Paid by Grant Proceeds					C-10		35,000.00	35,000.00	
	Notes Reduced					C-13		57,500.00	57,500.00	
								25,500.00	25,500.00	
							<u>\$ 831,546.00</u>	<u>\$ 721,546.00</u>	<u>\$ 831,546.00</u>	

GENERAL CAPITAL FUND  
 SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2010		Interest Rate	Balance Dec. 31, 2009	Decreased	Balance Dec. 31, 2010
			Date	Amount				
General Improvement Bonds of 2008	2/01/2008	\$ 4,000,000	10/01/2011	\$ 245,000	3.00%	\$ 3,965,000.00	\$ 230,000.00	\$ 3,735,000.00
			10/01/2012	270,000	3.00%			
			10/01/2013	290,000	3.00%			
			10/01/2014	305,000	3.00%			
			10/01/2015	320,000	3.00%			
			10/01/2016	340,000	3.25%			
			10/01/2017	360,000	3.25%			
			10/01/2018	375,000	3.50%			
			10/01/2019	390,000	3.75%			
			10/01/2020	410,000	3.75%			
			10/01/2021	430,000	3.75%			
						<u>\$ 3,965,000.00</u>	<u>\$ 230,000.00</u>	<u>\$ 3,735,000.00</u>

Ref.

C

C-4

C

GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, December 31, 2009	C	\$ 128,531.85
Increased by:		
Charged to Improvement Authorizations	C-8	<u>2,013,856.67</u>
		\$ 2,142,388.52
Decreased by:		
Payment	C-2	<u>1,250,892.78</u>
Balance, December 31, 2010	C	<u><u>\$ 891,495.74</u></u>

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

Ord. No.	Improvement Description	Balance Dec. 31, 2009	Authorized 2010	Bond Anticipation Note Reduction	Funded By Loan Proceeds	Grants Received	Bond Anticipation Notes Issued	Balance Dec. 31, 2010
05-24,09-13	Peddie Lake Dam improvements	\$ 205,800.00	\$ -	\$ -	\$ 153,125.00	\$ -	\$ -	\$ 52,675.00
08-01	Westerlea Avenue Improvements	-	-	25,500.00	-	-	-	25,500.00
09-20	Stockton Street Improvements	1,840,000.00	-	-	-	181,308.76	-	1,658,691.24
10-02	Reconstruction of Leshin Lane	-	568,000.00	-	-	339,241.15	228,000.00	758.85
10-16	Summit Street Sidewalk Improvements	-	180,000.00	-	-	-	-	180,000.00
		<u>\$ 2,045,800.00</u>	<u>\$ 748,000.00</u>	<u>\$ 25,500.00</u>	<u>\$ 153,125.00</u>	<u>\$ 520,549.91</u>	<u>\$ 228,000.00</u>	<u>\$ 1,917,625.09</u>
Ref.		C	C-8	C-10	C-2	C-5	C-10	C

WATER-SEWER UTILITY OPERATING FUND  
 SCHEDULE OF UTILITY CASH - COLLECTOR/TREASURER

	<u>Ref.</u>	
Balance, December 31, 2009	D	\$ 393,098.77
Increased by Receipts:		
Consumer Accounts Receivable - Rents	D-8	\$ 2,256,134.40
Miscellaneous Revenue	D-3	601,799.38
Due to Current Fund	D	349,186.45
Non-Budget Revenues	D-3	2,221.69
Prepaid Rents	D-12	3,427.73
Water-Sewer Rent Overpayment	D-13	<u>1,701.74</u>
		<u>3,214,471.39</u>
		\$ 3,607,570.16
Decreased by Disbursements:		
Budget Appropriations	D-4	\$ 2,705,283.01
Appropriation Reserves	D-11	84,579.69
Due From Current Fund	D	6,060.03
Due To Trust Fund		27,242.84
Due From Water-Sewer Capital Fund	D	300,000.00
Accrued Interest on Bonds and Loans	D-14	189,806.26
Accrued Interest on Notes	D-15	<u>3,511.21</u>
		<u>3,316,483.04</u>
Balance, December 31, 2010	D	<u><u>\$ 291,087.12</u></u>

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF UTILITY CAPITAL CASH

	<u>Ref.</u>		
Balance, December 31, 2009	D		\$ 79,532.04
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	D-23	\$ 27,500.00	
Grants Receivable	D	171,500.00	
Loans Received	D, D-24	1,369,931.00	
Due to Water Sewer Operating Fund	D	300,000.00	
Bond Anticipation Notes	D-18	<u>187,000.00</u>	
			<u>2,055,931.00</u>
			\$ 2,135,463.04
Decreased by Disbursements:			
Bond Anticipation Notes	D-18	\$ 229,900.00	
Encumbrances Payable	D-20	<u>1,720,364.46</u>	
			<u>1,950,264.46</u>
Balance, December 31, 2010	D		<u>\$ 185,198.58</u>

WATER-SEWER UTILITY CAPITAL FUND  
 ANALYSIS OF CASH

Ord. No.	Balance Dec. 31, 2009	Receipts	Bonds/Bond Anticipation Notes Issued	Improvement Authorization	Disbursements	Bond Anticipation Notes Paid	Transfers		Balance Dec. 31, 2010
							From	To	
Capital Improvement Fund	\$ 16.95	\$ 27,500.00	\$ -	\$ -	\$ -	\$ -	\$ 2,500.00	\$ -	\$ 25,016.95
Due to Water Sewer Operating Fund	-	300,000.00	-	-	-	-	-	-	300,000.00
Reserve for Encumbrances	208,652.50	-	-	1,765,236.02	1,720,364.46	-	-	-	253,524.06
Fund Balance	3,467.74	-	-	-	-	-	-	33.02	3,500.76
Down Payment on Improvements	200.00	-	-	-	-	-	-	-	200.00
	-	-	-	-	-	-	-	-	-
	-	-	-	(64,400.29)	-	-	-	-	61,980.52
02-16 Water/Sewer Improvements	126,380.81	-	-	-	-	-	-	-	2,928.87
01-01 Various Upgrades	2,928.87	-	-	-	-	-	-	-	9,143.09
01-11, 03-11 Water Imp. Dey/Outcalt Street	33,089.46	-	-	(23,946.37)	-	-	-	-	5,369.57
03-19 Construction of Elevated Water Tower	5,405.57	-	-	(36.00)	-	-	-	-	-
03-26 Construction of Backwash Water Recovery Tank	33.02	-	-	-	-	-	33.02	-	-
04-18 Water/Sewer Improvements	4,001.99	-	-	-	-	-	-	-	4,001.99
06-06, 06-25 Water/Sewer Improvements	10,565.82	-	-	(3,660.56)	-	-	-	-	6,905.26
07-02 Water/Sewer Improvements Morrison/Outcalt	4,713.49	-	-	-	-	-	-	-	4,713.49
08-10, 08-19 Water/Sewer Improvements	6,716.33	-	148,000.00	(575.63)	-	148,000.00	-	-	6,140.70
09-02 Water/Sewer Imp. Morrison Avenue	(130,040.51)	171,500.00	39,000.00	(540.63)	-	81,900.00	-	-	(1,981.14)
09-15 Water Main Extension	(196,600.00)	1,369,931.00	-	(1,665,784.94)	-	-	-	-	(492,453.94)
10-01 Water-Sewer Improvements - Leshin Lane	-	-	-	(6,291.60)	-	-	2,500.00	-	(3,791.60)
	\$ 79,532.04	\$ 1,868,931.00	\$ 187,000.00	\$ -	\$ 1,720,364.46	\$ 229,900.00	\$ 2,533.02	\$ 2,533.02	\$ 185,198.58

Ref.

D

D

WATER-SEWER UTILITY OPERATING FUND  
 SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>		
Balance, December 31, 2009	D		\$ 177,305.51
Increased by:			
Water-Sewer Rents Levied		\$ 2,363,466.75	
Gray Water Fees		<u>492,814.88</u>	
			<u>2,856,281.63</u>
			\$ 3,033,587.14
Decreased by:			
Collections:			
Water-Sewer Rents	D-3, D-5	\$ 2,256,134.40	
Water-Sewer Rents - Prepaid Rents Applied	D-3, D-12	122,073.69	
Water-Sewer Rents - Overpayments Applied	D-3, D-13	2,966.54	
Gray Water Fees	D-3	495,014.45	
Gray Water Fees - Overpayments Applied	D-3, D-13	<u>668.15</u>	
			<u>2,876,857.23</u>
Balance, December 31, 2010	D		<u><u>\$ 156,729.91</u></u>

BOROUGH OF HIGHTSTOWN  
COUNTY OF MERCER  
STATE OF NEW JERSEY

D-9

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance, December 31, 2009 and December 31, 2010	D	<u>\$ 12,962,487.48</u>

WATER-SEWER UTILITY CAPITAL FUND  
 SCHEDULE OF FIXED CAPITAL  
 AUTHORIZED AND UNCOMPLETED

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2009	Deferred Reserve for Amortization	Deferred Charges to Future Revenue	Balance Dec. 31, 2010
		Date	Amount				
02-16	Water/Sewer Improvements	9/03/2002	\$ 460,000.00	\$ 460,000.00	-	-	\$ 460,000.00
03-19	Construction of Elevated Water Tower	7/10/2003	1,010,000.00	1,010,000.00	-	-	1,010,000.00
03-26	Construction of Backwash Water Recovery Tank	9/02/2003	186,000.00	186,000.00	-	-	186,000.00
04-18	Water/Sewer Improvements	9/07/2004	250,000.00	250,000.00	-	-	250,000.00
06-06, 06-25	Water/Sewer Improvements	2/21/2006	292,000.00	292,000.00	-	-	292,000.00
07-02	Water/Sewer Imp. Morrison and Outcalt	11/06/2006	105,000.00	397,000.00	-	-	397,000.00
08-10, 08-19	Water/Sewer Improvements	2/20/2007	145,000.00	145,000.00	-	-	145,000.00
09-02	Water/Sewer Imp. Morrison Avenue	10/20/2008	155,400.00	155,400.00	-	-	155,400.00
09-15	Water Main Extension	2/02/2009	215,000.00	215,000.00	-	-	215,000.00
10-01	Water-Sewer Improvements - Leshin Lane	9/08/2009	2,200,000.00	2,200,000.00	-	-	2,200,000.00
		2/01/2010	52,000.00	-	2,500.00	49,500.00	52,000.00
				\$ 5,018,400.00	\$ 2,500.00	\$ 49,500.00	\$ 5,070,400.00

D

D-22

D-19

D

WATER-SEWER UTILITY OPERATING FUND  
 SCHEDULE OF 2009 APPROPRIATION RESERVES

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance After</u> <u>Transfers and</u> <u>Encumbrances</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:					
Salaries and Wages		\$ 62,095.95	\$ 63,321.28	\$ 217.91	\$ 63,103.37
Other Expenses		38,378.80	126,494.09	84,361.78	42,132.31
Capital Outlay		16.37	16.37		16.37
Statutory Expenditures:					
Unemployment Insurance		-	5,000.00	5,000.00	-
Social Security System		3,295.35	2,070.02	-	2,070.02
Total Appropriation Reserves	D	\$103,786.47	\$196,901.76	\$ 89,579.69	\$107,322.07
Encumbrances	D	93,115.29	-	-	-
		<u>\$196,901.76</u>	<u>\$196,901.76</u>	<u>\$ 89,579.69</u>	<u>\$107,322.07</u>
			<u>Ref.</u>		<u>D-1</u>
Disbursements Due to Trust			D-5	\$ 84,579.69 5,000.00	
				<u>\$ 89,579.69</u>	

WATER-SEWER UTILITY OPERATING FUND  
 SCHEDULE OF PREPAID WATER-SEWER RENTS AND FEES

	<u>Ref.</u>	
Balance, December 31, 2009	D	\$122,073.69
Increased by:		
Receipts	D-5	<u>3,427.73</u>
		\$125,501.42
Decreased by:		
Prepaid Rents Applied	D-8	<u>122,073.69</u>
Balance, December 31, 2010	D	<u><u>\$ 3,427.73</u></u>

D-13

SCHEDULE OF OVERPAYMENTS

Balance, December 31, 2009	D		\$ 3,634.69
Increased by:			
Receipts	D-5		<u>1,701.74</u>
			\$ 5,336.43
Decreased by:			
Overpayments Applied - Water/Sewer Rents	D-8	\$ 2,966.54	
Overpayments Applied - Grey Water	D-8	<u>668.15</u>	
			<u>3,634.69</u>
Balance, December 31, 2010	D		<u><u>\$ 1,701.74</u></u>

WATER-SEWER UTILITY OPERATING FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS AND LOANS

	<u>Ref.</u>	
Balance, December 31, 2009	D	\$ 56,684.97
Increased by:		
Charged to 2010 Budget	D-4	<u>184,341.09</u>
		\$241,026.06
Decreased by		
Payments	D-5	<u>189,806.26</u>
Balance, December 31, 2010	D	<u><u>\$ 51,219.80</u></u>

D-15

SCHEDULE OF ACCRUED INTEREST ON NOTES

	<u>Ref.</u>	
Balance, December 31, 2009	D	\$ 185.41
Increased by:		
Charged to 2010 Budget	D-4	<u>3,407.61</u>
		\$ 3,593.02
Decreased by		
Payments	D-5	<u>3,511.21</u>
Balance, December 31, 2010	D	<u><u>\$ 81.81</u></u>

WATER-SEWER UTILITY CAPITAL FUND  
 SCHEDULE OF SEWER SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2009	Decreased by Budget Appropriation	Balance Dec. 31, 2010
			Date	Amount				
Water-Sewer Utility Bonds	3/01/2002	\$ 2,295,000.00	3/01/2011	\$ 75,000.00	4.500%	\$ 1,820,000.00	\$ 75,000.00	\$ 1,745,000.00
			3/01/2012-13	85,000.00	4.500%			
			3/01/2014-15	100,000.00	4.500%			
			3/01/2016-19	100,000.00	4.625%			
			3/01/2020-28	100,000.00	4.750%			
Water-Sewer Utility Bonds	2/01/2008	3,265,000.00	10/01/2011	365,000.00	3.000%	3,190,000.00	85,000.00	3,105,000.00
			10/01/2012	375,000.00	3.000%			
			10/01/2013	395,000.00	3.000%			
			10/01/2014	405,000.00	3.000%			
			10/01/2015	430,000.00	3.000%			
			10/01/2016	455,000.00	3.250%			
		10/01/2017	470,000.00	3.250%				
		10/01/2018	210,000.00	3.500%				
						<u>\$ 5,010,000.00</u>	<u>\$ 160,000.00</u>	<u>\$ 4,850,000.00</u>
						D	D-21	D



WATER-SEWER UTILITY CAPITAL FUND  
 SCHEDULE OF BOND ANTICIPATION NOTES

No.	Description	Date of Ordinance	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2009	Increase	Decrease	Balance Dec. 31, 2010
08-10, 08-19	Water/Sewer Improvements	10/20/2008	12/11/2008	12/10/2010	12/09/2011	0.75%	\$ 148,000.00	\$ 148,000.00	\$ 148,000.00	\$ 148,000.00
09-02	Morrison Avenue Improvements	2/02/2009	12/23/2009	12/10/2010	12/09/2011	0.75%	81,900.00	39,000.00	81,900.00	39,000.00
							<u>\$ 229,900.00</u>	<u>\$ 187,000.00</u>	<u>\$ 229,900.00</u>	<u>\$ 187,000.00</u>
							D	D-6	D-6	D



WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	
Balance, December 31, 2009	D	\$ 208,652.50
Increased by:		
Charged to Improvement Authorizations	D-19	<u>1,765,236.02</u>
		\$ 1,973,888.52
Decreased by:		
Cash Disbursed	D-6	<u>1,720,364.46</u>
Balance, December 31, 2010	D	<u><u>\$ 253,524.06</u></u>

WATER-SEWER UTILITY CAPITAL FUND  
 SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>		
Balance, December 31, 2009	D		\$ 9,975,174.77
Increased by:			
Serial Bonds paid by Operating Budget	D-16	\$ 160,000.00	
Loans paid by Operating Budget	D-17	<u>271,812.71</u>	
			<u>431,812.71</u>
Balance, December 31, 2010	D		<u>\$ 10,406,987.48</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

	<u>Ref.</u>		
Balance, December 31, 2009	D		\$ 293,800.00
Increased by:			
Fixed Capital Authorized	D-10	\$ 2,500.00	
Grant Received	D	<u>42,500.00</u>	
			<u>45,000.00</u>
Balance, December 31, 2010	D		<u>\$ 338,800.00</u>

WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance, December 31, 2009	D	\$ 16.95
Increased by:		
2010 Budget Appropriation	D-6	<u>27,500.00</u>
		\$ 27,516.95
Decreased by:		
Appropriated to Finance Improvement Authorizations	D-19	<u>2,500.00</u>
Balance, December 31, 2010	D	<u><u>\$ 25,016.95</u></u>

WATER-SEWER UTILITY CAPITAL FUND  
 SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2009</u>	<u>2010 Authorizations</u>	<u>Loans Issued</u>	<u>Balance Dec. 31, 2010</u>
02-16	Water/Sewer Improvements	\$ 200.00	\$ -	\$ -	\$ 200.00
09-15	Water Main Extension	2,200,000.00	-	1,946,250.00	253,750.00
10-01	Water-Sewer Improvements - Leshin Lane	-	49,500.00	-	49,500.00
		<u>\$ 2,200,200.00</u>	<u>\$ 49,500.00</u>	<u>\$ 1,946,250.00</u>	<u>\$ 303,450.00</u>

Ref.

D

D-19

D-17

D

**BOROUGH OF HIGHTSTOWN**

**COUNTY OF MERCER**

**SECTION IV**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2010**

An audit of the financial accounts and transactions of the Borough of Hightstown, in the County of Mercer, for the year ended December 31, 2010, has recently been completed. The results of the audit are herewith set forth.

### **SCOPE OF AUDIT**

The audit covered the financial transactions of the Chief Financial Officer, Tax Collector, the activities of the Mayor and Borough Council, and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the governing body.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Borough Departments as shown on the Statement of Revenues and Schedule of Revenue Accounts Receivable are presented as recorded in the Borough records.

### **GENERAL COMMENTS**

#### **Contracts and Agreements Required to be Advertised per N.J.S. 40A:11-4a**

N.J.S. 40A:11-4a states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." The amount set forth pursuant to the above statute was \$21,000 through June 30, 2010 and \$26,000 thereafter.

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

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

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

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit 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.A. 40A:11-4.

### **Contracts or Agreements not Required to be Advertised per N.J.S. 40A:11-6.1**

N.J.S. 40A:11-6.1 states "For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount... .. the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable."

We conducted a compliance review of the procedures and policies for securing quotations for purchases referred to above which indicated that the procedures were implemented to ensure statutory compliance and that quotes had been solicited as required by the statute.

### **Collection of Interest on Delinquent Taxes and Assessments**

N.J.S. 54:4-67, as amended, provides the method for 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:

1. Pursuant to N.J.S.A. 54-4:67, the Mayor and Council hereby reaffirm that the following interest shall be charged for the non-payment of taxes or assessments on any installment which is not made before or within the tenth (10<sup>th</sup>) calendar day following the date upon which same become payable: Eight (8%) percent annum on the first \$1,500.00 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500.00, to be calculated from the date the tax was payable and until the date of actual payment. The term "delinquent" as used herein shall mean the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters or years.
2. In accordance with Chapter 75 of the Laws of 1991, any taxpayers with a delinquency in excess of Ten Thousand (\$10,000.00) Dollars who fails to pay that delinquency prior to the end of any calendar year, shall be assessed a penalty for that year of six (6%) percent of the amount of the delinquency, in addition to the interest provided for in Paragraph 1.
3. The provisions of Paragraphs 1 and 2 herein shall remain in effect unless and until superseded by Borough resolution or ordinance.

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

### **Collection of Interest on Delinquent Water and Sewer Service Charges**

The ordinances of the Borough provide for delinquent charges on water and sewer accounts as follows:

"Unpaid water and sewer charges shall be subject to an interest charge in the same manner as past-due real property taxes in the Borough."

It appears from an examination of the Collector's records that interest was generally collected in accordance with the foregoing ordinance.

## **Delinquent Taxes and Tax Title Liens**

The last tax and utility lien sale was held on November 30, 2010 and was complete except for those properties in bankruptcy.

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

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

<b><u>Year</u></b>	<b><u>Number of Liens</u></b>
2010	15
2009	16
2008	11

## **Miscellaneous**

All sums of outstanding checks, reflected in cash reconciliations herein, are in agreement with the records of the Treasurer, as well as with independent lists made part of this audit.

A report summarizing collections of Dog License Fees and remittances of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Borough Clerk.

Individual payments of the Regional School District Taxes by the municipality were confirmed as received by the Secretary of the Board of Education for the year 2010.

In our verification of expenditures, no attempt was made to establish proof of rendition, character or extent of services nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions from individual employee salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittances to authorized agencies, however, were ascertained.

A summary or synopsis of this report was prepared for publication and filed with the Borough Clerk.

## **FOLLOW-UP OF PRIOR YEAR FINDINGS**

In accordance with Government Auditing Standards our procedures included a review of all prior year findings. Finding 09-01 was not corrected in 2010 and appears as Finding 10-01 for the period under audit. Finding 09-02 regarding following proper procedures for change orders exceeding 20% of the original contract award amount was addressed in 2010.

**FINDINGS/RECOMMENDATIONS**

**CR-10-01 Finding** - There are a number of interfunds on the balance sheets as at December 31.

**Criteria** - All interfund balances should be liquidated by December 31 in accordance with Division of Local Government Services directives.

**Recommendation** - That an effort be made to liquidate all interfunds prior to December 31.

**CR-10-02 Finding** - Our test-check of expenditures indicated several instances for one vendor where either the rate billed was not in accordance with the Job Title rate per the Professional Service Contract or the Job Title was not listed in the Professional Service Contract.

**Criteria** - All Job Titles should be included in the Professional Service Contract and hourly rates billed should be in accordance with the Contract.

**Recommendation** - That appropriate personnel review the Professional Service invoices to ensure that the rates billed are in accordance with rates contained in the Professional Service Contract.

**ACKNOWLEDGEMENT**

We desire to express our appreciation for the assistance and courtesies rendered by the Borough officials and employees during the course of the audit.

The foregoing comments and resultant recommendations are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please contact us at your earliest opportunity.

\* \* \* \* \*