

TOWNSHIP OF OLDMANS
COUNTY OF SALEM
REPORT OF AUDIT
For the Year Ended December 31, 2011

TOWNSHIP OF OLDMANS

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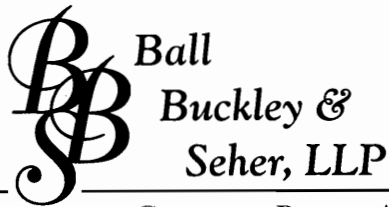
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TOWNSHIP OF OLDMANS

**REPORT OF EXAMINATION ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA**

For the Year Ended December 31, 2011



CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Oldmans
County of Salem
Pedricktown, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Township of Oldmans, County of Salem, State of New Jersey, as of December 31, 2011 and 2010, and the related statements of operations and changes in fund balances - regulatory basis for the years then ended, and the related statements of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds, as of and for the year ended December 31, 2011, which collectively comprise the Township of Oldmans' financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Oldmans' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township of Oldmans prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey. These practices are a basis of accounting other than accounting principles generally accepted in the United States of America. The presentation requirement does not include a Management Discussion and Analysis as required by the Governmental Accounting Standards Board to be presented as Required Supplementary Information, but not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The effect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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In our opinion, because of the effects on the financial statements of the requirement that the Township of Oldmans prepare its financial statements in accordance with the accounting practices discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Oldmans as of December 31, 2011 and 2010, or the results of its operations and changes in fund balance for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - regulatory basis of the various funds and account groups of the Township of Oldmans as of December 31, 2011 and 2010, and the results of operations and changes in fund balances - regulatory basis of such funds for the year then ended and the statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the years ended December 31, 2011 and 2010 on a modified accrual basis of accounting described in Note 1.

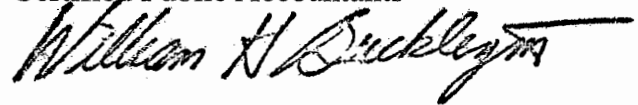
In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2012, on our consideration of the Township of Oldmans' internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Oldmans' financial statements as a whole. The accompanying supplemental schedules and information presented in the "General Comments", "Other Comments", and "Schedule of Findings and Questioned Costs" sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, is fairly stated in all material respects, in relation to the financial statements as a whole.

Respectfully submitted,

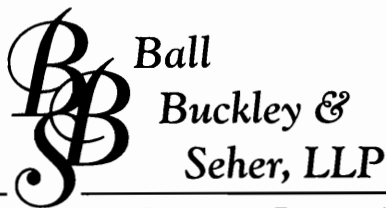
Ball, Buckley & Seher, LLP

BALL, BUCKLEY & SEHER, LLP
Certified Public Accountants



William H. Buckley, III
Registered Municipal Accountant #46
Certified Public Accountant

June 20, 2012



CERTIFIED PUBLIC ACCOUNTANTS



**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members
of the Township Committee
Township of Oldmans
County of Salem
Pedricktown, New Jersey

We have audited the financial statements - regulatory basis of the Township of Oldmans, County of Salem, State of New Jersey, as of and for the year ended December 31, 2011, and have issued our report thereon dated June 20, 2012 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, as described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Township of Oldmans' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the requirements of the Division of Local Government Services which is described in the accompanying summary schedule of prior year audit findings and questioned costs as items 2010-1 and 2010-2.

This report is intended solely for the information and use of management, the Township Committee of the Township of Oldmans, others within the entity, and federal awarding agencies and pass-through entities, the New Jersey Division of Local Government Services, and certain other interested government agencies and is not intended to be and should not be used by anyone other than those specified parties.

Respectfully submitted,

Ball, Buckley & Seher, LLP

BALL, BUCKLEY & SEHER, LLP
Certified Public Accountants



William H. Buckley, III
Registered Municipal Accountant #46
Certified Public Accountant

June 20, 2012

CURRENT FUND

**TOWNSHIP OF OLDMANS
CURRENT FUND
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
December 31, 2011 and 2010**

		Balance December 31, 2011	Balance December 31, 2010	Ref.	Balance December 31, 2011	Balance December 31, 2010
ASSETS						
Regular fund:						
Cash - chief financial officer:						
Regular operating account	A-4	\$ 677,828.77	\$ 884,952.13		\$ 68,227.97	\$ 75,050.23
		<u>677,828.77</u>	<u>884,952.13</u>		<u>48,950.70</u>	<u>46,448.12</u>
Receivables and other assets with full reserves:						
Delinquent property taxes receivable	A-5	292,445.41	174,014.89		7,697.10	7,947.10
Tax title liens receivable	A-6	301,614.74	288,362.85		580.00	575.00
Delinquent tax penalty receivable		5,254.80	2,933.99	A-4;A-5	59,098.85	43,305.40
Property acquired for taxes-assessed value		24,100.00	24,100.00		971.40	3,977.37
Amount due from dog license trust fund	B	0.04	0.06	A	55,591.01	37,617.73
Amount due from other trust fund	B	9,379.65	6,863.51	B	15.00	13.00
Amount due from general capital fund	C	120,966.41	8,000.00	C	0.00	102,138.19
Amount due from utility capital fund	D	0.00	8,000.00	E	36.90	0.00
Amount due from payroll account	F	678.17	169.70	A-4	13,500.00	13,600.00
Revenue accounts receivable	A-7	7,126.78	4,539.69	A-4	19,556.34	19,600.09
Miscellaneous accounts receivable		549.19	990.00	A-2	21,107.50	21,107.50
Amount due from State of New Jersey:					5,338.43	13,960.00
DCA state training fees		1,185.00	0.00		0.00	0.63
Amount due from Salem County	A-1;A-2	350.00	350.00	A-4	559.20	6,869.20
Amount due from JIF	A-1;A-2	250.00	282.70	A	310,230.40	392,210.06
		<u>763,900.19</u>	<u>510,607.39</u>	A-1	436,301.05	551,861.25
		Total regular fund	Total regular fund		1,510,431.64	1,454,678.70
Deferred charges:						
Special emergency authorization	A-3	36,746.12	59,119.18		0.00	892.95
Cash deficit		<u>31,956.56</u>	<u>0.00</u>		201,526.47	196,121.90
		<u>68,702.68</u>	<u>59,119.18</u>		18,310.67	812.00
		Total regular fund	Total regular fund		219,837.14	197,826.85
		1,510,431.64	1,454,678.70		\$ 1,730,268.78	\$ 1,652,505.55
Federal and state grant fund:						
Cash - chief financial officer	A-4	9,983.69	8,621.79		0.00	892.95
Amount due from current fund	A	55,591.01	37,617.73	A-12	201,526.47	196,121.90
State grants receivable	A-10	154,262.44	151,587.33	A-11	18,310.67	812.00
		<u>219,837.14</u>	<u>197,826.85</u>		219,837.14	197,826.85
		Total	Total		\$ 1,730,268.78	\$ 1,652,505.55

TOWNSHIP OF OLDMANS
CURRENT FUND
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE
REGULATORY BASIS
For the Years Ended December 31, 2011 and 2010

	Ref.	Year 2011	Year 2010
Revenue and other income realized:			
Fund balance utilized	A-2	\$ 115,560.20	\$ 237,894.00
Miscellaneous revenue anticipated	A-2	568,140.38	639,020.72
Receipts from delinquent taxes	A-2	126,614.20	232,010.64
Receipts from current taxes	A-2	4,782,657.25	4,544,450.12
Non-budget revenue	A-2	71,065.84	36,200.80
Other credits to income:			
Appropriation reserves lapsed	A-8	47,827.37	31,861.49
Encumbrances lapsed	A	0.00	90.00
State and federal grants canceled		0.00	2,755.02
Prior year county open space tax overpayment	A-4	0.00	2,083.57
Interfunds cleared		8,249.76	30,928.37
Total income		<u>5,720,115.00</u>	<u>5,757,294.73</u>
Expenditures:			
Budget operations:			
Operations:			
Salaries and wages	A-3	261,165.00	261,775.00
Other expenses	A-3	552,797.26	689,324.80
Capital improvements	A-3	45,000.00	69,750.00
Deferred charges and statutory expenditures	A-3	76,373.06	70,873.06
County taxes	A-5	2,066,122.54	1,748,523.73
Due county for added and omitted taxes	A-5	39,666.29	18,698.69
Local district school tax	A-9	2,589,381.00	2,676,583.00
Accounts receivable due from Salem County	A	350.00	350.00
Accounts receivable due from JIF	A	250.00	282.70
Escrow balance adjustments		0.00	2,916.80
Interfunds created		120,966.41	1,336.69
Total expenditures		<u>5,752,071.56</u>	<u>5,540,414.47</u>
Excess or (deficit) in revenue		(31,956.56)	216,880.26
Expenditures included above which are by statute			
deferred charges to budget of succeeding year	A	<u>31,956.56</u>	<u>0.00</u>
Statutory excess to fund balance		0.00	216,880.26
Fund balance - January 1	A	<u>551,861.25</u>	<u>572,874.99</u>
		551,861.25	789,755.25
Decreased by utilization as anticipated revenue	A-2	<u>115,560.20</u>	<u>237,894.00</u>
Fund balance - December 31	A	<u>\$ 436,301.05</u>	<u>\$ 551,861.25</u>

See Accompanying Notes to the Financial Statements

TOWNSHIP OF OLDMANS
CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS

For the Year Ended December 31, 2011

	Ref.	Anticipated		Realized	Excess Or (Deficit)
		Budget	Per N.J.S.A. 40A:4-87		
Fund balance anticipated	A-1	\$ 115,560.20	\$ 0.00	\$ 115,560.20	\$ 0.00
Miscellaneous revenues:					
Fines and costs - municipal court	A-7	15,000.00	0.00	8,270.29	(6,729.71)
Interest and costs on taxes	A-7	37,000.00	0.00	35,128.90	(1,871.10)
Consolidated municipal property tax relief act	A-7	9,750.00	0.00	9,750.00	0.00
Energy receipts tax	A-7	220,860.00	0.00	220,860.00	0.00
Garden state preservation trust fund	A	0.63	0.00	0.63	0.00
Uniform construction code fees	A-7	50,000.00	0.00	72,342.03	22,342.03
Clean communities program	A-10	4,000.00	0.00	4,000.00	0.00
Municipal alliance on alcoholism and drug abuse	A-10	4,074.33	0.00	4,074.33	0.00
Reserve for municipal alliance on alcoholism and drug abuse	A-10	812.00	0.00	812.00	0.00
Recycling tonnage grant	A-10	17,412.93	0.00	17,412.93	0.00
Salem County - contribution for first aid organization	A	350.00	0.00	350.00	0.00
JIF safety awards	A-2	2,504.00	0.00	2,505.00	1.00
PILOT - J.E. Berkowitz	A-4	94,757.76	0.00	101,065.18	6,307.42
PILOT - Garden State Freezer	A-4	85,854.32	0.00	91,569.09	5,714.77
Total	A-1	542,375.97	0.00	568,140.38	25,764.41
	A-2	175,000.00	0.00	126,614.20	(48,385.80)
Receipts from delinquent taxes					
Amount to be raised by taxes for support of municipal budget -					
local taxes for municipal purposes	A-2	293,659.53	0.00	278,747.80	(14,911.73)
Budget totals		1,126,595.70	0.00	1,089,062.58	(37,533.12)
Non-budget revenues	A-2	0.00	0.00	71,065.84	71,065.84
Total		\$ 1,126,595.70	\$ 0.00	\$ 1,160,128.42	\$ 33,532.72

**TOWNSHIP OF OLDMANS
CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
For the Year Ended December 31, 2011**

ANALYSIS OF REALIZED REVENUES

	<u>Ref.</u>	
Allocations of current tax collections:		
Revenue from collections	A-5	\$ 4,782,657.25
Allocated to:		
School, county, and special district taxes	A-5	<u>4,695,169.83</u>
Balance for support of municipal appropriations		87,487.42
Add: appropriation "reserve for uncollected taxes"	A-3	<u>191,260.38</u>
Amount for support of municipal budget appropriations	A-2	<u><u>\$ 278,747.80</u></u>
Analysis of receipts from delinquent taxes:		
Delinquent tax collections	A-5	<u>\$ 126,614.20</u>
		<u><u>\$ 126,614.20</u></u>
JIF safety award:		
Cash receipts	A-4	\$ 2,255.00
Accounts receivable	A	<u>250.00</u>
Total JIF safety award	A-2	<u><u>\$ 2,505.00</u></u>
Miscellaneous revenue not anticipated:		
Revenue accounts receivable:		
Bid package fee	A-8	\$ 4,000.00
Cable TV franchise fee	A-8	4,411.16
Construction code interest earnings	A-8	23.53
Election polling places	A-8	100.00
Housing officer	A-8	934.00
Improvement searches	A-8	60.00
Interest on investments	A-8	3,502.72
PILOT - Goya	A-8	33,186.22
Prior year refund	A-8	3,156.76
Rental income	A-8	6,600.00
Registrar of vital statistics	A-8	226.00
Sale of municipal property	A-8	1,008.00

See Accompanying Notes to the Financial Statements

**TOWNSHIP OF OLDMANS
CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
For the Year Ended December 31, 2011**

Senior citizens and veterans administrative fees	A-8	\$	600.00	
Tax collector- tax search fees	A-8		370.00	
Tax collector- miscellaneous receipts	A-8		1,997.17	
Zoning officer	A-8		3,520.00	
Miscellaneous	A-7		<u>1,191.69</u>	
		\$		64,887.25
Chief financial officer:				
Miscellaneous accounts receivable				1,177.11
Interest earned on investments - due from other funds and miscellaneous payroll adjustments - due payroll				
			<u>5,001.48</u>	
				<u>5,001.48</u>
Total miscellaneous revenue not anticipated	A-2	\$		<u><u>71,065.84</u></u>

See Accompanying Notes to the Financial Statements

**TOWNSHIP OF OLDMANS
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011**

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved
OPERATIONS WITHIN "CAP"					
General government functions:					
Administrative and executive:					
Mayor and council:					
Salaries and wages	\$ 13,400.00	\$ 13,400.00	\$ 13,380.00	\$ 0.00	\$ 20.00
Other expenses	3,000.00	3,000.00	2,211.62	0.00	788.38
Municipal clerk:					
Salaries and wages	40,225.00	30,350.00	30,240.76	0.00	109.24
Other expenses	8,000.00	10,500.00	10,326.81	0.00	173.19
Financial administration:					
Salaries and wages	48,100.00	48,100.00	48,079.92	0.00	20.08
Other expenses	11,000.00	10,400.00	8,267.11	1,791.00	341.89
Audit services:					
Other expenses	21,000.00	20,000.00	19,565.00	0.00	435.00
Assessment of taxes:					
Salaries and wages	28,365.00	28,365.00	28,365.00	0.00	0.00
Other expenses	4,500.00	4,500.00	2,879.02	230.76	1,390.22
Collection of taxes:					
Salaries and wages	22,500.00	20,300.00	20,291.03	0.00	8.97
Other expenses	5,000.00	5,000.00	4,345.00	54.00	601.00
Legal services and costs:					
Other expenses	12,000.00	13,500.00	12,027.24	0.00	1,472.76
Engineering services and costs:					
Other expenses	8,000.00	2,000.00	2,000.00	0.00	0.00
Public buildings and grounds:					
Other expenses	9,000.00	9,000.00	7,198.11	0.00	1,801.89
Insurance:					
Workmans compensation	39,000.00	39,000.00	38,875.00	0.00	125.00
Insurance - liability	27,000.00	27,000.00	26,999.00	0.00	1.00
JIF representative:					
Salaries and wages	2,250.00	1,250.00	1,125.00	0.00	125.00
Unemployment	1,800.00	2,400.00	2,128.67	0.00	271.33

See Accompanying Notes to the Financial Statements

TOWNSHIP OF OLDMANS
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved	
OPERATIONS WITHIN "CAP"						
General government functions (concluded):						
Grant consultant:						
Other expenses	\$ 2,500.00	\$ 500.00	\$ 0.00	\$ 0.00	\$ 500.00	
Land use administration:						
Zoning board:						
Salaries and wages	5,200.00	5,200.00	5,145.00	0.00	55.00	
Other expenses	5,500.00	5,500.00	2,873.95	1,930.40	695.65	
Planning board:						
Salaries and wages	11,000.00	11,000.00	10,925.04	0.00	74.96	
Other expenses	6,000.00	6,000.00	2,872.90	1,315.40	1,811.70	
Public safety functions:						
Fire:						
Other expenses:						
Fire hydrant service	18,000.00	18,000.00	17,948.00	0.00	52.00	
Aid to volunteer fire companies:						
Auburn Fire Co.	16,000.00	18,000.00	14,653.32	2,660.00	686.68	
Logan Fire Co.	30,000.00	37,300.00	23,489.19	13,108.77	702.04	
First aid organization contribution	350.00	350.00	305.00	45.00	0.00	
Aid to volunteer ambulance companies	9,000.00	13,600.00	9,730.13	2,629.75	1,240.12	
Emergency management services:						
Salaries and wages	2,700.00	2,700.00	2,630.00	0.00	70.00	
Other expenses	600.00	600.00	20.00	479.99	100.01	
Public works functions:						
Streets and roads maintenance:						
Salaries and wages	74,000.00	71,000.00	70,977.54	0.00	22.46	
Other expenses	8,000.00	8,000.00	5,226.21	27.30	2,746.49	
Vehicle maintenance:						
Other expenses	5,000.00	7,000.00	5,003.14	0.00	1,996.86	

TOWNSHIP OF OLDMANS
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved	
OPERATIONS WITHIN "CAP"						
Public works functions (concluded):						
Municipal mosquito control:						
Other expenses	\$ 3,000.00	\$ 100.00	\$ 0.00	\$ 0.00	\$ 100.00	
Demolition of buildings:						
Other expenses	100.00	100.00	0.00	0.00	100.00	
Solid waste collection	89,000.00	89,000.00	88,477.10	0.00	522.90	
Recycling coordinator:						
Salaries and wages	50.00	50.00	0.00	0.00	50.00	
Health and human services:						
Board of health:						
Other expenses	100.00	100.00	0.00	0.00	100.00	
Animal control officer:						
Salaries and wages	2,100.00	2,100.00	879.96	0.00	1,220.04	
Other expenses	2,500.00	2,500.00	51.11	0.00	2,448.89	
Registrar of vital statistics:						
Salaries and wages	1,450.00	1,450.00	1,314.96	0.00	135.04	
Other expenses	400.00	700.00	624.80	0.00	75.20	
Parks and recreation functions:						
Parks and recreation:						
Other expenses	3,000.00	2,100.00	1,000.00	1,000.00	100.00	
Celebration of public events:						
Other expenses	500.00	500.00	247.50	0.00	252.50	
Landfill/solid waste disposal costs:						
Landfill/solid waste disposal costs	44,000.00	44,000.00	39,832.84	0.00	4,167.16	
Sanitary landfill:						
Other expenses	9,000.00	9,000.00	7,949.23	0.00	1,050.77	

See Accompanying Notes to the Financial Statements

TOWNSHIP OF OLDMANS
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved
OPERATIONS WITHIN "CAP"					
Uniform construction code:					
State uniform construction code:					
Construction official:					
Salaries and wages	\$ 20,000.00	\$ 23,000.00	\$ 22,877.22	\$ 0.00	\$ 122.78
Other expenses	9,000.00	14,000.00	13,819.93	99.59	80.48
Housing officer:					
Salaries and wages	2,900.00	2,900.00	2,537.52	0.00	362.48
Other expenses	200.00	100.00	0.00	0.00	100.00
Unclassified:					
Water	600.00	600.00	332.52	0.00	267.48
Street lighting	23,000.00	23,000.00	19,303.28	0.00	3,696.72
Telephone	6,500.00	7,375.00	7,056.77	0.00	318.23
Heat	4,500.00	3,500.00	2,348.50	0.00	1,151.50
Gasoline	5,000.00	5,900.00	5,853.92	0.00	46.08
Electricity	6,500.00	6,500.00	5,770.73	0.00	729.27
JIF safety awards	2,504.00	2,504.00	1,446.67	1,000.00	57.33
Contingent	100.00	100.00	0.00	0.00	100.00
Total operations including contingent within "CAP"	733,994.00	733,994.00	671,828.27	26,371.96	35,793.77
<i>Detail:</i>					
Salaries and wages	274,240.00	261,165.00	258,768.95	0.00	2,396.05
Other expenses	459,754.00	472,829.00	413,059.32	26,371.96	33,397.72

TOWNSHIP OF OLDMANS
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved
<u>OPERATIONS WITHIN "CAP"</u>					
Deferred charges and statutory expenditures:					
Contribution to:					
Public employees' retirement system	\$ 31,000.00	\$ 31,000.00	\$ 6,247.00	\$ 0.00	\$ 24,753.00
Social security system	23,000.00	23,000.00	20,801.30	0.00	2,198.70
Total deferred charges and statutory expenditures	54,000.00	54,000.00	27,048.30	0.00	26,951.70
Total appropriations for municipal purposes within "CAP"	787,994.00	787,994.00	698,876.57	26,371.96	62,745.47
<u>OPERATIONS EXCLUDED FROM "CAP"</u>					
Aid to library	650.00	650.00	150.00	500.00	0.00
Emergency services volunteer length of service award program (LOSAP)	17,000.00	17,000.00	0.00	17,000.00	0.00
COAH fair share plan:					
Other expenses	5,000.00	5,000.00	1,067.50	0.00	3,932.50
Interlocal municipal service agreements:					
Municipal court - Carneys Point Township	30,000.00	30,000.00	23,371.26	5,078.74	1,550.00
Public and private programs offset by revenues:					
NJDEP - clean communities grant	4,000.00	4,000.00	4,000.00	0.00	0.00
Municipal alliance on alcohol and drug abuse	5,093.33	5,093.33	5,093.33	0.00	0.00
Reserve for municipal drug alliance	812.00	812.00	812.00	0.00	0.00
Recycling tonnage grant	17,412.93	17,412.93	17,412.93	0.00	0.00
Total operations excluded from "CAP"	79,968.26	79,968.26	51,907.02	22,578.74	5,482.50
<i>Detail:</i>					
Salaries and wages	0.00	0.00	0.00	0.00	0.00
Other expenses	79,968.26	79,968.26	51,907.02	22,578.74	5,482.50

See Accompanying Notes to the Financial Statements

**TOWNSHIP OF OLDMANS
CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011**

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid Or Charged	Encumbrances	Reserved
<u>CAPITAL IMPROVEMENTS</u>					
Capital improvement fund	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 0.00	\$ 0.00
Reserve for improvements to municipal roads	5,000.00	5,000.00	5,000.00	0.00	0.00
Reserve for purchase of public works equipment	10,000.00	10,000.00	10,000.00	0.00	0.00
Reserve for purchase of fire truck	15,000.00	15,000.00	15,000.00	0.00	0.00
Reserve for purchase of emergency equipment	5,000.00	5,000.00	5,000.00	0.00	0.00
Total capital improvements	45,000.00	45,000.00	45,000.00	0.00	0.00
<u>DEFERRED CHARGES</u>					
Deferred charges:					
Special emergency authorization - 5 years	22,373.06	22,373.06	22,373.06	0.00	0.00
Total deferred charges	22,373.06	22,373.06	22,373.06	0.00	0.00
Total appropriations for municipal purposes excluded from "CAP"	147,341.32	147,341.32	119,280.08	22,578.74	5,482.50
Subtotal general appropriations	935,335.32	935,335.32	818,156.65	48,950.70	68,227.97
Reserve for uncollected taxes	191,260.38	191,260.38	191,260.38	0.00	0.00
Total general appropriations	\$ 1,126,595.70	\$ 1,126,595.70	\$ 1,009,417.03	\$ 48,950.70	\$ 68,227.97
Ref.	A-2	A-2	A-3	A	A

**TOWNSHIP OF OLDMANS
CURRENT FUND
STATEMENT OF EXPENDITURES
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Paid or charged:		
Federal and state grants	A-12	\$ 27,318.26
Due payroll		(486.15)
Deferred charges:		
Special emergency authorization - 5 years	A-3	22,373.06
Reserve for uncollected taxes	A-3	191,260.38
Cash disbursed	A-4	<u>768,951.48</u>
	A-3	<u>\$ 1,009,417.03</u>

See Accompanying Notes to the Financial Statements

TRUST FUND

TOWNSHIP OF OLDMANS
TRUST FUND
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
December 31, 2011 and 2010

		Balance December 31, 2011	Balance December 31, 2010		Balance December 31, 2011	Balance December 31, 2010
Ref.		\$	\$	Ref.	\$	\$
<u>ASSETS</u>						
	Dog license fund:					
B-1	Cash - chief financial officer	1,217.95	224.84	A	0.04	0.06
B	Change fund	50.00	50.00	B-2	1,267.91	274.78
		<u>1,267.95</u>	<u>274.84</u>		<u>1,267.95</u>	<u>274.84</u>
<u>LIABILITIES, RESERVES, AND FUND BALANCE</u>						
	Dog license fund:					
	Amount due to current fund			A	0.04	\$ 0.06
	Reserve for dog fund expenditures			B-2	1,267.91	274.78
					<u>1,267.95</u>	<u>274.84</u>
	Other trust funds:					
	Amount due to current fund			A	9,379.65	6,863.51
	Reserve for					
	Landfill closure escrow	355,885.05	369,557.46		92,558.13	91,853.84
B-1	Cash - chief financial officer	0.00	36.00		1,231,168.40	1,219,935.95
B-1	Amount due from taxpayer	15.00	13.00		439,841.95	399,058.57
	Amount due from current fund	372,931.35	372,931.35		19,725.06	19,725.06
	Amount due from State of New Jersey	968,558.00	968,558.00		15.00	13.00
	Loans receivable - Energy Freedom	160,134.23	91,393.54		64,835.44	65,039.42
	Interest receivable - Energy Freedom	<u>1,857,523.63</u>	<u>1,802,489.35</u>		<u>1,857,523.63</u>	<u>1,802,489.35</u>
	Total all funds	\$ 1,858,791.58	\$ 1,802,764.19		\$ 1,858,791.58	\$ 1,802,764.19

GENERAL CAPITAL FUND

**TOWNSHIP OF OLDMANS
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
December 31, 2011 and 2010**

	Ref.	Balance December 31, 2011	Balance December 31, 2010
<u>ASSETS</u>			
Cash - chief financial officer	C-2	\$ 614,766.82	\$ 561,582.31
Due from State of New Jersey		35,500.00	35,500.00
Due from Oldmans Township School District	C-6	7,500.00	0.00
Due from current fund	A	0.00	102,138.19
Deferred charges to future taxation - unfunded	C-4	1,600,000.00	0.00
		<u>\$ 2,257,766.82</u>	<u>\$ 699,220.50</u>
<u>LIABILITIES, RESERVES, AND FUND BALANCE</u>			
Capital improvement fund	C-5	\$ 44,439.72	\$ 168,946.72
Encumbrances payable		0.00	120,995.00
Contracts payable	C-6	1,551,991.00	0.00
Due to current fund	A	120,966.41	0.00
Improvement authorizations:			
Funded	C-6	45,702.86	22,814.20
Unfunded	C-6	248,009.00	0.00
Reserve for purchase of computers		1,245.88	1,245.88
Reserve for improvements to municipal property		0.00	65,000.00
Reserve for purchase of municipal property		513.25	2,820.00
Reserve for purchase of fire truck		90,000.00	75,000.00
Reserve for purchase of dump truck		10,000.00	10,000.00
Reserve for the purchase of an ambulance		25,007.00	25,007.00
Reserve for improvements to municipal roads		13,008.00	8,008.00
Reserve for public works equipment		5,010.10	2,510.10
Reserve for the purchase of an emergency equipment		19,850.28	14,850.28
Fund balance	C-1	82,023.32	182,023.32
		<u>\$ 2,257,766.82</u>	<u>\$ 699,220.50</u>

See Accompanying Notes to the Financial Statements

TOWNSHIP OF OLDMANS
GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE
REGULATORY BASIS
For the Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	C	\$ 182,023.32
Decreased by:		
Appropriated to finance improvement authorization	C-6	<u>100,000.00</u>
Balance - December 31, 2011	C	<u><u>\$ 82,023.32</u></u>

See Accompanying Notes to the Financial Statements

WATER UTILITY FUND

TOWNSHIP OF OLDMANS
WATER UTILITY FUND
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
December 31, 2011 and 2010

		Balance December 31, 2011	Balance December 31, 2010		Balance December 31, 2011	Balance December 31, 2010
<u>ASSETS</u>	Ref.			Ref.		
<u>LIABILITIES, RESERVES, AND FUND BALANCE</u>						
Operating fund:						
Cash	D-5	\$ 20,355.08	\$ 26,309.26	D-4;D-10	\$ 1,578.58	\$ 6,299.74
Due from payroll account		0.00	50.20	D-4;D-10	693.00	524.30
		<u>20,355.08</u>	<u>26,359.46</u>	D	<u>2,999.56</u>	<u>2,999.35</u>
Receivables with full reserves:						
Consumer accounts receivable	D-7	3,084.41	2,592.58	D	5,271.14	9,823.39
	D	<u>3,084.41</u>	<u>2,592.58</u>	D-1	<u>3,084.41</u>	<u>2,592.58</u>
Deferred charges to future taxation:						
Emergency authorizations	D-4	0.00	6,000.00		15,083.94	22,536.07
		<u>23,439.49</u>	<u>34,952.04</u>		<u>23,439.49</u>	<u>34,952.04</u>
Total operating fund						
		23,439.49	34,952.04		2,825.20	2,843.40
Capital fund:						
Cash	D-5	23,306.38	19,324.79	A	0.00	8,000.00
Due utility operating fund	D	2,999.56	2,999.35		15,041.00	10,041.00
Fixed capital	D-8	244,034.90	244,034.90		238,140.90	235,140.90
Fixed capital authorized and uncompleted	D-9	6,000.00	6,000.00	D-12	6,000.00	6,000.00
		<u>276,340.84</u>	<u>272,359.04</u>	D-12	<u>7,000.00</u>	<u>3,000.00</u>
Total capital fund				D-2	<u>7,333.74</u>	<u>7,333.74</u>
		276,340.84	272,359.04		276,340.84	272,359.04
		<u>\$ 299,780.33</u>	<u>\$ 307,311.08</u>		<u>\$ 299,780.33</u>	<u>\$ 307,311.08</u>

**TOWNSHIP OF OLDMANS
WATER UTILITY FUND
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN OPERATING FUND BALANCE
REGULATORY BASIS
For the Years Ended December 31, 2011 and 2010**

	Ref.	Year 2011	Year 2010
Revenue and other income realized:			
Fund balance appropriated	D-3	\$ 11,000.00	\$ 4,425.00
Rents	D-3	16,065.96	19,102.38
Miscellaneous revenue anticipated	D-3	8,000.00	8,000.00
Miscellaneous revenue not anticipated	D-3	182.17	405.06
Other credits to income:			
Appropriation reserves lapsed	D-10	6,299.74	1,794.20
Total income		41,547.87	33,726.64
Expenditures:			
Budget appropriations:			
Operations	D-4	19,200.00	17,700.00
Capital improvements	D-4	9,000.00	16,000.00
Deferred charges and statutory expenditures	D-4	9,800.00	3,725.00
Total expenditures		38,000.00	37,425.00
Excess (deficit) in revenue		3,547.87	(3,698.36)
Adjustments to income before fund balance:			
Expenditures included above which are by statute deferred charges to budget of succeeding year	D-4	-	6,000.00
Statutory excess to fund balance		3,547.87	2,301.64
<u>FUND BALANCE</u>			
Balance - January 1	D	22,536.07	24,659.43
Decreased by:			
Utilization by operating budget	D-1	11,000.00	4,425.00
Balance - December 31	D	\$ 15,083.94	\$ 22,536.07

See Accompanying Notes to the Financial Statements

**TOWNSHIP OF OLDMANS
WATER UTILITY FUND
STATEMENT OF CAPITAL FUND BALANCE
REGULATORY BASIS
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	D	\$ <u>7,333.74</u>
Balance - December 31, 2011	D	\$ <u>7,333.74</u>

See Accompanying Notes to the Financial Statements

**TOWNSHIP OF OLDMANS
WATER UTILITY FUND
STATEMENT OF REVENUES
REGULATORY BASIS
For the Year Ended December 31, 2011**

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund balance appropriated	D-1	\$ 11,000.00	\$ 11,000.00	\$ 0.00
Rents	D-1	19,000.00	16,065.96	(2,934.04)
Fire hydrant service	D-5	8,000.00	8,000.00	0.00
		<u>38,000.00</u>	<u>35,065.96</u>	<u>(2,934.04)</u>
Non-budget revenues	D-1	0.00	182.17	182.17
	D-4	<u>\$ 38,000.00</u>	<u>\$ 35,248.13</u>	<u>\$ (2,751.87)</u>
Analysis of realized revenues - rents:				
Consumer accounts receivable	D-7			<u>\$ 16,065.96</u>
Total rents	D-1			<u>\$ 16,065.96</u>
Non-budget revenues:				
Interest and costs on delinquent accounts	D-5			\$ 46.88
Interest earned on investments:				
Operating fund	D-5		\$ 77.61	
Capital fund	D-5		<u>57.68</u>	<u>135.29</u>
Total miscellaneous	D-1			<u>\$ 182.17</u>

See Accompanying Notes to the Financial Statements

**TOWNSHIP OF OLDMANS
WATER UTILITY FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
For the Year Ended December 31, 2011**

	Appropriations		Expended	
	Budget	Budget After Modifications	Paid Or Charged	Reserved
Operating:				
Salaries and wages	\$ 8,800.00	\$ 8,800.00	\$ 8,650.08	\$ 149.92
Other expenses	10,400.00	10,400.00	9,035.60	1,364.40
Total operating	<u>19,200.00</u>	<u>19,200.00</u>	<u>17,685.68</u>	<u>1,514.32</u>
Capital improvements:				
Capital improvement fund	4,000.00	4,000.00	4,000.00	0.00
Capital outlay	5,000.00	5,000.00	5,000.00	0.00
Total capital improvements	<u>9,000.00</u>	<u>9,000.00</u>	<u>9,000.00</u>	<u>0.00</u>
Deferred charges:				
Emergency authorizations	6,000.00	6,000.00	6,000.00	0.00
Deferred charges to future taxation - unfunded	3,000.00	3,000.00	3,000.00	0.00
Statutory expenditures:				
Contribution to:				
Social security system	700.00	700.00	661.46	38.54
Unemployment insurance	100.00	100.00	74.28	25.72
Total deferred charges and statutory expenditures	<u>9,800.00</u>	<u>9,800.00</u>	<u>9,735.74</u>	<u>64.26</u>
	<u>\$ 38,000.00</u>	<u>\$ 38,000.00</u>	<u>\$ 36,421.42</u>	<u>\$ 1,578.58</u>
	<u>Ref.</u>	D-3	D-3	D
Cash disbursed	D-5		\$ 27,158.42	
Accounts payable	D		263.00	
Emergency authorization	D		6,000.00	
Deferred charges to future taxation - unfunded	D		<u>3,000.00</u>	
			<u>\$ 36,421.42</u>	

See Accompanying Notes to the Financial Statements

PUBLIC ASSISTANCE TRUST FUND

**TOWNSHIP OF OLDMANS
PUBLIC ASSISTANCE TRUST FUND
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
December 31, 2011 and 2010**

	<u>Ref.</u>	<u>Balance December 31, 2011</u>	<u>Balance December 31, 2010</u>
<u>ASSETS</u>			
Cash - chief financial officer	E-1	\$ 12,457.86	\$ 12,457.83
Due from current fund	A	<u>36.90</u>	<u>0.00</u>
		<u>\$ 12,494.76</u>	<u>\$ 12,457.83</u>
 <u>LIABILITIES AND RESERVES</u>			
Reserve for public assistance		<u>\$ 12,494.76</u>	<u>\$ 12,457.83</u>
		<u>\$ 12,494.76</u>	<u>\$ 12,457.83</u>

PAYROLL ACCOUNT

**TOWNSHIP OF OLDMANS
PAYROLL ACCOUNT
COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
December 31, 2011 and 2010**

	<u>Ref.</u>	<u>Balance December 31, 2011</u>	<u>Balance December 31, 2010</u>
<u>ASSETS</u>			
Cash - chief financial officer	F-1	\$ 847.87	\$ 219.90
		<u>\$ 847.87</u>	<u>\$ 219.90</u>
<u>LIABILITIES AND RESERVES</u>			
Payroll taxes payable	A	\$ 169.70	\$ 0.00
Due current fund	A	678.17	169.70
Due water operating fund	D	<u>0.00</u>	<u>50.20</u>
		<u>\$ 847.87</u>	<u>\$ 219.90</u>

See Accompanying Notes to the Financial Statements

GENERAL FIXED ASSETS

**TOWNSHIP OF OLDMANS
GENERAL FIXED ASSETS
STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS
At December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
General fixed assets:		
Land	\$ 211,300.00	\$ 209,400.00
Buildings	635,700.00	635,700.00
Equipment	2,464,266.91	2,414,041.91
Total general fixed assets	<u>3,311,266.91</u>	<u>3,259,141.91</u>
Investments in general fixed assets	<u>\$ 3,311,266.91</u>	<u>\$ 3,259,141.91</u>

See Accompanying Notes to the Financial Statements

NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF OLDMANS
COUNTY OF SALEM
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Oldmans was incorporated in 1881 and is located in the County of Salem in the State of New Jersey. The Township covers approximately 38.1 square miles with a population, according to the 2010 census, of 1,773. The governing body, the Township Committee, is comprised of three elected members who serve three-year terms.

The Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria to be used to determine which component units should be included in the financial statements of an oversight entity. The primary criterion for including activities within the reporting entity, as set forth in the Statement, is the degree of oversight responsibility maintained by the reporting entity. However, the State of New Jersey, Division of Local Government Services requires the financial statements of the Township to be presented separately. As such, the financial statements of the Township of Oldmans include each board, body, officer, or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by N.J.S. 40A:5-5.

Except as noted below, the financial statements of the Township of Oldmans include every board, body, officer, or commission supported and maintained wholly or in part by funds appropriated by the Township of Oldmans, as required by N.J.S. 40A:5-5.

B. Description of Funds and Account Groups

The accounting policies of the Township of Oldmans conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Oldmans accounts for its financial transactions through the following separate funds and accounts as presented below. This presentation differs from the three fund, two account group presentation as required by GAAP.

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

Trust Fund - 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. In addition, the fund is used to track the status of debt authorized for capital projects.

Water Operating Fund - resources and expenditures for water utility operations of a general nature.

Water Capital Fund - receipt and disbursement of funds that provide acquisitions and improvements to certain facilities, other than those acquired in the Water Operating Fund.

Public Assistance Trust Fund - receipt and disbursement of funds that provides assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes.

Payroll Account - receipt and disbursement of funds to meet obligations to employees and payroll tax liabilities.

General Fixed Assets Account Group - to account for fixed assets used in governmental operations.

**TOWNSHIP OF OLDMANS
COUNTY OF SALEM
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. A modified accrual basis of accounting is followed with minor exceptions. The more significant policies in New Jersey follow.

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

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in accordance with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as cash liability in the financial statements. 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 canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. Appropriations for principal payments on outstanding general and utility capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility indebtedness is on the accrual basis.

Property Taxes - Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied annually and are payable in quarterly installments on February 1, May 1, August 1, and November 1 of each year. All unpaid taxes levied become delinquent January 1 of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

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.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Insurance - Costs of insurance for all funds are recorded as expenditures at the time of payment. Insurance costs chargeable to future periods are not carried as prepayments.

Compensated Absences - It is the Township's policy not to compensate its employees for unused sick or vacation time.

**TOWNSHIP OF OLDMANS
COUNTY OF SALEM
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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. The Township did not take a physical inventory of the supplies in the utility fund; therefore, no amount is reported on the utility balance sheet.

General Fixed Assets - The Township has developed a fixed asset accounting and reporting system as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical costs is not available, except for land which is valued at assessed value at the time the land is foreclosed or donated. Land purchased by the Township is valued at cost.

No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the Water Utility Fund are recorded in the Water Capital Account at cost and are adjusted for disposals and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization are an accumulation of charges to operations for the costs of acquisitions of property, equipment, and improvements.

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

Budgets - The governing body prepares and approves by resolution an operating and capital budget for the Current Fund and Water Operating Fund which is then submitted for certification to the State of New Jersey, Department of Community Affairs, Director of Local Government Services. Upon the receipt of such certification and after a public hearing, the budget is then adopted by resolution. Transfers of budgeted amounts may be made by resolution of the Township Committee subsequent to October 31 in the current budget year and up to March 31 of the following year.

Once adopted, the Township may make emergency appropriations for purposes which are not known at the time the budget was adopted per N.J.S.A. 40A:4-46. Also, the Township may make amendments to the budget for any special item of revenue made available by any public or private funding source per N.J.S.A. 40A:4-87.

**TOWNSHIP OF OLDMANS
COUNTY OF SALEM
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

School Taxes - The municipality is responsible for levying, collecting, and remitting school taxes for the Township of Oldmans School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Salem. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Fund Balance - Fund balances included in the current fund and utility operating funds represent amounts available for anticipation as revenue in futures years budgets, with certain restrictions.

Capitalization of Interest - It is the policy of the Township of Oldmans to treat interest on projects as a current expense and the interest is included in the current operating budget.

Comparative Data - Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data has not been presented in each of the statements because its inclusion would make the statements unduly complex and difficult to read.

Use of Estimates - The preparation of financial statements in accordance with accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Departures from Generally Accepted Accounting Principles - The accounting principles and practices followed by the Township of Oldmans differ in some respects, which in some instances may be material, from generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

Taxes and other receivables are fully reserved.

Interfund receivables in the Current Fund are fully reserved and recognized as a revenue in the year of liquidation.

Unexpended and uncommitted appropriations are reflected as expenditures.

Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.

No provision is made for accumulated vested vacation and sick leave.

**TOWNSHIP OF OLDMANS
COUNTY OF SALEM
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

C. Basis of Accounting (Concluded)

Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.

Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Depreciation expense is not calculated on fixed assets.

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

NOTE 2 - INVESTMENTS

As of December 31, 2011 and 2010, the Township did not have any investments.

Interest Rate Risk - The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statute 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk - New Jersey Statute 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are bonds of the United States of America, the local unit, or school districts of which the local unit is a part; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk - The Township places no limit on the amount the Township may invest in any one issuer.

NOTE 3 - CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, escrow trust, or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule below.

As of December 31, 2011, the Township's bank balances were exposed to custodial credit risk as follows:

Insurance	\$ 569,666.25
Uninsured and collateralized with securities held by pledging financial institutions	<u>1,225,878.49</u>
	<u>\$ 1,795,544.74</u>

TOWNSHIP OF OLDMANS
COUNTY OF SALEM
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2011

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2011:

	Due From	Due To					Total Due From
		Current Fund	Federal and State Grant Fund	Other Trust Funds	Water Capital Fund	Public Assistance Trust Fund	
Current fund	\$ 0.00	\$ 55,591.01	\$ 15.00	\$ 0.00	\$ 36.90	\$ 55,642.91	
Dog license trust fund	0.04	0.00	0.00	0.00	0.00	0.04	
Other trust fund	9,379.65	0.00	0.00	0.00	0.00	9,379.65	
General capital fund	120,966.41	0.00	0.00	0.00	0.00	120,966.41	
Water operating fund	0.00	0.00	0.00	2,999.56	0.00	2,999.56	
Payroll account	678.17	0.00	0.00	0.00	0.00	678.17	
Total due to	\$ 131,024.27	\$ 55,591.01	\$ 15.00	\$ 2,999.56	\$ 36.90	\$ 189,666.74	

Most grants are on a reimbursement basis. The interfund with the grant fund is the result of expenditures prior to year end that were not reimbursed. Interest earnings not transferred at year end, amounts kept in the Tax Title Lien Redemption account to keep the bank account open and prior year interest balances carried forward are the interfunds for the other trust funds. In addition to this the escrow trust fund has an interfund with the current fund for prior year balance adjustments. There is also an interfund with the current fund for POAA funds collected but, due to the immaterial amount of the funds, it was deemed a bank account would not be opened yet. The water capital fund has an interfund with the water operating fund for both interest not transferred at the end of the year and debt authorized and being raised in future budgets. The public assistance interest earnings were mistransferred to the current fund for this year only. The Chief Financial Officer transfers most of these interfunds after the audit report is received.

**TOWNSHIP OF OLDMANS
COUNTY OF SALEM
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 5 - PROPERTY TAXES

The following is a three year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison of Tax Rate Information

	2011	2010	2009
Total Tax Rate	<u>\$ 2.357</u>	<u>\$ 2.232</u>	<u>\$ 2.204</u>
Apportionate of Tax Rate:			
Municipal	\$ 0.139	\$ 0.140	\$ 0.140
County	0.962	0.808	0.792
Local school	1.233	1.265	1.253
Farmland preservation/open space	0.023	0.019	0.019
Assessed Valuation:			
2011	\$ 210,029,307.00		
2010		\$ 211,630,340.00	
2009			\$ 219,697,541.00

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 collections could be an indication of a probable increase in future tax levies.

		Currently	
Year	Tax Levy	Cash Collections	Percentage Of Collection
2011	\$ 5,037,503.66	\$ 4,782,657.25	94.94%
2010	\$ 4,733,988.59	\$ 4,544,450.12	95.99%
2009	\$ 4,868,437.00	\$ 4,667,583.34	95.87%

Delinquent Taxes and Tax Title Liens

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

December 31, Year	Amount Of Tax Title Liens	Amount Of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2011	\$ 301,614.74	\$ 297,700.21	\$ 599,314.95	11.89%
2010	\$ 288,362.85	\$ 174,014.89	\$ 462,377.74	9.76%
2009	\$ 281,823.43	\$ 188,140.98	\$ 469,964.41	9.65%

**TOWNSHIP OF OLDMANS
COUNTY OF SALEM
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 5 - PROPERTY TAXES (Concluded)

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2011	\$ 24,100.00
2010	\$ 24,100.00
2009	\$ 24,100.00

NOTE 6 - WATER UTILITY LEVIES

The following is a three year comparison of water utility service charges (rents) for the current and previous two years.

<u>Year</u>	<u>Levy</u>
2011	\$ 16,557.79
2010	\$ 19,258.91
2009	\$ 16,587.99

NOTE 7 - FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent years' budgets.

<u>Year</u>	<u>December 31</u>	<u>Utilized In Budget Of Succeeding Year</u>
Current Fund:		
2011	\$ 436,301.05	\$ 176,747.90
2010	\$ 551,861.25	\$ 115,560.20
2009	\$ 572,874.99	\$ 237,894.00
2008	\$ 692,075.21	\$ 284,725.00
2007	\$ 969,349.39	\$ 522,350.00
Water Utility Fund:		
2011	\$ 15,083.94	\$ 6,000.00
2010	\$ 22,536.07	\$ 11,000.00
2009	\$ 24,659.43	\$ 4,425.00
2008	\$ 24,441.74	\$ 3,800.00
2007	\$ 23,866.52	\$ 5,182.00

**TOWNSHIP OF OLDMANS
COUNTY OF SALEM
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 8 - TAXES COLLECTED IN ADVANCE

Taxes collected in advance, set forth as cash liabilities in the financial statements as follows:

	<u>Balance December 31, 2011</u>	<u>Balance December 31, 2010</u>
Prepaid Taxes	\$ <u>59,098.85</u>	\$ <u>43,305.40</u>

NOTE 9 - LONG-TERM DEBT

There is no long-term debt.

Summary of Municipal Debt

During the calendar year 2011, the following changes occurred in the municipal debt of the Township:

	<u>2011</u>	<u>2010</u>
Bonds and notes authorized but not issued:		
General Capital Fund	\$ 1,600,000.00	\$ -
Water Capital Fund	<u>5,894.00</u>	<u>5,894.00</u>
	<u>\$ 1,605,894.00</u>	<u>\$ 5,894.00</u>

Permanently funded debt (general obligation bonds) as of December 31, 2011

None Issued.

Temporary unfunded debt as of December 31, 2011

None Issued.

As of December 31, 2011, there was no debt service requirements on long-term debt in future years.

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of \$1,600,000.00.

	<u>Gross Debt</u>	<u>Deduction</u>	<u>Net Debt</u>
General debt	\$ 1,600,000.00	\$ -	\$ 1,600,000.00
Local school district debt	1,586,000.00	1,586,000.00	-
Self-liquidating debt	<u>5,894.00</u>	<u>5,894.00</u>	<u>-.</u>
	<u>\$ 3,191,894.00</u>	<u>\$ 1,591,894.00</u>	<u>\$ 1,600,000.00</u>

Net Debt \$1,600,000.00 divided by Equalized Valuation Basis per N.J.S. 40A:2-2, \$214,689,072.33 = .75%.

**TOWNSHIP OF OLDMANS
COUNTY OF SALEM
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 9 - LONG-TERM DEBT (Concluded)

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

3 1/2% of equalized valuation basis (municipal)	\$ 7,514,117.53
Net debt	<u>1,600,000.00</u>
Remaining borrowing power	<u>\$ 5,914,117.53</u>

The Township of Oldmans School District, as a K-8 school district, is permitted to borrow up to 3% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the district's limitations with voter approval. Any amounts in excess of the limit is treated as an impairment of the municipal limit.

Calculation of "Self-Liquidating Purpose" - Water Utility Per N.J.S. 40A:2-45

Cash receipts from fees, fund balance anticipated, rents or other charges for year	\$ 24,248.13
Deductions:	
Operating and maintenance cost	\$ 20,000.00
Debt service per utility account	<u>-</u>
Total deductions	<u>20,000.00</u>
Excess in revenue	<u>\$ 4,248.13</u>

The foregoing is in agreement with the Annual Debt Statement and has been filed with the Chief Financial Officer.

NOTE 10 - PENSION FUNDS

Description of Plans

Substantially all of the Township's employees are covered by the Public Employees' Retirement System cost-sharing multiple-employer defined benefit pension plan which has been established by State Statute and is administered by the New Jersey Division of Pensions and Benefits (Division).

According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirements System. This report may be obtained by writing to the Division of Pensions and Benefits, Post Office Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Public Employees' Retirement System

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

**TOWNSHIP OF OLDMANS
COUNTY OF SALEM
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 10 - PENSION FUNDS (Concluded)

Funding Policy

The contribution policy for the Public Employees' Retirement System is set by N.J.S.A. 43:15A, Chapter 62, P.L. 1994, Chapter 115, P.L. 1997, and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The Public Employees' Retirement System provides for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the Public Employees' Retirement System. The current Public Employees' Retirement System's rate is 6.9% of covered payroll. The Township's contributions to the Public Employees' Retirement System for the years ended December 31, 2011, 2010, and 2009 were \$28,934.00, \$21,797.00, and \$19,987.00, respectively, equal to the required contributions for each year.

NOTE 11 - POST-RETIREMENT BENEFITS

As indicated in Note 11 above, employees of the Township of Oldmans are members of the Public Employees' Retirement System however, as of December 31, 2011, they are not members of the State Health Benefits Plan.

**TOWNSHIP OF OLDMANS
COUNTY OF SALEM
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 12 - GENERAL FIXED ASSETS

General fixed asset activity for the years ended December 31, 2011 and 2010 was as follows:

	Balance December 31, 2010	Additions	Disposals/ Adjustments	Balance December 31, 2011
Land	\$ 209,400.00	\$ 8,500.00	\$ 6,600.00	\$ 211,300.00
Buildings	635,700.00	0.00	0.00	635,700.00
Equipment	2,414,041.91	50,225.00	0.00	2,464,266.91
	<u>\$ 3,259,141.91</u>	<u>\$ 58,725.00</u>	<u>\$ 6,600.00</u>	<u>\$ 3,311,266.91</u>

	Adjusted Balance December 31, 2009	Additions	Disposals/ Adjustments	Balance December 31, 2010
Land	\$ 209,400.00	\$ 0.00	\$ 0.00	\$ 209,400.00
Buildings	635,700.00	0.00	0.00	635,700.00
Equipment	2,386,807.01	27,234.90	0.00	2,414,041.91
	<u>\$ 3,231,907.01</u>	<u>\$ 27,234.90</u>	<u>\$ 0.00</u>	<u>\$ 3,259,141.91</u>

Water utility plant and equipment for the years ended December 31, 2011 and 2010 was as follows:

	Balance December 31, 2010	Additions	Disposals/ Adjustments	Balance December 31, 2011
Repairs to wells	\$ 21,644.00	\$ 0.00	\$ 0.00	\$ 21,644.00
Transmission and distribution mains	222,390.90	0.00	0.00	222,390.90
	<u>\$ 244,034.90</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 244,034.90</u>

	Balance December 31, 2009	Additions	Disposals/ Adjustments	Balance December 31, 2010
Repairs to wells	\$ 21,644.00	\$ 0.00	\$ 0.00	\$ 21,644.00
Transmission and distribution mains	222,390.90	0.00	0.00	222,390.90
	<u>\$ 244,034.90</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 244,034.90</u>

**TOWNSHIP OF OLDMANS
COUNTY OF SALEM
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 13 - DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2011</u>		<u>2012 Budget</u>		<u>Balance To Succeeding Budgets</u>
Current Fund:					
Special emergency appropriations:					
Cash deficit	\$ 31,956.56	\$	31,487.70	\$	468.86
Master plan	\$ 8,000.00	\$	8,000.00	\$	-
Revaluation	\$ 28,746.12	\$	14,373.06	\$	14,373.06
General Capital Fund:					
Revaluation ordinance 11-08	\$ 1,600,000.00	\$	13,000.00	\$	1,587,000.00
Water Utility Fund:					
Ordinance 07-17	\$ 5,894.00	\$	3,000.00	\$	2,894.00

The appropriations in the 2012 budget are not less than those required by statute.

NOTE 14 - RISK MANAGEMENT

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. The Township maintains commercial insurance coverage for property, liability, and surety bonds.

The Fund provides the Township with the following coverage:

- Property Policy
- Automobile Policy
- Crime Policy and Excess Crime Policy
- Casualty Policy
- Workers' Compensation and Excess Workers Compensation Policy
- Environmental Legal Liability Policy
- Excess Liability Policy
- Public Officials and Employment Liability Policy
- Volunteer Directors and Officers Policy

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Township's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$250,000.00 based on the line of coverage for each insured event.

The fund publishes its own financial report for the year ended December 31, 2011, which can be obtained from:

Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund
Post Office Box 488
Marlton, New Jersey 08053

**TOWNSHIP OF OLDMANS
COUNTY OF SALEM
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 15 - LITIGATION

It is the Township of Oldmans' Counsel's opinion there exists no litigation or contingent liability that may be pending against the Township of Oldmans that would have an adverse effect on the financial position in the future.

NOTE 16 - CAMP PEDRICKTOWN

In October 1999, the President signed legislation that provided for the no-cost transfer of real and personal property to local redevelopment authorities. The intent was to further stimulate long-term job creation and economic redevelopment and to alleviate delays from prolonged negotiations over a property's fair market value. The legislation requires local authorities to reinvest proceeds from the use of former military base assets into job generating and economic redevelopment activities at or related to the installations.

The Township, acting as a local redevelopment authority, received the former army base known as Camp Pedricktown, under the no-cost transfer legislation. The governing body was actively seeking a developer to redevelop the property as a commercial/industrial facility. During the period up to and including a portion of 2007, the Township utilized a portion of the property and leased other portions of the facility. In using and leasing the facilities, the Township incurred certain costs, including the operation of a sewer treatment plant. At the end of 2006, the Township had invested funds in the amount of \$57,000.00 to cover operating deficits and the account had a deficit in operations of \$50,801.16. During the year 2007, an additional \$137,000.00 was transferred to the fund. The deficit was raised in the Township's 2007 budget.

On January 10, 2007, the Township entered into an agreement with Energy Freedom Pioneers, Inc. to sell the facility for the sum of \$1,100,000.00. The sale was closed on May 10, 2007. As part of the agreement of sale, the Township agreed to make a redevelopment loan to the developer from the proceeds of the sale. The loan, in the amount of \$975,000.00, was to be paid to the Company as improvements were completed. The loan also requires the payment of interest in the amount 7.00% on the unpaid balance. At December 31, 2011, the Township had made loan payments to Energy Freedom Pioneers, Inc. in the amount of \$968,558.00 and was obligated, by the mortgage agreement, to pay an additional \$6,442.00 upon completion of the related renovations. The developer has made interest payments on the redevelopment loan; however, as of the end of 2011, the developer owes the Township \$160,134.23 of interest accrued but not paid. The Township utilized funds generated by the sale to reimburse the current fund for the amounts advanced to cover the operating deficits.

The developer is in default of the redevelopment loan agreement, due to the fact that interest payments have not been made since October 2008. The Township attempted to reach an agreement with the developer to meet his obligations under the loan agreement. When these efforts failed, the Township filed a foreclosure action on June 14, 2010. At the date of this report, the foreclosure has not been completed. The action is being held up by countersuits claiming improper oversight by the Township and its engineer.

NOTE 17 - LENGTH OF SERVICE AWARD PROGRAM

The Township's Length of Service Awards Program (LOSAP) was created by a Township Ordinance adopted on August 2, 2000 pursuant to Section 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Oldmans approved the adoption of the LOSAP at the general election on November 7, 2000, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was calendar year 2002. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

**TOWNSHIP OF OLDMANS
COUNTY OF SALEM
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

NOTE 17 - LENGTH OF SERVICE AWARD PROGRAM (Concluded)

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the LOSAP, the balances and activities of the LOSAP are not reported in the Township's financial statements. The LOSAP is handled through the Lincoln Financial Group.

NOTE 18 - JOINT MUNICIPAL COURT

The Township is a member of the Mid-Salem County Municipal Court which includes the Borough of Woodstown, Borough of Elmer, Township of Mannington, Township of Quinton, and the Township of Oldmans. The Township of Woodstown serves as the lead agency for the joint municipal court. All fines and costs are distributed to the municipality in which the complaint, charge, event, acts, or violation occurred. Each municipality includes a line item in their annual budget to cover their share of the court's administration expenses.

NOTE 19 - SUBSEQUENT EVENTS

Subsequent events were evaluated through June 20, 2012, which is the date that the financial statements were available to be issued.

The construction of the new municipal complex has commenced and the Township has issued bond anticipation notes in the amount of \$1,600,000.00 to finance this project. These notes were purchased by the Pennsville National Bank for a one-year term with interest at .73% per annum.

CURRENT FUND

****SCHEDULES****

TOWNSHIP OF OLDMANS
CURRENT FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
For the Year Ended December 31, 2011

	Ref.	Regular Fund	State and Federal Grant Fund
Balance - December 31, 2010	A	\$ 884,952.13	\$ 8,621.79
Increased by:			
Tax collector:			
Taxes receivable	A-5	\$ 4,831,738.68	\$ 0.00
Miscellaneous accounts receivable		1,177.11	0.00
Revenue accounts receivable	A-7	37,496.07	0.00
Taxes collected in advance	A	59,098.85	0.00
Tax overpayments		971.40	0.00
Tax sale premiums		4,500.00	0.00
Interest earnings		0.00	26.90
Revenue accounts receivable	A-7	373,742.40	0.00
Due from Salem County	A	350.00	0.00
Due from JIF	A	282.70	0.00
Prepaid rent		5.00	0.00
JIF safety awards	A-2	2,255.00	0.00
PILOT - J.E. Berkowitz	A-2	101,065.18	0.00
PILOT - Garden State Freezer	A-2	91,569.09	0.00
State of New Jersey - statutory deduction		30,000.00	0.00
State of New Jersey - marriage licenses	Contra	250.00	0.00
Amount due dog trust fund	B-1	9.93	0.00
Amount due other trust funds		413.76	0.00
Amount due general capital fund	C-2	63,246.80	0.00
Amount due utility operating fund	Contra	230.00	0.00
Amount due utility capital fund	D-5	8,000.00	0.00
Amount due public assistance trust fund	E-1	36.90	0.00
Reserve for election workers	Contra	3,200.00	0.00
Reserve for state and federal grants- unappropriated	A-11	16,975.67	1,335.00
State grants receivable	A-10	22,812.15	0.00
		<u>5,649,426.69</u>	<u>1,361.90</u>
		6,534,378.82	9,983.69
Decreased by:			
2011 budget appropriations	A-3	768,951.48	0.00
2010 appropriation reserves	A-8	73,670.98	0.00
County taxes	A-5	2,066,122.54	0.00
Due county for added taxes	A-5	39,666.29	0.00
Local district school taxes	A-9	2,580,381.50	0.00
State of New Jersey - marriage licenses	Contra	250.00	0.00
Amount due state and federal grant fund	A	892.95	0.00
Amount due general capital fund	C-5	281,695.30	0.00
Amount due utility operating fund	Contra	230.00	0.00
Reserve for tax sale premium		4,600.00	0.00
Reserve for election workers	Contra	3,200.00	0.00
Reserve for master plan	A	6,310.00	0.00
Reserve for revaluation program	A	43.75	0.00
Reserve for stormwater management plan	A	8,621.57	0.00
Reserve for state grants	A-12	21,913.69	0.00
		<u>5,856,550.05</u>	<u>0.00</u>
Balance - December 31, 2011	A	<u>\$ 677,828.77</u>	<u>\$ 9,983.69</u>

TOWNSHIP OF OLDMANS
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
For the Year Ended December 31, 2011

Year	Balance December 31, 2010	Levy	Collections		Overpayments Applied	Due From State Of New Jersey	Adjustments and Canceled	Transferred To Tax Title Liens	Balance December 31, 2011
			2010	2011					
2008	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,383.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
2009	0.00	0.00	0.00	1,260.69	0.00	0.00	0.00	0.00	
2010	174,014.89	0.00	0.00	124,470.47	0.00	0.00	1,897.20	54,306.21	
	174,014.89	0.00	0.00	127,114.20	0.00	0.00	1,897.20	54,306.21	
2011	0.00	5,037,503.66	43,305.40	4,704,624.48	3,977.37	30,750.00	5,886.22	238,139.20	
	\$ 174,014.89	\$ 5,037,503.66	\$ 43,305.40	\$ 4,831,738.68	\$ 3,977.37	\$ 30,750.00	\$ 5,886.43	\$ 292,445.41	

Ref. A A A-5 A A-4 A-6 A

Added/omitted taxes \$ 8,802.93
 Sr. citizen/disabled deduction disallowed 500.00
\$ 9,302.93

Analysis of 2010 property tax levy:
 Tax yield:
 General property tax Ref.
 Added and rollback taxes (54.4-63.1 et seq.) \$ 4,950,391.52
\$ 5,037,503.66

Tax levy:
 Local district school tax A-9 \$ 2,589,381.00
 County tax A-1 \$ 2,019,904.39
 County open space preservation tax A-1 46,218.15
 Due county for added taxes A 39,666.29
 Total county taxes 2,105,788.83
 Local tax for municipal purposes levied A-2 293,659.53
 Add: additional tax levied 48,674.30
 Local tax for municipal purposes levied 342,333.83
\$ 5,037,503.66

**TOWNSHIP OF OLDMANS
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
For the Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	A	\$	288,362.85
Increased by:			
Transfers from taxes receivable	A-5	\$	12,718.19
Interest and costs on tax sale			<u>533.70</u>
			<u>13,251.89</u>
Balance - December 31, 2011	A	\$	<u><u>301,614.74</u></u>

See Accompanying Auditor's Report

**TOWNSHIP OF OLDMANS
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
For the Year Ended December 31, 2011**

	Balance		Accrued		Collections		Balance	
	December 31, 2010	\$	In 2011	\$	Tax Collector	Chief Financial Officer	December 31, 2011	\$
Clerk:								
Cable TV franchise fee	4,411.16	\$	4,821.87	\$	0.00	4,411.16	4,821.87	\$
Housing officer:								
Fees and permits	0.00		934.00		0.00	934.00	0.00	
Registrar of vital statistics:								
Miscellaneous	0.00		226.00		0.00	226.00	0.00	
Zoning officer:								
Fees and permits	0.00		3,520.00		0.00	3,520.00	0.00	
Chief financial officer:								
Improvement searches	0.00		60.00		0.00	60.00	0.00	
Rental income	0.00		6,600.00		0.00	6,600.00	0.00	
Election polling places	0.00		100.00		0.00	100.00	0.00	
Sale of municipal property	0.00		1,008.00		0.00	1,008.00	0.00	
PILOT - Goya	0.00		33,186.22		0.00	33,186.22	0.00	
Prior year refund	0.00		3,156.76		0.00	3,156.76	0.00	
Bid package fees	0.00		4,000.00		0.00	4,000.00	0.00	
Miscellaneous	0.00		1,191.69		0.00	1,191.69	0.00	
Construction code official:								
Construction fees	0.00		73,102.03		0.00	72,342.03	760.00	
Interest earned	1.03		23.99		0.00	23.53	1.49	
Municipal court:								
Fines and costs	127.50		9,686.21		0.00	8,270.29	1,543.42	
Tax collector:								
Tax search officer fees	0.00		370.00		370.00	0.00	0.00	
Senior citizen and veterans deduction administrative fee	0.00		600.00		0.00	600.00	0.00	
Miscellaneous	0.00		1,997.17		1,997.17	0.00	0.00	
Interest and costs on taxes	0.00		35,128.90		35,128.90	0.00	0.00	
Consolidated municipal property tax relief act	0.00		9,750.00		0.00	9,750.00	0.00	
Energy receipts tax	0.00		220,860.00		0.00	220,860.00	0.00	
Interest earned on investments	0.00		3,502.72		0.00	3,502.72	0.00	
Total	4,539.69	\$	413,825.56	\$	37,496.07	373,742.40	7,126.78	\$

Ref. A A-7 A-4 A-4 A

See Accompanying Auditor's Report

**TOWNSHIP OF OLDMANS
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010
For the Year Ended December 31, 2011**

	Balance December 31, 2010	Balance After Transfers	Paid or Charged	Lapsed
Salaries and wages:				
Township clerk	\$ 2.00	\$ 2.00	\$ 0.00	\$ 2.00
Financial administration	63.99	63.99	0.00	63.99
Collection of taxes	55.09	55.09	0.00	55.09
Zoning board	64.92	64.92	0.00	64.92
Emergency management services	28.00	28.00	0.00	28.00
Streets and roads maintenance	655.40	655.40	0.00	655.40
Recycling coordinator	50.00	50.00	0.00	50.00
Registrar of vital statistics	20.02	20.02	0.00	20.02
Construction official	416.32	416.32	0.00	416.32
Housing officer	36.68	36.68	0.00	36.68
Other expenses:				
Mayor and council	652.47	652.47	0.00	652.47
Township clerk- miscellaneous	3,196.05	2,696.05	1,129.83	1,566.22
Financial administration	1,879.25	1,879.25	1,861.48	17.77
Audit services	840.00	840.00	450.00	390.00
Assessment of taxes	467.44	467.44	232.95	234.49
Collection of taxes	2,661.91	2,661.91	2,205.00	456.91
Legal services and costs	2,054.41	2,054.41	244.12	1,810.29
Engineering services and costs	3,810.00	3,810.00	0.00	3,810.00
Public buildings and grounds	5,328.15	5,328.15	0.00	5,328.15
Zoning board	163.82	163.82	0.00	163.82
Planning board	2,743.38	2,743.38	325.00	2,418.38

See Accompanying Auditor's Report

TOWNSHIP OF OLDMANS
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010
For the Year Ended December 31, 2011

	Balance December 31, 2010	Balance After Transfers	Paid or Charged	Lapsed
Other expenses (continued):				
Insurance:				
Workmans compensation	\$ 8.00	\$ 8.00	\$ 0.00	\$ 8.00
Liability	19.00	19.00	0.00	19.00
Unemployment compensation	9.53	9.53	0.00	9.53
Grant consultant	100.00	100.00	0.00	100.00
Fire hydrant services	862.52	862.52	830.68	31.84
Aid to volunteer fire companies- Auburn Fire Co.	6,775.07	6,775.07	2,410.56	4,364.51
Aid to volunteer fire companies- Logan Fire Co.	19,321.86	19,321.86	17,720.45	1,601.41
Aid to first aid organization	350.00	350.00	350.00	0.00
Aid to volunteer ambulance companies	269.85	269.85	269.00	0.85
Emergency management services	665.55	665.55	416.00	249.55
Streets and roads maintenance	1,201.73	1,201.73	304.31	897.42
Vehicle maintenance	507.90	507.90	86.83	421.07
Municipal mosquito control	50.00	50.00	0.00	50.00
Demolition of buildings	100.00	100.00	0.00	100.00
Solid waste collection	22.50	22.50	0.00	22.50
Board of health	100.00	100.00	0.00	100.00
Animal control officer	3,500.00	3,500.00	0.00	3,500.00
Registrar of vital statistics	189.15	189.15	0.00	189.15
Parks and recreation	1,500.00	1,500.00	0.00	1,500.00
Celebration of public events	137.50	137.50	0.00	137.50
Landfill/waste disposal costs	2,788.10	2,788.10	0.00	2,788.10
Sanitary landfill	2,058.77	2,058.77	0.00	2,058.77

TOWNSHIP OF OLDMANS
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010
For the Year Ended December 31, 2011

	Balance December 31, 2010	Balance After Transfers	Paid or Charged	Lapsed
Other expenses (concluded):				
Construction official	\$ 194.74	\$ 394.74	\$ 188.60	\$ 206.14
Housing officer	100.00	100.00	0.00	100.00
Water	72.13	72.13	24.48	47.65
Street lighting	384.91	384.91	0.00	384.91
Telephone	263.37	563.37	499.39	63.98
Heat	855.31	855.31	835.08	20.23
Gasoline	2,499.80	2,499.80	1,006.86	1,492.94
Electricity	317.44	317.44	0.00	317.44
JIF safety awards	0.58	0.58	0.00	0.58
Contingent	100.00	100.00	0.00	100.00
Contribution to PERS	24,000.00	24,000.00	24,000.00	0.00
Social security system	676.05	676.05	0.00	676.05
COAH - fair share plan	8,307.69	8,307.69	7,480.36	827.33
LOSAP	18,000.00	18,000.00	10,800.00	7,200.00
Total \$	121,498.35	\$ 121,498.35	\$ 73,670.98	\$ 47,827.37

Ref. A A-8 A-4 A-1

Appropriation reserves \$ 75,050.23
Encumbrances payable 46,448.12

\$ 121,498.35

See Accompanying Auditor's Report

**TOWNSHIP OF OLDMANS
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES
For the Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	A	\$	0.50
Increased by:			
Levy- calendar year 2011	A-5		<u>2,589,381.00</u>
			2,589,381.50
Decreased by:			
Payments	A-4		<u>2,580,381.50</u>
Balance - December 31, 2011	A	\$	<u><u>9,000.00</u></u>

See Accompanying Auditor's Report

TOWNSHIP OF OLDMANS
 FEDERAL AND STATE GRANT FUND
 SCHEDULE OF STATE GRANTS RECEIVABLE
 For the Year Ended December 31, 2011

Purpose	Balance December 31, 2010	2011 Revenue	Received	Unappropriated Reserve	Balance December 31, 2011
Clean communities grant	\$ 0.00	\$ 4,000.00	\$ 4,000.00	\$ 0.00	\$ 0.00
Recycling tonnage grant	0.00	17,412.93	17,412.93	0.00	0.00
Municipal alliance on alcohol and drug abuse	4,074.33	4,886.33	1,399.22	812.00	6,749.44
Hazardous discharge site remediation fund grant	142,513.00	0.00	0.00	0.00	142,513.00
Salem County wastewater management grant	5,000.00	0.00	0.00	0.00	5,000.00
	<u>\$ 151,587.33</u>	<u>\$ 26,299.26</u>	<u>\$ 22,812.15</u>	<u>\$ 812.00</u>	<u>\$ 154,262.44</u>

Ref. A A-2 A-4 A-11 A

TOWNSHIP OF OLDMANS
STATE AND FEDERAL GRANT
SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS UNAPPROPRIATED
For the Year Ended December 31, 2011

Purpose	Balance December 31, 2010	Received In 2011	Applied to Receivables	Balance December 31, 2011
Municipal alliance on alcohol and drug abuse - program income	\$ 812.00	\$ 1,335.00	\$ 812.00	\$ 1,335.00
Recycling tonnage grant	0.00	16,975.67	0.00	16,975.67
	<u>\$ 812.00</u>	<u>\$ 18,310.67</u>	<u>\$ 812.00</u>	<u>\$ 18,310.67</u>
	Ref. A	A-4	A-10	A
Current fund		\$ 16,975.67		
Special revenue fund		<u>1,335.00</u>		
		<u>\$ 18,310.67</u>		

**TOWNSHIP OF OLDMANS
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS APPROPRIATED
For the Year Ended December 31, 2011**

Purpose	Balance	2011		Balance
	December 31, 2010	Appropriations	Expended	December 31, 2011
Clean communities grant	\$ 17,229.01	\$ 4,000.00	\$ 3,582.80	\$ 17,646.21
Municipal alliance on alcohol and drug abuse	3,649.05	5,905.33	1,909.92	7,644.46
Hazardous discharge site remediation fund grant	142,899.13	0.00	0.00	142,899.13
Recycling tonnage grant	4,821.88	17,412.93	16,273.97	5,960.84
Salem County Utilities Authority- recycling grant	376.63	0.00	0.00	376.63
Stormwater management grant	3,800.00	0.00	147.00	3,653.00
Comcast technology grant	580.06	0.00	0.00	580.06
Matching funds for grants	6,730.14	0.00	0.00	6,730.14
Matching funds- small cities rehabilitation grant	15,333.00	0.00	0.00	15,333.00
Municipal alliance on alcohol and drug abuse - program income	703.00	0.00	0.00	703.00
	<u>\$ 196,121.90</u>	<u>\$ 27,318.26</u>	<u>\$ 21,913.69</u>	<u>\$ 201,526.47</u>
Ref.	A	A-3	A-4	A

TRUST FUND
****SCHEDULES****

TOWNSHIP OF OLDMANS
TRUST FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
For the Year Ended December 31, 2011

	Ref.	Dog License Fund	Trust Fund Other
Balance - December 31, 2010	B	\$ 224.84	\$ 369,557.46
Receipts:			
Interest earned		\$ 9.91	\$ 1,497.38
Escrow deposits		0.00	24,577.00
Reserve for affordable housing (COAH)		0.00	42,016.25
Reserve for tax lien redemptions	B-3	0.00	26,047.72
Dog license fees collected	B-2	6,258.00	0.00
Dog license census fines, late fees, etc.	B-2	2,968.50	0.00
Due from taxpayer	B	0.00	36.00
Due water operating fund	Contra	0.00	401.62
Due to State of New Jersey	Contra	892.20	0.00
		10,128.61	94,575.97
		10,353.45	464,133.43
Disbursements:			
Due to State of New Jersey	Contra	892.20	0.00
Due current fund	A-4	9.93	8.65
Due water operating fund	Contra	0.00	401.62
Escrow disbursements		0.00	22,542.44
Reserve for tax lien redemptions	B-3	0.00	26,047.72
Reserve for affordable housing (COAH)		0.00	1,358.29
Improvement authorization - purchase of ambulance		0.00	50,000.00
Reserve for Camp Pedricktown		0.00	7,889.66
Dog fund expenditures	B-2	8,233.37	0.00
		9,135.50	108,248.38
Total disbursements		9,135.50	108,248.38
Balance - December 31, 2011	B	\$ 1,217.95	\$ 355,885.05

**TOWNSHIP OF OLDMANS
TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
For the Year Ended December 31, 2011**

	<u>Ref.</u>			
Balance - December 31, 2010	B		\$	274.78
Increased by:				
Dog license fees collected	B-1	\$		6,258.00
Dog license census fines, late fees, etc.	B-1			<u>2,968.50</u>
				<u>9,226.50</u>
				9,501.28
Decreased by:				
Expenditures under R.S. 4:19-15.11:				
Cash	B-1			<u>8,233.37</u>
Balance- December 31, 2011	B		\$	<u><u>1,267.91</u></u>

<u>License Fees Collected</u>	
<u>Year</u>	<u>Amount</u>
2009	\$ 10,595.20
2010	<u>6,360.00</u>
	<u><u>\$ 16,955.20</u></u>

**TOWNSHIP OF OLDMANS
TRUST FUND
SCHEDULE OF RESERVE FOR TAX TITLE LIEN REDEMPTIONS
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	B	\$ 0.00
Increased by:		
Tax lien redemptions collected	B-1	<u>26,047.72</u>
		26,047.72
Decreased by:		
Tax lien redemptions disbursed	B-1	<u>26,047.72</u>
Balance- December 31, 2011	B	<u><u>\$ 0.00</u></u>

See Accompanying Auditor's Report

GENERAL CAPITAL FUND

****SCHEDULES****

**TOWNSHIP OF OLDMANS
GENERAL CAPITAL FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
For the Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	C		\$ 561,582.31
Increased by receipts:			
Interest on investments in checking account - due current fund		\$ 4,656.10	
Due from current fund		162,138.19	
Reserve for improvements to municipal roads	C	5,000.00	
Reserve for purchase of public works equipment	C	10,000.00	
Reserve for purchase of fire truck	C	15,000.00	
Reserve for purchase of emergency equipment	C	5,000.00	
Capital improvement fund	C-5	<u>10,000.00</u>	<u>211,794.29</u>
			773,376.60
Decreased by disbursements:			
Due to current fund	A-4	63,246.80	
Reserve for purchase of municipal property Improvement authorizations	C	2,306.75	
	C-6	<u>93,056.23</u>	<u>158,609.78</u>
Balance - December 31, 2011	C		<u><u>\$ 614,766.82</u></u>

See Accompanying Auditor's Report

**TOWNSHIP OF OLDMANS
GENERAL CAPITAL FUND
ANALYSIS OF CASH
For the Year Ended December 31, 2011**

	Balance December 31, 2011
	\$
Capital improvement fund	44,439.72
Amount due from State of New Jersey	(35,500.00)
Amount due from Oldmans Township School District	(7,500.00)
Amount due current fund	120,966.41
Reserve for encumbrances	0.00
Reserve for purchase of computers	1,245.88
Reserve for purchase of municipal property	513.25
Reserve for purchase of fire truck	90,000.00
Reserve for purchase of dump truck	10,000.00
Reserve for the purchase of an ambulance	25,007.00
Reserve for improvements to municipal roads	13,008.00
Reserve for the purchase of an emergency equipment	19,850.28
Reserve for public works equipment	5,010.10
Fund balance	82,023.32
Improvement authorizations:	
Ordinance	
<u>Number</u>	
07-18	Improvements to municipal property located on block #8, lot #59
08-08	Purchase of public works equipment
10-03	Improvements to Stumpy Road
11-07	Professional services for the construction of a municipal complex
11-08	Construction of a new municipal complex
11-12	Purchase of public works equipment
	\$ (937,224.18)

Ref.

C-2

**TOWNSHIP OF OLDMANS
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
For the Year Ended December 31, 2011**

Improvement Description	Ordinance Number	Balance December 31, 2011	Financed By		Analysis Of Balance December 31, 2011	
			Bond Anticipation Notes	0.00	Expended	Unexpended Improvement Authorization
Construction of a new municipal complex	2011-08	\$ 1,600,000.00	\$ 0.00	\$ 1,351,991.00	\$ 248,009.00	
		<u>\$ 1,600,000.00</u>	<u>\$ 0.00</u>	<u>\$ 1,351,991.00</u>	<u>\$ 248,009.00</u>	

Ref. C C-6 C-6

**TOWNSHIP OF OLDMANS
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
For the Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	C		\$ 168,946.72
Increased by:			
Budget appropriation	A-3	\$ 10,000.00	
Improvement authorizations canceled	C-6	<u>493.00</u>	<u>10,493.00</u>
			179,439.72
Decreased by:			
Appropriated to finance improvement authorization	C-6		<u>135,000.00</u>
Balance - December 31, 2011	C		<u><u>\$ 44,439.72</u></u>

See Accompanying Auditor's Report

TOWNSHIP OF OLDMANS
 GENERAL CAPITAL FUND
 SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
 For the Year Ended December 31, 2011

Ordinance Number	Improvement Description	Date of Ordinance	Balance		2011 Authorizations	Balance December 31, 2011
			December 31, 2010	0.00		
2011-08	Construction of a new municipal complex	11/2/2011	\$	0.00	\$	1,600,000.00
			\$	0.00	\$	1,600,000.00

Ref. Footnote C-6 Footnote

WATER UTILITY FUND

****SCHEDULES****

**TOWNSHIP OF OLDMANS
WATER UTILITY FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
For the Year Ended December 31, 2011**

	Ref.	Operating	Capital
Balance - December 31, 2010	D	\$ 26,309.26	\$ 19,324.79
Increased by receipts:			
Consumer accounts receivable	D-7	\$ 16,065.96	\$ 0.00
Interest earned on investments	D-3	77.61	57.68
Fire hydrant service	D-3	8,000.00	0.00
Interest on delinquent accounts	D-3	46.88	0.00
Due utility operating fund		0.00	11,999.35
Due utility capital fund	Contra	57.24	0.00
Due payroll fund	F-1	50.20	0.00
		<u>24,297.89</u>	<u>12,057.03</u>
		50,607.15	31,381.82
Decreased by disbursements:			
Due current fund	A-4	0.00	8,000.00
Due utility operating fund	Contra	0.00	57.24
Due utility capital fund	Contra	2,999.35	0.00
Budget appropriations	D-4	27,158.42	0.00
Appropriation reserves	D-10	94.30	0.00
Improvement authorizations	D-11	0.00	18.20
		<u>30,252.07</u>	<u>8,075.44</u>
Balance - December 31, 2011	D	<u>\$ 20,355.08</u>	<u>\$ 23,306.38</u>

TOWNSHIP OF OLDMANS
WATER UTILITY FUND
ANALYSIS OF CASH
For the Year Ended December 31, 2011

	Balance December 31, 2011
	<hr/>
Fund balance	\$ 7,333.74
Capital improvement fund	7,000.00
Reserve for capital improvements to water system	15,041.00
Amount due water and sewer utility operating fund	(2,999.56)
Deferred charges to future taxation - funded	(5,894.00)

<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	
2010-06	Emergency Improvements to the Auburn Water System including replacement of a section of the water main	<hr/> 2,825.20
		<hr/> <hr/> \$ 23,306.38

Ref. D-5

**TOWNSHIP OF OLDMANS
WATER UTILITY FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	D	\$ 2,592.58
Increased by:		
Utility rents levied		\$ 16,780.00
Billing adjustments for prior year		<u>(222.21)</u>
		<u>16,557.79</u>
		19,150.37
Decreased by:		
Collection	D-5	<u>16,065.96</u>
Balance - December 31, 2011	D	<u>\$ 3,084.41</u>

See Accompanying Auditor's Report

**TOWNSHIP OF OLDMANS
WATER UTILITY FUND
SCHEDULE OF FIXED CAPITAL
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance- December 31, 2010	D	<u>\$ 244,034.90</u>
Balance- December 31, 2011	D	<u><u>\$ 244,034.90</u></u>

See Accompanying Auditor's Report

**TOWNSHIP OF OLDMANS
WATER UTILITY FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	D	\$ <u>6,000.00</u>
Balance - December 31, 2011	D	\$ <u><u>6,000.00</u></u>

See Accompanying Auditor's Report

**TOWNSHIP OF OLDMANS
WATER UTILITY FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010
For the Year Ended December 31, 2011**

	Balance December 31, 2010	Balance After Transfers	Paid Or Charged	Balance Lapsed
Operating:				
Salaries and wages	\$ 1.00	\$ 1.00	\$ 0.00	\$ 1.00
Other expenses	796.60	796.60	524.30	272.30
Capital improvements:				
Improvements to Auburn Water System	6,000.00	6,000.00	0.00	6,000.00
Statutory expenditures:				
Contribution to:				
Social security system	16.40	16.40	0.00	16.40
Unemployment insurance	10.04	10.04	0.00	10.04
	<u>\$ 6,824.04</u>	<u>\$ 6,824.04</u>	<u>\$ 524.30</u>	<u>\$ 6,299.74</u>
Ref.		D	D-5	D-1
Appropriation reserves	D \$ 6,299.74			
Accounts payable	D 524.30			
	<u>\$ 6,824.04</u>			
Appropriation reserves paid			\$ 94.30	
Accounts payable			<u>430.00</u>	
			<u>\$ 524.30</u>	

See Accompanying Auditor's Report

TOWNSHIP OF OLDMANS
 WATER UTILITY FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
 For the Year Ended December 31, 2011

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance December 31, 2010		Paid Or Charged	Balance December 31, 2011	
				Funded	Unfunded		Funded	Unfunded
1994-3	Emergency improvements to the Auburn Water System including replacement of a section of the water main	12/1/2010	\$ 6,000.00	\$ 2,843.40	\$ -	\$ 18.20	\$ 2,825.20	\$ 0.00
				\$ 2,843.40	\$ -	\$ 18.20	\$ 2,825.20	\$ 0.00
			Ref.	D	D	D-5	D	D

**TOWNSHIP OF OLDMANS
WATER UTILITY FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	D	\$ 3,000.00
Increased by:		
Budget appropriation	D-4	<u>4,000.00</u>
Balance - December 31, 2011	D	<u><u>\$ 7,000.00</u></u>

See Accompanying Auditor's Report

**TOWNSHIP OF OLDMANS
WATER UTILITY FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	D	<u>\$ 6,000.00</u>
Balance - December 31, 2011	D	<u><u>\$ 6,000.00</u></u>

See Accompanying Auditor's Report

**TOWNSHIP OF OLDMANS
 WATER UTILITY FUND
 SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
 For the Year Ended December 31, 2011**

Ordinance Number	Improvement Authorization	Balance December 31, 2011
07-17	Emergency repairs to Auburn Water Utility Well No. 1	\$ 5,894.00
		<u>\$ 5,894.00</u>
	Ref.	Footnote

PUBLIC ASSISTANCE TRUST FUND

****SCHEDULES****

**TOWNSHIP OF OLDMANS
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	E	\$ 12,457.83
Increased by:		
Interest earned		36.93
		<u>12,494.76</u>
Decreased by:		
Due from current fund	A-4	36.90
		<u>36.90</u>
Balance - December 31, 2011	E	<u>\$ 12,457.86</u>

See Accompanying Auditor's Report

**TOWNSHIP OF OLDMANS
PUBLIC ASSISTANCE TRUST FUND
STATEMENT OF PUBLIC ASSISTANCE CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5
For the Period Ended April 30, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	E-1	\$ 12,457.86
Increased by:		
Cash receipts record		<u>10.42</u>
Balance - April 30, 2012	E-2	<u>\$ 12,468.28</u>
Balance on deposit per statement:		
Pennsville National Bank		<u>\$ 12,468.28</u>
		<u>\$ 12,468.28</u>

PAYROLL ACCOUNT

****SCHEDULES****

**TOWNSHIP OF OLDMANS
PAYROLL ACCOUNT
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	F	\$ 219.90
Increased by:		
Deposits to pay gross salaries		\$ 281,679.05
Interest earned- due to current fund		25.19
Township's share of social security, medicare, unemployment and pension		<u>54,300.93</u>
		<u>336,005.17</u>
		336,225.07
Decreased by:		
Net payroll		208,685.08
Deductions paid to various agencies		126,641.92
Due to current fund	D-5	<u>50.20</u>
		<u>335,377.20</u>
Balance - December 31, 2011	F	<u><u>\$ 847.87</u></u>

See Accompanying Auditor's Report

TOWNSHIP OF OLDMANS

LETTER OF COMMENTS AND RECOMMENDATIONS

For the Year Ended December 31, 2011

GENERAL COMMENTS

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

N.J.S. 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the costs or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials, or supplies shall be undertaken, acquired, or furnished for a sum exceeding in the aggregate \$26,000.00, except by contract or agreement".

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

The minutes indicate that are bids were requested by public advertising for the year under audit for the following:

Used Ambulance
Construction of New Municipal Complex
Oldmans Landfill Monitoring Well Testing and Auburn Water Company Testing

N.J.S. 40A:11-5 provides for exceptions to the above-mentioned statutory bidding requirements for various stipulated areas of expenditures. Included in these areas of exception are all professional services which include but are not limited to solicitors, engineers, land surveyors, and accountants. However, in lieu of requiring formal bidding procedures for these categories of expenditures, in awarding contracts to fill these positions, certain other statutory requirements must be adhered to by the governing body. These requirements include the following stipulation (N.J.S. 40A:11-5 (l) (a) (i)):

"The governing body shall in each instance state supporting reasons for its action in the resolution awarding each contract and shall forthwith cause to be printed once, in a newspaper authorized by law to publish its legal advertisements, a brief notice stating the nature, duration, service, and amount of the contract, and that the resolution and contract are on file..."

My examination indicated that the Township complied with this requirement during 2011.

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.

My examination of expenditures did not reveal any individual payments, contracts, or agreements in excess of \$26,000.00 "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Contracts or Agreements Not Required to be Advertised in Accordance with N.J.S. 40A:11-6.1

N.J.S. 40A:11-6.1 states, "Except contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds \$3,900.00, at least three quotations as to the cost or price, whenever practicable, shall be solicited by the contracting agent, and the contract agreement shall be made with and awarded to the lowest responsible bidder."

Our audit indicated that, for individual payments, contracts, or agreements made "for the performance of any work or the furnishing or hiring of any materials or supplies" in excess of \$3,900.00, there was documentation that solicitation for quotations was done in accordance with the provisions of N.J.S. 40A:11-6.1.

A test check of paid vouchers was made and each voucher, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Business registration certificates were on file for the required purchases.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 5, 2011, adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED, by the Township Committee of the Township of Oldmans, County of Salem, and State of New Jersey, that the rate of interest to be collected on delinquent taxes for the year 2011 shall be 8% per annum on any amount up to an including \$1,500.00 of delinquency said 18% per annum on any amount in excess of \$1,500.00 and interest to be collectable on all taxes not paid within ten (10) days after the date upon which the same shall become payable for each quarter (which dates are the first day of February, May, August, and November). Taxes paid after said time shall bear interest from the due date.

BE IT FURTHER RESOLVED, that the Township wishes to implement N.J.S.A. 54:4-67 and hereby authorizes the imposition of an additional penalty as follows: balance of \$10,000.00, penalty 6%.

It appears from an examination of the Collector's records that interest was calculated and/or collected at all times in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 19, 2011, and was complete.

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

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

<u>Year</u>	<u>Number Of Liens</u>
2011	19
2010	18
2009	17

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.

OTHER COMMENTS

Chief Financial Officer

N.J.A.C. 5:30-5.6 requires that a fixed asset accounting and reporting system be implemented and maintained. However, the system in place was not updated during the current year with changes to fixed assets acquired or sold during the year. The only record provided was a list of additions submitted to the auditor to update the fixed asset records. Action should be taken to establish and maintain a fixed asset accounting system.

N.J.A.C. 5:30-5.7 mandates that a general ledger system be utilized for proper accounting. For the year under review, a general ledger was maintained. However, the Treasurer only makes cash entries to the general ledger. The Treasurer should make non-cash adjustments as well to the general ledger.

A review of the balance sheets of the various funds shows that there are interfund accounts that should be cleared by appropriate action.

There are currently old balances in the escrow trust fund. The Finance Officer is currently in the process of reviewing and either disposing or cancelling said balances.

There is one employee that has not been enrolled in the pension system. However, estimated deductions are being withheld from his pay. In order to enroll him, the Chief Financial Officer must take a pension course so that he can learn the new pension enrollment system. The Chief Financial Officer is currently awaiting a pension course to open up so that he can enroll in it.

Internal Control

The limited number of personnel employed in handling cash receipts transactions makes any formal system of internal control impracticable. Compliance with the statutes relating to the expenditures of funds provides a high degree of internal control to cash disbursements transactions.

Payroll Fund

The examination of the Payroll Fund did include a sampling of the detailed computation of various deductions from the payroll of the Township employees and did ascertain that the accumulated withholdings were disbursed to the proper agencies.

Municipal Court

The Township is a member of the Mid-Salem County Municipal court. The records are audited by the lead agency's auditor and subsequently, the municipal court report will be filed by them.

Construction Code Official

A test of the expenditures of the construction code fees was done as required by N.J.A.C. 5:23-4.17(b)3. All fees collected pursuant to the municipality's fee schedule were appropriated in accordance with the requirements of the Uniform Construction Code Act and the Local Budget Law which were applied solely to meet the municipal costs of enforcing those regulations as specified by N.J.A.C. 5:23-4.17(c)2.

The uniform construction code annual report was prepared by the Chief Financial Officer and was in agreement with receipts recorded in the Construction Code Official's records.

TOWNSHIP OF OLDMANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Ended December 31, 2011

This section identifies the significant deficiencies, material weaknesses, and the instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

**TOWNSHIP OF OLDMANS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND
QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

This section identifies the status of prior year findings related to the financial statements and State Financial Assistance that are required to be reported in accordance with *Government Auditing Standards*, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

FINANCIAL STATEMENT FINDINGS

Finding No. 2010-1

Condition

The Township did not maintain a fixed asset accounting and reporting system as required by N.J.A.C. 5:30-5.6.

Current Status

Condition remains unresolved.

Planned Corrective Action

The responsible officials agree with the finding and will take corrective action in 2012 when the new municipal complex is complete.

Finding No. 2010-2

Condition

A review of the balance sheets of the various funds shows that there are interfund accounts that should be cleared by appropriate action.

Current Status

Condition is always corrected after the audit is received. See current year Notes to the Financial Statement #4 for further explanations.

Planned Corrective Action

The responsible officials take action annually to clear up any interfunds which appear on the audit report.

**TOWNSHIP OF OLDMANS
OFFICIALS IN OFFICE AND SURETY BONDS**

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

<u>Name</u>	<u>Title</u>	<u>Amount Of Bond</u>
William J. Miller	Mayor	B
Harry A. Moore	Deputy Mayor	B
George W. Bradford	Committeeperson	B
James R. Hackett	Chief Financial Officer Water Utility Collector	A
V. Susan Miller (1/1/11 to 6/30/11)	Township Clerk Municipal Improvement Search Officer Registrar of Vital Statistics	A
Melinda Taylor (7/1/11 to 12/31/11)	Acting Township Clerk Municipal Improvement Search Officer Registrar of Vital Statistics Zoning Officer Dog License Clerk	A
Margie Schieber	Tax Collector and Tax Search Officer	A
Jeryl Goff	Construction Code Official	B
Hiram D. Griffin (1/1/11 to 6/30/11)	Dog License Clerk	B
Michael Raio	Assessor	B
John G. Hoffman	Solicitor	B
John Bickel - J&B Design	Engineer	B

(A) Statutory Position Bond - Gloucester, Salem, Cumberland County Joint Insurance Pool - \$50,000.00. Amounts in excess of \$50,000.00 covered by the Municipal Excess Liability Joint Insurance Fund to \$950,000.00.


(B) Public Officials Bonds - Gloucester, Salem, Cumberland County Joint Insurance Pool - \$50,000.00. Amounts in excess of \$50,000.00 covered by the Municipal Excess Liability Joint Insurance Fund to \$950,000.00.

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments to recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

I desire to express my appreciation for the assistance and courtesies rendered by the Township officials during the course of the audit.

Respectfully submitted,

A handwritten signature in black ink, reading "William H. Buckley, III". The signature is written in a cursive style with a long horizontal flourish at the end.

William H. Buckley, III
Registered Municipal Accountant #46
Certified Public Accountant