

*TOWNSHIP OF LONG HILL*

*COUNTY OF MORRIS*

*REPORT OF AUDIT*

*2011*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF LONG HILL

COUNTY OF MORRIS

REPORT OF AUDIT

2011

TOWNSHIP OF LONG HILL  
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TOWNSHIP OF LONG HILL

PART I

FINANCIAL STATEMENTS AND

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2011



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## Independent Auditors' Report

The Honorable Mayor and Members  
 of the Township Committee  
 Township of Long Hill  
 Gillette, New Jersey

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

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

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

Our audit of the financial statements did not include the general fixed assets account group (stated at \$35,534,350.33 and \$35,525,467.69 at December 31, 2011 and 2010, respectively). This account group was not audited since there was not sufficient evidential matter to support the historical value of general fixed assets.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2012 on our consideration of the Township of Long Hill's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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

Mount Arlington, New Jersey  
May 25, 2012

NISIVOCCIA LLP

  
Raymond G. Safinelli  
Registered Municipal Accountant #383  
Certified Public Accountant

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2011  
CURRENT FUND

TOWNSHIP OF LONG HILL  
CURRENT FUND  
COMPARATIVE BALANCE SHEET

|   | Ref. | December 31,                  |                               |
|---|------|-------------------------------|-------------------------------|
|   |      | 2011                          | 2010                          |
| <u>ASSETS</u>   |      |                               |                               |
| Regular Fund:   |      |                               |                               |
| Cash and Cash Equivalents                             | A-4  | \$ 2,796,768.54               | \$ 2,488,111.06               |
| Change Funds  |      | 400.00                        | 400.00                        |
|   |      | <u>2,797,168.54</u>           | <u>2,488,511.06</u>           |
| Receivables and Other Assets With Full Reserves:      |      |                               |                               |
| Delinquent Property Taxes Receivable                  | A-7  | 693,271.14                    | 652,730.47                    |
| Tax Title Liens Receivable                            | A-8  | 205,934.35                    | 250,509.58                    |
| Property Acquired for Taxes at Assessed Valuation     |      | 330,525.00                    | 192,025.00                    |
| Sewer Charges Receivable                              | A-10 | 94,215.00                     | 89,394.96                     |
| Revenue Accounts Receivable                           | A-9  | 4,938.28                      | 4,473.40                      |
| Total Receivables and Other Assets With Full Reserves |      | <u>1,328,883.77</u>           | <u>1,189,133.41</u>           |
| Deferred Charges:                                     |      |                               |                               |
| Emergency Authorizations (N.J.S.A. 40A:4-46)          | A-3  | 114,850.00                    |                               |
| Total Regular Fund                                    |      | <u>4,240,902.31</u>           | <u>3,677,644.47</u>           |
| Federal and State Grant Fund:                         |      |                               |                               |
| Cash and Cash Equivalents                             | A-4  | 36,860.24                     | 9,783.16                      |
| Federal and State Grants Receivable                   | A-6  | 600,764.84                    | 497,068.48                    |
| Total Federal and State Grant Fund                    |      | <u>637,625.08</u>             | <u>506,851.64</u>             |
| <b>TOTAL ASSETS</b>                                   |      | <u><u>\$ 4,878,527.39</u></u> | <u><u>\$ 4,184,496.11</u></u> |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
COMPARATIVE BALANCE SHEET  
(Continued)

|   | Ref.     | December 31,           |                        |
|---|----------|------------------------|------------------------|
|   |          | 2011                   | 2010                   |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u>       |          |                        |                        |
| Regular Fund:                                       |          |                        |                        |
| Liabilities:  |          |                        |                        |
| Appropriation Reserves:                             |          |                        |                        |
| Unencumbered  | A-3;A-11 | \$ 722,315.53          | \$ 717,165.69          |
| Encumbered  | A-3;A-11 | 214,004.20             | 140,194.62             |
|   |          | <u>936,319.73</u>      | <u>857,360.31</u>      |
| Accounts Payable-Vendors                            |          | 2,912.34               | 16,003.92              |
| County Taxes Payable                                |          | 3,173.05               |                        |
| Prepaid Taxes                                       |          | 528,962.02             | 454,813.66             |
| Tax Overpayments                                    |          | 35,568.17              |                        |
| Sewer Overpayments                                  |          | 6,618.92               |                        |
| Due to Other Trust Fund                             | B        | 38,986.46              | 5,438.92               |
| Due to General Capital Fund                         | C        | 1,829.50               | 24,972.07              |
| Due to State of New Jersey:                         |          |                        |                        |
| Building Surcharge Fees                             |          | 1,892.00               | 2,161.00               |
| Marriage Licenses Fees                              |          | 150.00                 | 100.00                 |
| Veterans' and Senior Citizens' Deductions           |          | 5,612.82               | 3,862.82               |
| Reserve for:  |          |                        |                        |
| Third Party Liens                                   |          |                        | 892.40                 |
| Uncollectible Grants                                |          | 75,000.00              | 75,000.00              |
| Tax Appeals   |          | 150,000.00             | 75,000.00              |
|   |          | <u>1,787,025.01</u>    | <u>1,515,605.10</u>    |
| Reserve for Receivables and Other Assets            |          | 1,328,883.77           | 1,189,133.41           |
| Fund Balance  | A-1      | 1,124,993.53           | 972,905.96             |
|   |          | <u>4,240,902.31</u>    | <u>3,677,644.47</u>    |
| Total Regular Fund                                  |          |                        |                        |
| Federal and State Grant Fund:                       |          |                        |                        |
| Due to General Capital Fund                         | C        | 100,000.00             |                        |
| Unappropriated Reserves                             | A-15     | 4,355.79               | 9,311.18               |
| Appropriated Reserves                               | A-14     | 533,269.29             | 497,540.46             |
|   |          | <u>637,625.08</u>      | <u>506,851.64</u>      |
| Total Federal and State Grant Fund                  |          |                        |                        |
|   |          | <u>\$ 4,878,527.39</u> | <u>\$ 4,184,496.11</u> |
| <b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b> |          |                        |                        |

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

TOWNSHIP OF LONG HILL  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

|  | <u>Year Ended December 31,</u> |                      |
|--|--------------------------------|----------------------|
|  | <u>2011</u>                    | <u>2010</u>          |
| <u>Revenue and Other Income Realized</u>                     |                                |                      |
| Fund Balance Utilized  | \$ 475,000.00                  | \$ 635,000.00        |
| Miscellaneous Revenue Anticipated                            | 4,268,548.85                   | 4,545,529.49         |
| Receipts from:   |                                |                      |
| Delinquent Taxes   | 635,696.36                     | 497,470.65           |
| Current Taxes  | 35,630,937.07                  | 34,538,856.52        |
| Nonbudget Revenue  | 170,942.39                     | 49,684.95            |
| Other Credits to Income:                                     |                                |                      |
| Accounts Payable Cancelled                                   | 15,335.52                      |                      |
| Federal and State Grant Fund Appropriated Reserves Cancelled |                                | 40,378.25            |
| Unexpended Balance of Appropriation Reserves                 | 205,406.83                     | 132,080.29           |
| <b>Total Income</b>  | <b>41,401,867.02</b>           | <b>40,439,000.15</b> |
| <u>Expenditures</u>  |                                |                      |
| Budget Appropriations:                                       |                                |                      |
| Municipal Purposes   | 13,769,633.42                  | 14,035,262.57        |
| County Taxes   | 4,248,187.92                   | 4,209,235.80         |
| Local School District Taxes                                  | 15,243,128.00                  | 14,784,251.00        |
| Regional High School District Taxes                          | 7,254,877.77                   | 6,746,741.31         |
| Municipal Open Space Taxes                                   | 258,639.29                     | 258,492.01           |
| Prior Year Senior Citizens Deductions Disallowed             | 250.00                         |                      |
| Refund of Prior Year Revenue                                 | 39,913.05                      |                      |
| Reserve for Pending Tax Appeals                              | 75,000.00                      |                      |
| <b>Total Expenditures</b>                                    | <b>40,889,629.45</b>           | <b>40,033,982.69</b> |
| Excess in Revenue  | 512,237.57                     | 405,017.46           |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
(Continued)

|  | Ref. | Year Ended December 31, |               |
|--|------|-------------------------|---------------|
|  |      | 2011                    | 2010          |
| Adjustments Before Fund Balance:   |      |                         |               |
| Expenditures Included Above Which are<br>by Statute Deferred Charges To Budget<br>of Succeeding Year |      | \$ 114,850.00           |               |
| Statutory Excess to Fund Balance   |      | 627,087.57              | \$ 405,017.46 |
| <u>Fund Balance</u>  |      |                         |               |
| Balance January 1  |      | 972,905.96              | 1,202,888.50  |
|  |      | 1,599,993.53            | 1,607,905.96  |
| Decreased by:  |      |                         |               |
| Utilized as Anticipated Revenue  |      | 475,000.00              | 635,000.00    |
| Balance December 31  | A    | \$ 1,124,993.53         | \$ 972,905.96 |

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

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2011

|  | Anticipated   |                           | Realized      | Excess or<br>Deficit * |
|--|---------------|---------------------------|---------------|------------------------|
|  | Budget        | Added by<br>NJSA 40A:4-87 |               |                        |
| Fund Balance Appropriated                        | \$ 475,000.00 |                           | \$ 475,000.00 |                        |
| Miscellaneous Revenue:                           |               |                           |               |                        |
| Alcoholic Beverage Licenses                      | 19,000.00     |                           | 23,535.00     | \$ 4,535.00            |
| Fees and Permits                                 | 95,000.00     |                           | 78,042.97     | 16,957.03 *            |
| Municipal Court Fines and Costs                  | 90,000.00     |                           | 97,794.47     | 7,794.47               |
| Interest and Costs on Taxes                      | 110,000.00    |                           | 180,383.09    | 70,383.09              |
| Interest on Investments and Deposits             | 11,966.00     |                           | 22,960.87     | 10,994.87              |
| Sewer Charges                                    | 1,575,000.00  |                           | 1,573,045.21  | 1,954.79 *             |
| Energy Receipts Tax                              | 1,354,573.00  |                           | 1,354,573.00  |                        |
| Uniform Construction Code Fees                   | 108,500.00    |                           | 106,943.00    | 1,557.00 *             |
| Township of Millburn - Fire Prevention Inspector | 7,300.00      |                           |               | 7,300.00 *             |
| Utility Operating Surplus of Prior Years         | 50,000.00     |                           | 50,000.00     |                        |
| Playground Registration                          | 62,500.00     |                           | 52,535.00     | 9,965.00 *             |
| Basketball Registration                          | 27,500.00     |                           | 28,467.00     | 967.00                 |
| Tower Rental - Verizon                           | 42,500.00     |                           | 49,894.32     | 7,394.32               |
| Tower Rental - T-Mobile                          | 32,500.00     |                           | 28,150.00     | 4,350.00 *             |
| Tower Rental - AT&T Wireless                     | 42,500.00     |                           | 47,716.32     | 5,216.32               |
| Cable Franchise Fees                             | 40,000.00     |                           | 40,222.08     | 222.08                 |
| Great Swamp                                      | 62,761.00     |                           | 118,333.00    | 55,572.00              |
| Life Hazard Use                                  | 12,806.00     |                           | 23,477.35     | 10,671.35              |
| Verizon Franchise Fees - FIOS                    | 57,500.00     |                           | 63,613.87     | 6,113.87               |
| Lounsberry Insurance Payment                     | 7,500.00      |                           |               | 7,500.00 *             |
| Stirling Lake                                    | 55,000.00     |                           | 59,525.00     | 4,525.00               |
| Reserve for Debt Payment                         | 40,000.00     |                           | 40,000.00     |                        |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

|  | <u>Anticipated</u>      |                                   | <u>Realized</u>         | <u>Excess or<br/>Deficit *</u> |
|--|-------------------------|-----------------------------------|-------------------------|--------------------------------|
|  | <u>Budget</u>           | <u>Added by<br/>NJSA 40A:4-87</u> |                         |                                |
| Miscellaneous Revenue (Cont'd):                                  |                         |                                   |                         |                                |
| State of NJ:   |                         |                                   |                         |                                |
| Drunk Driving Enforcement Fund                                   | \$ 1,737.00             |                                   | \$ 1,737.00             |                                |
| Clean Communities Program  |                         | \$ 16,451.30                      | 16,451.30               |                                |
| Body Armor   | 3,581.00                |                                   | 3,581.00                |                                |
| Municipal Alliance on Alcoholism and Drug Abuse                  |                         | 8,519.00                          | 8,519.00                |                                |
| Recycling Tonnage Grant  | 9,318.00                |                                   | 9,318.00                |                                |
| Reserve for Alcohol Education and Rehabilitation                 | 201.00                  |                                   | 201.00                  |                                |
| Emergency Management Assistance (EMA) Funding                    |                         | 10,000.00                         | 10,000.00               |                                |
| New Jersey Transportation Trust Fund Authority Act               | 175,000.00              |                                   | 175,000.00              |                                |
| Bulletproof Vests  | 3,780.00                |                                   | 3,780.00                |                                |
| Donation for Hicks Tract Grant                                   |                         | 750.00                            | 750.00                  |                                |
| <b>Total Miscellaneous Revenue</b>                               | <b>4,098,023.00</b>     | <b>35,720.30</b>                  | <b>4,268,548.85</b>     | <b>\$ 134,805.55</b>           |
| Receipts from Delinquent Taxes                                   | 400,000.00              |                                   | 635,696.36              | 235,696.36                     |
| Amount to be Raised by Taxes for Support of<br>Municipal Budget: |                         |                                   |                         |                                |
| Local Tax for Municipal Purposes                                 | 8,780,435.00            |                                   | 8,759,816.88            | 20,618.12 *                    |
| Minimum Library Tax  | 595,553.00              |                                   | 595,992.21              | 439.21                         |
|  | <b>9,375,988.00</b>     |                                   | <b>9,355,809.09</b>     | <b>20,178.91 *</b>             |
| <b>Budget Totals</b>   | <b>14,349,011.00</b>    | <b>35,720.30</b>                  | <b>14,735,054.30</b>    | <b>350,323.00</b>              |
| Nonbudget Revenue  |                         |                                   | 170,942.39              | 170,942.39                     |
|  | <b>\$ 14,349,011.00</b> | <b>\$ 35,720.30</b>               | <b>\$ 14,905,996.69</b> | <b>\$ 521,265.39</b>           |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Analysis of Realized Revenue

Allocation of Tax Collections:

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Taxes Receivable                | \$ 35,081,373.41 |                  |
| Prepayments Applied             | 454,813.66       |                  |
| Senior Citizens' and Veterans'  |                  |                  |
| Deductions Due from State of NJ | 94,750.00        |                  |
|                                 |                  | \$ 35,630,937.07 |

Allocated to:

|                             |               |               |
|-----------------------------|---------------|---------------|
| Regional High School Taxes  | 7,254,877.77  |               |
| Local School District Taxes | 15,243,128.00 |               |
| County Taxes                | 4,248,187.92  |               |
| Open Space Trust Fund       | 258,639.29    |               |
|                             |               | 27,004,832.98 |
|                             |               | 8,626,104.09  |

|   |  |            |
|---|--|------------|
| Add: Appropriation "Reserve for<br>Uncollected Taxes" |  | 729,705.00 |
|---|--|------------|

|  |  |                 |
|--|--|-----------------|
| Realized for Support of Municipal Budget |  | \$ 9,355,809.09 |
|--|--|-----------------|

Delinquent Taxes

|                            |  |               |
|----------------------------|--|---------------|
| Delinquent Tax Collections |  | \$ 629,619.86 |
| Tax Title Lien Collections |  | 6,076.50      |

|                            |  |               |
|----------------------------|--|---------------|
| Delinquent Tax Collections |  | \$ 635,696.36 |
|----------------------------|--|---------------|

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Analysis of Realized Revenue (Cont'd)

Interest on Investments

|                              |              |
|------------------------------|--------------|
| Cash Receipts                | \$ 7,393.52  |
| Federal and State Grant Fund | 388.58       |
| General Capital Fund         | 13,346.94    |
| Animal Control Fund          | 223.17       |
| Other Trust Fund             | 1,608.66     |
|                              | <hr/>        |
|                              | \$ 22,960.87 |
|                              | <hr/> <hr/>  |

Analysis of Nonbudget Revenue

Treasurer:

|   |               |
|---|---------------|
| Board of Adjustment                             |               |
| DMV Inspection Fines                            | \$ 8,310.50   |
| Marriage License - Certified Copy               | 2,710.00      |
| Planning Board                                  | 8,517.25      |
| Zoning Board                                    | 14,454.00     |
| Interest on Sewer Rents                         | 16,289.08     |
| Library Share of Pension Costs - 2011 and Prior | 104,751.27    |
| NJ State Police                                 | 11,436.80     |
| Miscellaneous                                   | 2,548.49      |
| Administration Fee                              | 1,925.00      |
|   | <hr/>         |
|   | \$ 170,942.39 |
|   | <hr/> <hr/>   |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011

|   | Appropriations |                              | Expended By        |           | Unexpended<br>Balance<br>Cancelled |
|---|----------------|------------------------------|--------------------|-----------|------------------------------------|
|   | Budget         | Budget After<br>Modification | Paid or<br>Charged | Reserved  |                                    |
| Operations Within "CAPS":                   |                |                              |                    |           |                                    |
| General Government:                         |                |                              |                    |           |                                    |
| General Administration:                     |                |                              |                    |           |                                    |
| Salaries and Wages                          | \$ 259,199.00  | \$ 265,199.00                | \$ 264,800.66      | \$ 398.34 |                                    |
| Other Expenses                              | 66,850.00      | 66,850.00                    | 64,019.33          | 2,830.67  |                                    |
| Communication Advisory Committee            | 11,090.00      | 11,090.00                    | 9,307.80           | 1,782.20  |                                    |
| Mayor and Council:                          |                |                              |                    |           |                                    |
| Other Expenses                              | 5,250.00       | 5,250.00                     | 5,250.00           |           |                                    |
| Elections:                                  |                |                              |                    |           |                                    |
| Other Expenses                              | 4,000.00       | 4,000.00                     | 3,398.49           | 601.51    |                                    |
| Financial Administration:                   |                |                              |                    |           |                                    |
| Salaries and Wages                          | 138,125.00     | 138,125.00                   | 138,094.07         | 30.93     |                                    |
| Other Expenses                              | 49,900.00      | 49,900.00                    | 9,164.13           | 40,735.87 |                                    |
| Other Expenses - NJEIT Fees                 | 4,900.00       | 4,900.00                     | 4,332.50           | 567.50    |                                    |
| Assessment of Taxes:                        |                |                              |                    |           |                                    |
| Salaries and Wages                          | 43,503.00      | 35,003.00                    | 34,637.72          | 365.28    |                                    |
| Other Expenses                              | 1,650.00       | 1,650.00                     | 895.86             | 754.14    |                                    |
| Collection of Taxes:                        |                |                              |                    |           |                                    |
| Salaries and Wages                          | 77,255.00      | 74,755.00                    | 74,069.43          | 685.57    |                                    |
| Other Expenses                              | 8,530.00       | 8,530.00                     | 7,479.15           | 1,050.85  |                                    |
| Legal Services and Costs:                   |                |                              |                    |           |                                    |
| Other Expenses                              | 95,000.00      | 85,000.00                    | 80,535.62          | 4,464.38  |                                    |
| Municipal Prosecutor:                       |                |                              |                    |           |                                    |
| Salaries and Wages                          | 21,406.00      | 21,406.00                    | 19,051.12          | 2,354.88  |                                    |
| Municipal and Land Use (N.J.S.A. 40:55D-1): |                |                              |                    |           |                                    |
| Planning Board:                             |                |                              |                    |           |                                    |
| Salaries and Wages                          | 34,552.00      | 35,752.00                    | 35,588.50          | 163.50    |                                    |
| Other Expenses                              | 33,350.00      | 30,850.00                    | 29,164.39          | 1,685.61  |                                    |
| Board of Adjustment:                        |                |                              |                    |           |                                    |
| Salaries and Wages                          | 34,552.00      | 34,552.00                    | 34,552.00          |           |                                    |
| Other Expenses                              | 3,225.00       | 3,225.00                     | 2,514.65           | 710.35    |                                    |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

|   | Appropriations |                              | Expended By        |           | Unexpended<br>Balance<br>Cancelled |
|---|----------------|------------------------------|--------------------|-----------|------------------------------------|
|   | Budget         | Budget After<br>Modification | Paid or<br>Charged | Reserved  |                                    |
| Operations Within "CAPS" (Cont'd):                    |                |                              |                    |           |                                    |
| Zoning Officer:                                       |                |                              |                    |           |                                    |
| Salaries and Wages                                    | \$ 58,414.00   | \$ 59,414.00                 | \$ 59,290.00       | \$ 124.00 |                                    |
| Other Expenses  | 700.00         | 700.00                       | 544.70             | 155.30    |                                    |
| Public Defender (P.L. 1997-C 256):                    |                |                              |                    |           |                                    |
| Other Expenses  | 4,633.00       | 4,633.00                     | 4,633.00           |           |                                    |
| Engineering Services:                                 |                |                              |                    |           |                                    |
| Other Expenses  | 51,750.00      | 46,750.00                    | 43,824.30          | 2,925.70  |                                    |
| Environmental Commission (N.J.S.A. 40A56A-1 et seq.): |                |                              |                    |           |                                    |
| Salaries and Wages                                    | 1,500.00       | 1,600.00                     | 1,594.77           | 5.23      |                                    |
| Other Expenses  | 400.00         | 300.00                       | 300.00             |           |                                    |
| Shade Tree Commission:                                |                |                              |                    |           |                                    |
| Salaries and Wages                                    | 1,500.00       | 1,500.00                     |                    | 1,500.00  |                                    |
| Other Expenses  | 250.00         | 250.00                       |                    | 250.00    |                                    |
| Buildings and Grounds:                                |                |                              |                    |           |                                    |
| Other Expenses  | 127,100.00     | 122,100.00                   | 111,418.36         | 10,681.64 |                                    |
| Insurance:  |                |                              |                    |           |                                    |
| Temporary Unemployment Insurance                      | 15,000.00      | 15,000.00                    | 11,081.51          | 3,918.49  |                                    |
| Group Health Insurance                                | 764,955.00     | 749,805.00                   | 744,224.77         | 5,580.23  |                                    |
| Health Benefit Waiver                                 | 20,000.00      | 20,000.00                    | 19,583.33          | 416.67    |                                    |
| General Liability Insurance                           | 181,660.00     | 181,660.00                   | 174,245.43         | 7,414.57  |                                    |
| Worker Compensation Insurance                         | 181,152.00     | 181,152.00                   | 181,152.00         |           |                                    |
| Accumulated Absences                                  | 7,500.00       | 7,500.00                     |                    | 7,500.00  |                                    |
| Preparation of Fair Housing                           |                |                              |                    |           |                                    |
| Other Expenses  | 2,500.00       | 2,500.00                     |                    | 2,500.00  |                                    |
| Public Safety:  |                |                              |                    |           |                                    |
| Aid to Volunteer Fire Companies                       | 110,000.00     | 110,000.00                   | 104,046.87         | 5,953.13  |                                    |
| Fire Prevention (Uniform Fire Safety) :               |                |                              |                    |           |                                    |
| Salaries and Wages                                    | 32,933.00      | 32,933.00                    | 32,933.00          |           |                                    |
| Other Expenses  | 156,858.00     | 153,858.00                   | 140,315.61         | 13,542.39 |                                    |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

|   | <u>Appropriations</u> |                                      | <u>Expended By</u>         |                 | <u>Unexpended<br/>Balance<br/>Cancelled</u> |
|---|-----------------------|--------------------------------------|----------------------------|-----------------|---|
|   | <u>Budget</u>         | <u>Budget After<br/>Modification</u> | <u>Paid or<br/>Charged</u> | <u>Reserved</u> |   |
| Operations Within "CAPS" (Cont'd):              |                       |                                      |                            |                 |   |
| Public Safety (Cont'd):                         |                       |                                      |                            |                 |   |
| Police:   |                       |                                      |                            |                 |   |
| Salaries and Wages                              | \$ 2,691,005.00       | \$ 2,681,005.00                      | \$ 2,649,798.22            | \$ 31,206.78    |   |
| Other Expenses                                  | 74,800.00             | 70,800.00                            | 30,480.77                  | 40,319.23       |   |
| Purchase of Police Vehicles                     | 30,500.00             | 29,000.00                            | 28,511.45                  | 488.55          |   |
| Reserve for Purchase of Police Vehicles         | 5,000.00              | 5,000.00                             |                            | 5,000.00        |   |
| Emergency Management:                           |                       |                                      |                            |                 |   |
| Salaries and Wages                              | 11,145.00             | 11,145.00                            | 10,505.38                  | 639.62          |   |
| Other Expenses                                  | 4,660.00              | 4,660.00                             | 4,611.34                   | 48.66           |   |
| Municipal Court:                                |                       |                                      |                            |                 |   |
| Salaries and Wages                              | 103,227.00            | 94,727.00                            | 94,645.61                  | 81.39           |   |
| Other Expenses                                  | 3,584.00              | 3,584.00                             | 3,507.64                   | 76.36           |   |
| Municipal Radio and Communications:             |                       |                                      |                            |                 |   |
| Other Expenses                                  | 469,087.00            | 469,087.00                           | 332,903.28                 | 136,183.72      |   |
| Other Expenses - Radios                         | 40,000.00             | 40,000.00                            |                            | 40,000.00       |   |
| Aid to Volunteer Ambulance Company              | 35,000.00             | 35,000.00                            | 35,000.00                  |                 |   |
| Streets and Roads:                              |                       |                                      |                            |                 |   |
| Road Repairs and Maintenance:                   |                       |                                      |                            |                 |   |
| Salaries and Wages                              | 601,663.00            | 601,663.00                           | 590,521.67                 | 11,141.33       |   |
| Other Expenses (N.J.S.A. 40A:4-46 \$114,850.00) | 123,250.00            | 238,100.00                           | 227,797.46                 | 10,302.54       |   |
| Street Lighting                                 | 100,000.00            | 100,000.00                           | 97,573.68                  | 2,426.32        |   |
| Fleet Maintenance:                              |                       |                                      |                            |                 |   |
| Other Expenses                                  | 93,120.00             | 103,120.00                           | 90,700.38                  | 12,419.62       |   |
| Sanitation:                                     |                       |                                      |                            |                 |   |
| Garbage and Trash Removal - Contractual         | 359,500.00            | 352,400.00                           | 296,743.48                 | 55,656.52       |   |
| Recycling and Sanitary Landfill Facility:       |                       |                                      |                            |                 |   |
| Other Expenses                                  | 303,700.00            | 303,700.00                           | 271,329.04                 | 32,370.96       |   |
| Sewer System:                                   |                       |                                      |                            |                 |   |
| Salaries and Wages                              | 358,088.00            | 358,088.00                           | 356,974.62                 | 1,113.38        |   |
| Other Expenses                                  | 224,480.00            | 247,580.00                           | 217,381.06                 | 30,198.94       |   |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

|  | <u>Appropriations</u> |                                      | <u>Expended By</u>         |                 | <u>Unexpended<br/>Balance<br/>Cancelled</u> |
|--|-----------------------|--------------------------------------|----------------------------|-----------------|---|
|  | <u>Budget</u>         | <u>Budget After<br/>Modification</u> | <u>Paid or<br/>Charged</u> | <u>Reserved</u> |   |
| Operations Within "CAPS" (Cont'd):                   |                       |                                      |                            |                 |   |
| Health and Welfare:                                  |                       |                                      |                            |                 |   |
| Board of Health:                                     |                       |                                      |                            |                 |   |
| Other Expenses                                       | \$ 56,873.00          | \$ 56,873.00                         | \$ 56,633.00               | \$ 240.00       |   |
| Services of Visiting Nurse - Contractual             | 8,586.00              | 8,586.00                             | 8,586.00                   |                 |   |
| PEOSHA:  |                       |                                      |                            |                 |   |
| Other Expenses                                       | 5,000.00              | 5,000.00                             | 1,975.00                   | 3,025.00        |   |
| Recreation and Education:                            |                       |                                      |                            |                 |   |
| Parks and Playgrounds:                               |                       |                                      |                            |                 |   |
| Salaries and Wages                                   | 82,500.00             | 86,600.00                            | 86,549.11                  | 50.89           |   |
| Other Expenses                                       | 28,400.00             | 37,900.00                            | 21,811.74                  | 16,088.26       |   |
| Stirling Lake Recreation Facility:                   |                       |                                      |                            |                 |   |
| Salaries and Wages                                   | 50,000.00             | 44,500.00                            | 44,417.25                  | 82.75           |   |
| Other Expenses                                       | 13,850.00             | 13,850.00                            | 13,831.83                  | 18.17           |   |
| Celebration of Public Event, Anniversary or Holiday: |                       |                                      |                            |                 |   |
| Other Expenses                                       | 4,000.00              | 4,000.00                             | 3,623.30                   | 376.70          |   |
| Senior Citizens' Transportation:                     |                       |                                      |                            |                 |   |
| Salaries and Wages                                   | 10,000.00             | 8,000.00                             | 7,192.73                   | 807.27          |   |
| Other Expenses                                       | 17,000.00             | 17,000.00                            | 16,985.59                  | 14.41           |   |
| Salary Adjustment Account:                           |                       |                                      |                            |                 |   |
| Salaries and Wages                                   | 40,000.00             | 18,000.00                            | 17,821.13                  | 178.87          |   |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

|   | Appropriations      |                              | Expended By         |                   | Unexpended<br>Balance<br>Cancelled |
|---|---------------------|------------------------------|---------------------|-------------------|------------------------------------|
|   | Budget              | Budget After<br>Modification | Paid or<br>Charged  | Reserved          |                                    |
| Operations Within "CAPS" (Cont'd):  |                     |                              |                     |                   |                                    |
| Uniform Construction Code - Appropriations Offset<br>by Dedicated Revenues (N.J.A.C. 5:24:17) |                     |                              |                     |                   |                                    |
| State Uniform Construction Code:  |                     |                              |                     |                   |                                    |
| Construction Official:  |                     |                              |                     |                   |                                    |
| Salaries and Wages  | \$ 113,634.00       | \$ 113,634.00                | \$ 113,540.46       | \$ 93.54          |                                    |
| Other Expenses  | 6,270.00            | 6,270.00                     | 6,168.05            | 101.95            |                                    |
| Unclassified:   |                     |                              |                     |                   |                                    |
| Utilities:  |                     |                              |                     |                   |                                    |
| Gasoline  | 95,000.00           | 136,000.00                   | 127,183.89          | 8,816.11          |                                    |
| Electricity   | 325,000.00          | 305,000.00                   | 301,379.27          | 3,620.73          |                                    |
| Telephone   | 62,500.00           | 57,500.00                    | 57,423.31           | 76.69             |                                    |
| Natural Gas   | 30,000.00           | 30,000.00                    | 29,874.71           | 125.29            |                                    |
| Heating Fuel  | 15,000.00           | 18,000.00                    | 18,000.00           |                   |                                    |
| Water   | 30,000.00           | 42,000.00                    | 38,697.68           | 3,302.32          |                                    |
| Management Information Systems:   |                     |                              |                     |                   |                                    |
| Other Expenses  | 48,500.00           | 44,500.00                    | 44,435.50           | 64.50             |                                    |
| <b>Total Operations Within "CAPS"</b>   | <b>9,285,064.00</b> | <b>9,369,564.00</b>          | <b>8,801,157.70</b> | <b>568,406.30</b> |                                    |
| Detail:   |                     |                              |                     |                   |                                    |
| Salaries and Wages  | 4,771,701.00        | 4,725,101.00                 | 4,666,577.45        | 58,523.55         |                                    |
| Other Expenses  | 4,513,363.00        | 4,644,463.00                 | 4,134,580.25        | 509,882.75        |                                    |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

|  | Appropriations       |                              | Expended By          |                   | Unexpended<br>Balance<br>Cancelled |
|--|----------------------|------------------------------|----------------------|-------------------|------------------------------------|
|  | Budget               | Budget After<br>Modification | Paid or<br>Charged   | Reserved          |                                    |
| Deferred Charges and Statutory Expenditures-<br>Municipal within "CAPS":       |                      |                              |                      |                   |                                    |
| Statutory Expenditures:  |                      |                              |                      |                   |                                    |
| Contributions to:  |                      |                              |                      |                   |                                    |
| Public Employees' Retirement System  | \$ 255,467.00        | \$ 255,467.00                | \$ 255,467.00        |                   |                                    |
| Social Security System (O.A.S.I.)  | 364,600.00           | 384,600.00                   | 384,064.06           | \$ 535.94         |                                    |
| Police and Firemen's Retirement System of NJ                                   | 637,139.00           | 637,139.00                   | 637,139.00           |                   |                                    |
| Total Deferred Charges and Statutory<br>Expenditures - Municipal Within "CAPS" | <u>1,257,206.00</u>  | <u>1,277,206.00</u>          | <u>1,276,670.06</u>  | <u>535.94</u>     |                                    |
| Total General Appropriations for Municipal<br>Purposes Within "CAPS"           | <u>10,542,270.00</u> | <u>10,646,770.00</u>         | <u>10,077,827.76</u> | <u>568,942.24</u> |                                    |
| Operations Excluded from "CAPS":   |                      |                              |                      |                   |                                    |
| Insurance (N.J.S.A. 40A:4-45.3(00))  |                      |                              |                      |                   |                                    |
| Employee Group Health  | 102,334.00           | 102,334.00                   | 102,334.00           |                   |                                    |
| Maintenance of Free Public Library (N.J.S.A. 40:54-8)<br>(C. 82, P.L. 1985)    | 595,553.00           | 595,553.00                   | 558,579.37           | 36,973.63         |                                    |
| Length of Service Award Programs (LOSAP)                                       | 114,000.00           | 114,000.00                   |                      | 114,000.00        |                                    |
| Shared Service Agreements:   |                      |                              |                      |                   |                                    |
| Fire Prevention Inspector:   |                      |                              |                      |                   |                                    |
| Salaries and Wages   | 2,083.00             | 12,433.00                    | 12,396.34            | 36.66             |                                    |
| Other Expenses   | 4,200.00             | 4,200.00                     | 1,837.00             | 2,363.00          |                                    |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

|   | Appropriations |                              | Expended By        |               | Unexpended<br>Balance<br>Cancelled |
|---|----------------|------------------------------|--------------------|---------------|------------------------------------|
|   | Budget         | Budget After<br>Modification | Paid or<br>Charged | Reserved      |                                    |
| Operations Excluded from "CAPS"(Cont'd):  |                |                              |                    |               |                                    |
| Public and Private Programs Offset by Revenues:                                     |                |                              |                    |               |                                    |
| Reserve for Drunk Driving Enforcement Fund  | \$ 1,737.00    | \$ 1,737.00                  | \$ 1,737.00        |               |                                    |
| Reserve for Alcohol Education and Rehabilitation Fund                               | 201.00         | 201.00                       | 201.00             |               |                                    |
| Body Armor Grant  | 3,581.00       | 3,581.00                     | 3,581.00           |               |                                    |
| Emergency Management Assistance (EMA) Funding<br>(N.J.S.A. 40A:4-87 + \$10,000.00)  |                | 10,000.00                    | 10,000.00          |               |                                    |
| Clean Communities Grant (N.J.S.A. 40A:4-87 + \$16,451.30)                           |                | 16,451.30                    | 16,451.30          |               |                                    |
| Bulletproof Vests   | 3,780.00       | 3,780.00                     | 3,780.00           |               |                                    |
| Municipal Alliance on Alcoholism and Drug Abuse<br>(N.J.S.A. 40A:4-87 + \$8,519.00) |                | 8,519.00                     | 8,519.00           |               |                                    |
| Grant-Donation For Hicks Tract<br>(N.J.S.A. 40A:4-87 + \$750.00)                    |                | 750.00                       | 750.00             |               |                                    |
| Recycling Tonnage Grant   | 9,318.00       | 9,318.00                     | 9,318.00           |               |                                    |
| Total Operations Excluded from "CAPS"   | 836,787.00     | 882,857.30                   | 729,484.01         | \$ 153,373.29 |                                    |
| Detail:   |                |                              |                    |               |                                    |
| Salaries and Wages  | 2,083.00       | 12,433.00                    | 12,396.34          | 36.66         |                                    |
| Other Expenses  | 834,704.00     | 870,424.30                   | 717,087.67         | 153,336.63    |                                    |
| Capital Improvements-Excluded from "CAPS":  |                |                              |                    |               |                                    |
| Capital Improvement Fund  | 126,195.00     | 126,195.00                   | 126,195.00         |               |                                    |
| New Jersey Transportation Trust Fund Authority Act                                  | 175,000.00     | 175,000.00                   | 175,000.00         |               |                                    |
| Total Capital Improvements Excluded from "CAPS"                                     | 301,195.00     | 301,195.00                   | 301,195.00         |               |                                    |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

|   | Appropriations          |                              | Expended By             |                      | Unexpended<br>Balance<br>Cancelled |
|---|-------------------------|------------------------------|-------------------------|----------------------|------------------------------------|
|   | Budget                  | Budget After<br>Modification | Paid or<br>Charged      | Reserved             |                                    |
| Municipal Debt Service Excluded from "CAPS":                                |                         |                              |                         |                      |                                    |
| Payment of Bond Principal   | \$ 1,145,000.00         | \$ 1,145,000.00              | \$ 1,145,000.00         |                      |                                    |
| Interest on Bonds   | 456,708.00              | 456,708.00                   | 456,708.00              |                      |                                    |
| Interest on Notes   | 37,467.00               | 37,467.00                    | 37,467.00               |                      |                                    |
| N.J. Waste Water Treatment Financing Program:                               |                         |                              |                         |                      |                                    |
| Principal on Loan - 1993 Loan   | 196,770.00              | 196,770.00                   | 196,770.00              |                      |                                    |
| Interest on Loan - 1993 Loan  | 14,520.00               | 14,520.00                    | 14,277.12               |                      | \$ 242.88                          |
| N.J. Environmental Infrastructure:  |                         |                              |                         |                      |                                    |
| Principal on Loan-2010 Loan   | 72,814.00               | 72,814.00                    | 72,814.00               |                      |                                    |
| Interest on Loan-2010 Loan  | 15,775.00               | 15,775.00                    | 15,775.00               |                      |                                    |
| Total Municipal Debt Service Excluded<br>from "CAPS"                        | <u>1,939,054.00</u>     | <u>1,939,054.00</u>          | <u>1,938,811.12</u>     |                      | <u>242.88</u>                      |
| Total General Appropriations for<br>Municipal Purposes Excluded from "CAPS" | <u>3,077,036.00</u>     | <u>3,123,106.30</u>          | <u>2,969,490.13</u>     | \$ 153,373.29        | <u>242.88</u>                      |
| Subtotal General Appropriations   | 13,619,306.00           | 13,769,876.30                | 13,047,317.89           | 722,315.53           | 242.88                             |
| Reserve for Uncollected Taxes   | <u>729,705.00</u>       | <u>729,705.00</u>            | <u>729,705.00</u>       |                      |                                    |
| Total General Appropriations  | <u>\$ 14,349,011.00</u> | <u>\$ 14,499,581.30</u>      | <u>\$ 13,777,022.89</u> | <u>\$ 722,315.53</u> | <u>\$ 242.88</u>                   |

Ref.

A

TOWNSHIP OF LONG HILL  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

|  |             | Analysis of                          |                            |
|--|-------------|--------------------------------------|----------------------------|
|  | <u>Ref.</u> | <u>Budget After<br/>Modification</u> | <u>Paid or<br/>Charged</u> |
| Adopted Budget                           |             | \$ 14,349,011.00                     |                            |
| Emergency Appropriation by NJSA 40A:4-53 |             | 114,850.00                           |                            |
| Appropriation by NJSA 40A:4-87           |             | 35,720.30                            |                            |
|  |             | \$ 14,499,581.30                     |                            |
| <br>                                     |             |                                      |                            |
| Reserve for Uncollected Taxes            |             |                                      | \$ 729,705.00              |
| Reserve for Encumbrances                 | A           |                                      | 214,004.20                 |
| Due Federal and State Grant Fund         |             |                                      | 229,337.30                 |
| Cash Disbursed                           |             |                                      | 12,756,665.02              |
|  |             |                                      | 13,929,711.52              |
| Less: Appropriation Refunds              |             |                                      | 152,688.63                 |
|  |             |                                      | \$ 13,777,022.89           |

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

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2011  
TRUST FUNDS

TOWNSHIP OF LONG HILL  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET

|                              | Ref. | December 31,               |                            |
|------------------------------|------|----------------------------|----------------------------|
|                              |      | 2011                       | 2010                       |
| <u>ASSETS</u>                |      |                            |                            |
| Animal Control Fund:         |      |                            |                            |
| Cash and Cash Equivalents    | B-4  | \$ 33,177.53               | \$ 28,146.98               |
| Due from State of New Jersey |      | 55.00                      | 55.00                      |
|                              |      | <u>33,232.53</u>           | <u>28,201.98</u>           |
| Other Trust Funds:           |      |                            |                            |
| Cash and Cash Equivalents    | B-4  | 3,603,828.09               | 3,198,030.13               |
| Due from Current Fund        | A    | 38,986.46                  | 5,438.92                   |
|                              |      | <u>3,642,814.55</u>        | <u>3,203,469.05</u>        |
| <br>TOTAL ASSETS             |      | <br><u>\$ 3,676,047.08</u> | <br><u>\$ 3,231,671.03</u> |

TOWNSHIP OF LONG HILL  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET  
(Continued)

|   | Ref. | December 31,           |                        |
|---|------|------------------------|------------------------|
|   |      | 2011                   | 2010                   |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> |      |                        |                        |
| Animal Control Fund:                          |      |                        |                        |
| Reserve for Animal Control Expenditures       | B-6  | \$ 33,232.53           | \$ 28,201.98           |
|   |      | <u>33,232.53</u>       | <u>28,201.98</u>       |
| Other Trust Funds:                            |      |                        |                        |
| Reserve for Developer's Escrow                |      | 125,611.36             | 181,151.09             |
| Reserve for Unemployment Insurance            |      | 14,537.19              | 15,273.02              |
| Reserve for Municipal Open Space              |      | 2,313,026.12           | 2,100,189.36           |
| Reserve for Payroll Deductions Payable        |      | 23.63                  | 23.63                  |
| Reserve for COAH                              |      | 491,859.84             | 466,236.69             |
| Reserve for Community Day                     |      | 1,272.75               | 6,943.64               |
| Reserve for Special Deposits:                 |      |                        |                        |
| Special Law Enforcement                       |      | 2,967.07               | 2,951.26               |
| Reserve for Recycling                         |      | 44,779.11              | 32,476.82              |
| Shade Tree Donations                          |      | 9,127.14               | 13,409.14              |
| Uniform Fire Safety                           |      | 1,517.76               | 845.76                 |
| Recreation Program                            |      | 13,277.76              | 16,828.10              |
| Parking Offense Adjudication Act              |      | 736.02                 | 664.02                 |
| Road Openings                                 |      | 7,550.00               | 6,750.00               |
| Beautification Program                        |      | 14,802.31              | 2,674.30               |
| Fill Permits                                  |      | 400.00                 | 400.00                 |
| Tax Sale Premiums                             |      | 230,879.97             | 6,400.00               |
| Accumulated Absences                          |      | 238,767.07             | 225,413.08             |
| Snow Removal                                  |      | 36,764.02              | 31,696.11              |
| Tax Title Liens Held in Trust                 |      | 81,863.62              | 81,863.62              |
| Public Defender Fees                          |      | 9,157.50               | 7,785.10               |
| Title Search                                  |      | 200.00                 | 200.00                 |
| Marriage Donations                            |      | 1,050.00               | 650.00                 |
| Outside Police Services                       |      | 2,644.31               | 2,644.31               |
|   |      | <u>3,642,814.55</u>    | <u>3,203,469.05</u>    |
| TOTAL LIABILITIES, RESERVES AND FUND BALANCE  |      | <u>\$ 3,676,047.08</u> | <u>\$ 3,231,671.03</u> |

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

TOWNSHIP OF LONG HILL  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

TOWNSHIP OF LONG HILL  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

NOT APPLICABLE

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

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2011  
GENERAL CAPITAL FUND

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET

|   | Ref. | December 31,            |                         |
|---|------|-------------------------|-------------------------|
|   |      | 2011                    | 2010                    |
| <u>ASSETS</u>   |      |                         |                         |
| Cash and Cash Equivalents                             | C-2  | \$ 2,119,724.75         | \$ 2,116,970.76         |
| NJ Environmental Infrastructure Trust Loan Receivable |      | 467,237.00              | 1,410,828.00            |
| Due from Current Fund                                 | A    | 1,829.50                | 24,972.07               |
| Deferred Charges to Future Taxation:                  |      |                         |                         |
| Funded  |      | 15,626,817.39           | 13,380,399.42           |
| Unfunded  | C-4  | 1,734,107.47            | 4,233,107.47            |
| Due from Federal and State Grant Fund                 | A    | 100,000.00              |                         |
| <b>TOTAL ASSETS</b>                                   |      | <b>\$ 20,049,716.11</b> | <b>\$ 21,166,277.72</b> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u>         |      |                         |                         |
| General Serial Bonds Payable                          | C-8  | \$ 13,824,000.00        | \$ 11,308,000.00        |
| Bond Anticipation Notes Payable                       | C-7  |                         | 3,399,450.00            |
| New Jersey Wastewater Treatment Loan #3               | C-9  | 407,173.31              | 603,941.79              |
| NJ Environmental Infrastructure Trust Loans Payable   | C-9a | 1,395,644.08            | 1,468,457.63            |
| Improvement Authorizations:                           |      |                         |                         |
| Funded  | C-5  | 1,874,559.32            | 1,899,616.39            |
| Unfunded  | C-5  | 1,576,987.83            | 2,024,832.78            |
| Reserve for:  |      |                         |                         |
| Police Equipment                                      |      |                         | 4,275.00                |
| Fire Equipment  |      |                         | 434.00                  |
| First Aid Squad Equipment                             |      |                         | 4,528.75                |
| DPW Equipment & Rolling Stock                         |      |                         | 1,510.00                |
| Technology Equipment                                  |      |                         | 85.71                   |
| Sewer Contributions                                   |      | 187,056.59              | 82,824.59               |
| Preliminary Costs                                     |      | 4,112.50                | 4,112.50                |
| Payment of Debt Service                               |      | 153,218.90              | 48,100.00               |
| Capital Improvement Fund                              | C-6  | 47,401.27               | 57,372.81               |
| Fund Balance  | C-1  | 579,562.31              | 258,735.77              |
| <b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>   |      | <b>\$ 20,049,716.11</b> | <b>\$ 21,166,277.72</b> |

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

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE

|  | <u>Ref.</u> |                             |
|--|-------------|-----------------------------|
| Balance December 31, 2010                          | C           | \$ 258,735.77               |
| Increased by:                                      |             |                             |
| Cancellation of Improvement Authorizations         |             | <u>470,276.54</u>           |
|  |             | 729,012.31                  |
| Decreased by:                                      |             |                             |
| Appropriated to Finance Improvement Authorizations |             | <u>149,450.00</u>           |
| Balance December 31, 2011                          | C           | <u><u>\$ 579,562.31</u></u> |

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

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2011  
PARKING LOT AND FACILITIES UTILITY FUND

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
COMPARATIVE BALANCE SHEET

|   | <u>Ref.</u> | <u>December 31</u>   |                      |
|---|-------------|----------------------|----------------------|
|   |             | <u>2011</u>          | <u>2010</u>          |
| <u>ASSETS</u>   |             |                      |                      |
| Operating Fund:   |             |                      |                      |
| Cash and Cash Equivalents                                     | D-5         | \$ 292,254.88        | \$ 265,691.39        |
| Total Operating Fund  |             | <u>292,254.88</u>    | <u>265,691.39</u>    |
| Capital Fund:   |             |                      |                      |
| Fixed Capital   | D-7         | 216,541.85           | 216,541.85           |
| Due from Parking Lot and Facilities<br>Utility Operating Fund | D           | <u>21,500.00</u>     | <u>21,500.00</u>     |
| Total Capital Fund  |             | <u>238,041.85</u>    | <u>238,041.85</u>    |
| <u>TOTAL ASSETS</u>   |             | <u>\$ 530,296.73</u> | <u>\$ 503,733.24</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u>                 |             |                      |                      |
| Operating Fund:   |             |                      |                      |
| Appropriation Reserves:                                       |             |                      |                      |
| Unencumbered  | D-4;D-8     | \$ 11,627.15         | \$ 11,555.21         |
| Encumbered  | D-4;D-8     | <u>600.00</u>        | <u>1,039.26</u>      |
| Total Appropriation Reserves                                  |             | 12,227.15            | 12,594.47            |
| Prepaid Parking Permits                                       |             | 58,000.00            | 56,700.00            |
| Due to Parking Lot and Facilities<br>Utility Capital Fund     | D           | <u>21,500.00</u>     | <u>21,500.00</u>     |
|   |             | 91,727.15            | 90,794.47            |
| Fund Balance  | D-1         | <u>200,527.73</u>    | <u>174,896.92</u>    |
| Total Operating Fund  |             | <u>292,254.88</u>    | <u>265,691.39</u>    |
| Capital Fund:   |             |                      |                      |
| Reserve for Amortization                                      |             | 216,541.85           | 216,541.85           |
| Reserve for Future Improvements                               |             | <u>21,500.00</u>     | <u>21,500.00</u>     |
| Total Capital Fund  |             | <u>238,041.85</u>    | <u>238,041.85</u>    |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>           |             | <u>\$ 530,296.73</u> | <u>\$ 503,733.24</u> |

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

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN OPERATING FUND BALANCE

|  | Ref. | <u>Year Ended December 31</u> |                      |
|--|------|-------------------------------|----------------------|
|  |      | <u>2011</u>                   | <u>2010</u>          |
| <u>Revenue and Other Income Realized</u>   |      |                               |                      |
| Parking Lot Fees and Permits               |      | \$ 77,939.20                  | \$ 78,332.98         |
| Rental of Facilities                       |      | 18,091.20                     | 16,583.60            |
| Interest Income                            |      | 1,305.20                      | 989.03               |
| Other Credits to Income:                   |      |                               |                      |
| Appropriation Reserves Lapsed              |      | 8,295.21                      | 44,715.00            |
| Total Income                               |      | <u>105,630.81</u>             | <u>140,620.61</u>    |
| <br><u>Expenditures</u>                    |      |                               |                      |
| Budget Expenditures:                       |      |                               |                      |
| Operating                                  |      | 25,000.00                     | 25,000.00            |
| Capital Outlay                             |      | 5,000.00                      | 5,000.00             |
| Total Expenditures                         |      | <u>30,000.00</u>              | <u>30,000.00</u>     |
| Excess in Revenue                          |      | 75,630.81                     | 110,620.61           |
| <br><u>Fund Balance</u>                    |      |                               |                      |
| Balance January 1                          |      | <u>174,896.92</u>             | <u>114,276.31</u>    |
|  |      | 250,527.73                    | 224,896.92           |
| Decreased by:                              |      |                               |                      |
| Amount Anticipated as Current Fund Revenue |      | <u>50,000.00</u>              | <u>50,000.00</u>     |
| Balance December 31                        | D    | <u>\$ 200,527.73</u>          | <u>\$ 174,896.92</u> |

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

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
STATEMENT OF CAPITAL FUND BALANCE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2011

|  | <u>Anticipated</u>  | <u>Realized</u>     | <u>Excess or<br/>Deficit *</u> |
|--|---------------------|---------------------|--------------------------------|
| Parking Lot Fees and Permits           | \$ 30,000.00        | \$ 77,939.20        | \$ 47,939.20                   |
| Miscellaneous Revenue Not Anticipated: |                     |                     |                                |
| Rental of Facilities                   |                     | 18,091.20           | 18,091.20                      |
| Interest on Investments                |                     | 1,305.20            | 1,305.20                       |
|  | <u>\$ 30,000.00</u> | <u>\$ 97,335.60</u> | <u>\$ 67,335.60</u>            |

Analysis of Realized Revenue

|                                 |                     |
|---------------------------------|---------------------|
| Parking Lot Fees and Permits:   |                     |
| Parking Permits                 | \$ 21,239.20        |
| Prepaid Parking Permits Applied | <u>56,700.00</u>    |
|                                 | <u>\$ 77,939.20</u> |

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

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011

|                       | <u>Appropriations</u> |  | <u>Expended by</u>         |                     |
|-----------------------|-----------------------|--|----------------------------|---------------------|
|                       | <u>Budget</u>         | <u>Budget<br/>After Modi-<br/>fication</u> | <u>Paid or<br/>Charged</u> | <u>Reserved</u>     |
| Operating:            |                       |  |                            |                     |
| Salaries and Wages    | \$ 7,500.00           | \$ 7,500.00                                | \$ 7,500.00                |                     |
| Other Expenses        | 17,500.00             | 17,500.00                                  | 10,872.85                  | \$ 6,627.15         |
| Capital Improvements: |                       |  |                            |                     |
| Capital Outlay        | 5,000.00              | 5,000.00                                   |                            | 5,000.00            |
|                       | <u>\$ 30,000.00</u>   | <u>\$ 30,000.00</u>                        | <u>\$ 18,372.85</u>        | <u>\$ 11,627.15</u> |

Ref.

D

Analysis of Paid or Charged:

|                |   |                     |
|----------------|---|---------------------|
| Cash Disbursed |   | \$ 17,772.85        |
| Encumbrances   | D | 600.00              |
|                |   | <u>\$ 18,372.85</u> |

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2011  
PUBLIC ASSISTANCE FUND

TOWNSHIP OF LONG HILL  
PUBLIC ASSISTANCE FUND  
COMPARATIVE BALANCE SHEET

|   | <u>Ref.</u> | <u>December 31,</u>       |                           |
|---|-------------|---------------------------|---------------------------|
|   |             | <u>2011</u>               | <u>2010</u>               |
| <u>ASSETS</u>                                       |             |                           |                           |
| Cash and Cash Equivalents                           | E-1         | \$ 4,077.93               | \$ 4,057.73               |
| <b>TOTAL ASSETS</b>                                 |             | <b><u>\$ 4,077.93</u></b> | <b><u>\$ 4,057.73</u></b> |
| <br><u>LIABILITIES, RESERVES AND FUND BALANCE</u>   |             |                           |                           |
| Reserve for Public Assistance Expenditures          |             | \$ 4,077.93               | \$ 4,057.73               |
| <b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b> |             | <b><u>\$ 4,077.93</u></b> | <b><u>\$ 4,057.73</u></b> |

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

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2011  
GENERAL FIXED ASSETS ACCOUNT GROUP  
(UNAUDITED)

TOWNSHIP OF LONG HILL  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET  
(Unaudited)

|                                   | December 31,            |                         |
|-----------------------------------|-------------------------|-------------------------|
|                                   | 2011                    | 2010                    |
| <u>ASSETS</u>                     |                         |                         |
| Land and Buildings                | \$ 28,320,321.00        | \$ 28,320,321.00        |
| Vehicles, Furniture and Equipment | 7,214,029.33            | 7,205,146.69            |
| <u>TOTAL ASSETS</u>               | <u>\$ 35,534,350.33</u> | <u>\$ 35,525,467.69</u> |
| <br><u>RESERVE</u>                |                         |                         |
| Reserve for Fixed Assets          | \$ 35,534,350.33        | \$ 35,525,467.69        |
| <u>TOTAL RESERVE</u>              | <u>\$ 35,534,350.33</u> | <u>\$ 35,525,467.69</u> |

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

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Long Hill include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Long Hill, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Long Hill do not include the operations of the municipal library, or volunteer fire and first aid squads.

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

B. Description of Funds

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

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

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

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

Parking Lot and Facilities Utility Operating and Capital Fund – Account for the operations and acquisition of capital facilities of the municipally owned parking utility.

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

B. Description of Funds (Cont'd)

Public Assistance Fund – Receipt and disbursement of funds that provide assistance to certain residents of the municipality pursuant to Title 44 of New Jersey statutes. The operations of the State funded welfare program were transferred to the County effective July 1, 2011.

Fixed Assets Account Group (Unaudited) – These accounts were established with estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E.

C. Basis of Accounting

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

The accounting policies of the Township of Long Hill conform to the accounting principles applicable to municipalities which have been prescribed by the Division which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow.

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

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

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

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

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

C. Basis of Accounting (Cont'd)

or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when budgeted; inventories would not be reflected as expenditures at the time of purchase; and fixed assets purchased by the Parking Lot and Facilities Utility Capital Fund would be depreciated.

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

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

E. Other Significant Accounting Policies Include:

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

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

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

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

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

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

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

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

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

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

Inventories of Supplies – The 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.

General Fixed Assets (Unaudited) - General fixed assets are recorded at cost except for land and buildings, which are recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets; maintenance and minor parts and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets". When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund and Parking Lot and Facilities Utility Capital Fund. The values recorded in the General Fixed Assets Account Group and the Current and Capital Funds may not always agree due to differences in valuation methods, timing or recognition of assets and the recognition of infrastructures. Capital assets are reviewed for impairment.

Property and equipment purchased by the Parking Lot and Facilities Utility Fund are recorded in the capital account at cost and are not adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the utility capital fund represent charges to operations of the cost of acquisitions of property, equipment and improvements. The Parking Lot and Facilities Utility does not record depreciation on fixed assets.

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

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 2: Long-Term Debt

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

Summary of Municipal Debt

|  | December 31,            |                         |                             |
|--|-------------------------|-------------------------|-----------------------------|
|  | 2011                    | 2010                    | 2009                        |
| <u>Issued</u>  |                         |                         |                             |
| General:   |                         |                         |                             |
| Bonds, Loans and Notes   | <u>\$ 15,626,817.39</u> | <u>\$ 16,779,849.42</u> | <u>\$ 16,859,539.43</u>     |
| Total Issued   | <u>15,626,817.39</u>    | <u>16,779,849.42</u>    | <u>16,859,539.43</u>        |
| Less: Funds Temporarily Held<br>to Pay Bonds and Notes:            |                         |                         |                             |
| Reserve to Pay Debt Service  | <u>153,218.90</u>       | <u>48,100.00</u>        | <u>                    </u> |
| Total Deductions   | <u>153,218.90</u>       | <u>48,100.00</u>        | <u>                    </u> |
| Net Debt Issued  | <u>15,473,598.49</u>    | <u>16,731,749.42</u>    | <u>16,859,539.43</u>        |
| <u>Authorized but not Issued:</u>                                  |                         |                         |                             |
| General:   |                         |                         |                             |
| Bonds and Notes  | <u>1,734,107.47</u>     | <u>833,657.47</u>       | <u>2,054,913.07</u>         |
| Net Bonds, Notes and Loans Issued<br>and Authorized but not Issued | <u>\$ 17,207,705.96</u> | <u>\$ 17,565,406.89</u> | <u>\$ 18,914,452.50</u>     |

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 2: Long-Term Debt

Summary of Municipal Debt Issued and Outstanding – Prior Year

|                                 | Balance<br>12/31/09     | Additions              | Retirements            | Balance<br>12/31/10     |
|---------------------------------|-------------------------|------------------------|------------------------|-------------------------|
| General Capital Fund:           |                         |                        |                        |                         |
| Serial Bonds                    | \$ 12,453,000.00        |                        | \$ 1,145,000.00        | \$ 11,308,000.00        |
| Loans Payable:                  |                         |                        |                        |                         |
| NJ Wastewater Treatment:        |                         |                        |                        |                         |
| Loan II                         | 211,136.64              |                        | 211,136.64             |                         |
| Loan III                        | 795,952.79              |                        | 192,011.00             | 603,941.79              |
| NJ EIT Loan Payable             |                         | \$ 1,507,000.00        | 38,542.37              | 1,468,457.63            |
| Bond Anticipation Notes Payable | 3,399,450.00            | 3,399,450.00           | 3,399,450.00           | 3,399,450.00            |
| <b>Total</b>                    | <b>\$ 16,859,539.43</b> | <b>\$ 4,906,450.00</b> | <b>\$ 4,986,140.01</b> | <b>\$ 16,779,849.42</b> |

Summary of Municipal Debt Issued and Outstanding – Current Year

|                                 | Balance<br>12/31/10     | Additions               | Retirements             | Balance<br>12/31/11     |
|---------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| General Capital Fund:           |                         |                         |                         |                         |
| Serial Bonds                    | \$ 11,308,000.00        | \$ 5,599,000.00         | \$ 3,083,000.00         | \$ 13,824,000.00        |
| Loans Payable:                  |                         |                         |                         |                         |
| NJ Wastewater Treatment:        |                         |                         |                         |                         |
| Loan III                        | 603,941.79              |                         | 196,768.48              | 407,173.31              |
| NJ EIT Loan Payable             | 1,468,457.63            |                         | 72,813.55               | 1,395,644.08            |
| Bond Anticipation Notes Payable | 3,399,450.00            | 7,369,500.00            | 10,768,950.00           |                         |
| <b>Total</b>                    | <b>\$ 16,779,849.42</b> | <b>\$ 12,968,500.00</b> | <b>\$ 14,121,532.03</b> | <b>\$ 15,626,817.39</b> |

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 2: Long-Term Debt

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 .97%.

|   | Gross Debt       | Deductions       | Net Debt         |
|---|------------------|------------------|------------------|
| Local and Regional School District Debt | \$ 19,401,854.00 | \$ 19,401,854.00 |                  |
| General Debt                            | 17,360,925.00    | 153,219.00       | \$ 17,207,706.00 |
|   | \$ 36,762,779.00 | \$ 19,555,073.00 | \$ 17,207,706.00 |

Net Debt \$17,207,706 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,769,466,033 = .97%.

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

|   |                  |
|---|------------------|
| 3-1/2% Average Equalized Valuation of Real Property | \$ 61,931,311.16 |
| Net Debt  | 17,207,706.00    |
| Remaining Borrowing Power                           | \$ 44,723,605.16 |

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

Analysis of Debt Issued and Outstanding at December 31, 2011

General Capital Fund

Serial Bonds

| <u>Purpose</u>                     | <u>Maturities of Bonds</u>       |               | <u>Interest</u> | <u>Balance</u>       |
|------------------------------------|----------------------------------|---------------|-----------------|----------------------|
|                                    | <u>Outstanding Dec. 31, 2011</u> |               |                 |                      |
|                                    | <u>Date</u>                      | <u>Amount</u> | <u>Rate</u>     | <u>Dec. 31, 2011</u> |
| General Bonds of 2007              | 2/15/2012-2014                   | \$ 200,000.00 | 4.00%           | \$ 5,650,000.00      |
|                                    | 2/15/2015-2019                   | 375,000.00    | 4.00%           |                      |
|                                    | 2/15/2020-2026                   | 400,000.00    | 4.00%           |                      |
|                                    | 2/15/2027                        | 375,000.00    | 4.00%           |                      |
| General Refunding<br>Bonds of 2007 | 2/15/2012-2013                   | 290,000.00    | 5.00%           | 2,575,000.00         |
|                                    | 2/15/2014-2015                   | 290,000.00    | 4.00%           |                      |
|                                    | 2/15/2016-2017                   | 285,000.00    | 4.00%           |                      |
|                                    | 2/15/2018-2019                   | 280,000.00    | 4.00%           |                      |
|                                    | 2/15/2020                        | 285,000.00    | 4.00%           |                      |

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2011 (Cont'd)

General Capital Fund (Cont'd)

Serial Bonds (Cont'd)

| <u>Purpose</u>                     | <u>Maturities of Bonds</u>       |               | <u>Interest</u> | <u>Balance</u>       |
|------------------------------------|----------------------------------|---------------|-----------------|----------------------|
|                                    | <u>Outstanding Dec. 31, 2011</u> |               |                 |                      |
|                                    | <u>Date</u>                      | <u>Amount</u> | <u>Rate</u>     | <u>Dec. 31, 2011</u> |
| General Bonds of 2011              | 7/15/12-13                       | \$ 100,000.00 | 2.00%           | \$ 3,684,000.00      |
|                                    | 7/15/14                          | 200,000.00    | 2.00%           |                      |
|                                    | 7/15/15-17                       | 200,000.00    | 2.50%           |                      |
|                                    | 7/15/18-21                       | 200,000.00    | 3.00%           |                      |
|                                    | 7/15/22                          | 200,000.00    | 3.125%          |                      |
|                                    | 7/15/23                          | 200,000.00    | 3.25%           |                      |
|                                    | 7/15/24-25                       | 200,000.00    | 3.50%           |                      |
|                                    | 7/15/26                          | 200,000.00    | 3.625%          |                      |
|                                    | 7/15/27-30                       | 200,000.00    | 4.00%           |                      |
|                                    | 7/15/31                          | 84,000.00     | 4.00%           |                      |
| General Refunding<br>Bonds of 2011 | 2/15/2012-2013                   | 645,000.00    | 3.00%           | 1,915,000.00         |
|                                    | 2/15/2014                        | 625,000.00    | 3.00%           |                      |
|                                    |                                  |               |                 | \$ 13,824,000.00     |

New Jersey Wastewater Treatment Loans

On November 10, 1993, the Township entered into two loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection and Energy Fund (the "Fund"), and the NJ Wastewater Treatment Trust (the "Trust"), in the aggregate amount of \$3,205,533.00, which represents direct obligations of the Township. The loan agreements were obtained to finance the additional costs for improvement of the wastewater treatment plant. Principal and interest payments commenced August 1, 1994 and continue on a semiannual basis through February 1, 2013.

The balance of the loan at December 31, 2011 was as follows:

|                                  |               |
|----------------------------------|---------------|
| NJ Wastewater Treatment Loan III | \$ 407,173.31 |
|----------------------------------|---------------|

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

New Jersey Environmental Infrastructure Trust Loans

On March 10, 2010, the Township entered into two additional loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Environmental Infrastructure Trust (the "Trust"), in the aggregate amount of \$1,507,000.00, which represents direct obligations of the Township. The loan agreements were obtained to finance the additional costs for improvement of the wastewater treatment plant. Principal and interest payments commenced August 1, 2010 and continue on a semiannual basis through August 1, 2029.

Also, annual administrative fees of three-tenths of one percent (.30%) of the initial principal amount of the loan or such lesser amount, if any, as the Trust may approve from time to time and of one percent (1.00%) of the initial principal amount of the loan or such lesser amount, if any, as the state may approve from time to time are payable on these loans.

The balance of the loan at December 31, 2011 was as follows:

|  |                  |
|--|------------------|
| NJ Environmental Infrastructure Trust Loan | \$ 1,395,644.08  |
| Total Debt Issued and Outstanding          | \$ 15,626,817.39 |

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

| Year      | Principal        | Interest        | Total            |
|-----------|------------------|-----------------|------------------|
| 2012      | \$ 1,509,177.98  | \$ 527,695.33   | \$ 2,036,873.31  |
| 2013      | 1,513,622.43     | 440,085.00      | 1,953,707.43     |
| 2014      | 1,387,813.55     | 411,835.00      | 1,799,648.55     |
| 2015      | 937,813.55       | 383,985.00      | 1,321,798.55     |
| 2016      | 932,813.55       | 351,635.00      | 1,284,448.55     |
| 2017-2021 | 4,439,067.75     | 1,267,825.00    | 5,706,892.75     |
| 2022-2026 | 3,399,067.75     | 584,475.00      | 3,983,542.75     |
| 2027-2031 | 1,507,440.83     | 110,300.00      | 1,617,740.83     |
|           | \$ 15,626,817.39 | \$ 4,077,835.33 | \$ 19,704,652.72 |

Note 3: Fund Balance Appropriated

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

|   |              |
|---|--------------|
| Current Fund                                      | \$650,000.00 |
| Current Fund (Prior Year Parking Utility Surplus) | 50,000.00    |

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 4: Local and Regional School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Township of Long Hill has elected not to defer school taxes. The Township of Long Hill has not elected to defer school taxes.

Note 5: Pension Plans

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

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

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

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

Township contributions to PFRS amounted to \$637,139, \$638,516 and \$627,411 for 2011, 2010 and 2009, respectively. Township contributions to PERS amounted to \$255,467, \$216,007 and \$176,597 for 2011, 2010 and 2009, respectively.

Note 6: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid upon retirement or separation at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$207,707. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

This amount is partially reserved in the Reserve for Accrued Sick and Vacation of \$238,767.07 on the Trust Funds balance sheet at December 31, 2011.

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 7: Deferred Compensation Plan

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

Note 8: Selected Tax Information

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

|                                  | <u>2011</u>      | <u>2010</u>      | <u>2009</u>      |
|----------------------------------|------------------|------------------|------------------|
| <u>Tax Rate</u>                  | 2.815            | 2.725            | 2.662            |
| <u>Apportionment of Tax Rate</u> |                  |                  |                  |
| Municipal                        | .725             | .712             | .701             |
| Municipal Open Space             | .019             | .019             | .019             |
| County                           | .329             | .327             | .336             |
| Local School                     | 1.180            | 1.145            | 1.114            |
| Regional School                  | .562             | .522             | .492             |
| <u>Assessed Valuations</u>       |                  |                  |                  |
| 2011                             | \$ 1,292,281,441 |                  |                  |
| 2010                             |                  | \$ 1,292,099,025 |                  |
| 2009                             |                  |                  | \$ 1,287,694,014 |

Comparison of Tax Levies and Collection Currently

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

| <u>Year</u> | <u>Tax Levy</u>  | <u>Currently</u>        |                                 |
|-------------|------------------|-------------------------|---------------------------------|
|             |                  | <u>Cash Collections</u> | <u>Percentage of Collection</u> |
| 2011        | \$ 36,404,872.89 | \$ 35,630,937.07        | 97.87%                          |
| 2010        | 35,268,162.80    | 34,538,856.52           | 97.93%                          |
| 2009        | 34,337,430.03    | 33,768,528.18           | 98.34%                          |

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 8: Selected Tax Information (Cont'd)

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

Note 9: Cash and Cash Equivalents

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

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

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

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

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

Deposits:

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

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

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

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

All collateral must be deposited with the Federal Reserve Bank, 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.

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

Investments:

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

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

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

As of December 31, 2011, cash and cash equivalents of the Township of Long Hill consisted of the following:

| <u>Fund</u>                  | <u>Cash on<br/>Hand</u> | <u>Savings and<br/>Checking<br/>Accounts</u> | <u>Certificates<br/>of Deposits</u> | <u>Totals</u>          |
|------------------------------|-------------------------|--|-------------------------------------|------------------------|
| Current Fund                 | \$ 400.00               | \$ 2,796,768.54                              |                                     | \$ 2,797,168.54        |
| Federal and State Grant Fund |                         | 36,860.24                                    |                                     | 36,860.24              |
| Animal Control Fund          |                         | 33,177.53                                    |                                     | 33,177.53              |
| Other Trust Fund             |                         | 3,603,828.09                                 |                                     | 3,603,828.09           |
| General Capital Fund         |                         | 1,353,117.15                                 | \$ 766,607.60                       | 2,119,724.75           |
| Parking Lot and Facilities   |                         |  |                                     |                        |
| Utility Operating Fund       |                         | 292,254.88                                   |                                     | 292,254.88             |
| Public Assistance Fund       |                         | 4,077.93                                     |                                     | 4,077.93               |
|                              | <u>\$ 400.00</u>        | <u>\$ 8,120,084.36</u>                       | <u>\$ 766,607.60</u>                | <u>\$ 8,887,091.96</u> |

During the period ended December 31, 2011, the Township did not hold any investments other than certificates of deposit. The carrying amount of the Township's cash and cash equivalents at December 31, 2011, was \$8,887,091.96 and the bank balance was \$8,949,571.95.

Note 10: Risk Management

Property and Liability

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

Property and Liability

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

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 10: Risk Management (Cont'd)

Property and Liability (Cont'd)

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

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Public Officials' Liability/Employment Practices Coverage
- f.) Environmental Coverage

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

This Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

Summarized selected financial information for the Fund as of December 31, 2011 is as follows:

|  | <u>Morris County<br/>Municipal Joint<br/>Insurance Fund</u> |
|--|---|
| Total Assets                                     | \$ 25,146,526   |
| Net Assets                                       | \$ 11,288,204   |
| Total Revenue                                    | \$ 17,214,724   |
| Total Expenses                                   | \$ 16,582,186   |
| Change in Net Assets                             | \$ 632,538  |
| Net Assets Distribution to Participating Members | \$ -0-  |

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

Morris County Municipal Joint Insurance Fund  
PERMA Risk Management Services  
9 Campus Drive, Suite 16  
Parsippany, New Jersey 07054  
(201) 881-7632

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 10: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

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

| <u>Year</u> | <u>Township/<br/>Employee<br/>Contributions</u> | <u>Interest<br/>Earned</u> | <u>Amount<br/>Reimbursed</u> | <u>Ending Balance</u> |
|-------------|---|----------------------------|------------------------------|-----------------------|
| 2009        | \$ 35,277.95                                    | \$ 73.41                   | \$ 40,661.91                 | \$ 739.83             |
| 2010        | 31,841.99                                       | 87.52                      | 17,396.32                    | 15,273.02             |
| 2011        | 16,292.65                                       | 7.51                       | 17,035.99                    | 14,537.19             |

Note 11: Interfund Receivables and Payables

| <u>Fund</u>                                       | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|---|---------------------------------|------------------------------|
| Current Fund                                      |                                 | \$ 40,815.96                 |
| Federal and State Grant Fund                      |                                 | 100,000.00                   |
| Other Trust Fund                                  | \$ 38,986.46                    |                              |
| General Capital Fund                              | 101,829.50                      |                              |
| Parking Lot and Facilities Utility Operating Fund |                                 | 21,500.00                    |
| Parking Lot and Facilities Utility Capital Fund   | 21,500.00                       |                              |
|   | <u>\$ 162,315.96</u>            | <u>\$ 162,315.96</u>         |

The interfund receivable in the General Capital Fund and the interfund payable in the Current Fund is due to sewer contribution fees deposited in the Current Fund not yet turned over to the General Capital Fund. The Interfund receivable in the Other Trust Fund and the Interfund payable in Current Fund is due to the increase in snow removal and interest that has not yet turned over. The interfund receivable and the interfund payable in Parking Lot and Facilities is due to interest that has not yet turned over.

Note 12: Open Space Trust Fund

The Township created an Open Space Trust Fund with a tax levy of \$.02 per \$100 of assessed valuation in 1997. The funds collected are used to acquire and maintain open space property in the Township. The balances in the Open Space Trust Fund at December 31, 2011 and 2010 were \$2,313,026.12 and \$2,100,189.36, respectively.

TOWNSHIP OF LONG HILL  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 13: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, the Township had the following deferred charge:

|                                    | <u>Balance</u><br><u>Dec. 31, 2011</u> | <u>Required</u><br><u>2012 Budget</u><br><u>Appropriation</u> |
|------------------------------------|--|---|
| Current Fund:                      |  |   |
| Emergency Authorization (40A:4-46) | \$ 114,850                             | \$ 114,850  |

The appropriation in the 2012 budget is not less than that required by statute.

Note 14: Commitments and Contingencies

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. In the opinion of the General Counsel to the Township, payment of claims by the Township, for amounts not covered by insurance, in the aggregate, are not expected to have a material adverse effect on their financial position.

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

Various tax appeals on assessed valuations have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Township Tax Assessor will aggressively defend the Township's assessments. The Township has established a reserve for this contingency in the amount of \$150,000, which the Township believes is adequate to cover any potential liability.

Note 15: Economic Dependency

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

TOWNSHIP OF LONG HILL

SUPPLEMENTARY DATA

TOWNSHIP OF LONG HILL  
SCHEDULE OF OFFICIALS IN OFFICE AND SURETY BONDS  
DECEMBER 31, 2011

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

| Name               |   | Amount of<br>Bond | Name of Corporate or<br>Personal Surety |
|--------------------|---|-------------------|---|
| Nanette Harrington | Mayor   |                   |   |
| Michael Mazzucco   | Deputy Mayor  |                   |   |
| Jerry Aroneo       | Committeeperson   |                   |   |
| Guy Piserchia      | Committeeperson   |                   |   |
| George Vitureira   | Committeeperson   |                   |   |
| Richard J. Sheola  | Administrator, Chief Financial Officer                                  | (A) \$50,000.00   | Selective Insurance Company             |
| Christine Gatti    | Township Clerk, Registrar Vital Statistics                              | (A)               |   |
| Joan Donat         | Tax Collector, Collector of Sewer Charges, Tax Search Officer           | (A) 200,000.00    | Selective Insurance Company             |
| James D. Bride     | Magistrate, Municipal Court   | (A) 50,000.00     | Selective Insurance Company             |
| Annette Naylor     | Court Administrator   | (A) 50,000.00     | Ohio Casualty Insurance Company         |
| Donna Ruggiero     | Deputy Court Administrator  | (A)               |   |
| John R. Pidgeon    | Township Attorney   |                   |   |
| Jerry Hoffman      | Building Inspector, Construction Official, Fire Inspector (from 3/1/11) | (A)               |   |
| Louis Aroneo       | Fire Inspector (to 2/28/11)   | (A)               |   |
| Brett Trout        | Tax Assessor  | (A)               |   |
| Daniel Hedden      | Police Chief  | (A)               |   |
| Paul Ferriero      | Engineer  | (A)               |   |
| Tom Sweeney        | Director of Public Works  | (A)               |   |

(A) Covered under a \$50,000.00 Public Employees Bond with the Morris County Municipal Joint Insurance Fund and \$950,000.00 Public Employees Bond with the Municipal Excess Liability Joint Insurance Fund.

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2011  
CURRENT FUND

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF CASH

|   | <u>Ref.</u> | <u>Regular Fund</u> | <u>Federal and State<br/>Grant Fund</u> |
|---|-------------|---------------------|---|
| Balance December 31, 2010   | A           | \$ 2,488,111.06     | \$ 9,783.16                             |
| Increased by Receipts:  |             |                     |   |
| Tax Collector   |             | \$ 36,542,442.52    |   |
| Revenue Accounts Receivable   |             | 2,262,142.38        |   |
| Sewer Charges Receivable  |             | 1,573,045.21        |   |
| Sewer Overpayments  |             | 6,618.92            |   |
| Appropriation Refunds   |             | 152,688.63          |   |
| Due from State of N.J. - Veterans'<br>and Senior Citizens' Deductions |             | 96,250.00           |   |
| Miscellaneous Revenue Not Anticipated                                 |             | 170,942.39          |   |
| Due to:   |             |                     |   |
| State of NJ - Building Surcharge Fees                                 |             | 7,286.00            |   |
| State of NJ - Marriage License Fees                                   |             | 975.00              |   |
| State of NJ - Death Certificate Fees                                  |             | 10.00               |   |
| Interest on Investments and Deposits                                  |             | 7,393.52            |   |
| Due from Federal and State Grant Fund                                 |             | 193,997.05          |   |
| Due to Other Trust Fund:  |             |                     |   |
| Public Defender Receipts  |             | 1,372.40            |   |
| Due from Animal Control Fund  |             | 223.17              |   |
| Due General Capital Fund:   |             |                     |   |
| Interfund Advanced/Returned   |             | 13,346.94           | \$ 100,000.00                           |
| Federal and State Grants Receivable                                   |             |                     | 90,572.64                               |
| Interest Earned   |             |                     | 388.58                                  |
| Unappropriated Reserves   |             |                     | 30,112.91                               |
|   |             | 41,028,734.13       |   |
|   |             | 43,516,845.19       | 221,074.13                              |
|   |             |                     | 230,857.29                              |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF CASH  
(Continued)

| <u>Ref.</u>                                   | <u>Regular Fund</u>                        | <u>Federal and State<br/>Grant Fund</u> |
|---|--|---|
| <b>Decreased by Disbursements:</b>            |  |   |
| 2011 Appropriation Expenditures               | \$ 12,756,665.02                           |   |
| 2010 Appropriation Reserves                   | 611,536.17                                 |   |
| County Taxes Payable                          | 4,245,014.87                               |   |
| Local School Taxes Payable                    | 15,243,128.00                              |   |
| Regional School Taxes Payable                 | 7,254,877.77                               |   |
| Accounts Payable                              | 668.40                                     |   |
| Refund of Prior Year Revenue                  | 39,913.05                                  |   |
| Due to Current Fund                           |  | \$ 193,997.05                           |
| <b>Due from Federal and State Grant Fund:</b> |  |   |
| Appropriated Reserve Expenditures             | 193,608.47                                 |   |
| Due to General Capital Fund                   | 23,142.57                                  |   |
| Tax Overpayments Refunded                     | 58,472.66                                  |   |
| Third Party Tax Title Liens                   | 22,199.21                                  |   |
| <b>Due to/from Other Trust Fund:</b>          |  |   |
| Interfund Returned                            | 3,904.46                                   |   |
| Open Space Trust Fund                         | 258,456.00                                 |   |
| <b>Due to:</b>                                |  |   |
| State of NJ - Building Surcharge Fees         | 7,555.00                                   |   |
| State of NJ - Marriage License Fees           | 925.00                                     |   |
| State of NJ - Death Certificate Fees          | 10.00                                      |   |
|   | <u>\$ 40,720,076.65</u>                    | <u>\$ 193,997.05</u>                    |
| <br>Balance December 31, 2011                 | <br>A<br><br><u><u>\$ 2,796,768.54</u></u> | <br><br><br><u><u>\$ 36,860.24</u></u>  |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2011

## Increased by Receipts:

|   |                  |                  |
|---|------------------|------------------|
| Taxes Receivable                              | \$ 35,710,993.27 |                  |
| Tax Title Liens                               | 6,076.50         |                  |
| 2012 Prepaid Taxes                            | 528,962.02       |                  |
| Interest and Costs on Taxes                   | 180,383.09       |                  |
| Tax Overpayments                              | 94,040.83        |                  |
| Third Party Tax Title Liens                   | 21,306.81        |                  |
| Revenue Accounts Receivable - Tax Search Fees | <u>680.00</u>    |                  |
|   |                  | \$ 36,542,442.52 |

## Decreased by:

|                       |  |                         |
|-----------------------|--|-------------------------|
| Payments to Treasurer |  | <u>\$ 36,542,442.52</u> |
|-----------------------|--|-------------------------|

TOWNSHIP OF LONG HILL  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

| <u>Grant</u>  | <u>Balance<br/>Dec.31, 2010</u> | <u>2011 Realized<br/>Revenue</u> | <u>2011<br/>Receipts</u> | <u>Transferred<br/>from<br/>Unappropriated<br/>Reserve</u> | <u>Balance<br/>Dec.31, 2011</u> |
|---|---------------------------------|----------------------------------|--------------------------|--|---------------------------------|
| Drunk Driving Enforcement                                       |                                 | \$ 1,737.00                      |                          | \$ 1,737.00  |                                 |
| Clean Communities Program                                       |                                 | 16,451.30                        |                          | 16,451.30  |                                 |
| Alcohol Education and Rehabilitation                            |                                 | 201.00                           |                          | 201.00   |                                 |
| Municipal Alliance Grant  | \$ 8,519.00                     | 8,519.00                         |                          |  | \$ 17,038.00                    |
| 1997 Municipal Road Aid (White Bridge Road)                     | 4,413.72                        |                                  |                          |  | 4,413.72                        |
| 1998 Municipal Road Aid   | 11,991.10                       |                                  |                          |  | 11,991.10                       |
| 2002 Municipal Road Aid   | 23,189.51                       |                                  |                          |  | 23,189.51                       |
| 2003 Municipal Road Aid   | 21,358.66                       |                                  |                          |  | 21,358.66                       |
| 2007 Municipal Road Aid   | 99,000.00                       |                                  |                          |  | 99,000.00                       |
| 2008 Municipal Road Aid   | 38,397.01                       |                                  | \$ 22,322.64             |  | 16,074.37                       |
| 2010 Municipal Road Grant                                       | 62,500.00                       |                                  | 62,500.00                |  |                                 |
| 2011 Municipal Road Grant                                       |                                 | 175,000.00                       |                          |  | 175,000.00                      |
| Body Armor Grant  | 5,247.76                        | 3,581.00                         |                          | 3,581.00   | 5,247.76                        |
| Emergency Management Assistance (EMA) Funding                   | 6,500.00                        | 10,000.00                        | 5,000.00                 |  | 11,500.00                       |
| Bulletproof Vests - Federal                                     |                                 | 3,780.00                         |                          | 3,780.00   |                                 |
| Recycling Tonnage Grant   | 61.72                           | 9,318.00                         |                          | 9,318.00   | 61.72                           |
| Donation for Hicks Grant  |                                 | 750.00                           | 750.00                   |  |                                 |
| Highlands TDR Feasibility Grant                                 | 12,500.00                       |                                  |                          |  | 12,500.00                       |
| Morris County Historic Preservation Trust (2010)                | 40,678.00                       |                                  |                          |  | 40,678.00                       |
| Morris County Historic Preservation -<br>Millington Schoolhouse | 162,712.00                      |                                  |                          |  | 162,712.00                      |
|   | <u>\$ 497,068.48</u>            | <u>\$ 229,337.30</u>             | <u>\$ 90,572.64</u>      | <u>\$ 35,068.30</u>  | <u>\$ 600,764.84</u>            |

Ref.            A

A

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| Year | Balance              | 2011 Levy               | Collections          |                         | State of NJ                               | Cancelled           | Trans-                    | Balance              |
|------|----------------------|-------------------------|----------------------|-------------------------|---|---------------------|---------------------------|----------------------|
|      | Dec.31, 2010         |                         | 2010                 | 2011                    | Veterans' and Senior Citizens' Deductions |                     | ferred to Tax Title Liens |                      |
| 2010 | \$ 652,730.47        |                         |                      | \$ 629,619.86           | \$ (250.00)                               |                     | \$ 1,584.98               | \$ 21,775.63         |
| 2011 |                      | \$ 36,404,872.89        | \$ 454,813.66        | 35,081,373.41           | 94,750.00                                 | \$ 66,356.13        | 36,084.18                 | 671,495.51           |
|      | <u>\$ 652,730.47</u> | <u>\$ 36,404,872.89</u> | <u>\$ 454,813.66</u> | <u>\$ 35,710,993.27</u> | <u>\$ 94,500.00</u>                       | <u>\$ 66,356.13</u> | <u>\$ 37,669.16</u>       | <u>\$ 693,271.14</u> |
| Ref. | A                    |                         |                      |                         |   |                     |                           | A                    |

Analysis of 2011 Property Tax Levy

Tax Yield:

|  |                         |
|--|-------------------------|
| General Purpose Tax                                  | \$ 36,250,798.34        |
| Business Personal Property Taxes                     | 126,932.32              |
| Added and Omitted Taxes (N.J.S.A. 54:4-63.1 et seq.) | 27,142.23               |
|  | <u>\$ 36,404,872.89</u> |

Tax Levy:

|   |                         |
|---|-------------------------|
| Regional High School Taxes              | \$ 7,254,877.77         |
| Local School District Taxes             | 15,243,128.00           |
| County Taxes                            | \$ 4,245,014.87         |
| Due County for Added and Omitted Taxes  | 3,173.05                |
|   | 4,248,187.92            |
| Municipal Open Space Taxes              | 258,639.29              |
|   | 27,004,832.98           |
| Local Tax for Municipal Purposes Levied | 9,376,427.21            |
| Add: Additional Tax Levied              | 23,612.70               |
|   | 9,400,039.91            |
|   | <u>\$ 36,404,872.89</u> |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

|                                 | <u>Ref.</u> |                  |                      |
|---------------------------------|-------------|------------------|----------------------|
| Balance December 31, 2010       | A           |                  | \$ 250,509.58        |
| Increased by:                   |             |                  |                      |
| Interest and Costs on Tax Sale  |             | \$ 224.28        |                      |
| Transfer from Taxes Receivable  |             | <u>37,669.16</u> |                      |
|                                 |             |                  | <u>37,893.44</u>     |
|                                 |             |                  | 288,403.02           |
| Decreased by:                   |             |                  |                      |
| Cash Collections                |             | 6,076.50         |                      |
| Transfer to Foreclosed Property |             | <u>76,392.17</u> |                      |
|                                 |             |                  | <u>82,468.67</u>     |
| Balance December 31, 2011       | A           |                  | <u>\$ 205,934.35</u> |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

|  | Balance            | Accrued In             | Collected by     |                        | Balance            |
|--|--------------------|------------------------|------------------|------------------------|--------------------|
|  | Dec.31, 2010       | 2011                   | Collector        | Treasurer              | Dec.31, 2011       |
| Licenses:                              |                    |                        |                  |                        |                    |
| Alcoholic Beverages                    |                    | \$ 23,535.00           |                  | \$ 23,535.00           |                    |
| Fees and Permits                       |                    | 78,042.97              | \$ 680.00        | 77,362.97              |                    |
| Municipal Court:                       |                    |                        |                  |                        |                    |
| Fines and Costs                        | \$ 4,473.40        | 98,259.35              |                  | 97,794.47              | \$ 4,938.28        |
| Uniform Construction Code Fees         |                    | 106,943.00             |                  | 106,943.00             |                    |
| State of New Jersey                    |                    |                        |                  |                        |                    |
| Energy Receipts Tax                    |                    | 1,354,573.00           |                  | 1,354,573.00           |                    |
| Life Hazard Use                        |                    | 23,477.35              |                  | 23,477.35              |                    |
| Tower Rental - Verizon                 |                    | 49,894.32              |                  | 49,894.32              |                    |
| Tower Rental - T-Mobile                |                    | 28,150.00              |                  | 28,150.00              |                    |
| Tower Rental - AT&T Wireless           |                    | 47,716.32              |                  | 47,716.32              |                    |
| Playground Registration                |                    | 52,535.00              |                  | 52,535.00              |                    |
| Basketball Registration                |                    | 28,467.00              |                  | 28,467.00              |                    |
| Cable Franchise Fee                    |                    | 40,222.08              |                  | 40,222.08              |                    |
| Great Swamp                            |                    | 118,333.00             |                  | 118,333.00             |                    |
| Stirling Lake Registration             |                    | 59,525.00              |                  | 59,525.00              |                    |
| Utility Operating Surplus - Prior Year |                    | 50,000.00              |                  | 50,000.00              |                    |
| Verizon Franchise Fees - FIOS          |                    | 48,450.53              |                  | 63,613.87              |                    |
| Reserve for Debt Payment               |                    | 40,000.00              |                  | 40,000.00              |                    |
|  | <u>\$ 4,473.40</u> | <u>\$ 2,248,123.92</u> | <u>\$ 680.00</u> | <u>\$ 2,262,142.38</u> | <u>\$ 4,938.28</u> |

Ref. A

A

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF SEWER CHARGES RECEIVABLE

|                           | <u>Ref.</u>      |                            |
|---------------------------|------------------|----------------------------|
| Balance December 31, 2010 | A                | \$ 89,394.96               |
| Increased by:             |                  |                            |
| Sewer Charges Levied      |                  | <u>1,595,575.55</u>        |
|                           |                  | 1,684,970.51               |
| Decreased by:             |                  |                            |
| Collections               | \$ 1,573,045.21  |                            |
| Cancelled                 | <u>17,710.30</u> |                            |
|                           |                  | <u>1,590,755.51</u>        |
| Balance December 31, 2011 | A                | <u><u>\$ 94,215.00</u></u> |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2011

|  | Balance<br>Dec.31, 2010 | Balance<br>After<br>Modification | Paid or<br>Charged | Balance<br>Lapsed |
|--|-------------------------|----------------------------------|--------------------|-------------------|
| <b>Administrative and Executive:</b>   |                         |                                  |                    |                   |
| Salaries and Wages                     | \$ 160.55               | \$ 160.55                        | \$ 160.55          |                   |
| Other Expenses                         | 16,714.58               | 16,714.58                        | 15,415.04          | \$ 1,299.54       |
| Communication Advisory Committee       | 117.10                  | 117.10                           | 21.35              | 95.75             |
| <b>Elections:</b>                      |                         |                                  |                    |                   |
| Other Expenses                         | 183.58                  | 183.58                           |                    | 183.58            |
| <b>Financial Administration:</b>       |                         |                                  |                    |                   |
| Salaries and Wages                     | 355.80                  | 355.80                           | 355.80             |                   |
| Other Expenses                         | 41,373.25               | 41,373.25                        | 41,229.05          | 144.20            |
| <b>Assessment of Taxes:</b>            |                         |                                  |                    |                   |
| Salaries and Wages                     | 127.98                  | 127.98                           |                    | 127.98            |
| Other Expenses                         | 1,975.01                | 875.01                           |                    | 875.01            |
| <b>Collection of Taxes:</b>            |                         |                                  |                    |                   |
| Salaries and Wages                     | 638.47                  | 138.47                           | 138.47             |                   |
| Other Expenses                         | 1,301.94                | 1,301.94                         | 869.08             | 432.86            |
| <b>Legal Services And Costs:</b>       |                         |                                  |                    |                   |
| Other Expenses                         | 11,630.88               | 14,130.88                        | 9,571.00           | 4,559.88          |
| <b>Municipal Prosecutor:</b>           |                         |                                  |                    |                   |
| Salaries and Wages                     | 4,086.80                | 4,086.80                         | 1,731.92           | 2,354.88          |
| <b>Engineering Services and Costs:</b> |                         |                                  |                    |                   |
| Other Expenses                         | 10,778.49               | 10,778.49                        | 9,610.00           | 1,168.49          |
| <b>Planning Board:</b>                 |                         |                                  |                    |                   |
| Other Expenses                         | 10,341.67               | 10,341.67                        | 10,262.43          | 79.24             |
| <b>Board of Adjustment:</b>            |                         |                                  |                    |                   |
| Other Expenses                         | 1,758.77                | 1,758.77                         | 796.46             | 962.31            |
| <b>Zoning Officer:</b>                 |                         |                                  |                    |                   |
| Salaries and Wages                     | 0.06                    | 0.06                             |                    | 0.06              |
| Other Expenses                         | 35.66                   | 35.66                            | 11.18              | 24.48             |
| <b>Environmental Commission:</b>       |                         |                                  |                    |                   |
| Other Expenses                         | 322.31                  | 322.31                           | 77.31              | 245.00            |
| <b>Buildings and Grounds:</b>          |                         |                                  |                    |                   |
| Other Expenses                         | 8,732.22                | 9,532.22                         | 9,532.22           |                   |
| <b>Insurance:</b>                      |                         |                                  |                    |                   |
| Temporary Unemployment Insurance       | 12,707.79               | 12,707.79                        | 12,707.79          |                   |
| Group Health Insurance                 | 26,508.76               | 24,008.76                        |                    | 24,008.76         |
| Worker Compensation Insurance          | 263.61                  | 263.61                           |                    | 263.61            |
| Accumulated Absences                   | 7,500.00                | 7,500.00                         | 7,500.00           |                   |
| <b>Public Safety:</b>                  |                         |                                  |                    |                   |
| Aid to Volunteer Fire Companies        | 1,170.00                | 1,170.00                         | 890.00             | 280.00            |
| <b>Fire Inspection:</b>                |                         |                                  |                    |                   |
| Other Expenses                         | 21,191.52               | 21,191.52                        | 12,039.16          | 9,152.36          |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

|  | <u>Balance</u><br><u>Dec.31, 2010</u> | <u>Balance</u><br><u>After</u><br><u>Modification</u> | <u>Paid or</u><br><u>Charged</u> | <u>Balance</u><br><u>Lapsed</u> |
|--|---------------------------------------|---|----------------------------------|---------------------------------|
| <b>Public Safety (Cont'd):</b>                               |                                       |   |                                  |                                 |
| <b>Police:</b>   |                                       |   |                                  |                                 |
| Salaries and Wages   | \$ 2,275.70                           | \$ 2,275.70   | \$ 2,275.70                      |                                 |
| Other Expenses   | 87,919.15                             | 87,919.15   | 64,458.00                        | \$ 23,461.15                    |
| Purchase of Police Vehicles                                  | 5,846.90                              | 5,046.90  |                                  | 5,046.90                        |
| <b>Emergency Management:</b>                                 |                                       |   |                                  |                                 |
| Salaries and Wages   | 7.94                                  | 7.94  |                                  | 7.94                            |
| Other Expenses   | 1,017.85                              | 1,017.85  | 768.00                           | 249.85                          |
| <b>Municipal Radio and Communications:</b>                   |                                       |   |                                  |                                 |
| Other Expenses   | 164,461.08                            | 164,461.08  | 130,418.82                       | 34,042.26                       |
| <b>Municipal Court:</b>                                      |                                       |   |                                  |                                 |
| Salaries and Wages   | 23.86                                 | 23.86   |                                  | 23.86                           |
| Other Expenses   | 324.21                                | 324.21  | 185.01                           | 139.20                          |
| <b>Streets and Roads:</b>                                    |                                       |   |                                  |                                 |
| <b>Road Repair and Maintenance:</b>                          |                                       |   |                                  |                                 |
| Salaries and Wages   | 14.00                                 | 14.00   | 14.00                            |                                 |
| Other Expenses   | 19,673.82                             | 19,673.82   | 19,673.82                        |                                 |
| Street Lighting  | 5,911.12                              | 5,911.12  | 5,911.12                         |                                 |
| <b>Fleet Maintenance:</b>                                    |                                       |   |                                  |                                 |
| Other Expenses   | 14,443.07                             | 14,443.07   | 14,443.07                        |                                 |
| <b>Sanitation:</b>   |                                       |   |                                  |                                 |
| Garbage and Trash Removal - Contractual                      | 12,270.08                             | 12,270.08   |                                  | 12,270.08                       |
| Recycling and Sanitary Landfill Facility:                    |                                       |   |                                  |                                 |
| Closer and Contingency Fund Act                              | 57,347.95                             | 57,347.95   | 47,312.16                        | 10,035.79                       |
| <b>Sewer System:</b>   |                                       |   |                                  |                                 |
| Salaries and Wages   | 3,771.61                              | 2,271.61  | 2,271.61                         |                                 |
| Other Expenses   | 14,934.68                             | 18,434.68   | 18,094.69                        | 339.99                          |
| Closer and Contingency Fund Act                              | 9,681.92                              | 9,681.92  | 9,681.92                         |                                 |
| <b>Health and Welfare:</b>                                   |                                       |   |                                  |                                 |
| <b>Board of Health:</b>                                      |                                       |   |                                  |                                 |
| Other Expenses   | 250.00                                | 250.00  |                                  | 250.00                          |
| Services of Visiting Nurse - Contractual                     | 0.50                                  | 0.50  |                                  | 0.50                            |
| <b>PEOSHA:</b>   |                                       |   |                                  |                                 |
| Other Expenses   | 5,000.00                              | 5,000.00  | 4,994.44                         | 5.56                            |
| <b>Recreation and Education:</b>                             |                                       |   |                                  |                                 |
| <b>Parks and Playgrounds:</b>                                |                                       |   |                                  |                                 |
| Salaries and Wages   | 127.98                                | 2,127.98  | 2,127.98                         |                                 |
| Other Expenses   | 17,459.77                             | 17,459.77   | 17,427.07                        | 32.70                           |
| <b>Stirling Lake Recreation Facility:</b>                    |                                       |   |                                  |                                 |
| Salaries and Wages   | 37.30                                 | 37.30   | 37.30                            |                                 |
| Other Expenses   | 354.02                                | 54.02   |                                  | 54.02                           |
| <b>Celebration of Public Event, Anniversary, or Holiday:</b> |                                       |   |                                  |                                 |
| Other Expenses   | 4,400.00                              | 4,400.00  | 1,225.98                         | 3,174.02                        |
| <b>Senior Citizens' Transportations:</b>                     |                                       |   |                                  |                                 |
| Salaries and Wages   | 3,123.71                              | 323.71  | 323.71                           |                                 |
| Other Expenses   | 1,070.61                              | 1,070.61  | 1,003.36                         | 67.25                           |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

|   | Balance<br>Dec.31, 2010 | Balance<br>After<br>Modification | Paid or<br>Charged   | Balance<br>Lapsed    |
|---|-------------------------|----------------------------------|----------------------|----------------------|
| State Uniform Construction Code:  |                         |                                  |                      |                      |
| Construction Official:  |                         |                                  |                      |                      |
| Salaries and Wages  | \$ 5.72                 | \$ 5.72                          |                      | \$ 5.72              |
| Other Expenses  | 1,243.85                | 1,943.85                         | \$ 351.11            | 1,592.74             |
| Unclassified:   |                         |                                  |                      |                      |
| Utilities:  |                         |                                  |                      |                      |
| Gasoline  | 16,320.31               | 16,320.31                        | 11,903.24            | 4,417.07             |
| Electricity   | 20,828.55               | 20,828.55                        | 20,828.55            |                      |
| Telephone   | 10,859.37               | 10,859.37                        | 7,911.04             | 2,948.33             |
| Natural Gas   | 23,412.32               | 23,412.32                        | 11,730.47            | 11,681.85            |
| Heating Fuel  | 5,569.23                | 5,569.23                         | 4,685.13             | 884.10               |
| Water   | 2,394.13                | 2,394.13                         | 1,868.84             | 525.29               |
| MIS Management Information Systems:   |                         |                                  |                      |                      |
| Other Expenses  | 6,526.08                | 6,526.08                         | 5,933.00             | 593.08               |
| Statutory Expenditures:   |                         |                                  |                      |                      |
| Contributions to:   |                         |                                  |                      |                      |
| Public Employees' Retirement System   | 0.08                    | 0.08                             |                      | 0.08                 |
| Contributions to Social Security System (O.A.S.I.)                          | 475.38                  | 475.38                           |                      | 475.38               |
| Maintenance of Free Public Library (N.J.S.A. 40:54-8)<br>(C. 82, P.L. 1985) | 36,313.77               | 36,313.77                        | 17,298.62            | 19,015.15            |
| LOSAP   | 116,000.00              | 116,000.00                       | 88,866.10            | 27,133.90            |
| Shared Municipal Service Agreements:  |                         |                                  |                      |                      |
| Fire Prevention Inspector:  |                         |                                  |                      |                      |
| Salaries and Wages  | 18.92                   | 18.92                            |                      | 18.92                |
| Other Expenses  | 844.08                  | 844.08                           | 187.92               | 656.16               |
| Capital Improvements:   |                         |                                  |                      |                      |
| Various Fire Equipment - Millington   | 4,822.89                | 4,822.89                         | 4,822.89             |                      |
|   | <u>\$ 857,360.31</u>    | <u>\$ 857,360.31</u>             | <u>\$ 651,953.48</u> | <u>\$ 205,406.83</u> |

|  | <u>Ref.</u> |                      |
|--|-------------|----------------------|
| <u>Analysis of Balance at December 31, 2010:</u> |             |                      |
| Unencumbered                                     | A           | \$ 717,165.69        |
| Encumbered                                       | A           | 140,194.62           |
|  |             | <u>\$ 857,360.31</u> |

|                                     |                      |
|-------------------------------------|----------------------|
| <u>Analysis of Paid or Charged:</u> |                      |
| Cash Disbursed                      | \$ 611,536.17        |
| Due to Other Trust Fund:            |                      |
| Accumulated Absences                | 5,853.99             |
| Snow Removal                        | 18,943.19            |
| Unemployment                        | 12,707.79            |
| Accounts Payable                    | 2,912.34             |
|                                     | <u>\$ 651,953.48</u> |

TOWNSHIP OF LONG HILL  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2011

|                                   |                         |
|-----------------------------------|-------------------------|
| Increased by:                     |                         |
| Levy - Calendar Year 2011         | \$ 15,243,128.00        |
| Decreased by:                     |                         |
| Payments to Local School District | <u>\$ 15,243,128.00</u> |

CURRENT FUND  
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2011

|                                      |                        |
|--------------------------------------|------------------------|
| Increased by:                        |                        |
| Levy - Calendar Year 2011            | \$ 7,254,877.77        |
| Decreased by:                        |                        |
| Payments to Regional School District | <u>\$ 7,254,877.77</u> |

TOWNSHIP OF LONG HILL  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES

|  | Balance<br>Dec.31, 2010 | Transferred<br>from<br>2011 Budget<br>Appropriation | Paid or<br>Charged   | Balance<br>Dec.31, 2011 |
|--|-------------------------|---|----------------------|-------------------------|
| Recycling Tonnage Grant  | \$ 30,276.06            | \$ 9,318.00   |                      | \$ 39,594.06            |
| Drunk Driving Enforcement Fund                                   | 4,075.49                | 1,737.00  | \$ 1,633.76          | 4,178.73                |
| Clean Communities Program  | 33,477.54               | 16,451.30   | 15,480.68            | 34,448.16               |
| Alcohol Education and Rehabilitation Fund                        | 17,114.33               | 201.00  | 1,024.95             | 16,290.38               |
| Emergency Management Grant                                       | 6,361.44                | 10,000.00   | 5,832.08             | 10,529.36               |
| Municipal Alliance Grant   | 8,519.00                | 8,519.00  |                      | 17,038.00               |
| 2007 Municipal Road Grant  | 90,881.10               |   |                      | 90,881.10               |
| 2008 Municipal Road Grant  | 18,323.72               |   | 195.00               | 18,128.72               |
| 2011 Municipal Road Grant  |                         | 175,000.00  |                      | 175,000.00              |
| New Jersey Department of Community Affairs -<br>Body Armor Grant | 21,620.76               | 3,581.00  | 5,480.00             | 19,721.76               |
| Bulletproof Vests - Federal                                      | 10,251.52               | 3,780.00  |                      | 14,031.52               |
| Highlands TDR Feasibility Grant                                  | 23,812.50               |   | 500.00               | 23,312.50               |
| Donation for Hicks Tract   |                         | 750.00  | 750.00               |                         |
| Morris County Historic Preservation Trust                        | 29,437.00               |   |                      | 29,437.00               |
| Morris County Historic Preservation Trust                        | 40,678.00               |   |                      | 40,678.00               |
| Morris County Historic Preservation - Millington Schoolhouse     | 162,712.00              |   | 162,712.00           |                         |
|  | <u>\$ 497,540.46</u>    | <u>\$ 229,337.30</u>                                | <u>\$ 193,608.47</u> | <u>\$ 533,269.29</u>    |
| <u>Ref.</u>  | A                       |   |                      | A                       |
|  |                         | Paid by Current Fund                                | <u>\$ 193,608.47</u> |                         |

TOWNSHIP OF LONG HILL  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES

|   | <u>Balance</u><br><u>Dec.31, 2010</u> | <u>Cash</u><br><u>Received</u> | <u>Budget</u><br><u>Revenue</u><br><u>Realized</u> | <u>Balance</u><br><u>Dec.31, 2011</u> |
|---|---------------------------------------|--------------------------------|--|---------------------------------------|
| Drunk Driving Enforcement Fund            | \$ 1,738.90                           | \$ 1,884.05                    | \$ 1,737.00  | \$ 1,885.95                           |
| Alcohol Education and Rehabilitation Fund | 201.36                                |                                | 201.00   | 0.36                                  |
| Body Armor                                | 3,581.63                              | 2,459.77                       | 3,581.00   | 2,460.40                              |
| Bulletproof Vests                         | 3,787.39                              |                                | 3,780.00   | 7.39                                  |
| Clean Communities                         | 1.41                                  | 16,451.30                      | 16,451.30  | 1.41                                  |
| Recycling Tonnage Grant                   | 0.49                                  | 9,317.79                       | 9,318.00   | 0.28                                  |
|   | <u>\$ 9,311.18</u>                    | <u>\$ 30,112.91</u>            | <u>\$ 35,068.30</u>                                | <u>\$ 4,355.79</u>                    |
| <u>Ref.</u>                               | A                                     |                                |  | A                                     |

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2011  
TRUST FUNDS

TOWNSHIP OF LONG HILL  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

|                                       | <u>Ref.</u> | <u>Animal Control Fund</u> | <u>Other Trust Funds</u> |
|---------------------------------------|-------------|----------------------------|--------------------------|
| Balance December 31, 2010             | B           | \$ 28,146.98               | \$ 3,198,030.13          |
| Increased by Receipts:                |             |                            |                          |
| Animal Control Fees                   |             | \$ 16,039.20               |                          |
| State Registration Fees               |             | 1,462.80                   |                          |
| Miscellaneous and Late Fees           |             | 2,340.00                   |                          |
| Developers Escrow                     |             |                            | \$ 132,324.42            |
| Reserve for Municipal Open Space:     |             |                            |                          |
| Open Space Tax Levy                   |             |                            | 258,456.00               |
| Deposits and Interest                 |             |                            | 8,120.47                 |
| Road Opening                          |             |                            | 800.00                   |
| Parking Offense Adjudication Act Fees |             |                            | 72.00                    |
| Recycling                             |             |                            | 21,377.29                |
| COAH                                  |             |                            | 25,623.15                |
| Community Day                         |             |                            | 2,420.91                 |
| Uniform Fire Safety Deposits          |             |                            | 672.00                   |
| Recreation                            |             |                            | 46,004.00                |
| Beautification Program                |             |                            | 12,500.00                |
| Due to/from Current Fund:             |             |                            |                          |
| Interfund Returned                    |             |                            | 3,904.46                 |
| Interest Earned                       |             | 223.17                     | 1,608.66                 |
| Shade Tree Donations                  |             |                            | 3,925.00                 |
| Accumulated Absences                  |             |                            | 7,500.00                 |
| Snow Removal                          |             |                            | 39,788.39                |
| Unemployment Insurance Deposits       |             |                            | 3,592.37                 |
| Tax Sale Premiums                     |             |                            | 230,879.97               |
| Special Law Enforcement               |             |                            | 15.81                    |
| Marriage- Donations                   |             |                            | 400.00                   |
|                                       |             | <u>20,065.17</u>           | <u>799,984.90</u>        |
|                                       |             | 48,212.15                  | 3,998,015.03             |
| Decreased by Disbursements:           |             |                            |                          |
| State Registration Fees               |             | 1,462.80                   |                          |
| Expenditures Under R.S. 4:19-15.11    |             | 13,348.65                  |                          |
| Due to Current Fund                   |             | 223.17                     |                          |
| Developers Escrow Refunds/Fees        |             |                            | 187,864.15               |
| Open Space Trust Expenditures         |             |                            | 53,923.00                |
| Shade Tree Expenditures               |             |                            | 8,207.00                 |
| Recreation                            |             |                            | 49,554.34                |
| Snow Removal                          |             |                            | 53,663.67                |
| State Unemployment Insurance          |             |                            | 17,035.99                |
| Community Day                         |             |                            | 8,091.80                 |
| Recycling Expenditures                |             |                            | 9,075.00                 |
| Tax Sale Premiums                     |             |                            | 6,400.00                 |
| Beautification Program                |             |                            | 371.99                   |
|                                       |             | <u>15,034.62</u>           | <u>394,186.94</u>        |
| Balance December 31, 2011             | B           | <u>\$ 33,177.53</u>        | <u>\$ 3,603,828.09</u>   |

TOWNSHIP OF LONG HILL  
ASSESSMENT TRUST FUND  
ANALYSIS OF CASH  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

TOWNSHIP OF LONG HILL  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

|                                       | <u>Ref.</u> |                            |
|---------------------------------------|-------------|----------------------------|
| Balance December 31, 2010             | B           | \$ 28,201.98               |
| Increased by:                         |             |                            |
| Animal Control Fees:                  |             |                            |
| Animal Control License Fees Collected |             | \$ 16,039.20               |
| Miscellaneous and Late Fees           |             | <u>2,340.00</u>            |
|                                       |             | <u>18,379.20</u>           |
|                                       |             | 46,581.18                  |
| Decreased by:                         |             |                            |
| Expenditures Under R.S.4:19-15.11     |             | <u>13,348.65</u>           |
| Balance December 31, 2011             | B           | <u><u>\$ 33,232.53</u></u> |

License Fees Collected

| <u>Year</u>               | <u>Amount</u>              |
|---------------------------|----------------------------|
| 2009                      | \$ 18,690.00               |
| 2010                      | <u>19,765.40</u>           |
| Maximum Allowable Reserve | <u><u>\$ 38,455.40</u></u> |

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2011  
GENERAL CAPITAL FUND

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

|   | <u>Ref.</u>     |                        |
|---|-----------------|------------------------|
| Balance December 31, 2010                             | C               | \$ 2,116,970.76        |
| Increased by:   |                 |                        |
| Proceeds from Serial Bonds Issued                     | \$ 5,599,000.00 |                        |
| Proceeds from Bond Anticipation Notes Issued          | \$ 7,369,500.00 |                        |
| Reserve to Pay Debt Service - Premium on Bond Sale    | 67,350.17       |                        |
| Reserve to Pay Debt Service - Premium on Note Sales   | 1,068.73        |                        |
| Community Development Block Grant                     | 76,700.00       |                        |
| NJ Environmental Infrastructure Trust Loan Receivable | 943,591.00      |                        |
| Due Current Fund:                                     |                 |                        |
| Interest Earned                                       | 13,346.94       |                        |
| Interfund Advanced                                    | 23,142.57       |                        |
| Received from Current Fund Budget Appropriation:      |                 |                        |
| Capital Improvement Fund                              | 126,195.00      |                        |
| Reserve for Sewer Contributions                       | 104,232.00      |                        |
|   | <hr/>           | 14,324,126.41          |
|   |                 | <hr/>                  |
|   |                 | 16,441,097.17          |
| Decreased by:   |                 |                        |
| Improvement Authorization Expenditures                | 3,399,075.48    |                        |
| Due to Current Fund as Anticipated Revenue:           |                 |                        |
| Reserve for Debt Service                              | 40,000.00       |                        |
| Due to Current Fund                                   | 13,346.94       |                        |
| Due from Federal and State Grant Fund                 | 100,000.00      |                        |
| Bond Anticipation Notes Matured                       | 10,768,950.00   |                        |
|   | <hr/>           | 14,321,372.42          |
|   |                 | <hr/>                  |
| Balance December 31, 2011                             | C               | <u>\$ 2,119,724.75</u> |

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

|  | Balance<br>(Deficit)<br>Dec. 31, 2010                  | Receipts                      |                 |               | Disbursements                 |                               |              | Transfers     |               | Balance<br>(Deficit)<br>Dec. 31, 2011 |
|--|--|-------------------------------|-----------------|---------------|-------------------------------|-------------------------------|--------------|---------------|---------------|---------------------------------------|
|  |  | Bond<br>Anticipation<br>Notes | Serial<br>Bonds | Other         | Bond<br>Anticipation<br>Notes | Improvement<br>Authorizations | Other        | From          | To            |                                       |
| Fund Balance                                 | \$ 258,735.77  |                               |                 |               |                               |                               |              |               |               | \$ 579,562.31                         |
| Capital Improvement Fund                     | 57,372.81  |                               |                 | \$ 126,195.00 |                               |                               |              | \$ 149,450.00 | \$ 470,276.54 | \$ 47,401.27                          |
| Due to Current Fund                          | (24,972.07)  |                               |                 | 36,489.51     |                               |                               |              | 147,000.00    | 10,833.46     | (1,829.50)                            |
| Due from Federal and State Grant Fund        |  |                               |                 |               |                               |                               | \$ 13,346.94 |               |               | (1,829.50)                            |
| Community Development Block Grant Receivable |  |                               |                 | 76,700.00     |                               |                               | 100,000.00   |               |               | (100,000.00)                          |
| NJEIT Receivable                             | (1,410,828.00)   |                               |                 | 943,591.00    |                               |                               |              | 76,700.00     |               | (467,237.00)                          |
| Reserve for:                                 |  |                               |                 |               |                               |                               |              |               |               |                                       |
| Payment of Debt Service                      | 48,100.00  |                               |                 | 68,418.90     |                               |                               |              |               | 40,000.00     | 153,218.90                            |
| Sewer Contributions                          | 82,824.59  |                               |                 | 104,232.00    |                               |                               |              |               |               | 187,056.59                            |
| Police Equipment                             | 4,275.00   |                               |                 |               |                               |                               |              | 4,275.00      |               |                                       |
| Fire Equipment                               | 434.00   |                               |                 |               |                               |                               |              | 434.00        |               |                                       |
| First Aid Squad Equipment                    | 4,528.75   |                               |                 |               |                               |                               |              | 4,528.75      |               |                                       |
| DPW Equipment & Rolling Stock                | 1,510.00   |                               |                 |               |                               |                               |              | 1,510.00      |               |                                       |
| Technology Equipment                         | 85.71  |                               |                 |               |                               |                               |              | 85.71         |               |                                       |
| Preliminary Costs                            | 4,112.50   |                               |                 |               |                               |                               |              |               |               | 4,112.50                              |
| <b>Ord. No.</b>                              | <b>Improvement Description</b>                         |                               |                 |               |                               |                               |              |               |               |                                       |
| 28-88  | Improvements to Sanitary Sewer                         |                               |                 | (609.00)      |                               |                               |              |               |               | (609.00)                              |
| 22-93  | Improvement of Morristown Road                         |                               |                 | (3,941.98)    |                               |                               |              |               |               | (3,941.98)                            |
| 17-94  | Resurfacing and Improvement of<br>Pleasant Plains Road |                               |                 | (22,371.55)   |                               |                               |              |               |               | (22,371.55)                           |
| 18-94  | CDBG Apartment Assessor Fund                           |                               |                 | (27,467.07)   |                               |                               |              |               |               | (27,467.07)                           |
| 19-94  | Great Swamp Watershed Assessment                       |                               |                 | (9.00)        |                               |                               |              |               |               | (9.00)                                |
| 81-01a                                       | Acquisition of Equipment                               |                               |                 | (400.00)      |                               |                               |              |               |               | (400.00)                              |
| 96-01  | Improvements to Municipal Building                     |                               |                 | (66.87)       |                               |                               |              |               |               | (66.87)                               |
| 110-02                                       | Various Improvements                                   |                               |                 | (492.00)      |                               |                               |              |               |               | (492.00)                              |
| 150-04b                                      | Acquisition of Equipment                               |                               |                 |               |                               |                               |              |               |               |                                       |
| 150-04c                                      | Construction of New Sidewalks                          |                               |                 | 3,855.87      |                               |                               | \$ 766.25    | 3,089.62      |               |                                       |
| 150-04f                                      | Acquisition of Easements of Lands                      |                               |                 | 116,845.00    |                               |                               |              | 116,845.00    |               |                                       |
| 176-05c                                      | Improvements to Sidewalks                              |                               |                 | 42,000.00     |                               |                               | 16,994.93    | 25,005.07     |               |                                       |
| 176-05g                                      | Acquisition of Easements of Lands                      |                               |                 | 204,600.00    |                               |                               |              | 204,600.00    |               |                                       |
| 203-07                                       | Improvements to Waste Water<br>Treatment System        |                               |                 | 107,278.87    |                               |                               |              |               | 98,188.87     | 9,090.00                              |
| 212-07                                       | Various Improvements                                   | \$ 3,581,000.00               | \$ 1,790,500.00 | 925,987.78    | \$ 5,371,500.00               | 13,752.07                     |              | 70,118.05     |               | 842,117.66                            |
| 229-08                                       | Various Improvements                                   | 2,190,000.00                  | 1,095,000.00    | 203,279.15    | 3,285,000.00                  | 64,684.92                     |              | 14.30         |               | 138,579.93                            |
| 247-09                                       | Improvements to the Sanitary<br>Sewerage System        |                               |                 | 1,384,795.15  |                               |                               |              |               | 1,102,092.88  | 282,702.27                            |
| 250-09                                       | Various Improvements                                   |                               | 1,027,900.00    | 340,962.30    | 1,541,850.00                  | 6,115.93                      |              | 65,463.00     |               | 268,933.37                            |
| 260-10                                       | Sanitary Sewer Improvements                            |                               |                 | 39,100.00     |                               |                               |              |               |               | 39,100.00                             |
| 264-10                                       | Purchase of Technology Equipment                       |                               |                 | 1,141.50      |                               |                               |              | 1,141.50      |               |                                       |
| 265-10                                       | Various Improvements                                   |                               | 570,600.00      | (223,696.45)  | 570,600.00                    | 928.91                        |              |               |               | 60,374.64                             |
| 270-10                                       | Refunding Bond Ordinance                               |                               |                 |               |                               | 2,016,762.17                  |              |               |               | (101,762.17)                          |

TOWNSHIP OF RANDOLPH  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH  
(Continued)

| Ord.<br>No. | Improvement Description  | Balance<br>(Deficit)<br>Dec. 31, 2010 | Receipts                      |                        |                        | Disbursements                 |                               |                      | Transfers            |                      | Balance<br>(Deficit)<br>Dec. 31, 2011 |
|-------------|--|---------------------------------------|-------------------------------|------------------------|------------------------|-------------------------------|-------------------------------|----------------------|----------------------|----------------------|---------------------------------------|
|             |  |                                       | Bond<br>Anticipation<br>Notes | Serial<br>Bonds        | Other                  | Bond<br>Anticipation<br>Notes | Improvement<br>Authorizations | Other                | From                 | To                   |                                       |
| 280-11      | Acquisition of Equipment   |                                       |                               |                        |                        |                               | \$ 9,377.23                   |                      | \$ 26,000.00         | \$ 16,622.77         |                                       |
| 281-11      | Initial Costs Associated with the Expansion<br>of Waste Water Treatment System |                                       |                               |                        |                        | 14,010.00                     |                               |                      | 16,000.00            | 1,990.00             |                                       |
| 283-11      | Acquisition of Equipment   |                                       |                               |                        |                        | 1,508.15                      |                               |                      | 44,000.00            | 42,491.85            |                                       |
| 284-11      | Acquisition of Equipment   |                                       |                               |                        |                        | 42,274.69                     |                               |                      | 114,450.00           | 72,175.31            |                                       |
| 285-11      | Acquisition of Equipment   |                                       |                               |                        |                        | 9,323.48                      |                               |                      | 27,000.00            | 17,676.52            |                                       |
| 287-11      | Purchase of Communication Equipment  |                                       |                               |                        |                        | 2,295.00                      |                               |                      | 50,000.00            | 47,705.00            |                                       |
| 289-11      | Acquisition of Fire Department Equipment                                       |                                       |                               |                        |                        |                               |                               |                      | 35,000.00            | 35,000.00            |                                       |
|             |  | <u>\$ 2,116,970.76</u>                | <u>\$ 7,369,500.00</u>        | <u>\$ 5,599,000.00</u> | <u>\$ 1,355,626.41</u> | <u>\$ 10,768,950.00</u>       | <u>\$ 3,399,075.48</u>        | <u>\$ 153,346.94</u> | <u>\$ 870,260.00</u> | <u>\$ 870,260.00</u> | <u>\$ 2,119,724.75</u>                |

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

Analysis of Balance December 31, 2011

| Ord.<br>No. | Improvement Description                                | Balance<br>Dec. 31, 2010 | 2011<br>Authorizations | Serial<br>Bonds<br>Issued | Notes Paid<br>by Bond<br>Issue | Balance<br>Dec. 31, 2011 | Expenditures         | Unexpended<br>Improvement<br>Authorizations |
|-------------|--|--------------------------|------------------------|---------------------------|--------------------------------|--------------------------|----------------------|---|
| 28-88       | Improvements to Sanitary Sewer                         | \$ 609.00                |                        |                           |                                | \$ 609.00                | \$ 609.00            |   |
| 22-93       | Improvement of Morristown Road                         | 3,941.98                 |                        |                           |                                | 3,941.98                 | 3,941.98             |   |
| 17-94       | Resurfacing and Improvement of<br>Pleasant Plains Road | 22,371.55                |                        |                           |                                | 22,371.55                | 22,371.55            |   |
| 18-94       | CDBG Accessory Apartment Fund                          | 27,467.07                |                        |                           |                                | 27,467.07                | 27,467.07            |   |
| 19-94       | Great Swamp Watershed Assessment                       | 9.00                     |                        |                           |                                | 9.00                     | 9.00                 |   |
| 81-01a      | Acquisition of Equipment                               | 400.00                   |                        |                           |                                | 400.00                   | 400.00               |   |
| 96-01       | Improvements to Municipal Building                     | 66.87                    |                        |                           |                                | 66.87                    | 66.87                |   |
| 110-02      | Various Improvements                                   | 492.00                   |                        |                           |                                | 492.00                   | 492.00               |   |
| 212-07      | Various Improvements                                   | 1,790,500.00             |                        |                           | \$ 1,790,500.00                |                          |                      |   |
| 229-08      | Various Improvements                                   | 1,095,000.00             |                        |                           | 1,095,000.00                   |                          |                      |   |
| 247-09      | Sanitary Sewerage System                               | 493,000.00               |                        |                           |                                | 493,000.00               |                      | \$ 493,000.00                               |
| 250-09      | Various Improvements                                   | 513,950.00               |                        |                           | 513,500.00                     | 450.00                   |                      | 450.00                                      |
| 265-10      | Various Improvements                                   | 285,300.00               |                        |                           | 285,000.00                     | 300.00                   |                      | 300.00                                      |
| 270-10      | Refunding Bond Ordinance                               |                          | \$ 2,800,000.00        | \$ 1,915,000.00           |                                | 885,000.00               | 101,762.17           | 783,237.83                                  |
| 287-11      | Purchase of Communication Equipment                    |                          | 300,000.00             |                           |                                | 300,000.00               |                      | 300,000.00                                  |
|             |  | <u>\$ 4,233,107.47</u>   | <u>\$ 3,100,000.00</u> | <u>\$ 1,915,000.00</u>    | <u>\$ 3,684,000.00</u>         | <u>\$ 1,734,107.47</u>   | <u>\$ 157,119.64</u> | <u>\$ 1,576,987.83</u>                      |

Ref.

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C

**TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

| Ord. No.                     | Improvement Description   | Ordinance Date | 2011 Authorizations   |                        |                          |                      |  |                        |                        |               |                       |                        |                        |
|------------------------------|---|----------------|-----------------------|------------------------|--------------------------|----------------------|--|------------------------|------------------------|---------------|-----------------------|------------------------|------------------------|
|                              |   |                | Balance Dec. 31, 2010 |                        | Capital Improvement Fund | Fund Balance         | Deferred Charges to Future Taxation - Unfunded | Paid or Charged        | Reclassification       | Cancelled     | Balance Dec. 31, 2011 |                        |                        |
|                              |   |                | Amount                | Funded                 |                          |                      |  |                        |                        |               | Unfunded              | Funded                 | Unfunded               |
| <b>General Improvements:</b> |   |                |                       |                        |                          |                      |  |                        |                        |               |                       |                        |                        |
| 150-04c                      | Construction of New Sidewalks   | 08/11/04       | 45,000.00             | \$ 3,855.87            |                          |                      |  | \$ 766.25              |                        | \$ 3,089.62   |                       |                        |                        |
| 150-04f                      | Acquisition of Easements of Lands   | 08/11/04       | 120,000.00            | 116,845.00             |                          |                      |  |                        |                        | 116,845.00    |                       |                        |                        |
| 176-05c                      | Construction of New Sidewalks   | 07/23/05       | 42,000.00             | 42,000.00              |                          |                      |  | 16,994.93              |                        | 25,005.07     |                       |                        |                        |
| 176-05g                      | Acquisition of Easements of Lands   | 07/23/05       | 210,300.00            | 204,600.00             |                          |                      |  |                        |                        | 204,600.00    |                       |                        |                        |
| 203-07                       | Improvements to Waste Water Treatment System                                | 04/25/07       | 125,000.00            | 107,278.87             |                          |                      |  | 98,188.87              |                        | \$ 9,090.00   |                       |                        |                        |
| 212-07                       | Various Improvements  | 09/12/07       | 1,880,100.00          | \$ 925,987.78          |                          |                      |  | 13,752.07              | \$ (16,000.00)         | 54,118.05     |                       | 842,117.66             |                        |
| 229-08                       | Various Improvements  | 06/25/08       | 1,150,000.00          | 203,279.15             |                          |                      |  | 64,684.92              |                        | 14.30         |                       | 138,579.93             |                        |
| 247-09                       | Improvements to the Sanitary Sewerage System                                | 07/08/09       | 2,000,000.00          | 1,384,795.15           | 493,000.00               |                      |  | 1,102,092.88           |                        |               |                       | 282,702.27             | \$ 493,000.00          |
| 250-09                       | Various Improvements  | 08/12/09       | 541,000.00            |                        | 340,962.30               |                      |  | 6,115.93               |                        | 65,463.00     |                       | 268,933.37             | 450.00                 |
| 260-10                       | Sanitary Sewer Improvements   | 04/14/10       | 70,000.00             | 39,100.00              |                          |                      |  |                        |                        |               |                       | 39,100.00              |                        |
| 264-10                       | Purchase of Technology Equipment  | 07/14/10       | 6,500.00              | 1,141.50               |                          |                      |  |                        |                        | 1,141.50      |                       |                        |                        |
| 265-10                       | Various Improvements  | 07/14/10       | 300,800.00            | 61,603.55              |                          |                      |  | 928.91                 |                        |               |                       | 60,374.64              | 300.00                 |
| 270-10                       | Refunding Bond Ordinance  | 12/01/10       | 2,800,000.00          |                        |                          |                      |  | \$ 2,800,000.00        |                        | 2,016,762.17  |                       |                        | 783,237.83             |
| 280-11                       | Acquisition of Equipment  | 05/11/11       | 26,000.00             |                        | \$ 26,000.00             |                      |  | 9,377.23               |                        |               |                       | 16,622.77              |                        |
| 281-11                       | Initial Costs Associated with the Expansion of Waste Water Treatment System | 07/20/11       | 16,000.00             |                        |                          |                      |  | 14,010.00              | 16,000.00              |               |                       | 1,990.00               |                        |
| 283-11                       | Acquisition of Equipment  | 08/17/11       | 44,000.00             |                        |                          | 44,000.00            |  | 1,508.15               |                        |               |                       | 42,491.85              |                        |
| 284-11                       | Acquisition of Equipment  | 08/17/11       | 114,450.00            |                        |                          | \$ 114,450.00        |  | 42,274.69              |                        |               |                       | 72,175.31              |                        |
| 285-11                       | Acquisition of Equipment  | 08/17/11       | 27,000.00             |                        |                          | 27,000.00            |  | 9,323.48               |                        |               |                       | 17,676.52              |                        |
| 287-11                       | Purchase of Communication Equipment   | 09/07/11       | 350,000.00            |                        |                          | 50,000.00            |  | 300,000.00             |                        | 2,295.00      |                       | 47,705.00              | 300,000.00             |
| 289-11                       | Acquisition of Fire Department Equipment                                    | 10/12/11       | 35,000.00             |                        |                          | 35,000.00            |  |                        |                        |               |                       | 35,000.00              |                        |
|                              |   |                |                       | <b>\$ 1,899,616.39</b> | <b>\$ 2,024,832.78</b>   | <b>\$ 147,000.00</b> | <b>\$ 149,450.00</b>                           | <b>\$ 3,100,000.00</b> | <b>\$ 3,399,075.48</b> | <b>\$ -0-</b> | <b>\$ 470,276.54</b>  | <b>\$ 1,874,559.32</b> | <b>\$ 1,576,987.83</b> |
|                              |   | Ref.           |                       | C                      | C                        |                      |  |                        |                        |               |                       | C                      | C                      |

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

|  | <u>Ref.</u> |                            |
|--|-------------|----------------------------|
| Balance December 31, 2010                          | C           | \$ 57,372.81               |
| Increased by:                                      |             |                            |
| Cancellation of Reserves for Various Equipment     |             | \$ 10,833.46               |
| Due from Current Fund:                             |             |                            |
| Current Fund Budget Appropriation                  |             | <u>126,195.00</u>          |
|  |             | <u>137,028.46</u>          |
|  |             | <u>194,401.27</u>          |
| Decreased by:                                      |             |                            |
| Appropriated to Finance Improvement Authorizations |             | <u>147,000.00</u>          |
| Balance December 31, 2011                          | C           | <u><u>\$ 47,401.27</u></u> |

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2011

| Ord. No. | Improvement Description | Date of                |            |            | Interest Rate | Balance Dec. 31, 2010  | Issued                 | Matured                 |
|----------|-------------------------|------------------------|------------|------------|---------------|------------------------|------------------------|-------------------------|
|          |                         | Issue of Original Note | Issue      | Maturity   |               |                        |                        |                         |
| 212-07   | Various Improvements    | 03/19/2009             | 3/18/2010  | 03/18/2011 | 0.80%         | \$ 1,790,500.00        |                        | \$ 1,790,500.00         |
|          |                         | 03/19/2009             | 3/17/2011  | 06/17/2011 | 1.25%         |                        | \$ 1,790,500.00        | 1,790,500.00            |
|          |                         | 03/19/2009             | 6/16/2011  | 07/19/2011 | 1.20%         |                        | 1,790,500.00           | 1,790,500.00            |
| 229-08   | Various Improvements    | 03/19/2009             | 3/18/2010  | 03/18/2011 | 0.80%         | 509,500.00             |                        | 509,500.00              |
|          |                         | 03/19/2009             | 3/17/2011  | 06/17/2011 | 1.25%         |                        | 509,500.00             | 509,500.00              |
|          |                         | 03/19/2009             | 6/16/2011  | 07/19/2011 | 1.20%         |                        | 509,500.00             | 509,500.00              |
| 229-08   | Various Improvements    | 11/12/2009             | 11/12/2010 | 03/18/2011 | 1.30%         | 585,500.00             |                        | 585,500.00              |
|          |                         | 11/12/2009             | 3/17/2011  | 06/17/2011 | 1.25%         |                        | 585,500.00             | 585,500.00              |
|          |                         | 11/12/2009             | 6/16/2011  | 07/19/2011 | 1.20%         |                        | 585,500.00             | 585,500.00              |
| 250-09   | Various Improvements    | 11/12/2009             | 11/12/2010 | 03/18/2011 | 1.30%         | 513,950.00             |                        | 513,950.00              |
|          |                         | 11/12/2009             | 3/17/2011  | 06/17/2011 | 1.25%         |                        | 513,950.00             | 513,950.00              |
|          |                         | 11/12/2009             | 6/16/2011  | 07/19/2011 | 1.20%         |                        | 513,950.00             | 513,950.00              |
| 265-10   | Various Improvements    | 3/17/2011              | 3/17/2011  | 06/17/2011 | 1.25%         |                        | 285,300.00             | 285,300.00              |
|          |                         | 11/12/2009             | 6/16/2011  | 07/19/2011 | 1.20%         |                        | 285,300.00             | 285,300.00              |
|          |                         |                        |            |            |               | <u>\$ 3,399,450.00</u> | <u>\$ 7,369,500.00</u> | <u>\$ 10,768,950.00</u> |
|          |                         |                        |            |            | <u>Ref.</u>   | C                      |                        |                         |
|          |                         |                        |            |            |               |                        | \$ 285,300.00          |                         |
|          |                         |                        |            |            |               |                        | 7,084,200.00           | \$ 7,084,200.00         |
|          |                         |                        |            |            |               |                        |                        | 3,684,000.00            |
|          |                         |                        |            |            |               |                        |                        | 750.00                  |
|          |                         |                        |            |            |               |                        | <u>\$ 7,369,500.00</u> | <u>\$ 10,768,950.00</u> |

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

| Purpose                         | Date of Issue | Original Issue  | Maturities of Bonds            |               | Interest Rate | Balance Dec. 31, 2010   | Issued                 | Matured                | Defeased               | Balance Dec. 31, 2011   |
|---------------------------------|---------------|-----------------|--------------------------------|---------------|---------------|-------------------------|------------------------|------------------------|------------------------|-------------------------|
|                                 |               |                 | Outstanding Dec. 31, 2011 Date | Amount        |               |                         |                        |                        |                        |                         |
| General Bonds of 2001           | 8/15/01       | \$ 6,913,000.00 |                                |               | 4.10%         | \$ 2,588,000.00         |                        | \$ 650,000.00          | \$ 1,938,000.00        |                         |
| General Bonds of 2007           | 2/15/07       | 6,450,000.00    | 2/15/12-14                     | \$ 200,000.00 | 4.00%         | 5,850,000.00            |                        | 200,000.00             |                        | \$ 5,650,000.00         |
|                                 |               |                 | 2/15/15-19                     | 375,000.00    | 4.00%         |                         |                        |                        |                        |                         |
|                                 |               |                 | 2/15/20-26                     | 400,000.00    | 4.00%         |                         |                        |                        |                        |                         |
|                                 |               |                 | 2/15/27                        | 375,000.00    | 4.00%         |                         |                        |                        |                        |                         |
| General Refunding Bonds of 2007 | 3/15/07       | 3,205,000.00    | 2/15/12-13                     | 290,000.00    | 5.00%         | 2,870,000.00            |                        | 295,000.00             |                        | 2,575,000.00            |
|                                 |               |                 | 2/15/14-15                     | 290,000.00    | 4.00%         |                         |                        |                        |                        |                         |
|                                 |               |                 | 2/15/16-17                     | 285,000.00    | 4.00%         |                         |                        |                        |                        |                         |
|                                 |               |                 | 2/15/18-19                     | 280,000.00    | 4.00%         |                         |                        |                        |                        |                         |
|                                 |               |                 | 2/15/20                        | 285,000.00    | 4.00%         |                         |                        |                        |                        |                         |
| General Bonds of 2011           | 7/18/11       | 3,684,000.00    | 7/15/12-13                     | 100,000.00    | 2.00%         |                         | \$ 3,684,000.00        |                        |                        | 3,684,000.00            |
|                                 |               |                 | 7/15/14                        | 200,000.00    | 2.00%         |                         |                        |                        |                        |                         |
|                                 |               |                 | 7/15/15-17                     | 200,000.00    | 2.50%         |                         |                        |                        |                        |                         |
|                                 |               |                 | 7/15/18-21                     | 200,000.00    | 3.00%         |                         |                        |                        |                        |                         |
|                                 |               |                 | 7/15/22                        | 200,000.00    | 3.125%        |                         |                        |                        |                        |                         |
|                                 |               |                 | 7/15/23                        | 200,000.00    | 3.25%         |                         |                        |                        |                        |                         |
|                                 |               |                 | 7/15/24-25                     | 200,000.00    | 3.50%         |                         |                        |                        |                        |                         |
|                                 |               |                 | 7/15/26                        | 200,000.00    | 3.625%        |                         |                        |                        |                        |                         |
|                                 |               |                 | 7/15/27-30                     | 200,000.00    | 4.00%         |                         |                        |                        |                        |                         |
|                                 |               |                 | 7/15/31                        | 84,000.00     | 4.00%         |                         |                        |                        |                        |                         |
| General Refunding Bonds of 2011 | 7/27/11       | 1,915,000.00    | 2/15/12-13                     | 645,000.00    | 3.00%         |                         | 1,915,000.00           |                        |                        | 1,915,000.00            |
|                                 |               |                 | 2/15/14                        | 625,000.00    | 3.00%         |                         |                        |                        |                        |                         |
|                                 |               |                 |                                |               |               | <u>\$ 11,308,000.00</u> | <u>\$ 5,599,000.00</u> | <u>\$ 1,145,000.00</u> | <u>\$ 1,938,000.00</u> | <u>\$ 13,824,000.00</u> |

Ref.

C

C

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
SCHEDULE OF NEW JERSEY WASTEWATER TREATMENT TRUST - LOAN #3

|                           | <u>Ref.</u> |                             |
|---------------------------|-------------|-----------------------------|
| Balance December 31, 2010 | C           | \$ 603,941.79               |
| Less:                     |             |                             |
| Principal Matured         |             | <u>196,768.48</u>           |
| Balance December 31, 2011 | C           | <u><u>\$ 407,173.31</u></u> |

Schedule of Principal and Interest Payments Outstanding December 31, 2011

| <u>Year</u> | <u>Interest</u>     | <u>Principal</u>     | <u>Loan Balance</u> |
|-------------|---------------------|----------------------|---------------------|
|             |                     |                      | \$ 407,173.31       |
| 2012        | \$ 8,880.00         | \$ 201,364.43        | 205,808.88          |
| 2013        | <u>3,000.00</u>     | <u>205,808.88</u>    |                     |
|             | <u>\$ 11,880.00</u> | <u>\$ 407,173.31</u> |                     |

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

|                           | <u>Ref.</u> |                 |
|---------------------------|-------------|-----------------|
| Balance December 31, 2010 | C           | \$ 1,468,457.63 |
| Decreased by:             |             |                 |
| Principal Matured         |             | 72,813.55       |
| Balance December 31, 2011 | C           | \$ 1,395,644.08 |

Schedule of Principal and Interest Payments Outstanding December 31, 2011

Trust Loan - 2001 Issue

| <u>Payment<br/>Number</u> | <u>Due<br/>Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Loan<br/>Balance</u> |
|---------------------------|---------------------|------------------|-----------------|-------------------------|
|                           |                     |                  |                 | \$ 370,000.00           |
| 4                         | 02/01/12            |                  | \$ 7,587.50     | 370,000.00              |
| 5                         | 08/01/12            | \$ 15,000.00     | 7,587.50        | 355,000.00              |
| 6                         | 02/01/13            |                  | 7,212.50        | 355,000.00              |
| 7                         | 08/01/13            | 15,000.00        | 7,212.50        | 340,000.00              |
| 8                         | 02/01/14            |                  | 6,837.50        | 340,000.00              |
| 9                         | 08/01/14            | 15,000.00        | 6,837.50        | 325,000.00              |
| 10                        | 02/01/15            |                  | 6,462.50        | 325,000.00              |
| 11                        | 08/01/15            | 15,000.00        | 6,462.50        | 310,000.00              |
| 12                        | 02/01/16            |                  | 6,087.50        | 310,000.00              |
| 13                        | 08/01/16            | 15,000.00        | 6,087.50        | 295,000.00              |
| 14                        | 02/01/17            |                  | 5,712.50        | 295,000.00              |
| 15                        | 08/01/17            | 15,000.00        | 5,712.50        | 280,000.00              |
| 16                        | 02/01/18            |                  | 5,337.50        | 280,000.00              |
| 17                        | 08/01/18            | 20,000.00        | 5,337.50        | 260,000.00              |
| 18                        | 02/01/19            |                  | 4,837.50        | 260,000.00              |
| 19                        | 08/01/19            | 20,000.00        | 4,837.50        | 240,000.00              |
| 20                        | 02/01/20            |                  | 4,437.50        | 240,000.00              |
| 21                        | 08/01/20            | 20,000.00        | 4,437.50        | 220,000.00              |
| 22                        | 02/01/21            |                  | 3,937.50        | 220,000.00              |
| 23                        | 08/01/21            | 20,000.00        | 3,937.50        | 200,000.00              |
| 24                        | 02/01/22            |                  | 3,637.50        | 200,000.00              |
| 25                        | 08/01/22            | 20,000.00        | 3,637.50        | 180,000.00              |
| 26                        | 02/01/23            |                  | 3,237.50        | 180,000.00              |
| 27                        | 08/01/23            | 20,000.00        | 3,237.50        | 160,000.00              |
| 28                        | 02/01/24            |                  | 2,837.50        | 160,000.00              |
| 29                        | 08/01/24            | 20,000.00        | 2,837.50        | 140,000.00              |
| 30                        | 02/01/25            |                  | 2,437.50        | 140,000.00              |
| 31                        | 08/01/25            | 25,000.00        | 2,437.50        | 115,000.00              |
| 32                        | 02/01/26            |                  | 1,937.50        | 115,000.00              |
| 33                        | 08/01/26            | 25,000.00        | 1,937.50        | 90,000.00               |
| 34                        | 02/01/27            |                  | 1,500.00        | 90,000.00               |
| 35                        | 08/01/27            | 25,000.00        | 1,500.00        | 65,000.00               |
| 36                        | 02/01/28            |                  | 1,000.00        | 65,000.00               |
| 37                        | 08/01/28            | 25,000.00        | 1,000.00        | 40,000.00               |
| 38                        | 02/01/29            |                  | 500.00          | 40,000.00               |
| 39                        | 08/01/29            | 25,000.00        | 500.00          |                         |
|                           |                     | \$ 355,000.00    | \$ 151,075.00   |                         |

TOWNSHIP OF LONG HILL  
GENERAL CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE  
(Continued)

Schedule of Principal Payments Outstanding December 31, 2011  
Fund Loan - 2001 Issue

| Payment<br>Number | Due<br>Date | Principal              | Loan<br>Balance |
|-------------------|-------------|------------------------|-----------------|
|                   |             |                        | \$ 1,040,644.08 |
| 4                 | 02/01/12    | \$ 19,271.18           | 1,021,372.90    |
| 5                 | 08/01/12    | 38,542.37              | 982,830.53      |
| 6                 | 02/01/13    | 19,271.18              | 963,559.35      |
| 7                 | 08/01/13    | 38,542.37              | 925,016.98      |
| 8                 | 02/01/14    | 19,271.18              | 905,745.80      |
| 9                 | 08/01/14    | 38,542.37              | 867,203.43      |
| 10                | 02/01/15    | 19,271.18              | 847,932.25      |
| 11                | 08/01/15    | 38,542.37              | 809,389.88      |
| 12                | 02/01/16    | 19,271.18              | 790,118.70      |
| 13                | 08/01/16    | 38,542.37              | 751,576.33      |
| 14                | 02/01/17    | 19,271.18              | 732,305.15      |
| 15                | 08/01/17    | 38,542.37              | 693,762.78      |
| 16                | 02/01/18    | 19,271.18              | 674,491.60      |
| 17                | 08/01/18    | 38,542.37              | 635,949.23      |
| 18                | 02/01/19    | 19,271.18              | 616,678.05      |
| 19                | 08/01/19    | 38,542.37              | 578,135.68      |
| 20                | 02/01/20    | 19,271.18              | 558,864.50      |
| 21                | 08/01/20    | 38,542.37              | 520,322.13      |
| 22                | 02/01/21    | 19,271.18              | 501,050.95      |
| 23                | 08/01/21    | 38,542.37              | 462,508.58      |
| 24                | 02/01/22    | 19,271.18              | 443,237.40      |
| 25                | 08/01/22    | 38,542.37              | 404,695.03      |
| 26                | 02/01/23    | 19,271.18              | 385,423.85      |
| 27                | 08/01/23    | 38,542.37              | 346,881.48      |
| 28                | 02/01/24    | 19,271.18              | 327,610.30      |
| 29                | 08/01/24    | 38,542.37              | 289,067.93      |
| 30                | 02/01/25    | 19,271.18              | 269,796.75      |
| 31                | 08/01/25    | 38,542.37              | 231,254.38      |
| 32                | 02/01/26    | 19,271.18              | 211,983.20      |
| 33                | 08/01/26    | 38,542.37              | 173,440.83      |
| 34                | 02/01/27    | 19,271.18              | 154,169.65      |
| 35                | 08/01/27    | 38,542.37              | 115,627.28      |
| 36                | 02/01/28    | 19,271.18              | 96,356.10       |
| 37                | 08/01/28    | 38,542.37              | 57,813.73       |
| 38                | 02/01/29    | 19,271.18              | 38,542.55       |
| 39                | 08/01/29    | 38,542.55              |                 |
|                   |             | <u>\$ 1,040,644.08</u> |                 |

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

| Ord.<br>No. | Improvement Description                                | Balance<br>Dec. 31, 2010 | 2011<br>Authorizations | Serial<br>Bonds<br>Issued | Bond<br>Anticipation<br>Notes Issued | Bond<br>Anticipation<br>Notes Redeemed | Balance<br>Dec. 31, 2011 |
|-------------|--|--------------------------|------------------------|---------------------------|--------------------------------------|--|--------------------------|
| 28-88       | Improvements to Sanitary Sewer                         | \$ 609.00                |                        |                           |                                      |  | \$ 609.00                |
| 22-93       | Improvement of Morristown Road                         | 3,941.98                 |                        |                           |                                      |  | 3,941.98                 |
| 17-94       | Resurfacing and Improvement of<br>Pleasant Plains Road | 22,371.55                |                        |                           |                                      |  | 22,371.55                |
| 18-94       | CDBG Accessory Apartment Fund                          | 27,467.07                |                        |                           |                                      |  | 27,467.07                |
| 19-94       | Great Swamp Watershed Assessment                       | 9.00                     |                        |                           |                                      |  | 9.00                     |
| 81-01a      | Acquisition of Equipment                               | 400.00                   |                        |                           |                                      |  | 400.00                   |
| 96-01       | Improvements to Municipal Building                     | 66.87                    |                        |                           |                                      |  | 66.87                    |
| 110-02      | Various Improvements                                   | 492.00                   |                        |                           |                                      |  | 492.00                   |
| 247-09      | Improvements to the Sanitary<br>Sewerage System        | 493,000.00               |                        |                           |                                      |  | 493,000.00               |
| 250-09      | Various Improvements                                   |                          |                        |                           |                                      | \$ 450.00                              | 450.00                   |
| 265-10      | Various Improvements                                   | 285,300.00               |                        |                           | \$ 285,300.00                        | 300.00                                 | 300.00                   |
| 270-10      | Refunding Bond Ordinance                               |                          | \$ 2,800,000.00        | \$ 1,915,000.00           |                                      |  | 885,000.00               |
| 287-11      | Purchase of Communication Equipment                    |                          | 300,000.00             |                           |                                      |  | 300,000.00               |
|             |  | <u>\$ 833,657.47</u>     | <u>\$ 3,100,000.00</u> | <u>\$ 1,915,000.00</u>    | <u>\$ 285,300.00</u>                 | <u>\$ 750.00</u>                       | <u>\$ 1,734,107.47</u>   |

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2011  
PARKING LOT AND FACILITIES UTILITY FUND

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
SCHEDULE OF CASH - TREASURER

|                                    | <u>Ref.</u> | <u>Operating</u>            |
|------------------------------------|-------------|-----------------------------|
| Balance December 31, 2010          | D           | \$ 265,691.39               |
| Increased by Receipts:             |             |                             |
| Parking Permits                    |             | \$ 21,239.20                |
| Rental of Facilities               |             | 18,091.20                   |
| Interest on Investments            |             | 1,305.20                    |
| Prepaid Parking Permits            |             | <u>58,000.00</u>            |
|                                    |             | <u>98,635.60</u>            |
|                                    |             | 364,326.99                  |
| Decreased by Disbursements:        |             |                             |
| 2011 Appropriation Expenditures    |             | 17,772.85                   |
| 2010 Appropriation Reserves        |             | 4,299.26                    |
| Due to Current Fund - Fund Balance |             |                             |
| Utilized as Anticipated Revenue    |             | <u>50,000.00</u>            |
|                                    |             | <u>72,072.11</u>            |
| Balance December 31, 2011          | D           | <u><u>\$ 292,254.88</u></u> |

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
ANALYSIS OF PARKING LOT AND FACILITIES CAPITAL CASH

|                                     | <u>Balance<br/>(Deficit)<br/>Dec.31,2010</u> | <u>Balance<br/>(Deficit)<br/>Dec.31,2011</u> |
|-------------------------------------|--|--|
| Due from Parking Lot and Facilities |  |  |
| Utility Operating Fund              | \$ (21,500.00)                               | \$ (21,500.00)                               |
| Reserve for Future Improvements     | 21,500.00                                    | 21,500.00                                    |
|                                     | <u>\$ -0-</u>                                | <u>\$ -0-</u>                                |

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
SCHEDULE OF FIXED CAPITAL

|   | <u>Balance</u><br><u>Dec.31, 2010</u> | <u>Balance</u><br><u>Dec.31, 2011</u> |
|---|---------------------------------------|---------------------------------------|
| Truck   | \$ 15,655.00                          | \$ 15,655.00                          |
| Traffic Signs                                       | 165.00                                | 165.00                                |
| Paving  | 3,747.96                              | 3,747.96                              |
| Line Painter  | 3,000.00                              | 3,000.00                              |
| Salt Spreader                                       | 3,345.00                              | 3,345.00                              |
| Plumber Truck                                       | 7,000.00                              | 7,000.00                              |
| Sink  | 173.89                                | 173.89                                |
| Painting  | 5,800.00                              | 5,800.00                              |
| Air Conditioning System                             | 7,370.00                              | 7,370.00                              |
| Purchase of Dump Truck                              | 11,000.00                             | 11,000.00                             |
| Floor   | 2,165.00                              | 2,165.00                              |
| Repairs to Train Station                            | 137,120.00                            | 137,120.00                            |
| Parking Meters                                      | 10,000.00                             | 10,000.00                             |
| Improvements to Millington Station<br>Café Building | <u>10,000.00</u>                      | <u>10,000.00</u>                      |
|   | <u>\$ 216,541.85</u>                  | <u>\$ 216,541.85</u>                  |
|   | D                                     | D                                     |

TOWNSHIP OF LONG HILL  
PARKING LOT AND FACILITIES UTILITY FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2011

|                       | <u>Balance</u><br><u>Dec.31, 2010</u> | <u>Balance</u><br><u>After</u><br><u>Modification</u> | <u>Paid or</u><br><u>Charged</u> | <u>Balance</u><br><u>Lapsed</u> |
|-----------------------|---------------------------------------|---|----------------------------------|---------------------------------|
| Operating:            |                                       |   |                                  |                                 |
| Other Expenses        | \$ 7,594.47                           | \$ 7,594.47   | \$ 4,299.26                      | \$ 3,295.21                     |
| Capital Improvements: |                                       |   |                                  |                                 |
| Capital Outlay        | <u>5,000.00</u>                       | <u>5,000.00</u>                                       |                                  | <u>5,000.00</u>                 |
|                       | <u>\$ 12,594.47</u>                   | <u>\$ 12,594.47</u>                                   | <u>\$ 4,299.26</u>               | <u>\$ 8,295.21</u>              |

Ref.

Analysis of Balance December 31, 2010

Appropriation Reserves:

|              |   |                     |
|--------------|---|---------------------|
| Unencumbered | D | \$ 11,555.21        |
| Encumbered   | D | <u>1,039.26</u>     |
|              |   | <u>\$ 12,594.47</u> |

TOWNSHIP OF LONG HILL  
COUNTY OF MORRIS  
2011  
PUBLIC ASSISTANCE FUND

TOWNSHIP OF RANDOLPH  
PUBLIC ASSISTANCE FUND  
SCHEDULE OF CASH - TREASURER

|                           | <u>Ref.</u> | <u>Fund<br/>Total</u> | <u>P.A.T.F. I</u>  |
|---------------------------|-------------|-----------------------|--------------------|
| Balance December 31, 2010 | E           | \$ 4,057.73           | \$ 4,057.73        |
| Increased by Receipts:    |             |                       |                    |
| Interest Earned           |             | <u>20.20</u>          | <u>20.20</u>       |
| Balance December 31, 2011 | E           | <u>\$ 4,077.93</u>    | <u>\$ 4,077.93</u> |

TOWNSHIP OF LONG HILL

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2011

TOWNSHIP OF LONG HILL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2011

| Name of Federal Agency or Department  | Name of Program  | C.F.D.A. Number | Pass Through Entity ID     | Grant Period |          | Grant Award Amount | Received      | Total Program Expenditures | Cumulative Program Expenditures |
|---|--|-----------------|----------------------------|--------------|----------|--------------------|---------------|----------------------------|---------------------------------|
|   |  |                 |                            | From         | To       |                    |               |                            |                                 |
| U.S. Department of Housing and Urban Development - (Passed Through Morris County Department of Community Development) | Community Development Block Grant - Rehabilitation of Sewer Pump Station | 14.218          | B-08-UC-34-0105            | 11/1/08      | 12/31/11 | \$ 76,700.00       | \$ 76,700.00  |                            | \$ 76,700.00                    |
| Total U.S. Department of Housing and Urban Development  |  |                 |                            |              |          |                    | 76,700.00     |                            | 76,700.00                       |
| U.S. Department of Homeland Security (Passed through New Jersey Department of Law and Public Safety)                  | Emergency Management Assistance  | 97.042          | 100-066-1200-726-YEMR      | 01/01/09     | 12/31/11 | 6,500.00           |               | \$ 1,361.44                | 6,500.00                        |
|   |  |                 |                            | 01/01/10     | 12/31/12 | 5,000.00           |               | 4,470.64                   | 4,470.64                        |
|   |  |                 |                            | 01/01/11     | 12/31/12 | 10,000.00          | 5,000.00      |                            |                                 |
| Total US Department of Homeland Security  |  |                 |                            |              |          |                    | 5,000.00      | 5,832.08                   | 10,970.64                       |
| U.S. Department of Transportation (Passed through New Jersey Department of Transportation)                            | Municipal Aid - Sidewalk Accessibility Project                           | 20.205          | 6320-480-078-AJ3-TCAP-6010 | 01/01/08     | 12/31/12 | 100,000.00         | 22,322.64     | 195.00                     | 81,871.28                       |
|   | Municipal Aid - Greenwood Drive  | 20.205          | 6320-480-078-AKN-TCAP-6010 | 01/01/10     | 12/31/10 | 250,000.00         | 62,500.00     |                            | 250,000.00                      |
| Total US Department of Transportation   |  |                 |                            |              |          |                    | 84,822.64     | 195.00                     | 331,871.28                      |
| Total Federal Awards  |  |                 |                            |              |          |                    | \$ 166,522.64 | \$ 6,027.08                | \$ 419,541.92                   |

TOWNSHIP OF LONG HILL  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2011

| New Jersey<br>Agency or Department  | Program<br>Account No.         | Name of Program   | Grant Period |          | Grant<br>Award<br>Amount | Received             | Total<br>Program<br>Expenditures | Cumulative<br>Program<br>Expenditures |
|---|--------------------------------|---|--------------|----------|--------------------------|----------------------|----------------------------------|---------------------------------------|
|   |                                |   | From         | To       |                          |                      |                                  |                                       |
| Department of Environmental<br>Protection   | 765-042-4900-<br>004-V42Y      | Clean Communities Grant                                   | 01/01/09     | 12/31/12 | \$ 16,586.92             |                      | \$ 15,480.68                     | \$ 15,862.01                          |
|   |                                |   | 01/01/11     | 12/31/12 | 16,451.30                | \$ 16,451.30         |                                  |                                       |
|   |                                |   |              |          |                          | <u>16,451.30</u>     | <u>15,480.68</u>                 | <u>15,862.01</u>                      |
|   | 752-042-4900-<br>001-V42Y-6020 | Recycling Tonnage Grant                                   | 01/01/11     | 12/31/12 | 9,317.79                 | 9,317.79             |                                  |                                       |
|   | S340404-07                     | NJ Environmental Infrastructure<br>Trust and Fund Program | 03/10/10     | 08/01/29 | 2,000,000.00             | 943,591.00           | 1,102,092.88                     | 1,224,297.73                          |
| Total Department of Environmental Protection  |                                |   |              |          |                          | <u>969,360.09</u>    | <u>1,117,573.56</u>              | <u>1,240,159.74</u>                   |
| New Jersey Highlands Council  | 09-032-080-1430                | Highlands Water Protection and<br>Planning Council Grant  | 01/01/10     | 12/31/12 | 25,000.00                |                      | 500.00                           | 1,687.50                              |
| Total New Jersey Highlands Council  |                                |   |              |          |                          |                      | <u>500.00</u>                    | <u>1,687.50</u>                       |
| Department of Health and Senior Services  | 760-098-9735-<br>Y900-001      | Alcohol Education Rehabilitation and<br>Enforcement Fund  | 01/01/04     | 12/31/12 | 3,233.06                 |                      | 1,024.95                         | 2,347.38                              |
| Total Department of Health and Senior Services  |                                |   |              |          |                          |                      | <u>1,024.95</u>                  | <u>2,347.38</u>                       |
| Department of Law and Public Safety   | 100-078-6400-<br>YYYY          | Drunk Driving Enforcement Fund                            | 01/01/09     | 12/31/12 | 3,203.00                 |                      | 1,633.76                         | 2,607.53                              |
|   |                                |   | 01/01/11     | 12/31/12 | 1,884.05                 | 1,884.05             |                                  |                                       |
|   |                                |   |              |          |                          | <u>1,884.05</u>      | <u>1,633.76</u>                  | <u>2,607.53</u>                       |
|   | 718-066-1020<br>001-YCJF       | Body Armor Replacement Program                            | 01/01/06     | 12/31/12 | 11,673.43                |                      | 5,480.00                         | 5,996.68                              |
|   |                                |   | 01/01/11     | 12/31/12 | 2,459.77                 | 2,459.77             |                                  |                                       |
|   |                                |   |              |          |                          | <u>2,459.77</u>      | <u>5,480.00</u>                  | <u>5,996.68</u>                       |
| Total Department of Law and Public Safety   |                                |   |              |          |                          | <u>4,343.82</u>      | <u>7,113.76</u>                  | <u>8,604.21</u>                       |
| Department of the State - (Passed Through<br>the County of Morris -<br>Department of Planning,<br>Development & Technology) | N/A                            | Historic Preservation Trust -<br>Millington Schoolhouse   | 01/01/10     | 12/31/11 | 162,712.00               |                      | 162,712.00                       | 162,712.00                            |
| Total State Awards  |                                |   |              |          |                          | <u>\$ 973,703.91</u> | <u>\$ 1,288,924.27</u>           | <u>\$ 1,415,510.83</u>                |

N/A - Not Applicable/Not Available

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

TOWNSHIP OF LONG HILL  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2011

Note 1. GENERAL

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

Note 2. BASIS OF PRESENTATION

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

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 4. STATE LOANS OUTSTANDING

The Township of Long Hill has the following loans outstanding as of December 31, 2011:

|  |                        |
|--|------------------------|
| NJ Wastewater Treatment Loan III           | \$ 407,173.31          |
| NJ Environmental Infrastructure Trust Loan | <u>1,395,644.08</u>    |
|  | <u>\$ 1,802,817.39</u> |

Currently, the Township is in the process of repaying the above loan balances. Current year loan receipts and disbursements on the NJ Environmental Infrastructure Trust Loan projects are reflected on the Schedules of Expenditures of State Awards.



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973-383-6699 | 973-383-6555 Fax

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

The Honorable Mayor and Members  
of the Township Committee  
Township of Long Hill  
Gillette, New Jersey

We have audited the financial statements of the Township of Long Hill, in the County of Morris (the "Township") as of, and for the years ended, December 31, 2011 and 2010 and have issued our report thereon dated May 25, 2012, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. That report also indicated that the scope of our audits did not include the general fixed assets account group. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

The Honorable Mayor and Members  
of the Township Committee  
Township of Long Hill  
Page 2

Compliance and Other Matters

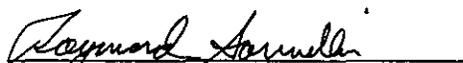
As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Township's response and we express no opinion on it.

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

Mount Arlington, New Jersey  
May 25, 2012

NISIVOCCIA LLP



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



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 200 Valley Road, Suite 300  
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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

The Honorable Mayor and Members  
 of the Township Committee  
 Township of Long Hill  
 Gillette, New Jersey

Compliance

We have audited the compliance of the Township of Long Hill in the County of Morris (the "Township") with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on its major state program for the year ended December 31, 2011. The Township's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state program is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township's compliance with those requirements.

In our opinion, the Township complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major state program for the year ended December 31, 2011.

The Honorable Mayor and Members  
of the Township Committee  
Township of Long Hill  
Page 2

### Internal Control Over Compliance

The management of the Township is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Township's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

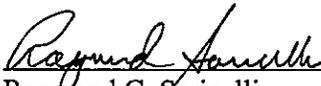
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

Mt. Arlington, NJ  
May 25, 2012

NISIVOCIA LLP

  
Raymond G. Sarinelli  
Registered Municipal Accountant #383  
Certified Public Accountant

TOWNSHIP OF LONG HILL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2011

Summary of Auditors' Results:

- A qualified report was issued on the Township's financial statements prepared on an other comprehensive basis of accounting. The scope of our audit did not include an audit of the general fixed assets account group.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the Township.
- The audit did not disclose any noncompliance that is material to the financial statements of the Township.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the Township's major state program.
- An unqualified report was issued on the Township's compliance for its major state program.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*.
- The Township was not subject to the single audit provisions of Federal OMB Circular A-133 for the year ended December 31, 2011 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The Township's major state program for the year ended December 31, 2011 consisted of the following award:

|  | State Grant Account # | Grant Expenditures |
|--|-----------------------|--------------------|
| NJ Environmental Infrastructure Trust and Fund Program | S340404-07            | \$ 1,102,092.88    |

- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04 is \$500,000.
- The threshold for determining state Type A and B programs was \$300,000. A risk-based approach was used to determine major state programs.
- The Township did not qualify as a "low-risk" auditee under the provisions of section 530 of the federal circular.

TOWNSHIP OF LONG HILL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2011

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

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

Finding 2011-1

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. The preparation of the general ledger and bank reconciliations are performed by one individual. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. While this is not unusual in operations the size of the Township, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response

Due to staffing limitations the Township recognizes that segregation of duties is not maintained up to the standards that the Auditors' would prefer or recommend, but the Township believes there are offsetting controls that minimize the segregation of duties issues. Also, Treasury provides timely and accurate monthly financial reports to the Township Administration for their review and comment.

Findings and Questioned Costs for Federal Awards:

- Not Applicable - Grant expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in Federal OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04.

TOWNSHIP OF LONG HILL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2011

The Township's prior year audit finding regarding segregation of duties has not been resolved and is included as finding 2011-1.

TOWNSHIP OF LONG HILL  
PART III  
COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2011

TOWNSHIP OF LONG HILL  
COMMENTS AND RECOMMENDATIONS

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

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

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

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

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

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

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

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

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

TOWNSHIP OF LONG HILL  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

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

Collection of Interest on Delinquent Taxes and Sewer Charges

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

On January 3, 2011, the governing body adopted the following resolutions authorizing interest to be charged on delinquent taxes and utility charges:

Interest to be charged at the rate of 18% on all delinquent taxes and utility charges in excess of \$1,500 as per N.J.S. 54:4-67 and Chap. 435-1979 and at the rate of 8% on all delinquent taxes and utility charges under \$1,500. Any taxpayer with a cumulative delinquency in excess of \$10,000 who fails to pay the delinquency prior to the end of the calendar year shall be charged with a penalty equal to six percent (6%) of the amount of the delinquency. Interest to be waived on current taxes paid within the first 10 days after due dates.

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

Discount on Prepayment of Taxes

R.S. 54:4-67 provides that the governing body of each municipality may by resolution fix the rate of discount to be allowed for payment of taxes ...previous to the date on which they would become delinquent. The rates affixed shall not exceed six (6%) percent per annum, shall be allowed only in case of payment on or before the thirtieth (30) day previous to the date on which the taxes or assessments would be delinquent.

The Governing Body adopted Resolution 11-18 authorizing a discount on prepaid taxes:

**WHEREAS**, the Township Committee wishes to adopt a discount schedule for the payment of taxes;

**NOW, THEREFORE BE IT RESOLVED** by the Township Committee of the Township of Long Hill in the County of Morris and State of New Jersey that pursuant to R.S. 54:4-67 it hereby adopts the following schedule for prepayment of local property taxes:

1. A taxpayer may prepay one-quarter, two-quarters, three-quarters, or his entire tax bill for the following year.
2. All prepayments must be received on or before 12:00 noon on the last regular business day (on which books are open) of the year in which the taxes are due.

TOWNSHIP OF LONG HILL  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Discount on Prepayment of Taxes (Cont'd)

3. The following factors shall be applied to prepayments made in accordance with paragraph 2 of this resolution:

|                |       |
|----------------|-------|
| First Quarter  | .9917 |
| Second Quarter | .9802 |
| Third Quarter  | .9674 |
| Fourth Quarter | .9562 |

4. A tax payer may not prepay the taxes for any quarter until the taxes for all the preceding quarters have been paid.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 6, 2011 and was complete with respect to all items eligible for sale.

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

| <u>Year</u> | <u>Number of Liens</u> |
|-------------|------------------------|
| 2011        | 23                     |
| 2010        | 27                     |
| 2009        | 25                     |

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

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of verification notices as follows:

| <u>Type</u>                             | <u>Number Mailed</u> |
|---|----------------------|
| Payments of 2012 Taxes                  | 20                   |
| Payments of 2011 Taxes                  | 20                   |
| Delinquent Taxes                        | 15                   |
| Payments of Water/Sewer Utility Charges | 10                   |
| Delinquent Water/Sewer Utility Charges  | 10                   |

Verification notices were mailed to confirm balances as of December 31, 2011. The items that were returned were checked and in agreement with the Township's records. For items not returned, alternative procedures were performed.

TOWNSHIP OF LONG HILL  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Technical Accounting Directives

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

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

The Township maintains general ledger, fixed assets and encumbrance accounting systems.

Municipal Court

The transactions for the year 2011 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

|                       | Balance<br>Dec. 31, 2010 | Receipts             | Disbursements        | Balance<br>Dec. 31, 2011 |
|-----------------------|--------------------------|----------------------|----------------------|--------------------------|
| Municipal Treasurer:  |                          |                      |                      |                          |
| Fines and Costs       | \$ 4,473.40              | \$ 98,259.35         | \$ 97,794.47         | \$ 4,938.28              |
| Restitution           | 32.00                    | 945.47               | 957.47               | 20.00                    |
| POAA FTA              | 8.00                     | 68.00                | 72.00                | 4.00                     |
| Weights and Measures  | 6,200.00                 | 45,250.00            | 49,700.00            | 1,750.00                 |
| Public Defender       | 75.00                    | 1,358.40             | 1,372.40             | 61.00                    |
| Conditional Discharge | 76.00                    | 544.00               | 475.00               | 145.00                   |
| County Treasurer      | 2,144.50                 | 45,311.09            | 45,279.59            | 2,176.00                 |
| State Treasurer:      |                          |                      |                      |                          |
| Fines and Costs       | 2,024.10                 | 60,652.76            | 59,081.14            | 3,595.72                 |
| Miscellaneous         | 16.37                    | 8.49                 | 16.37                | 8.49                     |
| Bail                  | 0.49                     | 16,326.53            | 15,576.49            | 750.53                   |
|                       | <u>\$ 15,049.86</u>      | <u>\$ 268,724.09</u> | <u>\$ 270,324.93</u> | <u>\$ 13,449.02</u>      |

Other Trust Funds

During our review of the Other Trust Funds, we noted that a Dedication by Rider was not obtained for all Other Trust Fund reserves.

It is recommended that a Dedication by Rider be obtained for all Other Trust Fund reserves.

Management's Response

A Dedication by Rider will be obtained for all Other Trust Fund reserves.

Appropriated Grant Reserves and Grants Receivable

The Schedule of Appropriated Reserves - Grant Funds (Schedule A-14) includes unexpended balances from prior years and the Federal and State Grant Fund grants receivable schedule includes grants receivable balances from prior years.

It is recommended that a review of the appropriated grant reserves and grants receivable be conducted to identify those grants which will be collected and disbursed and which grants should be cancelled.

TOWNSHIP OF LONG HILL  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Management's Response

A review of all appropriated grant reserves and grants receivable balances will be continued in 2012 for grants in the Federal and State Grant Fund.

Ordinance Funding

Several ordinances have deficit cash balances at year's end. This situation arises when expenditures are made from an ordinance without the related debt being issued. The Township appropriated \$55,358 in the 2012 budget to fund the deficits; therefore, no formal recommendation is warranted.

Corrective Action Plan

The Township has initiated a corrective action plan to resolve comments and recommendations from the 2010 audit report. Recommendations #2 and #3 were resolved during 2011. The other recommendations are in the current year recommendations and are in the process of being implemented where possible.

TOWNSHIP OF LONG HILL  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The Township maintain an adequate segregation of duties, where possible, with respect to the recording and treasury functions.
2. A Dedication by Rider be obtained for all Other Trust Fund reserves.
3. A review of the appropriated grant reserves and grants receivable be conducted to identify those grants which will be collected and disbursed and which grants should be cancelled.

\* \* \* \* \*