

TOWNSHIP OF LONG HILL

COUNTY OF MORRIS

REPORT OF AUDIT

2012

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF LONG HILL

COUNTY OF MORRIS

REPORT OF AUDIT

2012

TOWNSHIP OF LONG HILL
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TOWNSHIP OF LONG HILL

PART I

FINANCIAL STATEMENTS AND

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2012

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* - of the various funds of the Township of Long Hill, in the County of Morris (the "Township") as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, as listed in the foregoing table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which 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 as described in Note 1 to the financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. Except as discussed in the eighth paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Honorable Mayor and Members
of the Township Committee
Township of Long Hill
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles 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, 2012 and 2011, or the changes in financial position or where applicable, cash flow thereof, for the years then ended.

Basis for Qualified Opinion

The Township's general fixed assets group is stated at historical cost or estimated historical cost in the accompanying financial statements. The basis of accounting is not in conformity with U.S. generally accepted accounting principles but is in accordance with the accounting principles prescribed by the Division. As described in Note 1, based upon the underlying accounting records, we have not audited the general fixed assets account group.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects on December 31, 2012 and 2011 financial statements of the matter described in the *Basis for Qualified Opinion paragraph*, 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, 2012 and 2011, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended in accordance with accounting principles, on the basis of the financial reporting provisions prescribed by the Division, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are 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 Non-profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the financial statements.

The Honorable Mayor and Members
of the Township Committee
Township of Long Hill
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The supplementary data schedules 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2013 on our consideration of the Township of Long Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Township of Long Hill's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
May 8, 2013

NISIVOC CIA LLP



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

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2012
CURRENT FUND

TOWNSHIP OF LONG HILL
CURRENT FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	3,416,288.21	\$ 2,796,768.54
Change Funds		400.00	400.00
		<u>3,416,688.21</u>	<u>2,797,168.54</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	632,017.55	693,271.14
Tax Title Liens Receivable	A-8	246,512.22	205,934.35
Property Acquired for Taxes at Assessed Valuation		330,525.00	330,525.00
Sewer Charges Receivable	A-10	109,143.28	94,215.00
Revenue Accounts Receivable	A-9	4,037.38	4,938.28
Due from:			
Animal Control Fund	B	2,906.60	
Prepaid Local School Taxes	A-12	5.00	
Total Receivables and Other Assets With Full Reserves		<u>1,325,147.03</u>	<u>1,328,883.77</u>
Deferred Charges:			
Emergency Authorizations (N.J.S.A. 40A:4-46)	A-3	150,000.00	114,850.00
Total Regular Fund		<u>4,891,835.24</u>	<u>4,240,902.31</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-4	147,508.16	36,860.24
Federal and State Grants Receivable	A-6	92,103.24	600,764.84
Total Federal and State Grant Fund		<u>239,611.40</u>	<u>637,625.08</u>
TOTAL ASSETS		<u><u>\$ 5,131,446.64</u></u>	<u><u>\$ 4,878,527.39</u></u>

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

	Ref.	December 31,	
		2012	2011
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 1,036,347.75	\$ 722,315.53
Encumbered	A-3;A-11	298,337.93	214,004.20
		<u>1,334,685.68</u>	<u>936,319.73</u>
Accounts Payable-Vendors		2,092.57	2,912.34
County Taxes Payable		8,710.94	3,173.05
Prepaid Taxes		570,175.11	528,962.02
Tax Overpayments		3,521.74	35,568.17
Sewer Overpayments		1,379.29	6,618.92
Due to Other Trust Fund	B	30,696.40	38,986.46
Due to General Capital Fund	C		1,829.50
Due to State of New Jersey:			
Building Surcharge Fees		3,077.00	1,892.00
Marriage Licenses Fees		300.00	150.00
Veterans' and Senior Citizens' Deductions		8,078.92	5,612.82
Reserve for:			
Emergency Appropriation - Hurricane Sandy		131,973.47	
Third Party Liens		47,863.61	
Uncollectible Grants		2,920.74	75,000.00
Tax Appeals		275,000.00	150,000.00
		<u>2,420,475.47</u>	<u>1,787,025.01</u>
Reserve for Receivables and Other Assets		1,325,147.03	1,328,883.77
Fund Balance	A-1	1,146,212.74	1,124,993.53
		<u>4,891,835.24</u>	<u>4,240,902.31</u>
Federal and State Grant Fund:			
Due to General Capital Fund	C		100,000.00
Unappropriated Reserves	A-15	19,609.99	4,355.79
Appropriated Reserves	A-14	220,001.41	533,269.29
		<u>239,611.40</u>	<u>637,625.08</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u><u>\$ 5,131,446.64</u></u>	<u><u>\$ 4,878,527.39</u></u>

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

	Year Ended December 31,	
	2012	2011
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 650,000.00	\$ 475,000.00
Miscellaneous Revenue Anticipated	4,102,146.43	4,268,548.85
Receipts from:		
Delinquent Taxes	682,207.16	635,696.36
Current Taxes	35,801,001.36	35,630,937.07
Nonbudget Revenue	186,170.28	170,942.39
Other Credits to Income:		
Accounts Payable Cancelled	2,751.84	15,335.52
Unexpended Balance of Appropriation Reserves	307,235.77	205,406.83
 Total Income	 <u>41,731,512.84</u>	 <u>41,401,867.02</u>
<u>Expenditures</u>		
Budget Appropriations:		
Municipal Purposes	14,069,856.95	13,769,633.42
County Taxes	4,167,170.28	4,248,187.92
Local School District Taxes	15,069,602.00	15,243,128.00
Regional High School District Taxes	7,511,953.76	7,254,877.77
Municipal Open Space Taxes	255,824.00	258,639.29
Interfunds Advanced	2,911.60	
Prior Year Senior Citizens Deductions Disallowed	750.00	250.00
Refund of Prior Year Revenue	7,225.04	39,913.05
Reserve for Pending Tax Appeals	125,000.00	75,000.00
Total Expenditures	<u>41,210,293.63</u>	<u>40,889,629.45</u>
 Excess in Revenue	 521,219.21	 512,237.57

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

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2012</u>	<u>2011</u>
Adjustments Before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges To Budget of Succeeding Year		\$ 150,000.00	\$ 114,850.00
Statutory Excess to Fund Balance		671,219.21	627,087.57
<u>Fund Balance</u>			
Balance January 1		1,124,993.53	972,905.96
		1,796,212.74	1,599,993.53
Decreased by:			
Utilized as Anticipated Revenue		650,000.00	475,000.00
Balance December 31	A	\$ 1,146,212.74	\$ 1,124,993.53

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, 2012

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or Deficit *</u>
	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>		
Fund Balance Appropriated	\$ 650,000.00		\$ 650,000.00	
Miscellaneous Revenue:				
Alcoholic Beverage Licenses	19,000.00		22,079.00	\$ 3,079.00
Fees and Permits	78,000.00		92,129.32	14,129.32
Municipal Court Fines and Costs	90,000.00		89,836.82	163.18 *
Interest and Costs on Taxes	168,000.00		186,259.71	18,259.71
Interest on Investments and Deposits	20,000.00		19,643.61	356.39 *
Sewer Charges	1,570,000.00		1,495,835.58	74,164.42 *
Energy Receipts Tax	1,354,573.00		1,354,573.00	
Uniform Construction Code Fees	105,000.00		170,477.00	65,477.00
Utility Operating Surplus of Prior Years	50,000.00		50,000.00	
Playground Registration	52,500.00		58,760.00	6,260.00
Basketball Registration	28,000.00		43,235.00	15,235.00
Tower Rental - Verizon	45,000.00		52,389.00	7,389.00
Tower Rental - T-Mobile	25,000.00			25,000.00 *
Tower Rental - AT&T Wireless	42,500.00		50,102.21	7,602.21
Cable Franchise Fees	39,930.00		39,930.03	0.03
Great Swamp	65,000.00		64,762.00	238.00 *
Life Hazard Use	12,806.00		16,208.25	3,402.25
Verizon Franchise Fees - FIOS	69,433.00		69,433.42	0.42
Lounsberry Insurance Payment	7,500.00		7,500.00	
Stirling Lake	57,500.00		54,965.00	2,535.00 *
Reserve for Debt Payment	40,000.00		40,000.00	

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Anticipated		Realized	Excess or Deficit *
	Budget	Added by NJSA 40A:4-87		
Miscellaneous Revenue (Cont'd):				
General Capital Fund Balance	\$ 55,358.00		\$ 55,358.00	
Comcast Communication Equipment Grant		\$ 30,000.00	30,000.00	
Morris County - Signal Upgrades Valley Road		26,324.48	26,324.48	
State of NJ:				
Drunk Driving Enforcement Fund	1,885.00		1,885.00	
Body Armor	2,460.00		2,460.00	
Emergency Management Assistance (EMA) Funding		5,000.00	5,000.00	
Shade Tree Challenge Grant	3,000.00		3,000.00	
Total Miscellaneous Revenue	4,002,445.00	61,324.48	4,102,146.43	\$ 38,376.95
Receipts from Delinquent Taxes	450,002.00		682,207.16	232,205.16
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	9,000,098.00		9,040,463.32	40,365.32
Minimum Library Tax	569,303.00		569,303.00	
	9,569,401.00		9,609,766.32	40,365.32
Budget Totals	14,671,848.00	61,324.48	15,044,119.91	310,947.43
Nonbudget Revenue			186,170.28	186,170.28
	\$ 14,671,848.00	\$ 61,324.48	\$ 15,230,290.19	\$ 497,117.71

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012
(Continued)

Analysis of Realized Revenue

Allocation of Tax Collections:

Taxes Receivable	\$ 35,181,380.44	
Prepayments Applied	528,962.02	
Senior Citizens' and Veterans'		
Deductions Due from State of NJ	90,658.90	
		\$ 35,801,001.36

Allocated to:

Regional High School Taxes	7,511,953.76	
Local School District Taxes	15,069,602.00	
County Taxes	4,167,170.28	
Open Space Trust Fund	255,824.00	
		27,004,550.04
		8,796,451.32

Add: Appropriation "Reserve for Uncollected Taxes"		813,315.00
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Realized for Support of Municipal Budget		\$ 9,609,766.32
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Delinquent Taxes

Delinquent Tax Collections		\$ 682,207.16
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TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012
(Continued)

Analysis of Realized Revenue (Cont'd)

Interest on Investments

Cash Receipts	\$	12,609.22
Federal and State Grant Fund		310.55
General Capital Fund		4,541.61
Animal Control Fund		183.00
Other Trust Fund		1,999.23
		1,999.23
	\$	19,643.61

Analysis of Nonbudget Revenue

Treasurer:

DMV Inspection Fines	\$	7,800.00
Marriage License - Certified Copy		2,175.00
Planning Board		4,300.00
Zoning Board		3,450.00
Community Day Account		1,276.73
Interest on Sewer Rents		15,551.95
Library Share of Pension Costs		28,160.25
Interlocal Agreement - Millburn Township 2011		7,300.00
FEMA Reimbursement - Hurricane Irene		79,339.72
Public Assistance Closeout		4,090.68
Auction Proceeds		7,831.51
Prior Year Checks Voided		14,373.20
Miscellaneous		4,009.54
Administration Fee - Senior Citizens/Veterans		1,847.50
Administration Fee - Homestead Rebate		507.60
		182,013.68

Due from Other Trust Fund:

Cancellation of Other Trust Reserve - Wedding Donation		1,250.00
Statutory Excess in Animal Control Fund Reserve		2,906.60
		2,906.60
	\$	186,170.28

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
General Government:					
General Administration:					
Salaries and Wages	\$ 284,507.00	\$ 269,507.00	\$ 229,185.57	\$ 40,321.43	
Other Expenses	69,850.00	69,850.00	60,098.80	9,751.20	
Communication Advisory Committee	9,615.00	9,615.00	7,950.37	1,664.63	
Mayor and Council:					
Other Expenses	5,250.00	5,250.00	5,250.00		
Elections:					
Other Expenses	4,500.00	4,500.00	4,152.13	347.87	
Financial Administration:					
Salaries and Wages	143,105.00	143,105.00	143,105.00		
Other Expenses	50,200.00	50,200.00	8,077.72	42,122.28	
Other Expenses - NJEIT Fees	4,900.00	4,900.00	4,899.55	0.45	
Assessment of Taxes:					
Salaries and Wages	40,124.00	40,124.00	34,704.23	5,419.77	
Other Expenses	1,650.00	1,650.00	1,272.89	377.11	
Collection of Taxes:					
Salaries and Wages	84,814.00	84,814.00	80,734.47	4,079.53	
Other Expenses	8,530.00	8,530.00	8,240.10	289.90	
Legal Services and Costs:					
Other Expenses	95,000.00	95,000.00	92,188.95	2,811.05	
Municipal Prosecutor:					
Salaries and Wages	22,048.00	22,048.00	19,051.12	2,996.88	
Municipal and Land Use (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and Wages	35,589.00	35,589.00	35,588.54	0.46	
Other Expenses	34,000.00	34,000.00	31,512.04	2,487.96	
Board of Adjustment:					
Salaries and Wages	35,589.00	35,589.00	35,589.00		
Other Expenses	3,425.00	3,425.00	2,781.46	643.54	

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Cont'd):					
General Government (Cont'd):					
Municipal and Use Law (N.J.S.A. 40:55D-1):					
Zoning Officer:					
Salaries and Wages	\$ 60,166.00	\$ 60,166.00	\$ 59,471.00	\$ 695.00	
Other Expenses	800.00	800.00	771.70	28.30	
Public Defender (P.L. 1997-C 256):					
Other Expenses	4,803.00	4,803.00	4,633.00	170.00	
Engineering Services:					
Other Expenses	51,750.00	54,750.00	50,821.91	3,928.09	
Environmental Commission (N.J.S.A. 40A56A-1 et seq.):					
Salaries and Wages	1,500.00	1,500.00	1,261.40	238.60	
Other Expenses	500.00	500.00	55.00	445.00	
Shade Tree Commission:					
Salaries and Wages	1,500.00	1,500.00		1,500.00	
Other Expenses	500.00	500.00		500.00	
Buildings and Grounds:					
Other Expenses	121,000.00	121,000.00	112,524.24	8,475.76	
Insurance:					
Temporary Unemployment Insurance	15,000.00	15,000.00	2,315.39	12,684.61	
Group Health Insurance	886,225.00	857,225.00	797,917.95	59,307.05	
Health Benefit Waiver	20,000.00	20,000.00	18,750.00	1,250.00	
General Liability Insurance	179,714.00	179,714.00	179,451.45	262.55	
Worker Compensation Insurance	179,762.00	179,762.00	179,762.00		
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	96,308.05	13,691.95	
Fire Prevention Inspector:					
Salaries and Wages	2,500.00	2,500.00	2,500.00		
Other Expenses	4,000.00	4,000.00	2,319.01	1,680.99	

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
Public Safety (Cont'd):					
Fire Prevention (Uniform Fire Safety) :					
Salaries and Wages	\$ 27,150.00	\$ 27,150.00	\$ 27,150.00		
Other Expenses	156,858.00	156,858.00	141,178.22	\$ 15,679.78	
Police:					
Salaries and Wages	2,823,623.00	2,823,623.00	2,693,568.62	130,054.38	
Other Expenses	70,100.00	70,100.00	34,019.94	36,080.06	
Purchase of Police Vehicles	62,000.00	62,000.00	60,664.18	1,335.82	
Reserve for Purchase of Police Vehicles	5,000.00	5,000.00		5,000.00	
Emergency Management:					
Salaries and Wages	11,496.00	12,496.00	12,496.00		
Other Expenses	8,410.00	9,910.00	9,719.76	190.24	
Municipal Court:					
Salaries and Wages	84,843.00	86,843.00	86,843.00		
Other Expenses	5,690.00	5,690.00	4,668.70	1,021.30	
Municipal Radio and Communications:					
Other Expenses	291,900.00	291,900.00	149,744.73	142,155.27	
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	650,307.00	650,307.00	649,106.92	1,200.08	
Other Expenses	133,700.00	133,700.00	123,911.87	9,788.13	
Other Expenses - Storm Emergency (N.J.S.A. 40A:4-46 \$150,000.00)		150,000.00	150,000.00		
Street Lighting	100,000.00	100,000.00	91,728.84	8,271.16	
Fleet Maintenance:					
Other Expenses	134,420.00	134,420.00	98,032.95	36,387.05	
Sanitation:					
Garbage and Trash Removal - Contractual	309,380.00	309,380.00	283,105.50	26,274.50	
Other Expenses	299,800.00	299,800.00	280,159.11	19,640.89	

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
Sanitation (Cont'd):					
Sewer System:					
Salaries and Wages	\$ 371,990.00	\$ 371,990.00	\$ 364,533.88	\$ 7,456.12	
Other Expenses	232,010.00	232,010.00	214,288.68	17,721.32	
Health and Welfare:					
Board of Health:					
Other Expenses	60,160.00	60,160.00	57,765.46	2,394.54	
Services of Visiting Nurse - Contractual	8,900.00	8,900.00	8,586.00	314.00	
PEOSHA:					
Other Expenses	5,000.00	5,000.00		5,000.00	
Recreation and Education:					
Parks and Playgrounds:					
Salaries and Wages	83,250.00	83,250.00	83,250.00		
Other Expenses	33,000.00	51,500.00	49,044.52	2,455.48	
Stirling Lake Recreation Facility:					
Salaries and Wages	50,000.00	45,000.00	44,433.40	566.60	
Other Expenses	20,900.00	20,900.00	19,193.30	1,706.70	
Celebration of Public Event, Anniversary or Holiday:					
Other Expenses	19,000.00	22,500.00	17,100.89	5,399.11	
Senior Citizens' Transportation:					
Salaries and Wages	10,000.00	10,000.00	5,539.50	4,460.50	
Other Expenses	17,000.00	17,000.00	16,238.35	761.65	
Salary Adjustment Account:					
Salaries and Wages	42,000.00	42,000.00	10,741.01	31,258.99	

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Cont'd):					
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:24;17)					
State Uniform Construction Code:					
Construction Official:					
Salaries and Wages	\$ 108,263.00	\$ 108,263.00	\$ 108,263.00		
Other Expenses	7,900.00	7,900.00	6,809.02	\$ 1,090.98	
Unclassified:					
Utilities:					
Gasoline	133,500.00	147,000.00	134,350.06	12,649.94	
Electricity	305,000.00	305,000.00	262,393.56	42,606.44	
Telephone	60,000.00	60,000.00	53,915.28	6,084.72	
Natural Gas	32,500.00	32,500.00	15,567.77	16,932.23	
Heating Fuel	22,000.00	22,000.00	16,608.42	5,391.58	
Water	35,000.00	41,000.00	34,323.47	6,676.53	
Management Information Systems:					
Other Expenses	82,000.00	82,000.00	47,086.41	34,913.59	
Condo Services Act	37,000.00	37,000.00	29,106.33	7,893.67	
Total Operations Within "CAPS"	9,608,466.00	9,758,466.00	8,843,480.69	914,985.31	
Detail:					
Salaries and Wages	4,974,364.00	4,962,364.00	4,724,615.66	237,748.34	
Other Expenses	4,634,102.00	4,796,102.00	4,118,865.03	677,236.97	

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Deferred Charges and Statutory Expenditures- Municipal within "CAPS":					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	\$ 266,798.00	\$ 266,798.00	\$ 266,798.00		
Social Security System (O.A.S.I.)	385,986.00	385,986.00	378,623.56	\$ 7,362.44	
Police and Firemen's Retirement System of NJ	522,896.00	522,896.00	522,896.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>1,175,680.00</u>	<u>1,175,680.00</u>	<u>1,168,317.56</u>	<u>7,362.44</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>10,784,146.00</u>	<u>10,934,146.00</u>	<u>10,011,798.25</u>	<u>922,347.75</u>	
Operations Excluded from "CAPS":					
Insurance (N.J.S.A. 40A:4-45.3(00))					
Employee Group Health	35,172.00	35,172.00	35,172.00		
Maintenance of Free Public Library (N.J.S.A. 40:54-8) (C. 82, P.L. 1985)	569,303.00	569,303.00	569,303.00		
Length of Service Award Programs (LOSAP)	114,000.00	114,000.00		114,000.00	

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Excluded from "CAPS"(Cont'd):					
Public and Private Programs Offset by Revenues:					
Reserve for Drunk Driving Enforcement Fund	\$ 1,885.00	\$ 1,885.00	\$ 1,885.00		
Body Armor Grant	2,460.00	2,460.00	2,460.00		
Morris County - Signal Upgrades Valley Road (N.J.S.A. 40A:4-87 + \$26,324.48)		26,324.48	26,324.48		
Comcast Communication Equipment Grant (N.J.S.A. 40A:4-87 + \$30,000.00)		30,000.00	30,000.00		
Emergency Management Assistance (EMA) Funding (N.J.S.A. 40A:4-87 + \$5,000.00)		5,000.00	5,000.00		
Shade Tree Challenge Grant	3,000.00	3,000.00	3,000.00		
Total Operations Excluded from "CAPS"	<u>725,820.00</u>	<u>787,144.48</u>	<u>673,144.48</u>	\$ 114,000.00	
Detail:					
Other Expenses	<u>725,820.00</u>	<u>787,144.48</u>	<u>673,144.48</u>	<u>114,000.00</u>	
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	<u>141,485.00</u>	<u>141,485.00</u>	<u>141,485.00</u>		
Total Capital Improvements Excluded from "CAPS"	<u>141,485.00</u>	<u>141,485.00</u>	<u>141,485.00</u>		

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	\$ 1,235,000.00	\$ 1,235,000.00	\$ 1,235,000.00		
Interest on Bonds	503,641.00	503,641.00	503,641.00		
N.J. Wastewater Treatment Financing Program:					
Principal on Loan - 1993 Loan	201,364.00	201,364.00	201,364.00		
Interest on Loan - 1993 Loan	8,880.00	8,880.00	8,880.00		
N.J. Environmental Infrastructure:					
Principal on Loan-2001 Loan	15,000.00	15,000.00	15,000.00		
Interest on Loan-2001 Loan	15,175.00	15,175.00	15,175.00		
Principal on Fund - 2001 Loan	57,814.00	57,814.00	57,814.00		
Total Municipal Debt Service Excluded from "CAPS"	<u>2,036,874.00</u>	<u>2,036,874.00</u>	<u>2,036,874.00</u>		
Deferred Charges - Municipal - Excluded from "CAPS":					
Emergency Authorizations	114,850.00	114,850.00	114,850.00		
Deferred Charges to Future Taxation - Unfunded	<u>55,358.00</u>	<u>55,358.00</u>	<u>55,357.47</u>		\$ 0.53
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>170,208.00</u>	<u>170,208.00</u>	<u>170,207.47</u>		0.53
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,074,387.00</u>	<u>3,135,711.48</u>	<u>3,021,710.95</u>	\$ 114,000.00	0.53
Subtotal General Appropriations	13,858,533.00	14,069,857.48	13,033,509.20	1,036,347.75	0.53
Reserve for Uncollected Taxes	<u>813,315.00</u>	<u>813,315.00</u>	<u>813,315.00</u>		
Total General Appropriations	<u>\$ 14,671,848.00</u>	<u>\$ 14,883,172.48</u>	<u>\$ 13,846,824.20</u>	<u>\$ 1,036,347.75</u>	<u>\$ 0.53</u>

Ref.

A

TOWNSHIP OF LONG HILL
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

		Analysis of	
	<u>Ref.</u>	Budget After Modification	Paid or Charged
Adopted Budget		\$ 14,671,848.00	
Emergency Appropriation by NJSA 40A:4-53		150,000.00	
Appropriation by NJSA 40A:4-87		61,324.48	
		\$ 14,883,172.48	
Reserve for Uncollected Taxes			\$ 813,315.00
Reserve for Encumbrances	A		298,337.93
Reserve for Emergency Appropriation - Hurricane Sandy			131,973.47
Due Federal and State Grant Fund			68,669.48
Deferred Charges			114,850.00
Cash Disbursed			12,981,172.00
			14,408,317.88
Less: Appropriation Refunds			561,493.68
			\$ 13,846,824.20

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2012
TRUST FUNDS

TOWNSHIP OF LONG HILL
TRUST FUNDS
COMPARATIVE BALANCE SHEET

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2012</u>	<u>2011</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 38,711.20	\$ 33,177.53
Due from State of New Jersey			55.00
		<u>38,711.20</u>	<u>33,232.53</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	3,697,986.49	3,603,828.09
Due from Current Fund	A	30,696.40	38,986.46
		<u>3,728,682.89</u>	<u>3,642,814.55</u>
 TOTAL ASSETS		 <u>\$ 3,767,394.09</u>	 <u>\$ 3,676,047.08</u>

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

	Ref.	December 31,	
		2012	2011
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-6	\$ 35,804.60	\$ 33,232.53
Due to Current Fund	A	2,906.60	
		<u>38,711.20</u>	<u>33,232.53</u>
Other Trust Funds:			
Reserve for Developer's Escrow		77,419.25	125,611.36
Reserve for Unemployment Insurance		3,780.91	14,537.19
Reserve for Municipal Open Space		2,395,034.81	2,313,026.12
Reserve for Historical Preservation		91,208.89	
Reserve for Payroll Deductions Payable			23.63
Reserve for COAH		520,781.62	491,859.84
Reserve for Community Day			1,272.75
Reserve for Special Deposits:			
Special Law Enforcement		3,373.28	2,967.07
Recycling		34,429.94	44,779.11
Shade Tree Donations		10,300.14	9,127.14
Uniform Fire Safety		2,273.76	1,517.76
Recreation Program		5,882.73	13,277.76
Parking Offense Adjudication Act		792.02	736.02
Road Openings		13,850.00	7,550.00
Beautification Program		14,200.31	14,802.31
Fill Permits		400.00	400.00
Tax Sale Premiums		178,879.97	230,879.97
Accumulated Absences		246,267.07	238,767.07
Snow Removal		34,335.04	36,764.02
Tax Title Liens Held in Trust		81,863.62	81,863.62
Public Defender Fees		11,353.50	9,157.50
Title Search		200.00	200.00
Marriage Donations			1,050.00
Outside Police Services		2,056.03	2,644.31
		<u>3,728,682.89</u>	<u>3,642,814.55</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 3,767,394.09</u>	<u>\$ 3,676,047.08</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, 2012

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, 2012

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2012
GENERAL CAPITAL FUND

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 2,117,070.62	\$ 2,119,724.75
NJ Environmental Infrastructure Trust Loan Receivable		351,773.00	467,237.00
Federal and State Grants Receivable:			
State of NJ Transportation Trust Fund		95,043.02	
Due from Current Fund	A		1,829.50
Deferred Charges to Future Taxation:			
Funded		14,117,639.41	15,626,817.39
Unfunded	C-4	497,555.19	1,734,107.47
Due from Federal and State Grant Fund	A		100,000.00
TOTAL ASSETS		\$ 17,179,081.24	\$ 20,049,716.11
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds Payable	C-8	\$ 12,589,000.00	\$ 13,824,000.00
New Jersey Wastewater Treatment Loan #3	C-9	205,808.88	407,173.31
NJ Environmental Infrastructure Trust Loans Payable	C-9a	1,322,830.53	1,395,644.08
Improvement Authorizations:			
Funded	C-5	1,913,797.58	1,874,559.32
Unfunded	C-5	121,533.44	1,576,987.83
Reserve for:			
NJ Department of Transportation Grant Receivable		95,043.02	
Sewer Contributions		300,164.59	187,056.59
Preliminary Costs		82,439.85	4,112.50
Payment of Debt Service		178,000.27	153,218.90
Capital Improvement Fund	C-6	82,758.77	47,401.27
Fund Balance	C-1	287,704.31	579,562.31
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 17,179,081.24	\$ 20,049,716.11

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, 2011	C	\$ 579,562.31
Decreased by:		
Appropriated to Finance Improvement Authorizations		\$ 236,500.00
Utilized as Anticipated Revenue in Current Fund		<u>55,358.00</u>
		<u>291,858.00</u>
Balance December 31, 2012	C	<u>\$ 287,704.31</u>

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

TOWNSHIP OF LONG HILL

COUNTY OF MORRIS

2012

PARKING LOT AND FACILITIES UTILITY FUND

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

	Ref.	December 31	
		2012	2011
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-5	\$ 320,811.09	\$ 292,254.88
Total Operating Fund		320,811.09	292,254.88
Capital Fund:			
Fixed Capital	D-7	216,541.85	216,541.85
Due from Parking Lot and Facilities Utility Operating Fund	D	21,500.00	21,500.00
Total Capital Fund		238,041.85	238,041.85
<u>TOTAL ASSETS</u>		<u>\$ 558,852.94</u>	<u>\$ 530,296.73</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-4;D-8	\$ 11,422.27	\$ 11,627.15
Encumbered	D-4;D-8	1,890.00	600.00
Total Appropriation Reserves		13,312.27	12,227.15
Prepaid Parking Permits		61,455.00	58,000.00
Due to Parking Lot and Facilities Utility Capital Fund	D	21,500.00	21,500.00
		96,267.27	91,727.15
Fund Balance	D-1	224,543.82	200,527.73
Total Operating Fund		320,811.09	292,254.88
Capital Fund:			
Reserve for Amortization		216,541.85	216,541.85
Reserve for Future Improvements		21,500.00	21,500.00
Total Capital Fund		238,041.85	238,041.85
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 558,852.94</u>	<u>\$ 530,296.73</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.	Year Ended December 31	
		2012	2011
<u>Revenue and Other Income Realized</u>			
Parking Lot Fees and Permits		\$ 76,473.05	\$ 77,939.20
Rental of Facilities		16,583.60	18,091.20
Interest Income		832.29	1,305.20
Other Credits to Income:			
Appropriation Reserves Lapsed		10,127.15	8,295.21
Total Income		<u>104,016.09</u>	<u>105,630.81</u>
<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		74,016.09	75,630.81
<u>Fund Balance</u>			
Balance January 1		200,527.73	174,896.92
		<u>274,543.82</u>	<u>250,527.73</u>
Decreased by:			
Amount Anticipated as Current Fund Revenue		<u>50,000.00</u>	<u>50,000.00</u>
Balance December 31	D	<u>\$ 224,543.82</u>	<u>\$ 200,527.73</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, 2012

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, 2012

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Parking Lot Fees and Permits	\$ 30,000.00	\$ 76,473.05	\$ 46,473.05
Miscellaneous Revenue Not Anticipated:			
Rental of Facilities		16,583.60	16,583.60
Interest on Investments		832.29	832.29
	<u>\$ 30,000.00</u>	<u>\$ 93,888.94</u>	<u>\$ 63,888.94</u>

Analysis of Realized Revenue

Parking Lot Fees and Permits:	
Parking Permits	\$ 18,473.05
Prepaid Parking Permits Applied	<u>58,000.00</u>
	<u>\$ 76,473.05</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, 2012

	<u>Appropriations</u>		<u>Expended by</u>	
	<u>Budget</u>	<u>Budget After Modi- fication</u>	<u>Paid or 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	11,077.73	\$ 6,422.27
Capital Improvements:				
Capital Outlay	5,000.00	5,000.00		5,000.00
	<u>\$ 30,000.00</u>	<u>\$ 30,000.00</u>	<u>\$ 18,577.73</u>	<u>\$ 11,422.27</u>

Ref.

D

Analysis of Paid or Charged:

Cash Disbursed		\$ 16,687.73
Encumbrances	D	<u>1,890.00</u>
		<u>\$ 18,577.73</u>

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

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2012
PUBLIC ASSISTANCE FUND

TOWNSHIP OF LONG HILL
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET

		December 31,	
	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	E-1	\$ -0-	\$ 4,077.93
 TOTAL ASSETS		\$ -0-	\$ 4,077.93
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for Public Assistance Expenditures		\$ -0-	\$ 4,077.93
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ -0-	\$ 4,077.93

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

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2012
GENERAL FIXED ASSETS ACCOUNT GROUP
(UNAUDITED)

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

	December 31,	
	2012	2011
<u>ASSETS</u>		
Land and Buildings	\$ 28,320,321.00	\$ 28,320,321.00
Vehicles, Furniture and Equipment	7,344,804.91	7,214,029.33
<u>TOTAL ASSETS</u>	<u>\$ 35,665,125.91</u>	<u>\$ 35,534,350.33</u>
 <u>RESERVE</u>		
Reserve for Fixed Assets	<u>\$ 35,665,125.91</u>	<u>\$ 35,534,350.33</u>
<u>TOTAL RESERVE</u>	<u>\$ 35,665,125.91</u>	<u>\$ 35,534,350.33</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, 2012

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, 2012
(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 and this fund was closed to the Current Fund effective as of October 1, 2012.

General 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, 2012
(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, 2012
(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 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, 2012
(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,		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 14,117,639.41	\$ 15,626,817.39	\$ 16,779,849.42
Total Issued	<u>14,117,639.41</u>	<u>15,626,817.39</u>	<u>16,779,849.42</u>
Less: Funds Temporarily Held to Pay Bonds and Notes:			
Reserve to Pay Debt Service	178,000.27	153,218.90	48,100.00
Total Deductions	<u>178,000.27</u>	<u>153,218.90</u>	<u>48,100.00</u>
Net Debt Issued	<u>13,939,639.14</u>	<u>15,473,598.49</u>	<u>16,731,749.42</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	<u>497,555.19</u>	<u>1,734,107.47</u>	<u>833,657.47</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 14,437,194.33</u>	<u>\$ 17,207,705.96</u>	<u>\$ 17,565,406.89</u>

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 2: Long-Term Debt

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/10	Additions	Retirements	Balance 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	
Total	<u>\$ 16,779,849.42</u>	<u>\$ 12,968,500.00</u>	<u>\$ 14,121,532.03</u>	<u>\$ 15,626,817.39</u>

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/11	Additions	Retirements	Balance 12/31/12
General Capital Fund:				
Serial Bonds	\$ 13,824,000.00		\$ 1,235,000.00	\$ 12,589,000.00
Loans Payable:				
NJ Wastewater Treatment:				
Loan III	407,173.31		201,364.43	205,808.88
NJ EIT Loan Payable	1,395,644.08		72,813.55	1,322,830.53
Total	<u>\$ 15,626,817.39</u>	<u>\$ -0-</u>	<u>\$ 1,509,177.98</u>	<u>\$ 14,117,639.41</u>

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

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 .85%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local and Regional School District Debt	\$ 26,575,660.22	\$ 26,575,660.22	
General Debt	14,615,194.60	178,000.27	\$ 14,437,194.33
	<u>\$ 41,190,854.82</u>	<u>\$ 26,753,660.49</u>	<u>\$ 14,437,194.33</u>

Net Debt \$14,437,194.33 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,705,723,521.67 = .85%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 59,700,323.26
Net Debt	<u>14,437,194.33</u>
Remaining Borrowing Power	<u>\$ 45,263,128.93</u>

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

Analysis of Debt Issued and Outstanding at December 31, 2012

General Capital Fund

Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>
	<u>Date</u>	<u>Amount</u>		
General Bonds of 2007	2/15/2013-2014	\$ 200,000.00	4.00%	\$ 5,450,000.00
	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 Bonds of 2007	2/15/2013	290,000.00	5.00%	2,285,000.00
	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, 2012
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2012 (Cont'd)

General Capital Fund (Cont'd)

Serial Bonds (Cont'd)

<u>Purpose</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
	<u>Outstanding Dec. 31, 2012</u> <u>Date</u>	<u>Amount</u>		
General Bonds of 2011	7/15/2013	\$ 100,000.00	2.00%	\$ 3,584,000.00
	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	2/15/2013	645,000.00	3.00%	1,270,000.00
	2/15/2014	625,000.00	3.00%	
				\$ 12,589,000.00

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 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, 2012 was as follows:

NJ Wastewater Treatment Loan III	\$ 205,808.88
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TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(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, 2012 was as follows:

NJ Environmental Infrastructure Trust Loan	\$ <u>1,322,830.53</u>
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Total Debt Issued and Outstanding	\$ <u><u>14,117,639.41</u></u>
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Schedule of Annual Debt Service for the Next Five Years and Thereafter for Bonded Debt and Loans Issued and Outstanding

Year	Principal	Interest	Total
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	932,813.55	319,485.00	1,252,298.55
2018-2022	4,184,067.75	1,111,975.00	5,296,042.75
2023-2027	3,379,067.75	497,420.00	3,876,487.75
2028-2031	849,627.28	33,720.00	883,347.28
	<u>\$ 14,117,639.41</u>	<u>\$ 3,550,140.00</u>	<u>\$ 17,667,779.41</u>

Note 3: Fund Balance Appropriated

Fund balance at December 31, 2012, which was appropriated and included as anticipated revenue in the year ending December 31, 2013 adopted budget, was as follows:

Current Fund	\$575,000.00
Current Fund (Prior Year Parking Utility Surplus)	95,000.00

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(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.

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) or the Police and Firemen's Retirement System (PFRS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). The State of New Jersey sponsors and administers these two plans which cover substantially all Township employees. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems. However, if an employee is ineligible to enroll in the PERS or the PFRS, the employee may be eligible to enroll in the DCRP.

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 DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined. For PERS, the contribution rate was 6.5% of base salary from October 1, 2011 thru June 30, 2012 and increased to 6.64% effective July 1, 2012. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Township contributions to PFRS amounted to \$522,896, \$637,139 and \$638,516 for 2012, 2011 and 2010, respectively. Township contributions to PERS amounted to \$266,798, \$255,467 and \$216,007 for 2012, 2011 and 2010, respectively. Township contributions to DCRP amounted to \$1,656 for 2012. There were no contributions required in 2011 and 2010 for DCRP.

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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 \$213,486. 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 fully reserved in the Reserve for Accrued Sick and Vacation of \$246,267.07 on the Trust Funds balance sheet at December 31, 2012.

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 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and 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>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate</u>	2.859	2.815	2.725
<u>Apportionment of Tax Rate</u>			
Municipal	.747	.725	.712
Municipal Open Space	.019	.019	.019
County	.327	.329	.327
Local School	1.179	1.180	1.145
Regional School	.587	.562	.522
<u>Assessed Valuations</u>			
2012	<u>\$ 1,279,126,515</u>		
2011		<u>\$ 1,292,281,441</u>	
2010			<u>\$ 1,292,099,025</u>

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 8: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collection Currently

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

Year	Tax Levy	Currently	
		Cash Collections	Percentage of Collection
2012	\$ 36,645,995.74	\$ 35,801,001.36	97.69%
2011	36,404,872.89	35,630,937.07	97.87%
2010	35,268,162.80	34,538,856.52	97.93%

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.

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

Deposits (Cont'd)

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.

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, 2012
(Continued)

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

As of December 31, 2012, cash and cash equivalents of the Township of Long Hill consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Savings and Checking Accounts</u>	<u>Totals</u>
Current Fund	\$ 400.00	\$ 3,416,288.21	\$ 3,416,688.21
Federal and State Grant Fund		147,508.16	147,508.16
Animal Control Fund		38,711.20	38,711.20
Other Trust Fund		3,697,986.49	3,697,986.49
General Capital Fund		2,117,070.62	2,117,070.62
Parking Lot and Facilities Utility Operating Fund		320,811.09	320,811.09
	<u>\$ 400.00</u>	<u>\$ 9,738,375.77</u>	<u>\$ 9,738,775.77</u>

During the period ended December 31, 2012, the Township did not hold any investments. The carrying amount of the Township's cash and cash equivalents at December 31, 2012, was \$9,738,775.77 and the bank balance was \$9,784,521.52.

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.

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

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 10: Risk Management (Cont'd)

Property and Liability (Cont'd)

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, 2012 is as follows:

	Morris County Municipal Joint Insurance Fund
Total Assets	\$ 23,194,803
Net Position	\$ 9,573,823
Total Revenue	\$ 14,615,049
Total Expenses	\$ 16,961,968
Change in Net Position	\$ (2,346,919)
Members Dividends	\$ -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

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

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 10: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

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 trust fund for the current and previous two years:

<u>Year</u>	<u>Township/ Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010	\$ 31,841.99	\$ 87.52	\$ 17,396.32	\$ 15,273.02
2011	16,292.65	7.51	17,035.99	14,537.19
2012	11,824.82	10.53	22,591.63	3,780.91

Note 11: Interfund Receivables and Payables

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 2,906.60	\$ 30,696.40
Animal Control Fund		2,906.60
Other Trust Fund	30,696.40	
Parking Lot and Facilities Utility Operating Fund		21,500.00
Parking Lot and Facilities Utility Capital Fund	21,500.00	
	<u>\$ 55,103.00</u>	<u>\$ 55,103.00</u>

The interfund receivable in the Other Trust Fund and the interfund payable in Current Fund are due to a cash advance that has not yet been returned. The interfund receivable in the Current Fund and payable in the Animal Control Fund is due to the statutory excess in the Animal Control Fund that has not yet been turned over to the Current Fund. The interfund receivable and the interfund payable in the Parking Lot and Facilities Funds are 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, 2012 and 2011 were \$2,395,034.81 and \$2,313,026.12, respectively.

TOWNSHIP OF LONG HILL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

(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, 2012, the Township had the following deferred charge:

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Required</u> <u>2013 Budget</u> <u>Appropriation</u>
Current Fund:		
Emergency Authorization (40A:4-46)	\$ 150,000	\$ 150,000

The appropriation in the 2013 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 \$275,000, 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, 2012

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

Name	Amount of Bond	Name of Corporate or Personal Surety
Michael Mazzucco		
Guy Piserchia		
Jerry Aroneo		
Guy Roshto		
Cornel Schuler		
Richard J. Sheola	(A) \$50,000.00	Selective Insurance Company
Neil Henry	(A)	
James Mangin	(A)	
Christine Gatti	(A)	
Joan Donat	(A) 200,000.00	Selective Insurance Company
James D. Bride	(A) 50,000.00	Selective Insurance Company
Annette Naylor	(A) 50,000.00	Ohio Casualty Insurance Company
Donna Ruggiero	(A)	
John R. Pidgeon		
Jerry Hoffman	(A)	
Edward C. Tencza	(A)	
Brett Trout	(A)	
Daniel Hedden	(A)	
Paul Ferriero	(A)	
Tom Sweeney	(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
2012
CURRENT FUND

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2011	A	\$ 2,796,768.54	\$ 36,860.24
Increased by Receipts:			
Tax Collector		\$ 36,765,223.37	
Revenue Accounts Receivable		2,330,858.05	
Sewer Charges Receivable		1,495,835.58	
Sewer Overpayments		3,344.70	
Appropriation Refunds		561,493.68	
Due from State of N.J. - Veterans' and Senior Citizens' Deductions		92,375.00	
Miscellaneous Revenue Not Anticipated		182,013.68	
Due to:			
State of NJ - Building Surcharge Fees		11,440.00	
State of NJ - Marriage License Fees		700.00	
Interest on Investments and Deposits		12,609.22	
Due from Federal and State Grant Fund		76,200.09	
Due from Current Fund			\$ 72,079.26
Due to Other Trust Fund:			
Interfund Advanced/Returned		31,749.63	
Public Defender Receipts		2,196.00	
Due from Animal Control Fund		183.00	
Due General Capital Fund:			
Interfund Advanced/Returned		2,712.11	
Federal and State Grants Receivable			194,859.00
Interest Earned			310.55
Unappropriated Reserves			19,599.20
		41,568,934.11	286,848.01
		44,365,702.65	323,708.25

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

<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Decreased by Disbursements:		
2012 Appropriation Expenditures	\$ 12,981,172.00	
2011 Appropriation Reserves	626,991.39	
County Taxes Payable	4,161,632.39	
Local School Taxes Payable	15,069,607.00	
Regional School Taxes Payable	7,511,953.76	
Accounts Payable	160.50	
Refund of Prior Year Revenue	7,225.04	
Due to Current Fund		\$ 76,200.09
Due from Federal and State Grant Fund:		
Appropriated Reserve Expenditures	75,889.54	
Interfund Advanced	72,079.26	
Due to General Capital Fund		100,000.00
Tax Overpayments Refunded	57,080.76	
Sewer Overpayments Refunded	8,584.33	
Third Party Tax Title Liens	71,423.01	
Due to/from Other Trust Fund:		
Interfund Returned	38,986.46	
Open Space Trust Fund	255,824.00	
Due to:		
State of NJ - Building Surcharge Fees	10,255.00	
State of NJ - Marriage License Fees	550.00	
	<u>\$ 40,949,414.44</u>	<u>\$ 176,200.09</u>
Balance December 31, 2012	<u>\$ 3,416,288.21</u>	<u>\$ 147,508.16</u>

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2012

Increased by Receipts:

Taxes Receivable	\$ 35,863,587.60	
2013 Prepaid Taxes	570,175.11	
Interest and Costs on Taxes	186,259.71	
Tax Overpayments	25,034.33	
Third Party Tax Title Liens	119,286.62	
Revenue Accounts Receivable - Tax Search Fees	<u>880.00</u>	
		\$ 36,765,223.37

Decreased by:

Payments to Treasurer		<u>\$ 36,765,223.37</u>
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TOWNSHIP OF LONG HILL
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Grant</u>	<u>Balance Dec.31, 2011</u>	<u>2012 Realized Revenue</u>	<u>2012 Receipts</u>	<u>Transferred from Unappropriated Reserve</u>	<u>Cancelled</u>	<u>Balance Dec.31, 2012</u>
Drunk Driving Enforcement		\$ 1,885.00		\$ 1,885.00		
Municipal Alliance Grant	\$ 17,038.00				\$ 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	16,074.37				16,074.37	
2011 Municipal Road Grant	175,000.00				175,000.00	
Body Armor Grant	5,247.76	2,460.00		2,460.00		\$ 5,247.76
Emergency Management Assistance (EMA) Funding	11,500.00	5,000.00	\$ 5,000.00		10,000.00	1,500.00
Recycling Tonnage Grant	61.72				61.72	
Highlands TDR Feasibility Grant	12,500.00					12,500.00
Morris County Historic Preservation Trust (2010)	40,678.00		27,147.00			13,531.00
Morris County Historic Preservation - Millington Schoolhouse	162,712.00		162,712.00			
Morris County Signal Upgrades Valley Road		26,324.48				26,324.48
Comcast Communication Equipment Grant		30,000.00				30,000.00
Shade Tree Challenge Grant		3,000.00				3,000.00
	<u>\$ 600,764.84</u>	<u>\$ 68,669.48</u>	<u>\$ 194,859.00</u>	<u>\$ 4,345.00</u>	<u>\$ 378,127.08</u>	<u>\$ 92,103.24</u>

Ref. A

A

Cancelled to Appropriated Reserves	\$ 306,047.82
Current Fund - Reserve for Uncollectible Grants	72,079.26
	<u>\$ 378,127.08</u>

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

Year	Balance	2012 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Trans- ferred to Tax Title Liens	Balance
	Dec.31, 2011		2011	2012				Dec.31, 2012
2010	\$ 21,775.63			\$ 21,775.63				
2011	671,495.51			660,431.53	\$ (750.00)		\$ 4,571.82	\$ 7,242.16
	693,271.14			682,207.16	(750.00)		4,571.82	7,242.16
2012		\$ 36,645,995.74	\$ 528,962.02	35,181,380.44	90,658.90	\$ 184,896.39	35,322.60	624,775.39
	<u>\$ 693,271.14</u>	<u>\$ 36,645,995.74</u>	<u>\$ 528,962.02</u>	<u>\$ 35,863,587.60</u>	<u>\$ 89,908.90</u>	<u>\$ 184,896.39</u>	<u>\$ 39,894.42</u>	<u>\$ 632,017.55</u>
Ref.	A							A

Analysis of 2012 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 36,435,450.52
Business Personal Property Taxes	134,776.55
Added and Omitted Taxes (N.J.S.A. 54:4-63.1 et seq.)	75,768.67
	<u>\$ 36,645,995.74</u>

Tax Levy:

Regional High School Taxes	\$ 7,511,953.76
Local School District Taxes	15,069,602.00
County Taxes	\$ 4,158,459.34
Due County for Added and Omitted Taxes	8,710.94
	4,167,170.28
Municipal Open Space Taxes	255,824.00
	27,004,550.04
Local Tax for Municipal Purposes Levied	9,569,401.00
Add: Additional Tax Levied	72,044.70
	9,641,445.70
	<u>\$ 36,645,995.74</u>

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

	<u>Ref.</u>		
Balance December 31, 2011	A		\$ 205,934.35
Increased by:			
Interest and Costs on Tax Sale		\$ 683.45	
Transfer from Taxes Receivable		<u>39,894.42</u>	
			<u>40,577.87</u>
Balance December 31, 2012	A		<u>\$ 246,512.22</u>

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued In	Collected by		Balance
	Dec.31, 2011	2012	Collector	Treasurer	Dec.31, 2012
Licenses:					
Alcoholic Beverages		\$ 22,079.00		\$ 22,079.00	
Fees and Permits		92,129.32	\$ 880.00	91,249.32	
Municipal Court:					
Fines and Costs	\$ 4,938.28	88,935.92		89,836.82	\$ 4,037.38
Uniform Construction Code Fees		170,477.00		170,477.00	
State of New Jersey					
Energy Receipts Tax		1,354,573.00		1,354,573.00	
Life Hazard Use		16,208.25		16,208.25	
Tower Rental - Verizon		52,389.00		52,389.00	
Tower Rental - AT&T Wireless		50,102.21		50,102.21	
Playground Registration		58,760.00		58,760.00	
Basketball Registration		43,235.00		43,235.00	
Cable Franchise Fee		39,930.03		39,930.03	
Great Swamp		64,762.00		64,762.00	
Stirling Lake Registration		54,965.00		54,965.00	
Utility Operating Surplus - Prior Year		50,000.00		50,000.00	
Verizon Franchise Fees - FIOS		48,450.53		69,433.42	
Reserve for Debt Payment		40,000.00		40,000.00	
General Capital Fund Balance		55,358.00		55,358.00	
	<u>\$ 4,938.28</u>	<u>\$ 2,309,854.26</u>	<u>\$ 880.00</u>	<u>\$ 2,330,858.05</u>	<u>\$ 4,037.38</u>

Ref. A

A

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF SEWER CHARGES RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 94,215.00
Increased by:		
Sewer Charges Levied		1,518,458.80
		<u>1,612,673.80</u>
Decreased by:		
Collections	\$	1,495,835.58
Cancelled		7,695.00
		<u>1,503,530.58</u>
Balance December 31, 2012	A	<u>\$ 109,143.22</u>

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	Balance Dec.31, 2011	Balance After Modification	Paid or Charged	Balance Lapsed
Administrative and Executive:				
Salaries and Wages	\$ 398.34	\$ 398.34		\$ 398.34
Other Expenses	8,435.92	9,435.92	\$ 9,391.74	44.18
Communication Advisory Committee	2,570.26	2,570.26	788.06	1,782.20
Elections:				
Other Expenses	601.51	601.51		601.51
Financial Administration:				
Salaries and Wages	30.93	30.93		30.93
Other Expenses	40,894.69	40,894.69	40,848.82	45.87
Other Expenses - NJEIT Fees	567.50	567.50		567.50
Assessment of Taxes:				
Salaries and Wages	365.28	365.28		365.28
Other Expenses	876.04	876.04	121.90	754.14
Collection of Taxes:				
Salaries and Wages	685.57	685.57		685.57
Other Expenses	1,847.57	1,847.57	1,002.61	844.96
Legal Services And Costs:				
Other Expenses	6,039.38	11,039.38	10,425.00	614.38
Municipal Prosecutor:				
Salaries and Wages	2,354.88	2,354.88	1,731.92	622.96
Engineering Services and Costs:				
Other Expenses	6,435.70	6,435.70	6,238.75	196.95
Planning Board:				
Salaries and Wages	163.50	163.50		163.50
Other Expenses	5,387.94	7,887.94	7,621.23	266.71
Board of Adjustment:				
Other Expenses	710.35	710.35	558.23	152.12
Zoning Officer:				
Salaries and Wages	124.00	124.00		124.00
Other Expenses	649.21	649.21		649.21
Environmental Commission:				
Other Expenses	5.23	5.23		5.23
Shade Tree Commission:				
Salaries and Wages	1,500.00	1,500.00	252.00	1,248.00
Other Expenses	250.00	250.00	250.00	
Buildings and Grounds:				
Other Expenses	22,922.82	17,922.82	13,074.33	4,848.49
Insurance:				
Temporary Unemployment Insurance	3,918.49	3,918.49	3,918.49	
Group Health Insurance	5,580.23	5,580.23		5,580.23
Health Benefit Waiver	416.67	416.67		416.67
General Liability Insurance	7,414.57	7,414.57		7,414.57
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	5,953.13	5,953.13	5,229.81	723.32
Fire Prevention (Uniform Fire Safety:				
Other Expenses	13,542.39	13,542.39	12,605.64	936.75

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Balance Dec. 31, 2011	Balance After Modification	Paid or Charged	Balance Lapsed
Public Safety (Cont'd):				
Police:				
Salaries and Wages	\$ 31,206.78	\$ 28,706.78		\$ 28,706.78
Other Expenses	50,357.50	48,357.50	\$ 29,426.81	18,930.69
Purchase of Police Vehicles	488.55	488.55		488.55
Reserve for Purchase of Police Vehicles	5,000.00	5,000.00		5,000.00
Emergency Management:				
Salaries and Wages	639.62	639.62		639.62
Other Expenses	2,516.49	2,516.49	2,467.83	48.66
Municipal Radio and Communications:				
Salaries and Wages	136,183.72	136,183.72	101,219.86	34,963.86
Other Expenses	40,668.71	40,668.71		40,668.71
Municipal Court:				
Salaries and Wages	156.39	156.39	75.00	81.39
Other Expenses	228.30	228.30	173.62	54.68
Streets and Roads:				
Road Repair and Maintenance:				
Salaries and Wages	11,141.33	4,141.33		4,141.33
Other Expenses	43,596.24	43,596.24	42,655.24	941.00
Street Lighting	10,346.58	10,346.58	10,346.58	
Fleet Maintenance:				
Other Expenses	23,695.25	23,695.25	18,463.06	5,232.19
Sanitation:				
Garbage and Trash Removal - Contractual	80,646.77	78,146.77	49,980.50	28,166.27
Recycling and Sanitary Landfill Facility:				
Other Expenses	59,754.10	59,754.10	52,809.20	6,944.90
Sewer System:				
Salaries and Wages	1,113.38	1,113.38		1,113.38
Other Expenses	48,761.94	48,761.94	16,891.15	31,870.79
Health and Welfare:				
Board of Health:				
Other Expenses	240.00	240.00		240.00
PEOSHA:				
Other Expenses	3,025.00	3,025.00	462.00	2,563.00
Recreation and Education:				
Parks and Playgrounds:				
Salaries and Wages	50.89	50.89		50.89
Other Expenses	16,170.54	16,170.54	16,157.80	12.74
Stirling Lake Recreation Facility:				
Salaries and Wages	82.75	82.75		82.75
Other Expenses	18.17	18.17		18.17
Celebration of Public Event, Anniversary, or Holiday:				
Other Expenses	2,125.14	2,125.14	1,813.44	311.70
Senior Citizens' Transportations:				
Salaries and Wages	1,175.27	1,175.27	368.00	807.27
Other Expenses	2,107.04	2,107.04	2,092.63	14.41
Salaries and Wages (Adjustment)	178.87	178.87		178.87

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Balance Dec.31, 2011	Balance After Modification	Paid or Charged	Balance Lapsed
State Uniform Construction Code:				
Construction Official:				
Salaries and Wages	\$ 93.54	\$ 93.54		\$ 93.54
Other Expenses	284.39	284.39	\$ 257.76	26.63
Unclassified:				
Utilities:				
Gasoline	19,179.52	19,179.52	13,583.17	5,596.35
Electricity	27,292.20	27,292.20	27,292.20	
Telephone	4,322.61	9,322.61	8,991.13	331.48
Natural Gas	3,178.18	3,678.18	3,445.41	232.77
Water	3,897.65	3,897.65	3,664.55	233.10
MIS Management Information Systems:				
Other Expenses	1,844.99	6,844.99	5,325.49	1,519.50
Statutory Expenditures:				
Contributions to Social Security System (O.A.S.I.)	535.94	535.94		535.94
Maintenance of Free Public Library (N.J.S.A. 40:54-8)				
(C. 82, P.L. 1985)	36,973.63	36,973.63	7,217.00	29,756.63
LOSAP	114,000.00	114,000.00	92,346.00	21,654.00
Shared Municipal Service Agreements:				
Fire Prevention Inspector:				
Salaries and Wages	36.66	36.66		36.66
Other Expenses	2,363.00	2,363.00		2,363.00
	<u>\$ 936,319.73</u>	<u>\$ 936,319.73</u>	<u>\$ 629,083.96</u>	<u>\$ 307,235.77</u>

	<u>Ref.</u>		
<u>Analysis of Balance at December 31, 2011:</u>			
Unencumbered	A	\$	722,315.53
Encumbered	A		214,004.20
		<u>\$</u>	<u>936,319.73</u>

<u>Analysis of Paid or Charged:</u>	
Cash Disbursed	\$ 626,991.39
Accounts Payable	2,092.57
	<u>\$ 629,083.96</u>

TOWNSHIP OF LONG HILL
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2012

Increased by:		
Levy - Calendar Year 2012	\$	15,069,602.00
Decreased by:		
Payments to Local School District	\$	<u>15,069,607.00</u>
Balance December 31, 2012 (Prepaid)	A	<u><u>\$ (5.00)</u></u>

CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2012

Increased by:		
Levy - Calendar Year 2012	\$	7,511,953.76
Decreased by:		
Payments to Regional School District	\$	<u><u>7,511,953.76</u></u>

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

	Balance Dec.31, 2011	Transferred from 2012 Budget Appropriation	Paid or Charged	Cancelled	Balance Dec.31, 2012
Recycling Tonnage Grant	\$ 39,594.06				\$ 39,594.06
Drunk Driving Enforcement Fund	4,178.73	\$ 1,885.00	\$ 590.90		5,472.83
Clean Communities Program	34,448.16		15,199.55		19,248.61
Alcohol Education and Rehabilitation Fund	16,290.38		1,609.15		14,681.23
Emergency Management Grant	10,529.36	5,000.00	4,376.96	\$ 5,000.00	6,152.40
Municipal Alliance Grant	17,038.00			17,038.00	
2007 Municipal Road Grant	90,881.10			90,881.10	
2008 Municipal Road Grant	18,128.72			18,128.72	
2011 Municipal Road Grant	175,000.00			175,000.00	
New Jersey Department of Community Affairs - Body Armor Grant	19,721.76	2,460.00	715.00		21,466.76
Bulletproof Vests - Federal	14,031.52				14,031.52
Highlands TDR Feasibility Grant	23,312.50		1,937.50		21,375.00
Morris County Historic Preservation Trust	29,437.00		25,136.00		4,301.00
Morris County Historic Preservation Trust	40,678.00				40,678.00
Morris County Signal Upgrades Valley Road		26,324.48	26,324.48		
Comcast Communication Equipment Grant		30,000.00			30,000.00
Shade Tree Challenge Grant		3,000.00			3,000.00
	<u>\$ 533,269.29</u>	<u>\$ 68,669.48</u>	<u>\$ 75,889.54</u>	<u>\$ 306,047.82</u>	<u>\$ 220,001.41</u>

Ref.

A

A

Paid by Current Fund \$ 75,889.54

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

	Balance Dec.31, 2011	Cash Received	Budget Revenue Realized	Balance Dec.31, 2012
Drunk Driving Enforcement Fund	\$ 1,885.95		\$ 1,885.00	\$ 0.95
Alcohol Education and Rehabilitation Fund	0.36	\$ 863.41		863.77
Body Armor	2,460.40	2,514.01	2,460.00	2,514.41
Bulletproof Vests	7.39			7.39
Clean Communities	1.41	16,221.78		16,223.19
Recycling Tonnage Grant	0.28			0.28
	<u>\$ 4,355.79</u>	<u>\$ 19,599.20</u>	<u>\$ 4,345.00</u>	<u>\$ 19,609.99</u>
<u>Ref.</u>	A			A

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2012
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, 2011	B	\$ 33,177.53	\$ 3,603,828.09
Increased by Receipts:			
Animal Control Fees		\$ 15,648.00	
State Registration Fees		1,425.00	
Miscellaneous and Late Fees		1,740.00	
Developers Escrow			\$ 180,745.73
Reserve for Municipal Open Space:			
Open Space Tax Levy			255,824.00
Deposits and Interest			6,992.58
Reserve for Historical Preservation -			
Transfer from Municipal Open Space			176,982.89
Road Opening			6,300.00
Parking Offense Adjudication Act Fees			56.00
Recycling			25,818.93
COAH			33,888.28
Community Day			3.98
Uniform Fire Safety Deposits			756.00
Recreation			30,524.59
Due to/from Current Fund:			
Interfund Returned			38,986.46
Interest Earned		183.00	1,999.23
Shade Tree Donations			6,702.00
Accumulated Absences			7,500.00
Snow Removal			15,091.81
Unemployment Insurance Deposits			11,835.35
Tax Sale Premiums			72,100.00
Special Law Enforcement			406.21
Marriage- Donations			200.00
		<u>18,996.00</u>	<u>872,714.04</u>
		52,173.53	4,476,542.13
Decreased by Disbursements:			
State Registration Fees		1,425.00	
Expenditures Under R.S. 4:19-15.11		11,854.33	
Due to Current Fund		183.00	31,749.63
Developers Escrow Refunds/Fees			228,937.84
Open Space Trust Expenditures			3,825.00
Open Space Trust - Transfer to Historical Preservation			176,982.89
Historical Preservation Expenditures			85,774.00
Payroll Deductions			23.63
Shade Tree Expenditures			5,529.00
Recreation			37,919.62
Snow Removal			17,520.79
State Unemployment Insurance			22,591.63
Community Day			1,276.73
COAH			4,966.50
Recycling Expenditures			36,168.10
Tax Sale Premiums			124,100.00
Beautification Program			602.00
Outside Police Services			588.28
		<u>13,462.33</u>	<u>778,555.64</u>
Balance December 31, 2012	B	<u>\$ 38,711.20</u>	<u>\$ 3,697,986.49</u>

TOWNSHIP OF LONG HILL
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

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

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 33,232.53
Increased by:		
Animal Control Fees:		
Animal Control License Fees Collected		\$ 15,648.00
Miscellaneous and Late Fees		1,740.00
		<u>17,388.00</u>
		50,620.53
Decreased by:		
Due from State of NJ - Cancelled		55.00
Expenditures Under R.S. 4:19-15.11		11,854.33
Statutory Excess Due Current Fund		2,906.60
		<u>14,815.93</u>
Balance December 31, 2012	B	<u>\$ 35,804.60</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2010	\$ 19,765.40
2011	16,039.20
	<u>35,804.60</u>
Maximum Allowable Reserve	<u>\$ 35,804.60</u>

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2012
GENERAL CAPITAL FUND

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 2,119,724.75
Increased by:		
Due from Federal and State Grant Fund	\$	100,000.00
NJ Department of Transportation Grant Receivable		274,956.98
NJ Environmental Infrastructure Trust Loan Receivable		115,464.00
Due Current Fund:		
Interest Earned		4,541.61
Received from Current Fund Budget Appropriation:		
Capital Improvement Fund		141,485.00
Deferred Charges to Future Taxation Unfunded		55,357.47
Reserve to Pay Debt Service - Closing of Escrow Account		64,781.37
Improvement Authorization Refunds		5,355.00
Reserve for Sewer Contributions		113,108.00
		<u>875,049.43</u>
		<u>2,994,774.18</u>
Decreased by:		
Improvement Authorization Expenditures		770,333.30
Due to Current Fund as Anticipated Revenue:		
Fund Balance		55,358.00
Reserve to Pay Debt Service		40,000.00
Due to Current Fund		2,712.11
Preliminary Costs		9,300.15
		<u>877,703.56</u>
Balance December 31, 2012	C	<u>\$ 2,117,070.62</u>

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance (Deficit) Dec. 31, 2011	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2012
		Budget Appropriation	Other	Improvement Authorizations	Other	From	To	
Fund Balance	\$ 579,562.31				\$ 55,358.00	\$ 236,500.00		\$ 287,704.31
Capital Improvement Fund	47,401.27	\$ 141,485.00				110,240.00	\$ 4,112.50	82,758.77
Due to Current Fund	(1,829.50)		\$ 59,899.08		2,712.11	55,357.47		
Due from Federal and State Grant Fund	(100,000.00)		100,000.00					
NJ Department of Transportation Grant Receivable			274,956.98			370,000.00		(95,043.02)
NJEFT Receivable	(467,237.00)		115,464.00					(351,773.00)
Reserve for:								
Payment of Debt Service	153,218.90		64,781.37		40,000.00			178,000.27
Sewer Contributions	187,056.59		113,108.00					300,164.59
NJ Department of Transportation Grant Receivable						274,956.98	370,000.00	95,043.02
Preliminary Costs	4,112.50				9,300.15	4,112.50	91,740.00	82,439.85
<u>Ord. No.</u>	<u>Improvement Description</u>							
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 Pleasant Plains Road		(22,371.55)				22,371.55	
18-94	CDBG Apartment Assessorly 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	
203-07	Improvements to Waste Water Treatment System		9,090.00		\$ 9,090.00			
212-07	Various Improvements		842,117.66		29,736.00			812,381.66
229-08	Various Improvements		138,579.93		17,148.51			121,431.42
247-09	Improvements to the Sanitary Sewerage System		282,702.27		111,268.71			171,433.56
250-09	Various Improvements		268,933.37		29,953.68			238,979.69
260-10	Sanitary Sewer Improvements		39,100.00		21,494.00			17,606.00
265-10	Various Improvements		60,374.64		15,168.00			45,206.64
270-10	Refunding Bond Ordinance		(101,762.17)					(101,762.17)
280-11	Acquisition of Equipment		16,622.77					16,622.77
281-11	Initial Costs Associated with the Expansion of Waste Water Treatment System		1,990.00	5,355.00	3,523.00			3,822.00
283-11	Acquisition of Equipment		42,491.85		36,014.86			6,476.99
284-11	Acquisition of Equipment		72,175.31		56,107.35			16,067.96
285-11	Acquisition of Equipment		17,676.52		13,017.00			4,659.52
287-11	Purchase of Communication Equipment		47,705.00		321,964.58			(274,259.58)
289-11	Acquisition of Fire Department Equipment		35,000.00		33,343.40			1,656.60
296-12	Purchase of Computer Server				15,349.00		17,000.00	1,651.00
304-12	Improvement of Main and Central Avenue				57,155.21		512,956.98	455,801.77
		\$ 2,119,724.75	\$ 141,485.00	\$ 733,564.43	\$ 770,333.30	\$ 1,051,166.95	\$ 1,051,166.95	\$ 2,117,070.62

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

Ord. No.	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Funded by Budget Appropriation	New Jersey Department of Transportation Grant	Improvement Authorizations Cancelled	Balance Dec. 31, 2012	Analysis of Balance December 31, 2012	
								Expenditures	Unexpended Improvement Authorizations
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 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					
212-07	Various Improvements								
229-08	Various Improvements								
247-09	Sanitary Sewerage System	493,000.00				\$ 493,000.00			
250-09	Various Improvements	450.00					\$ 450.00		\$ 450.00
265-10	Various Improvements	300.00					300.00		300.00
270-10	Refunding Bond Ordinance	885,000.00				783,237.83	101,762.17	\$ 101,762.17	
287-11	Purchase of Communication Equipment	300,000.00					300,000.00	274,259.58	25,740.42
304-12	Improvement of Main and Central Avenue		\$ 370,000.00		\$ 274,956.98		95,043.02		95,043.02
		<u>\$ 1,734,107.47</u>	<u>\$ 370,000.00</u>	<u>\$ 55,357.47</u>	<u>\$ 274,956.98</u>	<u>\$ 1,276,237.83</u>	<u>\$ 497,555.19</u>	<u>\$ 376,021.75</u>	<u>\$ 121,533.44</u>

Ref. C

C

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2011		2012 Authorizations				Balance Dec. 31, 2012		
		Date	Amount	Funded	Unfunded	Capital Improvement Fund	Fund Balance	Deferred Charges to Future Taxation - Unfunded	Paid or Charged	Cancelled	Funded	Unfunded
<u>General Improvements:</u>												
203-07	Improvements to Waste Water Treatment System	04/25/07	\$ 125,000.00	\$ 9,090.00					\$ 9,090.00			
212-07	Various Improvements	09/12/07	1,880,100.00	842,117.66					29,736.00		\$ 812,381.66	
229-08	Various Improvements	06/25/08	1,150,000.00	138,579.93					17,148.51		121,431.42	
247-09	Improvements to the Sanitary Sewerage System	07/08/09	2,000,000.00	282,702.27	\$ 493,000.00				111,268.71	\$ 493,000.00	171,433.56	
250-09	Various Improvements	08/12/09	541,000.00	268,933.37	450.00				29,953.68		238,979.69	\$ 450.00
260-10	Sanitary Sewer Improvements	04/14/10	70,000.00	39,100.00					21,494.00		17,606.00	
265-10	Various Improvements	07/14/10	300,800.00	60,374.64	300.00				15,168.00		45,206.64	300.00
270-10	Refunding Bond Ordinance	12/01/10	2,800,000.00		783,237.83					783,237.83		
280-11	Acquisition of Equipment	05/11/11	26,000.00	16,622.77							16,622.77	
281-11	Initial Costs Associated with the Expansion of Waste Water Treatment System	07/20/11	16,000.00	1,990.00					(1,832.00)		3,822.00	
283-11	Acquisition of Equipment	08/17/11	44,000.00	42,491.85					36,014.86		6,476.99	
284-11	Acquisition of Equipment	08/17/11	114,450.00	72,175.31					56,107.35		16,067.96	
285-11	Acquisition of Equipment	08/17/11	27,000.00	17,676.52					13,017.00		4,659.52	
287-11	Purchase of Communication Equipment	09/07/11	350,000.00	47,705.00	300,000.00				321,964.58			25,740.42
289-11	Acquisition of Fire Department Equipment	10/12/11	35,000.00	35,000.00					33,343.40		1,656.60	
296-12	Purchase of Computer Server	02/22/12	17,000.00				\$ 17,000.00		15,349.00		1,651.00	
304-12	Improvement of Main and Central Avenue	06/27/12	608,000.00			\$ 18,500.00	219,500.00	\$ 370,000.00	57,155.21		455,801.77	95,043.02
				<u>\$ 1,874,559.32</u>	<u>\$ 1,576,987.83</u>	<u>\$ 18,500.00</u>	<u>\$ 236,500.00</u>	<u>\$ 370,000.00</u>	<u>\$ 764,978.30</u>	<u>\$ 1,276,237.83</u>	<u>\$ 1,913,797.58</u>	<u>\$ 121,533.44</u>
		<u>Ref.</u>		<u>C</u>	<u>C</u>						<u>C</u>	<u>C</u>
									Cash Disbursements	\$ 770,333.30		
									Refunds	(5,355.00)		
										<u>\$ 764,978.30</u>		

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

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 47,401.27
Increased by:		
Cancellation of Reserve for Preliminary Costs		\$ 4,112.50
Due from Current Fund:		
Current Fund Budget Appropriation		<u>141,485.00</u>
		<u>145,597.50</u>
		<u>192,998.77</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		18,500.00
Preliminary Costs - Wastewater		<u>91,740.00</u>
		<u>110,240.00</u>
Balance December 31, 2012	C	<u><u>\$ 82,758.77</u></u>

TOWNSHIP OF LONG HILL
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

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, 2011	Matured	Balance Dec. 31, 2012
			Outstanding Dec. 31, 2012 Date	Amount				
General Bonds of 2007	2/15/07	\$ 6,450,000.00	2/15/13-14	\$ 200,000.00	4.00%	\$ 5,650,000.00	\$ 200,000.00	\$ 5,450,000.00
			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	2/15/13	290,000.00	5.00%	2,575,000.00	290,000.00	2,285,000.00
			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	7/15/13	100,000.00	2.00%	3,684,000.00	100,000.00	3,584,000.00
			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	2/15/13	645,000.00	3.00%	1,915,000.00	645,000.00	1,270,000.00
			2/15/14	625,000.00	3.00%			
						<u>\$ 13,824,000.00</u>	<u>\$ 1,235,000.00</u>	<u>\$ 12,589,000.00</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, 2011	C	\$ 407,173.31
Less:		
Principal Matured		<u>201,364.43</u>
Balance December 31, 2012	C	<u>\$ 205,808.88</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2012

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Loan Balance</u>
			\$ 205,808.88
2013	<u>\$ 3,000.00</u>	<u>\$ 205,808.88</u>	
	<u>\$ 3,000.00</u>	<u>\$ 205,808.88</u>	

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

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 1,395,644.08
Decreased by:		
Principal Matured		72,813.55
Balance December 31, 2012	C	\$ 1,322,830.53

Schedule of Principal and Interest Payments Outstanding December 31, 2012
Trust Loan - 2001 Issue

<u>Payment Number</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
			\$	340,000.00
6	02/01/13		7,212.50	340,000.00
7	08/01/13	\$ 15,000.00	7,212.50	325,000.00
8	02/01/14		6,837.50	325,000.00
9	08/01/14	15,000.00	6,837.50	310,000.00
10	02/01/15		6,462.50	310,000.00
11	08/01/15	15,000.00	6,462.50	295,000.00
12	02/01/16		6,087.50	295,000.00
13	08/01/16	15,000.00	6,087.50	280,000.00
14	02/01/17		5,712.50	280,000.00
15	08/01/17	15,000.00	5,712.50	265,000.00
16	02/01/18		5,337.50	265,000.00
17	08/01/18	20,000.00	5,337.50	245,000.00
18	02/01/19		4,837.50	245,000.00
19	08/01/19	20,000.00	4,837.50	225,000.00
20	02/01/20		4,437.50	225,000.00
21	08/01/20	20,000.00	4,437.50	205,000.00
22	02/01/21		3,937.50	205,000.00
23	08/01/21	20,000.00	3,937.50	185,000.00
24	02/01/22		3,637.50	185,000.00
25	08/01/22	20,000.00	3,637.50	165,000.00
26	02/01/23		3,237.50	165,000.00
27	08/01/23	20,000.00	3,237.50	145,000.00
28	02/01/24		2,837.50	145,000.00
29	08/01/24	20,000.00	2,837.50	125,000.00
30	02/01/25		2,437.50	125,000.00
31	08/01/25	25,000.00	2,437.50	100,000.00
32	02/01/26		1,937.50	100,000.00
33	08/01/26	25,000.00	1,937.50	75,000.00
34	02/01/27		1,500.00	75,000.00
35	08/01/27	25,000.00	1,500.00	50,000.00
36	02/01/28		1,000.00	50,000.00
37	08/01/28	25,000.00	1,000.00	25,000.00
38	02/01/29		500.00	25,000.00
39	08/01/29	25,000.00	500.00	
		\$ 340,000.00	\$ 135,900.00	

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

Schedule of Principal Payments Outstanding December 31, 2012
Fund Loan - 2001 Issue

Payment Number	Due Date	Principal	Loan Balance
			\$ 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>\$ 982,830.53</u>	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2011	Funded by Budget Appropriation	New Jersey Department of Transportation Grant	Improvement Authorizations Cancelled	Balance Dec. 31, 2012
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 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 Sewerage System	493,000.00			\$ 493,000.00	
250-09	Various Improvements	450.00				\$ 450.00
265-10	Various Improvements	300.00				300.00
270-10	Refunding Bond Ordinance	885,000.00			783,237.83	101,762.17
287-11	Purchase of Communication Equipment	300,000.00				300,000.00
304-12	Improvement of Main and Central Avenue			\$ 274,956.98		95,043.02
		<u>\$ 1,734,107.47</u>	<u>\$ 55,357.47</u>	<u>\$ 274,956.98</u>	<u>\$ 1,276,237.83</u>	<u>\$ 497,555.19</u>

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2012
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, 2011	D	\$ 292,254.88
Increased by Receipts:		
Parking Permits		\$ 18,473.05
Rental of Facilities		16,583.60
Interest on Investments		832.29
Prepaid Parking Permits		61,455.00
		<u>97,343.94</u>
		389,598.82
Decreased by Disbursements:		
2012 Appropriation Expenditures		16,687.73
2011 Appropriation Reserves		2,100.00
Due to Current Fund - Fund Balance		
Utilized as Anticipated Revenue		50,000.00
		<u>68,787.73</u>
Balance December 31, 2012	D	<u>\$ 320,811.09</u>

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

	Balance (Deficit) <u>Dec.31,2011</u>	Balance (Deficit) <u>Dec.31,2012</u>
Due from Parking Lot and Facilities		
Utility Operating Fund	\$ (21,500.00)	\$ (21,500.00)
Reserve for Future Improvements	<u>21,500.00</u>	<u>21,500.00</u>
	<u>\$ -0-</u>	<u>\$ -0-</u>

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

	<u>Balance</u> <u>Dec.31, 2011</u>	<u>Balance</u> <u>Dec.31, 2012</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 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 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	<u>Balance</u> <u>Dec.31, 2011</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Other Expenses	\$ 7,227.15	\$ 7,227.15	\$ 2,100.00	\$ 5,127.15
Capital Improvements:				
Capital Outlay	5,000.00	5,000.00		5,000.00
	<u>\$ 12,227.15</u>	<u>\$ 12,227.15</u>	<u>\$ 2,100.00</u>	<u>\$ 10,127.15</u>

Ref.

Analysis of Balance December 31, 2011

Appropriation Reserves:			
Unencumbered	D	\$ 11,627.15	
Encumbered	D	<u>600.00</u>	
		<u>\$ 12,227.15</u>	

TOWNSHIP OF LONG HILL
COUNTY OF MORRIS
2012
PUBLIC ASSISTANCE FUND

TOWNSHIP OF LONG HILL
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Fund Total</u>	<u>P.A.T.F. I</u>
Balance December 31, 2011	E	\$ 4,077.93	\$ 4,077.93
Increased by Receipts:			
Interest Earned		12.75	12.75
		<u>4,090.68</u>	<u>4,090.68</u>
Decreased by Disbursements:			
Closeout to Current Fund		4,090.68	4,090.68
		<u>4,090.68</u>	<u>4,090.68</u>
Balance December 31, 2012	E	<u>\$ -0-</u>	<u>\$ -0-</u>

TOWNSHIP OF LONG HILL

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2012

TOWNSHIP OF LONG HILL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

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 Homeland Security (Passed through New Jersey Department of Law and Public Safety)	Emergency Management Assistance	97.042	100-066-1200-726-YEMR	01/01/10	12/31/12	\$ 5,000.00		\$ 529.36	\$ 5,000.00
				01/01/11	12/31/13	5,000.00		3,847.60	3,847.60
				01/01/12	12/31/13	5,000.00	\$ 5,000.00		
							5,000.00	4,376.96	8,847.60
	Disaster Grants - Public Assistance - F.E.M.A.	97.036	N/A	01/01/11	12/31/11	79,339.72	79,339.72	79,339.72 *	79,339.72
Total US Department of Homeland Security							84,339.72	83,716.68	88,187.32
U.S. Department of Transportation (Passed through New Jersey Department of Transportation)	Municipal Aid - Main & Central Avenue	20.205	AKN-TCAP-6010	01/01/12	12/31/13	370,000.00	274,956.98	57,155.21	57,155.21
							274,956.98	57,155.21	57,155.21
Total US Department of Transportation									
Total Federal Awards							\$ 359,296.70	\$ 140,871.89	\$ 145,342.53

N/A - Not Applicable/Not Available

* - Expended in 2011.

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

TOWNSHIP OF LONG HILL
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2012

New Jersey Agency or Department	Program Account No.	Name of Program	Grant Period		Grant Award Amount	Received	Total Program Expenditures	Cumulative Program Expenditures	
			From	To					
Department of Environmental Protection	765-042-4900- 004-V42Y	Clean Communities Grant	01/01/09	12/31/12	\$ 16,586.92		\$ 724.91	\$ 16,586.92	
			01/01/10	12/31/13	17,271.95		14,474.64	14,474.64	
			01/01/12	12/31/13	16,221.78	\$ 16,221.78			
						<u>16,221.78</u>	<u>15,199.55</u>	<u>31,061.56</u>	
	S340404-07	NJ Environmental Infrastructure Trust and Fund Program	03/10/10	08/01/13	1,507,000.00	115,464.00	111,268.71	1,335,566.44	
Total Department of Environmental Protection						<u>131,685.78</u>	<u>126,468.26</u>	<u>1,366,628.00</u>	
New Jersey Highlands Council	09-032-080-1430	Highlands Water Protection and Planning Council Grant	01/01/10	12/31/13	25,000.00		1,937.50	3,625.00	
Total New Jersey Highlands Council							<u>1,937.50</u>	<u>3,625.00</u>	
Department of Health and Senior Services	760-098-9735- Y900-001	Alcohol Education Rehabilitation and Enforcement Fund	01/01/04	12/31/12	3,233.06		885.68	3,233.06	
			01/01/05	12/31/13	3,620.00		723.47	723.47	
			01/01/12	12/31/13	863.41	863.41			
Total Department of Health and Senior Services						<u>863.41</u>	<u>1,609.15</u>	<u>3,956.53</u>	
Department of Law and Public Safety	100-078-6400- YYYY	Drunk Driving Enforcement Fund	01/01/09	12/31/13	3,203.00		590.90	3,198.43	
Department of Law and Public Safety	718-066-1020 001-YCJF	Body Armor Replacement Program	01/01/06	12/31/13	11,673.43		715.00	6,711.68	
			01/01/12	12/31/13	2,459.77	2,514.01			
						<u>2,514.01</u>	<u>715.00</u>	<u>6,711.68</u>	
Total Department of Law and Public Safety						<u>2,514.01</u>	<u>1,305.90</u>	<u>9,910.11</u>	
Department of the State - (Passed Through the County of Morris - Department of Planning, Development & Technology)	N/A	Historic Preservation Trust - Millington Schoolhouse - Phase I Millington Schoolhouse - Phase II Historic Preservation Trust	01/01/10	12/31/11	162,712.00	162,712.00		162,712.00	
			01/01/10	12/31/13	40,678.00	27,147.00		27,147.00	
			01/01/10	12/31/13	29,437.00		25,136.00	25,136.00	
			Subtotal Department of State						<u>189,859.00</u>
Total State Awards						<u>\$ 324,922.20</u>	<u>\$ 156,456.81</u>	<u>\$ 1,599,114.64</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, 2012

Note 1. GENERAL

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

Note 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, 2012:

NJ Wastewater Treatment Loan III	\$ 205,808.88
NJ Environmental Infrastructure Trust Loan	<u>1,322,830.53</u>
	<u>\$ 1,528,639.41</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.



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
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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*

Independent Auditors' Report

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

We have audited, 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, the financial statements - *regulatory basis* - of the various funds of the Township of Long Hill, in the County of Morris (the "Township") as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated May 8, 2013. These financial statements have been prepared in conformity with accounting principles prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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. 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.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be

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

material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2012-1, that we consider to be a significant deficiency.

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

The Township's Response to the Finding

The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
May 8, 2013

NISIVOCIA LLP



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

TOWNSHIP OF LONG HILL
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2012

Summary of Auditors' Results:

- A qualified report was issued on the Township's financial statements prepared in conformity with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as the general fixed assets accounts group was not audited.
- The audit did not disclose any material weaknesses in the internal controls of the Township.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the Township.
- The Township was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, for 2012 as grant expenditures were less than the single audit thresholds of \$500,000 identified in the Circulars.

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

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

Finding 2012-1

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 since expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since expenditures were below the single audit threshold.

TOWNSHIP OF LONG HILL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012

The Township's prior year audit finding regarding segregation of duties has not been resolved and is included as finding 2012-1.

TOWNSHIP OF LONG HILL

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

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, 2012, 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 12-07 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 taxpayer 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 November 27, 2012 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>
2012	25
2011	23
2010	27

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 2013 Taxes	20
Payments of 2012 Taxes	20
Delinquent Taxes	15
Payments of Water/Sewer Utility Charges	10
Delinquent Water/Sewer Utility Charges	10
Tax Title Liens	5

Verification notices were mailed to confirm balances as of December 31, 2012. 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 2012 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

	Balance Dec. 31, 2011	Receipts	Disbursements	Balance Dec. 31, 2012
Municipal Treasurer:				
Fines and Costs	\$ 4,938.28	\$ 88,935.92	\$ 89,836.82	\$ 4,037.38
Restitution	20.00	1,126.12	1,146.12	0.00
POAA FTA	4.00	54.00	56.00	2.00
Weights and Measures	1,750.00	23,700.00	25,150.00	300.00
Public Defender	61.00	2,375.00	2,196.00	240.00
Conditional Discharge	145.00	455.00	600.00	
Fish and Game		150.00	150.00	
Overpayments			11.00	(11.00)
County Treasurer	2,176.00	39,830.41	40,189.41	1,817.00
State Treasurer:				
Fines and Costs	3,595.72	59,678.49	61,021.59	2,252.62
Miscellaneous	8.49	4.75	8.48	4.76
Bail	750.53	140,664.38	141,109.53	305.38
	<u>\$ 13,449.02</u>	<u>\$ 356,974.07</u>	<u>\$ 361,474.95</u>	<u>\$ 8,948.14</u>

Tax Records

During our testing, we discovered that not all of the tax records were available at the time of the audit and the current year and prior year tax levies were not proved out in a timely manner.

It is recommended that all tax records be maintained on a current basis and levies are proved out at end of the year.

Management's Response

Tax records will be maintained on a monthly basis and all levies will be proved out at year end.

TOWNSHIP OF LONG HILL
COMMENTS AND RECOMMENDATIONS
(Continued)

Appropriated Grant Reserves and Grants Receivable

The schedule of Federal and State Appropriated Reserves and Federal and State Grant Receivables include balances from prior years. The Township has made a great effort over the last couple of years to continually review grant balances and further action will be taken in 2013. Therefore, no formal recommendation is warranted.

Corrective Action Plan

Recommendations 2 and 3 from the prior year audit report were resolved during the current year. The Township has initiated a corrective action plan to resolve the remaining comment and recommendation from the 2011 audit report, 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. Tax records be maintained on a current basis and levies are proved out at end of the year.

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