

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES

<u>RESERVE</u>	<u>BALANCE DECEMBER 31, 2009</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE DECEMBER 31, 2010</u>
Payment of Debt Service	\$ 2,998,407.88	\$ 16,873.86	\$ 892,823.17	\$ 2,122,458.57
Preliminary Expenses	151.54			151.54
Grants Receivable	381,462.62		50,000.00	331,462.62
Unallocated Receipts	<u>15,040.14</u>	<u>6,091.95</u>	<u></u>	<u>21,132.09</u>
	<u>\$ 3,395,062.18</u>	<u>\$ 22,965.81</u>	<u>\$ 942,823.17</u>	<u>\$ 2,475,204.82</u>
<u>REF.</u>	<u>C</u>			<u>C</u>
Cash	C-2	\$ 6,091.95	\$ 794,823.17	
Investments	C-16	16,873.86	98,000.00	
Deferred Charges to Future Taxation-Unfunded			<u>50,000.00</u>	
		<u>\$ 22,965.81</u>	<u>\$ 942,823.17</u>	

"C-16"

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF INVESTMENTS
U.S. GOVERNMENT SECURITIES

	<u>REF.</u>	
Balance, December 31, 2009	C	\$ 461,385.04
Increased by:		
Net Increase in Market Value	C-15	<u>16,873.86</u>
		\$ <u>478,258.90</u>
Decreased by:		
Securities Matured	C-15	<u>98,000.00</u>
Balance, December 31, 2010	C	\$ <u><u>380,258.90</u></u>

"C-17"

SCHEDULE OF DUE FROM DEVELOPERS

Balance, December 31, 2009	C	\$ 333,937.75
Balance, December 31, 2010	C	\$ <u><u>333,937.75</u></u>

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2010</u>
836	Installation of Steel Sleeve	\$ 13,400.00
1129	Acquisition of Land	690,000.00
1200	Acquisition of Land (Vartan)	175,726.38
1201	Acquisition of Land (Zeloof)	500,000.00
1223	Purchase of Johnson Farm (Grant \$3,005,784)	78,242.15
1295	Various Capital Acquisitions	516,800.00
1326	Fairview (Grant \$112,500)	375,000.00
1361A	Reconstruction Various Roads	262,200.00
1361B	Acquisition of Mason Dump Truck	<u>118,750.00</u>
		<u>\$ 2,730,118.53</u>

TOWNSHIP OF MONTGOMERY

SEWER UTILITY FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
Balance, December 31, 2009	D	\$ <u>5,187,525.44</u>	\$ <u>1,495,285.17</u>
Increased by Receipts:			
Collector	D-5	\$ 4,318,773.69	
Miscellaneous	D-2	33,890.93	
Interfunds	D-20:D-24	120,130.00	1,186.48
Budget Appropriation			
Capital Improvement Fund	D-14		129,500.00
Appropriation Refunds	D-3	12,100.60	
Bond Anticipation Notes	D-23		5,529,100.00
Loans Receivable	D-8		8,931,826.00
		\$ <u>4,484,895.22</u>	\$ <u>14,591,612.48</u>
		\$ <u>9,672,420.66</u>	\$ <u>16,086,897.65</u>
Decreased by Disbursements:			
2010 Appropriations	D-3	\$ 3,901,416.74	
2009 Appropriation Reserves	D-10	305,035.95	
Sewer Overpayment Refunds	D-9	5,429.40	
Contracts Payable	D-12		8,126,599.11
Interfunds	D-20:D-24	405,927.35	
Bond Anticipation Notes	D-23		5,529,100.00
Accrued Interest	D-19	119,500.00	
		\$ <u>4,737,309.44</u>	\$ <u>13,655,699.11</u>
Balance, December 31, 2010	D	\$ <u><u>4,935,111.22</u></u>	\$ <u><u>2,431,198.54</u></u>

"D-5"

TOWNSHIP OF MONTGOMERY
SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR

	<u>REF.</u>	<u>OPERATING</u>
Increased by Receipts:		
Consumer Accounts Receivable	D-6	\$ 4,280,203.08
Overpayments	D-9	3,117.77
Interest on Delinquent Accounts	D-2	28,972.10
Prepaid Sewer Charges	D-13	<u>6,480.74</u>
		\$ 4,318,773.69
Decreased by Disbursements:		
Payment to Treasurer: Sewer Operating Fund	D-4	\$ <u><u>4,318,773.69</u></u>

"D-6"

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance, December 31, 2009	D	\$ 399,175.53
Increased by:		
Sewer Rents Levied-Net		<u>4,365,524.23</u>
		\$ 4,764,699.76
Decreased by:		
Collection	D-2:D-5	\$ 4,280,203.08
Applied	D-2:D-13	<u>1,587.34</u>
		<u>4,281,790.42</u>
Balance, December 31, 2010	D	\$ <u><u>482,909.34</u></u>

"D-8"

TOWNSHIP OF MONTGOMERY
SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS RECEIVABLE

	<u>REF.</u>		
Increased by:			
Grants Awarded	D-15	\$	32,216,019.00
Decreased by:			
Cash Receipts	D-4		<u>8,931,826.00</u>
Balance, December 31, 2010	D	\$	<u><u>23,284,193.00</u></u>

"D-9"

SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER OVERPAYMENTS

Balance, December 31, 2009	D	\$	4,247.71
Increased by:			
Collector Receipts	D-5		<u>3,117.77</u>
		\$	<u>7,365.48</u>
Decreased by:			
Cash Disbursements	D-4		<u>5,429.40</u>
Balance, December 31, 2010	D	\$	<u><u>1,936.08</u></u>

TOWNSHIP OF MONTGOMERY

SEWER UTILITY OPERATING FUND

SCHEDULE OF 2009 APPROPRIATION RESERVES

	<u>BALANCE DECEMBER 31, 2009</u>	<u>BALANCE AFTER TRANSFERS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
Operating:				
Salaries and Wages	\$ 24,874.74	\$ 24,874.74		\$ 24,874.74
Other Expenses	282,094.80	525,161.90	305,035.95	220,125.95
Statutory Expenditures:				
Contributions to:				
Public Employees' Retirement System	1.00	1.00		1.00
Social Security System (O.A.S.I.)	<u>2,850.68</u>	<u>2,850.68</u>		<u>2,850.68</u>
	<u>\$ 309,821.22</u>	<u>\$ 552,888.32</u>	<u>\$ 305,035.95</u>	<u>\$ 247,852.37</u>
	<u>D</u>			<u>D-1</u>
Balance, December 31, 2009	D-10	\$ 309,821.22	\$	
Cash Disbursements	D-4		305,035.95	
Encumbrances Payable	D-11	<u>243,067.10</u>		
		<u>\$ 552,888.32</u>	<u>\$ 305,035.95</u>	

"D-11"

TOWNSHIP OF MONTGOMERY
SEWER UTILITY OPERATING FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2009	D	\$	243,067.10
Increased by:			
Charges to 2010 Appropriations	D-3		115,980.13
		\$	<u>359,047.23</u>
Decreased by:			
Transferred to Appropriation Reserves	D-10		<u>243,067.10</u>
Balance, December 31, 2010	D	\$	<u><u>115,980.13</u></u>

"D-12"

SEWER UTILITY CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE

Balance, December 31, 2009	D	\$	26,763,952.64
Increased by:			
Charges to Improvement Authorizations	D-15		587,958.57
		\$	<u>27,351,911.21</u>
Decreased by:			
Cash Disbursements	D-4	\$	8,126,599.11
Cancelled Contracts	D-15		<u>23,650.95</u>
			<u>8,150,250.06</u>
Balance, December 31, 2010	D	\$	<u><u>19,201,661.15</u></u>

"D-13"

TOWNSHIP OF MONTGOMERY
SEWER UTILITY OPERATING FUND
SCHEDULE OF PREPAID SEWER RENTS

	<u>REF.</u>		
Balance, December 31, 2009	D	\$	1,587.34
Increased by:			
Prepaid Sewer Rents	D-5		6,480.74
		\$	<u>8,068.08</u>
Decreased by:			
Prepayments Applied	D-6		<u>1,587.34</u>
Balance, December 31, 2010	D	\$	<u><u>6,480.74</u></u>

"D-14"

SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2009	D	\$	869,300.00
Increased by:			
Budget Appropriation	D-4		129,500.00
		\$	<u>998,800.00</u>
Decreased by:			
Appropriation to Finance Improvement Authorizations	D-15		<u>129,500.00</u>
Balance, December 31, 2010	D	\$	<u><u>869,300.00</u></u>

TOWNSHIP OF MONTGOMERY
SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2009		2009 AUTHORIZATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2010	
				FUNDED	UNFUNDED			FUNDED	UNFUNDED
99-984	Bedon Brook Watershed	10/21/99	\$ 150,000.00	\$	\$ 8,913.60	\$	\$	\$	\$ 8,913.60
03-1101	Study of Sewer Treatment Plants	05/15/03	184,000.00				(23,650.95)	23,650.95	
05-1186	Study of Sewer Treatment Plants	06/02/05	607,100.00	489,488.41				489,488.41	
06-1190	NPDC STP Acquisition	09/02/05	5,600,000.00		1,790,189.12		112,669.83		1,677,519.29
07-1228	Sewer Plant and Collection Improvements	07/20/06	410,500.00	178,237.53				178,237.53	
07-1253	Study of Sewer Treatment Plants	06/02/07	208,700.00	118,630.08				118,630.08	
08-1292A	Acquisition of Misc. Equipment	07/24/08	38,500.00	194.40				194.40	
08-1292C	Improvement to Pike Brook	07/24/08	200,000.00	95,191.48				95,191.48	
09-1320	Upgrade to Pike Brook Wastewater Treat	06/18/09	19,000,000.00	4,749,490.06			298,969.55	2,947,005.51	1,503,515.00
09-1321	Skillman Village Wastewater Treatment	06/18/09	16,000,000.00	4,810,329.12			61,494.68	3,468,388.43	1,280,466.00
09-1328	Acquisition of Misc. Equipment	07/29/10	477,000.00	346,703.14				346,703.14	
10-1362	Acquisition of Misc. Equipment	07/29/10	129,500.00			129,500.00			
10-1363	Sewer Utility Improvements	08/19/10	1,500,000.00			1,500,000.00		14,875.50	
			\$	1,228,445.04	\$ 11,358,921.90	\$ 1,629,500.00	\$ 564,307.62	7,682,145.43	\$ 5,970,413.89
		REF.		D	D		D	D	D
	Deferred Charges to Future Taxation - Unfunded Capital Improvement Fund				\$	1,500,000.00			
		D-14				129,500.00			
		D-16			\$	1,629,500.00			
	Contracts Payable	D-12			\$		587,958.57		
	Canceled - Contracts Payable	D-12					(23,650.95)		
					\$		564,307.62		

TOWNSHIP OF MONTGOMERY
SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2009	AUTHORIZED	BALANCE DECEMBER 31, 2010
	General Improvements:					
99-984	Beden Brook Watershed	10/21/1999	\$ 150,000.00	8,913.60		8,913.60
03-1101	Study of Sewer Treatment Plant	5/15/2003	184,000.00	23,650.95		23,650.95
04-1140	Pike Brook/Riverside Sewage Collection System	5/6/2004	80,000.00	4,235.10		4,235.10
05-1186	Study of Sewer Treatment Plant	6/5/2005	607,100.00	607,100.00		607,100.00
05-1190	NPDC STP Acquisition	6/5/2005	5,600,000.00	5,600,000.00		5,600,000.00
06-1226	Sewer Plant and Collection Improvements	7/20/2006	410,500.00	361,000.00		361,000.00
07-1253	Study of Sewer Treatment Plant	8/2/2007	208,700.00	208,700.00		208,700.00
08-1292	Acquisition of Equipment and Study of STP	7/24/2008	356,000.00	356,000.00		356,000.00
09-1315	Copper Translator	5/21/2009	49,500.00	49,500.00		49,500.00
09-1320	Upgrade to Pike Brook Wastewater Treatment	6/18/2009	19,000,000.00	19,000,000.00		19,000,000.00
09-1321	Skillman Village Wastewater Treatment	6/18/2009	16,000,000.00	16,000,000.00		16,000,000.00
09-1328	Acquisition of Equipment	6/18/2009	477,000.00	477,000.00		477,000.00
10-1362	Acquisition of Equipment	7/29/2010	129,500.00		129,500.00	477,000.00
10-1363	Sewer Utility Improvements	8/19/2010	1,500,000.00		1,500,000.00	129,500.00
				\$ 42,696,099.65	\$ 1,629,500.00	\$ 44,325,599.65
				REF.	D	D
					D-15	D

TOWNSHIP OF MONTGOMERY
SEWER UTILITY CAPITAL FUND

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST FUND LOANS PAYABLE

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATUREITIES OF LOANS OUTSTANDING DECEMBER 31, 2010	INTEREST RATE	ISSUED	DECREASED	BALANCE DECEMBER 31, 2010	
								DATE
Skillman - Fund Loan	2010	\$ 10,939,534.00	\$ 329,974.11	0%	\$	\$	\$ 5,939,534.00	
			329,974.13	0%	10,939,534.00	5,000,000.00		
Skillman - Trust Loan	2010	3,780,000.00	140,000.00	5.00%				
			145,000.00	5.00%				
			155,000.00	5.00%				
			160,000.00	5.00%				
			170,000.00	5.00%				
			180,000.00	5.00%				
			185,000.00	5.00%				
			195,000.00	4.00%				
			205,000.00	3.00%				
			215,000.00	3.00%				
			220,000.00	4.00%				
			230,000.00	4.00%				
			240,000.00	4.00%				
			250,000.00	4.00%				
			260,000.00	3.50%				
			265,000.00	4.00%				
			275,000.00	4.00%				
			290,000.00	4.00%				
			3,780,000.00	183,901.93	0%	3,780,000.00		3,780,000.00
	Pike Brook - Trust Loan	2010	3,310,235.00	183,902.19	0%			
Pike Brook - Fund Loan	2010	4,400,000.00	160,000.00	5.00%				
			170,000.00	5.00%				
			180,000.00	5.00%				
			190,000.00	5.00%				
			200,000.00	5.00%				
			205,000.00	5.00%				
			220,000.00	5.00%				
			230,000.00	4.00%				
			235,000.00	3.00%				
			250,000.00	3.00%				
			255,000.00	4.00%				
			265,000.00	4.00%				
			280,000.00	4.00%				
			290,000.00	4.00%				
			300,000.00	3.50%				
			310,000.00	4.00%				
			325,000.00	4.00%				
		335,000.00	4.00%					
		4,400,000.00			4,400,000.00		4,400,000.00	

TOWNSHIP OF MONTGOMERY
SEWER UTILITY CAPITAL FUND

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST FUND LOANS PAYABLE

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF LOANS OUTSTANDING DECEMBER 31, 2010		INTEREST RATE	INCREASED	DECREASED	BALANCE DECEMBER 31, 2010
			DATE	AMOUNT				
Pike Brook - Trust Loan	2010	\$ 8,111,250.00	2012-2028	\$ 426,907.89	0%			\$ 8,111,250.00
			2029	426,907.98	0%			
Pike Brook - Fund Loan	2010	1,675,000.00	8/1/12-13	65,000.00	3.00%			8,111,250.00
			8/1/14-16	70,000.00	3.00%			
			8/1/17	75,000.00	3.00%			
			8/1/18	75,000.00	4.00%			
			8/1/19-20	80,000.00	4.00%			
			8/1/21	85,000.00	4.00%			
			8/1/22-23	90,000.00	4.00%			
			8/1/24	95,000.00	4.00%			
			8/1/25	100,000.00	4.00%			
			8/1/26	105,000.00	4.13%			
8/1/27	110,000.00	4.25%						
8/1/28-29	115,000.00	4.38%						
				1,675,000.00				1,675,000.00
				\$ 32,216,019.00		\$ 5,000,000.00		27,216,019.00

REF.

D-8

D-7

D

"D-18"

TOWNSHIP OF MONTGOMERY

SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL

<u>ACCOUNT</u>	BALANCE DECEMBER 31, 2009	BALANCE DECEMBER 31, 2010
Various Sewer Utility Improvements	\$ <u>896,345.93</u>	\$ <u>896,345.93</u>
	\$ <u><u>896,345.93</u></u>	\$ <u><u>896,345.93</u></u>
<u>REF.</u>	D	D

TOWNSHIP OF MONTGOMERY
SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST

	<u>REF.</u>		
Balance, December 31, 2009	D	\$	57,576.39
Increased by:			
Budget Appropriation	D-3		132,000.00
		\$	<u>189,576.39</u>
Decreased by:			
Cash Disbursements	D-4	\$	119,500.00
Canceled	D-1		<u>32,195.56</u>
			<u>151,695.56</u>
Balance, December 31, 2010	D	\$	<u><u>37,880.83</u></u>

TOWNSHIP OF MONTGOMERY

SEWER UTILITY OPERATING FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>TRUST OTHER FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>SEWER CAPITAL FUND</u>
Balance, December 31, 2009:						
Due From	D	\$ 677,965.59	\$	\$	\$	\$ 677,965.59
Due To	D	<u>320,594.11</u>	<u>36,887.58</u>	<u>283,706.53</u>		
Increased by:						
Cash Receipts	D-4	\$ <u>120,130.00</u>	\$	\$	<u>120,130.00</u>	\$
Decreased by:						
Disbursements	D-4	\$ <u>405,927.35</u>	\$ <u>904.34</u>	<u>283,706.53</u>	<u>120,130.00</u>	<u>1,186.48</u>
Balance, December 31, 2010:						
Due From	D	\$ <u>679,152.07</u>	\$	\$	\$	\$ 679,152.07
Due To	D	<u><u>35,983.24</u></u>	<u><u>35,983.24</u></u>			

"D-21"

TOWNSHIP OF MONTGOMERY

SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>REF.</u>		
Balance, December 31, 2009	D	\$	755,259.53
Balance, December 31, 2010	D	\$	<u>755,259.53</u>

TOWNSHIP OF MONTGOMERY
SEWER UTILITY OPERATING FUND
SCHEDULE OF MISCELLANEOUS RESERVES

<u>ACCOUNT</u>	BALANCE DECEMBER 31, 2010	BALANCE DECEMBER 31, 2009
Sinking Fund	\$ 1,317,709.33	\$ 1,317,709.33
Plant Operations	<u>195,380.70</u>	<u>195,380.70</u>
	<u>\$ 1,513,090.03</u>	<u>\$ 1,513,090.03</u>
<u>REF.</u>	D	D

TOWNSHIP OF MONTGOMERY

SEWER UTILITY CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>		<u>BALANCE DECEMBER 31, 2009</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2010</u>
05-1190	NPDC STP Acquisition	1/18/2007	1/14/09 1/14/10	1/14/10 1/14/11	3.00% 1.50%		\$ 1,500,000.00	\$ 1,481,000.00	\$ 1,500,000.00	\$ 1,481,000.00
05-1190	NPDC STP Acquisition	9/26/2007	09/24/09 08/23/10	09/23/10 09/22/11	2.93% 1.50%		4,100,000.00	4,048,100.00	4,100,000.00	4,048,100.00
							<u>\$ 5,600,000.00</u>	<u>\$ 5,529,100.00</u>	<u>\$ 5,600,000.00</u>	<u>\$ 5,529,100.00</u>
						<u>REF.</u>	D	D-4		D
						Cash Disbursements			\$ 5,529,100.00	
						Notes Paid by Budget			<u>70,900.00</u>	
									<u>\$ 5,600,000.00</u>	

TOWNSHIP OF MONTGOMERY

SEWER UTILITY CAPITAL FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>TRUST OTHER FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>SEWER OPERATING FUND</u>
Balance, December 31, 2009:					
Due From	D	\$ 4,253,300.00	\$	\$ 4,253,000.00	\$
Due To	D	<u>677,965.59</u>	<u>300.00</u>		<u>677,965.59</u>
Increased by:					
Cash Receipts	D-4	\$ <u>1,186.48</u>	\$		\$ <u>1,186.48</u>
Balance, December 31, 2010:					
Due From	D	\$ 4,253,300.00	\$ 300.00	\$ 4,253,000.00	\$
Due To	D	<u><u>679,152.07</u></u>			<u><u>679,152.07</u></u>

TOWNSHIP OF MONTGOMERY

SEWER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2010</u>
99-984	Beden Brook Watershed	\$ 150,000.00
09-1320	Upgrade to Pike Brook Wastewater Treatment Plant	1,503,515.00
09-1321	Skillman Village Wastewater Treatment Plant	1,280,466.00
10-1363	Sewer Utility Improvements	<u>1,500,000.00</u>
		\$ <u><u>4,433,981.00</u></u>

TOWNSHIP OF MONTGOMERY

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

	<u>REF.</u>	<u>P.A.T.F.</u> <u>I</u>	<u>P.A.T.F.</u> <u>II</u>	<u>FUND</u> <u>TOTAL</u>
Balance, December 31, 2009	E	\$ <u>2,203.31</u>	\$ <u>1,387.86</u>	\$ <u>3,591.17</u>
Increased by:				
Interest Earned	E-4	<u>3.53</u>	<u>3.53</u>	<u>7.06</u>
Balance, December 31, 2010	E	\$ <u><u>2,206.84</u></u>	\$ <u><u>1,391.39</u></u>	\$ <u><u>3,598.23</u></u>

TOWNSHIP OF MONTGOMERY

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND
RECONCILIATION PER N.J.S.A. 40A:5-5

	<u>REF.</u>		
Balance, December 31, 2010	E-1	\$	3,598.23
Increased by:			
Cash Receipts			<u>2.94</u>
Balance, June 30, 2011		\$	<u><u>3,601.17</u></u>

<u>RECONCILIATION - June 30, 2011</u>	<u>P.A.T.F. I ACCOUNT</u>	<u>P.A.T.F. II ACCOUNT</u>	<u>TOTAL</u>
Balance on Deposit per Statement of: Bank of America:			
Account #000928703649	\$ 2,208.31	\$	\$ 2,208.31
Account #000928703665	<u> </u>	<u>1,392.86</u>	<u>1,392.86</u>
Balance, June 30, 2011	<u>\$ 2,208.31</u>	<u>\$ 1,392.86</u>	<u>\$ 3,601.17</u>

TOWNSHIP OF MONTGOMERY

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND
RECONCILIATION AS OF DECEMBER 31, 2010

	<u>REF.</u>		
Balance, December 31, 2009	E-1	\$	3,591.17
Increased by Receipts:			
Interest Earned	E-4		<u>7.06</u>
Balance, December 31, 2010	E-1	\$	<u><u>3,598.23</u></u>

<u>RECONCILIATION - DECEMBER 31, 2010</u>	<u>P.A.T.F. I ACCOUNT</u>	<u>P.A.T.F. II ACCOUNT</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:			
Bank of America:			
Account #000928703649	\$ 2,206.84	\$	\$ 2,206.84
Account #000928703665		<u>1,391.39</u>	<u>1,391.39</u>
Balance, December 31, 2010	<u>\$ 2,206.84</u>	<u>\$ 1,391.39</u>	<u>\$ 3,598.23</u>

TOWNSHIP OF MONTGOMERY
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF PUBLIC ASSISTANCE REVENUES
YEAR ENDED DECEMBER 31, 2010

	<u>P.A.T.F. I</u>	<u>P.A.T.F. II</u>	<u>FUND TOTAL</u>
Interest Earned	\$ <u>3.53</u>	\$ <u>3.53</u>	\$ <u>7.06</u>
<u>TOTAL REVENUES</u>	\$ <u><u>3.53</u></u>	\$ <u><u>3.53</u></u>	\$ <u><u>7.06</u></u>

REF.

E-1

TOWNSHIP OF MONTGOMERY

PART II

SINGLE AUDIT SECTION

REPORTS 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

REPORT ON COMPLIANCE WITH INDEPENDENT AUDITOR'S
REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR STATE FINANCIAL ASSISTANCE
PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH STATE OF NEW JERSEY OMB CIRCULAR 04-04

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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E-mail info@scnco.com

INDEPENDENT AUDITOR'S 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 Montgomery
County of Somerset
Belle Mead, New Jersey 08502

We have audited the accompanying financial statements - regulatory basis of the Township of Montgomery, County of Somerset, New Jersey as of and for the year ended December 31, 2010, and have issued our report thereon dated November 8, 2011. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Montgomery prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. In addition, our report was qualified for the omission of a Statement of General Fixed Assets. We conducted our audit in accordance with U.S. generally accepted auditing standards, audit requirements as 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 of Montgomery's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township of Montgomery's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Montgomery's internal control over financial reporting.

SUPLEE, CLOONEY & COMPANY

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we noted certain immaterial matters involving the internal control that we have reported to the Township of Montgomery in the General Comments and Recommendations Section of this report.

Compliance and Other Matters

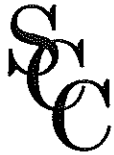
As part of obtaining reasonable assurance about whether the Township of Montgomery's financial statements - regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could 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 immaterial instances of noncompliance which are discussed in Part III, General Comments and Recommendations Section of this report.

This report is intended solely for the information of the Township of Montgomery, County of Somerset, New Jersey, the Division of Local Government Services and federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

November 8, 2011



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO MAJOR STATE
FINANCIAL ASSISTANCE PROGRAMS AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH STATE OF NEW JERSEY OMB CIRCULAR 04-04

The Honorable Mayor and Members
of the Township Committee
Township of Montgomery
County of Somerset
Belle Mead, New Jersey 08502

Compliance

We have audited the compliance of the Township of Montgomery, County of Somerset, with the types of compliance requirements described in the State of New Jersey, Department of Treasury, Office of Management and Budget's State Grant Compliance Supplement that is applicable to each of its major state programs for the year ended December 31, 2010. The Township of Montgomery's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Township of Montgomery's management. Our responsibility is to express an opinion on the Township of Montgomery's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133 "Audits of States, Local Governments and Non-Profit Organizations" and State of New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions 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 of Montgomery'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 of Montgomery's compliance with those requirements.

SUPLEE, CLOONEY & COMPANY

In our opinion, the Township of Montgomery complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2010.

Internal Control Over Compliance

The management of the Township of Montgomery is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Township of Montgomery'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Our consideration of the 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 that might be 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 for the information of the Township of Montgomery, County of Somerset, New Jersey, the Division of Local Government Services and federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

November 8, 2011

TOWNSHIP OF MONTGOMERY

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

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE ACCOUNT NUMBER	GRANT PERIOD FROM TO	GRANT AWARD AMOUNT	2010 FUNDS RECEIVED	2010 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2010
<u>U.S. FORESTRY SERVICES</u>							
PASS THROUGH STATE OF NEW JERSEY BUREAU OF FORESTRY	20.219	N/A	1/1/10 12/31/10	\$ 7,000.00	\$	\$ 7,000.00	\$ 7,000.00
Van Home Park							
<u>U.S. DEPARTMENT OF JUSTICE</u>							
PASS THROUGH STATE OF NEW JERSEY DIVISION TRAFFIC SAFETY	20.602		Prior Year	\$ 2,230.72	\$	\$ 2,230.72	\$ 2,230.72
Child Passenger Safety	20.602		1/1/10 12/31/10	5,000.00	5,000.00	5,000.00	5,000.00
Over the Limit Under Arrest	20.602		Prior Year	1,972.84		1,972.84	1,972.84
Over the Limit Under Arrest	20.602		1/1/10 12/31/10	4,400.00	4,400.00	4,400.00	4,400.00
Click It or Ticket	20.602		Prior Year	1,502.39		1,502.39	1,502.39
Click It or Ticket	20.602		1/1/10 12/31/10	4,000.00	4,000.00	4,000.00	4,000.00
				\$ 13,400.00	\$ 19,105.95	\$ 19,105.95	
<u>DEPARTMENT OF JUSTICE</u>							
Bulletproof Vest Partnership Program	16.607		Various	\$ 3,776.48	\$ 3,776.48	\$ 654.50	\$ 654.50
Cops Technology Grant	16.710	2008CKWX0498	12/26/2007 3/31/2011	233,825.00	226,622.35	9,667.25	233,825.00
				\$ 230,398.83	\$ 10,321.75	\$ 234,479.50	\$ 234,479.50
				\$ 243,799.83	\$ 36,427.70	\$ 260,585.45	\$ 260,585.45

TOWNSHIP OF MONTGOMERY

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2010

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD FROM TO	GRANT AWARD AMOUNT	2010 RECEIVED	2010 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2010
Pass through County of Somerset Municipal Alliance Green Trust - Schafer Tract	N/A N/A	1/1/10 12/31/10 1/1/10 12/31/10	\$ 20,418.00 \$ 117,526.23	\$ 20,418.00 \$ 117,526.23	\$ 20,418.00 \$ 117,526.23	\$ 20,418.00 \$ 117,526.23
Department of Environmental Protection Municipal Stormwater Grant Clean Communities Program Clean Communities Program Open Space - Vartan #1813-96-004 Open Space - Vartan #1813-96-004 Open Space - KBA #1813-96-004 Recycling Tonnage Grant	N/A 4900-765-042-4900-004-V42Y-6020 4900-765-042-4900-004-V42Y-6020 4800-545-042-4800-003-V22G-6020 4800-533-042-4800-003-V22G-6020 4800-533-042-4800-003-V22G-6020	1/1/08 12/31/08 Prior Years 1/1/10 12/31/10 1/1/10 12/31/10 1/1/07 12/31/07 1/1/07 12/31/07 Prior Years	\$ 20,086.00 \$ 95,924.49 \$ 50,317.98 \$ 300,000.00 \$ 724,273.62 \$ 193,034.00 \$ 67,520.65	\$ 20,086.00 \$ 95,924.49 \$ 42,403.07 \$ 300,000.00 \$ 724,273.62 \$ 193,034.00 \$ 67,517.65	\$ 20,086.00 \$ 95,924.49 \$ 42,403.07 \$ 300,000.00 \$ 724,273.62 \$ 193,034.00 \$ 67,517.65	\$ 20,086.00 \$ 95,924.49 \$ 42,403.07 \$ 300,000.00 \$ 724,273.62 \$ 193,034.00 \$ 67,517.65
Department of Law and Public Safety Drunk Driving Enforcement Fund Drunk Driving Enforcement Fund Body Armor Replacement Fund - 2010 Alcohol Education and Rehabilitation Fund	6400-100-078-6400-YYYY 6400-100-078-6400-YYYY 1020-718-066-1020-001-YCJS-6120 9735-760-098-Y900-001-X100-6020	Prior Years 1/1/10 12/31/10 1/14/10 12/31/10 Prior Years	\$ 1,162.02 \$ 2,994.79 \$ 4,097.95 \$ 160.64	\$ 1,162.02 \$ 2,994.79 \$ 4,097.95 \$ 160.64	\$ 1,162.02 \$ 2,295.51 \$ 2,295.51	\$ 1,162.02 \$ 2,295.51 \$ 2,295.51
Department of Health Health Services Grant Health Services Grant Comprehensive Tobacco Control Public Health Mini Collaborative	6100-100-051-07 6320-480-078-6320-AJ3-TCAP-6010 6320-480-078-6320-AJ2-TCAP-6010	1/1/10 12/31/10 Prior Years Prior Years Continuous	\$ 16,825.00 \$ 63,738.00 \$ 300.00 \$ 3,000.00	\$ 15,467.00 \$ 63,738.00 \$ 300.00 \$ 3,000.00	\$ 16,846.65 \$ 27,034.82 \$ 300.00 \$ 1,500.00	\$ 16,846.65 \$ 63,738.00 \$ 300.00 \$ 1,500.00
Department of Transportation Safe Corridors Fairview Road Project Springhill Road Project Cherry Valley Road	6100-100-051-07 6320-480-078-6320-AJ3-TCAP-6010 6320-480-078-6320-AJ2-TCAP-6010	Prior Years Continuous Continuous Continuous	\$ 50,936.99 \$ 150,000.00 \$ 200,000.00 \$ 215,000.00	\$ 50,936.99 \$ 37,500.00 \$ 50,000.00 \$ 50,000.00	\$ 50,936.99 \$ 37,500.00 \$ 50,000.00 \$ 50,000.00	\$ 50,936.99 \$ 150,000.00 \$ 200,000.00 \$ 200,000.00
			\$ 1,259,710.69	\$ 1,309,397.99	\$ 1,309,397.99	\$ 1,317,497.99
			\$ 7,092.74	\$ 3,457.53	\$ 3,457.53	\$ 3,457.53
			\$ 16,825.00	\$ 15,467.00	\$ 16,846.65	\$ 16,846.65
			\$ 63,738.00	\$ 63,738.00	\$ 27,034.82	\$ 63,738.00
			\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00
			\$ 3,000.00	\$ 3,000.00	\$ 1,500.00	\$ 1,500.00
			\$ 79,205.00	\$ 45,481.47	\$ 45,481.47	\$ 82,184.65
			\$ 50,936.99	\$ 50,936.99	\$ 50,936.99	\$ 50,936.99
			\$ 150,000.00	\$ 37,500.00	\$ 37,500.00	\$ 150,000.00
			\$ 200,000.00	\$ 50,000.00	\$ 50,000.00	\$ 200,000.00
			\$ 215,000.00	\$ 215,000.00	\$ 215,000.00	\$ 200,000.00
			\$ 87,500.00	\$ 138,436.99	\$ 138,436.99	\$ 400,936.99
			\$ 1,571,452.66	\$ 1,634,718.21	\$ 1,634,718.21	\$ 1,942,021.39

TOWNSHIP OF MONTGOMERY

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2010

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state financial awards of the Township of Montgomery, County of Somerset, New Jersey. All federal and state financial awards received directly from federal or state agencies, as well as federal financial awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Township's financial statements - regulatory basis.

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. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's regulatory basis financial statements. These amounts are reported in either the Current Fund, Grant Fund, General Capital Fund or Trust Other Fund. Reconciliations of revenues and expenses are presented on the following page.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS
(CONTINUED)

Revenues:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 243,798.83	\$ 149,118.81	\$ 52,746.08	\$ 445,663.72
Trust Fund		25,460.80		25,460.80
General Capital Fund	<u> </u>	<u>1,396,873.05</u>	<u> </u>	<u>1,396,873.05</u>
	<u>\$ 243,798.83</u>	<u>\$ 1,571,452.66</u>	<u>\$ 52,746.08</u>	<u>\$ 1,867,997.57</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 36,427.70	\$ 212,384.36	\$ 19,521.99	\$ 268,334.05
Trust Fund		25,460.80		25,460.80
General Capital Fund	<u> </u>	<u>1,396,873.05</u>	<u> </u>	<u>1,396,873.05</u>
	<u>\$ 36,427.70</u>	<u>\$ 1,634,718.21</u>	<u>\$ 19,521.99</u>	<u>\$ 1,690,667.90</u>

NOTE 5. OTHER

Matching contributions expended by the Township in accordance with terms of the various grants are not reported in the accompanying schedule.

TOWNSHIP OF MONTGOMERY
SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|--|-----------|
| (1) Type of Auditor Report Issued: | Qualified |
| (2) Internal Control Over Financial Reporting: | |
| (a) Material weakness identified? | No |
| (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) Noncompliance material to the financial statements noted ? | No |

Federal Program(s)

Not Applicable

State Program(s)

- | | |
|---|---------------|
| (1) Internal Control Over Major State Programs: | |
| (a) Material weakness identified? | No |
| (b) Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| (2) Type of Auditor's Report issued on compliance for major state program(s). | Unqualified |
| (3) Any audit findings disclosed that are required to be reported in accordance with Circular OMB 04-04 and listed in Section III of this schedule? | None Reported |

TOWNSHIP OF MONTGOMERY
SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Section I - Summary of Auditor's Results (Continued)

(4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>	<u>Grant Period</u>		<u>Type</u>		<u>Award Amount</u>		<u>Amounts Expended</u>
		<u>From</u>	<u>To</u>					
Green Acres	4800-727-042-4800 002-V22G-6020	01/01/10	12/31/10	A	\$	1,217,307.62	\$	1,217,307.62

(5) Program Threshold Determination:

Type A State Program Threshold > \$300,000.00
 Type B State Program Threshold <= \$300,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular A-133? No

Section II - Financial Statement Audit - Reported Findings Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III - Findings and Questioned Costs Relative to Major State Programs

State Programs - None Reported

Status of Prior Year Audit Findings

Not Applicable

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PART III

TOWNSHIP OF MONTGOMERY

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

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

	YEAR 2010		YEAR 2009	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 5,507,146.00	4.76	\$ 5,262,470.00	4.50
Miscellaneous-From Other Than Local				
Property Tax Levies	11,361,200.92	9.82	13,702,141.43	11.72
Collection of Delinquent Taxes and				
Tax Title Liens	825,695.67	0.71	677,997.02	0.58
Collection of Current Tax Levy	<u>97,996,456.48</u>	<u>84.71</u>	<u>97,265,898.20</u>	<u>83.20</u>
<u>TOTAL INCOME</u>	<u>\$ 115,690,499.07</u>	<u>100.00%</u>	<u>\$ 116,908,506.65</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 24,622,721.36	22.06	\$ 26,356,139.55	23.42
County Taxes	16,030,016.29	14.36	17,049,975.46	15.15
School Taxes	67,714,749.00	60.67	66,066,739.00	58.71
Municipal Open Space Taxes	1,502,963.89	1.35	1,505,351.60	1.34
Special District Taxes	1,553,550.00	1.39	1,516,015.00	1.35
Other	<u>180,055.22</u>	<u>0.16</u>	<u>33,215.80</u>	<u>0.03</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 111,604,055.76</u>	<u>100.00%</u>	<u>\$ 112,527,436.41</u>	<u>100.00%</u>
Excess in Revenue	\$ 4,086,443.31		\$ 4,381,070.24	
Fund Balance, January 1	<u>7,025,687.31</u>		<u>7,907,087.07</u>	
	\$ 11,112,130.62		\$ 12,288,157.31	
Less: Utilization as Anticipated Revenue	<u>5,507,146.00</u>		<u>5,262,470.00</u>	
Fund Balance, December 31	<u>\$ 5,604,984.62</u>		<u>\$ 7,025,687.31</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE-SEWER UTILITY FUND

	YEAR 2010		YEAR 2009	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,152,610.00	19.95	\$ 1,220,000.00	22.49
Collection of Sewer Use Charges	4,281,790.42	74.11	3,796,292.45	70.00
Miscellaneous-From Other Than Sewer Use	342,910.96	5.94	407,236.49	7.51
<u>TOTAL INCOME</u>	<u>\$ 5,777,311.38</u>	<u>100.00%</u>	<u>\$ 5,423,528.94</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 3,052,210.00	67.33	\$ 2,909,823.00	67.20
Deferred Charges and Statutory Expenditures	159,415.00	3.52	134,972.00	3.12
Debt Service	202,900.00	4.48	147,755.42	3.41
Capital Improvements	129,500.00	2.86	477,000.00	11.02
Surplus (General Budget)	989,160.00	21.82	659,540.00	15.23
Other			750.81	0.02
<u>TOTAL EXPENDITURES</u>	<u>\$ 4,533,185.00</u>	<u>100.00%</u>	<u>\$ 4,329,841.23</u>	<u>100.00%</u>
Excess in Revenue	\$ 1,244,126.38		\$ 1,093,687.71	
Fund Balance, January 1	<u>3,415,507.13</u>		<u>3,541,819.42</u>	
	\$ 4,659,633.51		\$ 4,635,507.13	
Decreased by:				
Utilization as Anticipated Revenue	<u>1,152,610.00</u>		<u>1,220,000.00</u>	
Fund Balance, December 31	<u>\$ 3,507,023.51</u>		<u>\$ 3,415,507.13</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Rate	<u>\$2.595</u>	<u>\$2.567</u>	<u>\$2.514</u>
Appointment of Tax Rate:			
Municipal	\$0.299	\$0.300	\$0.300
Municipal Open Space	0.040	0.039	0.039
County	0.342	0.362	0.352
County Open Space	0.039	0.041	0.039
County Library	0.047	0.050	0.048
Local District School	<u>1.828</u>	<u>1.775</u>	<u>1.736</u>

Assessed Valuation:

2010	\$ <u>3,751,709,034.00</u>		
2009		\$ <u>3,766,716,686.00</u>	
2008			\$ <u>3,762,277,120.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CURRENTLY</u>	
		<u>CASH COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2010	\$99,080,618.21	\$97,996,456.48	98.91%
2009	98,265,141.24	97,265,898.20	98.98%
2008	96,500,250.30	95,683,874.06	99.15%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2010	\$204,091.25	\$784,615.16	\$988,706.41	1.00%
2009	174,723.01	846,219.16	1,020,942.17	1.04%
2008	165,077.87	717,949.63	883,027.50	0.92%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>YEAR</u>	<u>AMOUNT</u>
2010	\$115,210.00
2009	115,210.00
2008	115,210.00

COMPARISON OF SEWER UTILITY LEVIES

<u>YEAR</u>	<u>LEVY</u>	<u>CASH COLLECTIONS *</u>
2010	\$ 4,365,524.23	\$ 4,281,790.42
2009	4,141,150.65	3,796,292.45
2008	3,234,785.21	3,235,551.91

* Includes Collection of Prior Year Levies

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE</u> <u>DECEMBER 31</u>	<u>UTILIZED</u> <u>IN BUDGET OF</u> <u>SUCCEEDING YEAR</u>
Current Fund	2010	\$ 5,604,984.62	\$ 5,300,000.00
	2009	7,025,687.31	5,507,146.00
	2008	7,907,087.07	5,262,470.00
	2007	5,361,070.53	5,000,300.00
	2006	8,990,491.21	8,800,000.00
Sewer Utility Operating Fund	2010	\$ 3,507,023.51	\$ 1,100,000.00
	2009	3,415,507.13	1,152,610.00
	2008	3,541,819.42	1,220,000.00
	2007	3,790,390.04	1,100,000.00
	2006	3,371,052.90	850,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF SURETY</u>
Mark Caliguire	Mayor		
Kacey Dyer	Deputy Mayor		
Thom Carter	Committeeman		
Brad Fay	Committeeman		
Louise Wilson	Committeewoman		
Kristina P. Hadinger	Attorney		
Donato Nieman	Administrator		
Donna Kukla	Township Clerk		
Walter Sheppard	Chief Financial Officer		
Randy W. Bahr	Tax Collector	1,000,000.00	M.J.J.I.F.
Claire Higgins	Assistant Chief Financial Officer		
Gina Rojek	Senior Financial Aide		
Eric Perkins	Magistrate	1,000,000.00	M.J.J.I.F.
Marilyn Staats	Court Administrator	1,000,000.00	M.J.J.I.F.
Judy Norris	Deputy Court Administrator		
Robert Palmer	Police Captain/Director		
John Marold	Construction Code Official		
Gail Smith	Municipal Engineer		

All other employees were covered under a blanket bond in the amount of \$950,000.00 issued by the Mid Jersey Joint Insurance Fund (M.J.J.I.F.)

All bonds were examined and were properly executed.

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GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED
TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c.198 (C.40A:11-3), except by contract or agreement.

Effective July 1, 2010, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$26,000.00. In accordance with N.J.S.A. 40A:11-3 and authorized by a resolution dated July 1, 2010 of the governing body, the bid threshold for all purchases made by the Township's qualified purchasing agent is \$36,000.00.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute the Counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

Sewer Chemicals
Chip Sealing
Purchase of Dump Truck

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. Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$36,000.00 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The minutes indicate that resolution authorizing contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 was advertised during 2010 for the following professional services:

Township Auditor
Township Engineer
Township Attorney
Bond Counsel
Township Planner

Risk Management Consultant
Appraisal Services
Financial Advisors
Appraisal Services

COLLECTION OF INTEREST ON DELINQUENT
TAXES AND ASSESSMENTS

The governing body on January 7, 2010 adopted the following resolution authorizing interest to be charged on delinquent taxes.

WHEREAS, N.J.S.A. 54:4-67 permits the Township to establish by resolution the rate of interest to be charged for the nonpayment of taxes or assessments on any installment which is not made within the tenth calendar day following the date upon which same became due and payable; and

WHEREAS, Chapter 75, P.L. 1991, now permits the governing body to establish a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year: and

WHEREAS, the Township Committee of the Township of Montgomery finds it to be in the best interests of the Township to establish said penalty.

BE IT RESOLVED By the Township Committee of the Township of Montgomery as follows:

1. Pursuant to N.J.S.A. 54:4-67, the Township Committee of the Township of Montgomery reaffirms that the following interest shall be charged for the nonpayment of taxes or assessments on any installment which is not made within the tenth calendar day following the date upon which same became payable: 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00, to be calculated from the date the tax was payable until the date of actual payment. The term "delinquent" as used herein shall mean the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters or years.
2. In addition, the Township Committee hereby fixes as a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year an additional sum of 6% of the amount of the delinquency.

BE IT RESOLVED, that the Tax Collector is hereby authorized to waive the interest charge on delinquent taxes where payment is received within 10 days after the due date and that any installment receiver after the expiration of this grace period bear interest from the due date.

It appears from an examination of the records that interest was collected in accordance with the forgoing resolution.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on August 17, 2010 and was complete.

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

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2010	21
2009	21
2008	21

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 tax paying basis.

CONFIRMATION OF DELINQUENT TAXES
AND OTHER CHARGES

A confirmation 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</u>
Delinquent Tax Positive Confirmation	25
Delinquent Utility Rent Positive Confirmation	25
Information Tax Current Positive Confirmation	25
Information Utility Rent Positive Confirmation	25

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. References to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year.

Departments

Cash receipts were not deposited within 48 hours per N.J.S.A 40A:5-15.

OTHER COMMENTS (CONTINUED)

Purchasing

Purchases were made under state contracts for goods/services, but were not authorized by resolution of the governing body per N.J.A.C. 5:34-7.29.

Fixed Assets

The Township has not updated its fixed assets ledger.

Finance

During the course of our audit, we noted there were mispostings to the receipts record.

The month end bank reconciliations had numerous reconciling items that needed to be adjusted for audit.

There are many outstanding receivable and reserve balances that should be reviewed for liquidation or cancellation.

Payroll

We noted that the person who processes the payroll also reconciles the net payroll and payroll agency bank accounts.

The payroll agency account analysis at year end contains deficit balances.

RECOMMENDATIONS

That all departmental receipts be deposited or remitted to the Treasurer within 48 hours per N.J.S.A. 40A:5-15.

That all purchases made under state contract that are in excess of the bid threshold be awarded by resolution of the governing body.

That the Township update its fixed asset ledger.

That greater care be taken in the posting of all cash receipts.

That all reconciling items on the month end bank reconciliations be investigated prior to audit.

That outstanding receivable and reserve balances be investigated for cancellation.

That an individual other than the person that processes the payroll reconciles the payroll and payroll agency bank accounts.

That the deficits in the payroll agency account be investigated.

That all interfund balances be liquidated.



