

*BOROUGH OF WHARTON*

*COUNTY OF MORRIS*

*REPORT OF AUDIT*

*2011*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF WHARTON  
COUNTY OF MORRIS  
REPORT OF AUDIT  
2011

BOROUGH OF WHARTON  
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BOROUGH OF WHARTON

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2011

### Independent Auditors' Report

The Honorable Mayor and Members  
of the Borough Council  
Borough of Wharton  
Wharton, New Jersey

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

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

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

We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual cost. We are, therefore, unable to express an opinion as to the general fixed assets account group at December 31, 2011 and 2010 stated at \$7,670,412 and \$7,670,412, respectively.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2012, on our consideration of the Borough of Wharton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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

Mount Arlington, New Jersey  
February 29, 2012

NISIVOCIA LLP



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



BOROUGH OF WHARTON  
COUNTY OF MORRIS  
2011  
CURRENT FUND

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET**

		December 31,	
	Ref.	2011	2010
<b><u>ASSETS</u></b>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 4,124,007.78	\$ 3,775,519.03
Change Fund		100.00	100.00
		<u>4,124,107.78</u>	<u>3,775,619.03</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	363,486.45	288,662.96
Tax Title Liens Receivable	A-8	16,918.38	13,966.17
Property Acquired for Taxes at Assessed Valuation		71,300.00	71,300.00
Revenue Accounts Receivable	A-9	12,239.69	13,964.17
		<u>463,944.52</u>	<u>387,893.30</u>
Total Receivables and Other Assets with Full Reserves			
Deferred Charges:			
Special Emergency Authorization (NJSA 40A:4-53)		35,000.00	74,000.00
		<u>4,623,052.30</u>	<u>4,237,512.33</u>
Total Regular Fund			
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-6	22,184.40	1,194.73
Grants Receivable	A-10	93,606.49	117,758.08
		<u>115,790.89</u>	<u>118,952.81</u>
Total Federal and State Grant Fund			
TOTAL ASSETS		<u>\$ 4,738,843.19</u>	<u>\$ 4,356,465.14</u>

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET**  
**(Continued)**

		December 31,	
	Ref.	2011	2010
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 84,969.23	\$ 82,597.78
Unencumbered	A-3;A-11	700,341.25	517,193.10
		<u>785,310.48</u>	<u>599,790.88</u>
Contracts Payable - Vendors		14,273.10	
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions		10,859.56	9,609.56
Marriage License Fees		375.00	250.00
County Added and Omitted Taxes Payable		1,791.31	2,140.94
Prepaid Taxes		74,024.43	55,642.64
Tax Overpayments		29,163.54	27,596.80
Premium on Tax Sale Certificates		70,800.00	26,700.00
Reserve for:			
State Library Aid		3,005.00	8,826.00
Library Appropriation		47,476.83	41,542.30
Pending Tax Appeals		40,174.82	25,186.76
Sale of Municipal Assets		1,768,409.84	1,820,969.84
		<u>2,845,663.91</u>	<u>2,618,255.72</u>
Reserve for Receivables and Other Assets	A	463,944.52	387,893.30
Fund Balance	A-1	1,313,443.87	1,231,363.31
		<u>4,623,052.30</u>	<u>4,237,512.33</u>
Total Regular Fund			
Federal and State Grant Fund:			
Appropriated Reserves:			
Unencumbered	A-14	112,953.44	114,848.56
Encumbered	A-14	49.52	3,520.47
Unappropriated Reserves	A-15	2,787.93	583.78
		<u>115,790.89</u>	<u>118,952.81</u>
Total Federal and State Grant Fund			
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 4,738,843.19	\$ 4,356,465.14

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

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**

	Year Ended December 31,	
	2011	2010
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 985,124.00	\$ 985,124.00
Miscellaneous Revenue Anticipated	2,819,728.73	2,828,859.67
Receipts from:		
Delinquent Taxes	296,985.15	341,799.59
Current Taxes	18,318,772.93	18,027,448.54
Nonbudget Revenue	152,688.35	130,823.18
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	419,334.16	322,649.22
Cancellation of Tax Overpayments	67.60	9,447.37
Interfunds Returned		2,906.07
Total Income	<u>22,992,700.92</u>	<u>22,649,057.64</u>
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Municipal Purposes	6,757,110.71	6,524,718.74
County Taxes	1,862,282.03	1,921,657.49
Local School District Taxes	7,811,849.50	7,601,351.50
Regional High School Taxes	4,476,768.12	4,499,358.36
Special Garbage District Taxes	905,913.00	882,164.00
Local Open Space Taxes	110,073.00	111,408.21
Prior Year Senior Citizens' Deductions Disallowed	1,500.00	2,000.00
Total Expenditures	<u>21,925,496.36</u>	<u>21,542,658.30</u>
Excess in Revenues/Statutory Excess to Fund Balance	1,067,204.56	1,106,399.34
<u>Fund Balance</u>		
Balance January 1	<u>1,231,363.31</u>	<u>1,110,087.97</u>
	<u>2,298,567.87</u>	<u>2,216,487.31</u>
Decreased by:		
Utilized as Anticipated Revenue	<u>985,124.00</u>	<u>985,124.00</u>
Balance December 31	<u><u>A \$ 1,313,443.87</u></u>	<u><u>\$ 1,231,363.31</u></u>

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

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**STATEMENT OF REVENUE**  
**YEAR ENDED DECEMBER 31, 2011**

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 985,124.00		\$ 985,124.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	3,360.00		8,496.00	\$ 5,136.00
Other	9,100.00		8,885.00	215.00 *
Fees and Permits - Other	29,200.00		56,758.83	27,558.83
Fines and Costs - Municipal Court	210,300.00		215,692.93	5,392.93
Interest and Costs on Taxes	35,000.00		68,190.07	33,190.07
Interest on Investments and Deposits	51,000.00		16,113.21	34,886.79 *
Rents - Borough Lease	37,800.00		41,716.77	3,916.77
Consolidated Municipal Property Tax Relief Aid	51,974.00		51,974.00	
Energy Receipts Tax	497,737.00		497,737.00	
Uniform Construction Code Fees	39,300.00		59,062.00	19,762.00
Interlocal Service Agreement - Mine Hill Township	1,373,648.00		1,373,648.00	
Clean Communities Grant		\$ 9,032.51	9,032.51	
Alcohol Education and Rehabilitation Fund		485.41	485.41	
Municipal Alliance on Alcoholism and Drug Abuse	14,396.00		14,396.00	
Safe and Secure Communities Program	22,981.00		22,981.00	
Water Utility Operating Surplus of Prior Year	222,000.00		222,000.00	
Sewer Utility Operating Surplus of Prior Year	100,000.00		100,000.00	
Reserve for Sale of Municipal Assets	52,560.00		52,560.00	
	2,750,356.00	9,517.92	2,819,728.73	59,854.81
Receipt from Delinquent Taxes	194,600.00		296,985.15	102,385.15
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	3,247,001.50		3,581,375.99	334,374.49
Minimum Library Tax	263,516.29		263,516.29	
Budget Totals	7,440,597.79	9,517.92	7,946,730.16	\$ 496,614.45
Nonbudget Revenue			152,688.35	
	<u>\$ 7,440,597.79</u>	<u>\$ 9,517.92</u>	<u>\$ 8,099,418.51</u>	

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**STATEMENT OF REVENUE**  
**YEAR ENDED DECEMBER 31, 2011**  
(Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$ 18,318,772.93
Allocated to County, Local School District, Regional High School and Local Open Space Taxes	<u>15,430,401.94</u>
Balance for Support of Municipal Budget	2,888,370.99
 Add: Appropriation "Reserve for Uncollected Taxes"	 <u>693,005.00</u>
 Realized for Support of Municipal Budget	 <u><u>\$ 3,581,375.99</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 296,985.15
 Realized for Support of Municipal Budget	 <u><u>\$ 296,985.15</u></u>

Analysis of Interest on Investments and Deposits:

Collected/Received by Treasurer	<u><u>\$ 16,113.21</u></u>
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Analysis of Nonbudget Revenue:

Miscellaneous Revenue Not Anticipated:

Treasurer:

Cable TV Franchise Fees	\$ 71,408.71
Fire Safety Fees	22,355.42
Proceeds of Borough Auction	12,717.50
Outside Detail - Administrative Fees	4,924.20
Street Sweeping	1,947.50
Police Reports/Copies	1,639.66
State of New Jersey:	
Senior Citizens' and Veterans' Deductions Administrative Reimbursement	1,230.00
Bid Specifications	1,015.31
Copies	216.49
Other Miscellaneous Revenue	<u>8,709.64</u>
	\$ 126,164.43

Tax Collector:

Payments in Lieu of Taxes	21,438.00
Other Miscellaneous Revenue	<u>5,085.92</u>
	<u>26,523.92</u>
	<u><u>\$ 152,688.35</u></u>

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

BOROUGH OF WHARTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011

	<u>Appropriation</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
GENERAL GOVERNMENT:				
General Administration:				
Salaries and Wages	\$ 108,325.00	\$ 108,325.00	\$ 101,484.96	\$ 6,840.04
Other Expenses	36,850.00	36,850.00	24,515.42	12,334.58
Mayor and Council:				
Salaries and Wages	36,000.00	36,000.00	35,999.52	0.48
Other Expenses	21,500.00	21,500.00	17,502.79	3,997.21
Municipal Clerk:				
Salaries and Wages	39,355.00	45,355.00	42,887.59	2,467.41
Other Expenses	11,450.00	11,450.00	8,058.06	3,391.94
Financial Administration:				
Salaries and Wages	40,685.00	40,685.00	40,177.44	507.56
Other Expenses	23,355.00	22,355.00	11,936.70	10,418.30
Other Expenses - Computer Maintenance/Support	14,000.00	14,000.00	8,616.10	5,383.90
Annual Audit	25,500.00	25,500.00		25,500.00
Workers' Compensation Insurance	24,381.50	24,381.50	24,381.40	0.10
Liability Insurance	47,131.00	47,131.00	15,835.10	31,295.90
Group Insurance for Employees	515,527.00	515,527.00	505,462.99	10,064.01
Tax Assessment Administration:				
Salaries and Wages	21,895.00	21,895.00	21,222.48	672.52
Other Expenses	2,700.00	2,700.00	1,013.84	1,686.16
Revision of Tax Map	7,500.00	7,500.00		7,500.00
Other Expenses - Tax Appeals	64,618.00	64,618.00	6,225.00	58,393.00
Revenue Administration (Tax Collection):				
Salaries and Wages	30,300.00	30,300.00	25,893.84	4,406.16
Other Expenses	6,250.00	6,250.00	3,324.11	2,925.89
Engineering Services and Costs:				
Other Expenses	31,050.00	31,050.00	7,328.10	23,721.90

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**YEAR ENDED DECEMBER 31, 2011**  
(Continued)

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
GENERAL GOVERNMENT (Cont'd):				
Legal Services and Costs:				
Other Expenses	\$ 54,800.00	\$ 54,800.00	\$ 42,860.50	\$ 11,939.50
Codification of Ordinances	4,900.00	4,900.00	4,195.22	704.78
Public Buildings and Grounds:				
Salaries and Wages	27,090.00	27,090.00	26,611.03	478.97
Other Expenses	10,724.00	11,724.00	11,424.15	299.85
Municipal Land Use Law (NJSA 40:55D-1):				
Land Use Board:				
Salaries and Wages	10,650.00	10,650.00	10,539.36	110.64
Other Expenses	12,660.00	12,660.00	2,974.79	9,685.21
Zoning Board of Adjustment:				
Salaries and Wages	36,755.00	36,755.00	36,044.92	710.08
Unemployment Compensation Insurance	3,000.00	3,000.00	3,000.00	
PUBLIC SAFETY:				
Aid to Volunteer Fire Company	42,000.00	42,000.00	28,602.30	13,397.70
Fire Department:				
Other Expenses - Building Rent	30,883.00	30,883.00	29,183.00	1,700.00
Police:				
Salaries and Wages	811,021.00	811,021.00	760,601.98	50,419.02
Other Expenses	185,350.00	185,350.00	176,556.09	8,793.91
First Aid Organization Contribution	18,025.00	18,025.00	3,795.71	14,229.29
Dispatchers:				
Other Expenses	129,768.00	129,768.00	129,545.07	222.93
Emergency Management Services:				
Salaries and Wages	2,770.00	2,770.00	2,700.00	70.00
Other Expenses	1,350.00	1,350.00	703.85	646.15



BOROUGH OF WHARTON  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
PUBLIC WORKS:				
Street and Road Repairs and Maintenance:				
Salaries and Wages	\$ 244,585.00	\$ 244,585.00	\$ 122,585.31	\$ 121,999.69
Other Expenses	166,400.00	166,400.00	158,801.60	7,598.40
HEALTH AND HUMAN SERVICES:				
Board of Health:				
Salaries and Wages	39,660.00	39,660.00	23,235.69	16,424.31
Other Expenses	56,802.00	56,802.00	51,295.35	5,506.65
Mandated Inoculations - Hepatitis B Vaccine	500.00	500.00		500.00
Animal Control:				
Salaries and Wages	8,655.00	2,655.00		2,655.00
Other Expenses	4,000.00	4,000.00	143.79	3,856.21
Contribution to Senior Citizen Center (R.S. 40:48-9.4)	2,500.00	2,500.00	2,500.00	
RECREATION AND EDUCATION:				
Parks and Playgrounds:				
Other Expenses	15,950.00	15,950.00	14,838.43	1,111.57
Recreation:				
Salaries and Wages	17,370.00	17,370.00	17,107.52	262.48
Other Expenses	32,894.00	32,894.00	23,674.68	9,219.32
Celebration of Public Events, Anniversary or Holiday (R.S. 40:48-5.4)	19,700.00	19,700.00	12,754.56	6,945.44
Senior Citizen Van:				
Salaries and Wages	47,530.00	40,530.00	13,623.75	26,906.25
Other Expenses	3,500.00	3,500.00	949.54	2,550.46
UTILITIES:				
Bulk Utilities	205,000.00	205,000.00	174,508.22	30,491.78

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**YEAR ENDED DECEMBER 31, 2011**  
(Continued)

	<u>Appropriation</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries and Wages	\$ 39,535.00	\$ 46,535.00	\$ 44,447.56	\$ 2,087.44
Other Expenses	3,200.00	3,200.00	1,402.71	1,797.29
Other Code Enforcement Functions:				
Plumbing Inspector:				
Salaries and Wages	10,995.00	10,995.00	10,620.00	375.00
Fire Subcode Official:				
Salaries and Wages	4,765.00	4,765.00	2,101.92	2,663.08
Electrical Inspector:				
Salaries and Wages	10,645.00	10,645.00	10,284.96	360.04
Housing Inspector:				
Salaries and Wages	25,665.00	25,665.00	24,965.00	700.00
Other Expenses	3,700.00	3,700.00	2,119.85	1,580.15
Fire Safety:				
Salaries and Wages	13,365.00	13,365.00	7,217.73	6,147.27
Other Expenses	4,500.00	4,500.00	2,417.50	2,082.50
UNCLASSIFIED:				
Regionalization Feasibility Study	3,000.00	3,000.00		3,000.00
Evaluation/Upgrade Office Hardware/Software:				
Other Expenses	3,715.00	3,715.00		3,715.00
Total Operations Within "CAPS"	<u>3,478,249.50</u>	<u>3,478,249.50</u>	<u>2,892,799.08</u>	<u>585,450.42</u>
Detail:				
Salaries and Wages	1,627,616.00	1,627,616.00	1,380,352.56	247,263.44
Other Expenses	<u>1,850,633.50</u>	<u>1,850,633.50</u>	<u>1,512,446.52</u>	<u>338,186.98</u>

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**YEAR ENDED DECEMBER 31, 2011**  
(Continued)

	<u>Appropriation</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Deferred Charges & Statutory Expenditures - Municipal Within "CAPS":				
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	\$ 98,826.00	\$ 98,826.00	\$ 98,826.00	
Social Security System (O.A.S.I.)	127,938.00	127,938.00	84,139.19	\$ 43,798.81
Police and Firemen's Retirement System of NJ	539,657.00	539,657.00	539,657.00	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>766,421.00</u>	<u>766,421.00</u>	<u>722,622.19</u>	<u>43,798.81</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>4,244,670.50</u>	<u>4,244,670.50</u>	<u>3,615,421.27</u>	<u>629,249.23</u>
Operations Excluded from "CAPS":				
Maintenance of Free Public Library	263,517.00	263,517.00	207,432.98	56,084.02
Interlocal Service Agreement:				
Mine Hill Township:				
Police - Salaries and Wages	1,373,648.00	1,373,648.00	1,373,648.00	
Dover - Shared Court	105,500.00	105,500.00	90,492.00	15,008.00
Public and Private Programs Offset by Revenue:				
Clean Communities Grant (NJSA 40A:4-87 +\$9,032.51)		9,032.51	9,032.51	
Safe and Secure Communities Program	22,981.00	22,981.00	22,981.00	
Municipal Alliance on Alcoholism and Drug Abuse	14,396.00	14,396.00	14,396.00	
Matching Funds:				
Municipal Alliance on Alcoholism and Drug Abuse	4,880.00	4,880.00	4,880.00	
Alcohol Education, Rehabilitation and Enforcement Fund - (NJSA 40A:4-87 +\$485.41)		485.41	485.41	
Total Operations Excluded from "CAPS"	<u>1,784,922.00</u>	<u>1,794,439.92</u>	<u>1,723,347.90</u>	<u>71,092.02</u>
Detail:				
Salaries and Wages	1,373,648.00	1,373,648.00	1,373,648.00	
Other Expenses	<u>411,274.00</u>	<u>420,791.92</u>	<u>349,699.90</u>	<u>71,092.02</u>

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**YEAR ENDED DECEMBER 31, 2011**  
(Continued)

	<u>Appropriation</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Capital Improvements - Excluded from "CAPS":				
Capital Improvement Fund	\$ 160,447.00	\$ 160,447.00	\$ 160,447.00	
Down Payments on Improvements:				
Senior Bus	7,500.00	7,500.00	7,500.00	
Emergency Service Vehicles	45,500.00	45,500.00	45,500.00	
Reserve for Office Equipment	10,000.00	10,000.00	10,000.00	
Total Capital Improvements - Excluded from "CAPS"	223,447.00	223,447.00	223,447.00	
Municipal Debt Service - Excluded from "CAPS":				
Payment of Bond Anticipation Notes and Capital Notes	378,000.00	378,000.00	378,000.00	
Interest on Notes	15,694.00	15,694.00	15,694.00	
Total Municipal Debt Service - Excluded from "CAPS"	393,694.00	393,694.00	393,694.00	
Deferred Charges - Excluded from "CAPS":				
Special Emergency Authorization - 5 Years (NJSA 40A:4-55)	39,000.00	39,000.00	39,000.00	
Deferred Charges to Future Taxation Unfunded:				
Ordinance 20-08	61,859.29	61,859.29	61,859.29	
Total Deferred Charges - Excluded from "CAPS"	100,859.29	100,859.29	100,859.29	
Total General Appropriations - Excluded from "CAPS"	3,168,484.00	3,178,001.92	3,063,111.09	\$ 114,890.83
Subtotal General Appropriations	6,747,592.79	6,757,110.71	6,056,769.46	700,341.25
Reserve for Uncollected Taxes	693,005.00	693,005.00	693,005.00	
Total General Appropriations	\$ 7,440,597.79	\$ 7,450,115.71	\$ 6,749,774.46	\$ 700,341.25

Ref.

A

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**YEAR ENDED DECEMBER 31, 2011**  
(Continued)

	<u>Ref.</u>	Analysis of	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 7,440,597.79	
Added by NJSA 40A:4-87		9,517.92	
		<u>\$ 7,450,115.71</u>	
Reserve for Uncollected Taxes			\$ 693,005.00
Reserve for Encumbrances	A		84,969.23
Due Federal and State Grant Fund			51,774.92
Deferred Charges			39,000.00
Cash Disbursed			<u>6,048,010.32</u>
			6,916,759.47
Less: Appropriation Refunds Received			<u>166,985.01</u>
			<u>\$ 6,749,774.46</u>

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

BOROUGH OF WHARTON  
COUNTY OF MORRIS  
2011  
TRUST FUNDS

**BOROUGH OF WHARTON**  
**TRUST FUNDS**  
**COMPARATIVE BALANCE SHEET**

		December 31,	
	Ref.	2011	2010
<b><u>ASSETS</u></b>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 5,591.55	\$ 2,890.11
Change Fund - Collector		100.00	100.00
		<u>5,691.55</u>	<u>2,990.11</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	<u>690,190.86</u>	<u>639,946.23</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 695,882.41</u></u>	<u><u>\$ 642,936.34</u></u>
<b><u>LIABILITIES AND RESERVES</u></b>			
Animal Control Fund:			
Due State of New Jersey		\$ 3.60	
Reserve for Animal Control Expenditures	B-6	<u>5,687.95</u>	<u>\$ 2,990.11</u>
		<u>5,691.55</u>	<u>2,990.11</u>
Other Trust Funds:			
Due State of New Jersey - Department of Community Affairs State Training Fees		4,299.00	4,335.00
Special Deposits		213,173.74	190,139.75
Unemployment Insurance Fund		50,620.26	77,001.40
Reserve for:			
Municipal Court - Parking Offense Adjudication Act		732.00	732.00
Police Outside Detail		35,103.96	29,949.02
Police Forfeited Assets		15,641.96	15,548.41
Municipal Open Space		156,439.53	107,033.37
Housing Trust		107,548.39	107,387.76
Wharton Pride		1,249.61	2,618.85
Accumulated Absences		49,880.75	49,781.91
Snow Removal		<u>55,501.66</u>	<u>55,418.76</u>
		<u>690,190.86</u>	<u>639,946.23</u>
<b>TOTAL LIABILITIES AND RESERVES</b>		<u><u>\$ 695,882.41</u></u>	<u><u>\$ 642,936.34</u></u>

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

BOROUGH OF WHARTON  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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



BOROUGH OF WHARTON  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

NOT APPLICABLE

BOROUGH OF WHARTON  
COUNTY OF MORRIS  
2011  
GENERAL CAPITAL FUND

**BOROUGH OF WHARTON**  
**GENERAL CAPITAL FUND**  
**COMPARATIVE BALANCE SHEET**

		December 31,	
	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	C-2	\$ 1,200,294.65	\$ 768,953.88
Deferred Charges to Future Taxation:			
Funded		267,792.04	293,146.84
Unfunded	C-4	1,483,000.00	1,893,859.29
Grants Receivable:			
New Jersey Department of Transportation		582,000.00	712,000.00
United States Department of Transportation		33,200.00	222,255.90
Garden State Historic Preservation Trust Fund			50,000.00
County of Morris Community Development Block Grant		80,000.00	
<b>TOTAL ASSETS</b>		<b>\$ 3,646,286.69</b>	<b>\$ 3,940,215.91</b>
 <b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Green Acres Program - Green Trust Loan Payable	C-9	267,792.04	293,146.84
Bond Anticipation Notes	C-7	1,483,000.00	1,652,000.00
Improvement Authorizations:			
Funded	C-5	905,955.71	916,702.14
Unfunded	C-5	466,076.20	476,293.35
Capital Improvement Fund	C-6	117,218.23	258,829.07
Reserve for:			
Ambulance		87,500.00	87,500.00
Emergency Services Vehicles		182,000.00	136,500.00
Main Street Improvements		100,000.00	100,000.00
Senior Bus		15,000.00	7,500.00
Office Equipment		20,000.00	10,000.00
Fund Balance	C-1	1,744.51	1,744.51
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b>\$ 3,646,286.69</b>	<b>\$ 3,940,215.91</b>

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

**BOROUGH OF WHARTON**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF FUND BALANCE**

	<u>Ref.</u>	
Balance December 31, 2010	C	<u>\$ 1,744.51</u>
Balance December 31, 2011	C	<u><u>\$ 1,744.51</u></u>

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

BOROUGH OF WHARTON  
COUNTY OF MORRIS  
2011  
WATER UTILITY FUND

**BOROUGH OF WHARTON**  
**WATER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET**

		December 31,	
	Ref.	2011	2010
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	D-4	\$ 1,401,688.35	\$ 1,351,432.81
Change Fund		100.00	100.00
		<u>1,401,788.35</u>	<u>1,351,532.81</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	100,541.15	241,377.15
		<u>100,541.15</u>	<u>241,377.15</u>
Total Operating Fund		<u>1,502,329.50</u>	<u>1,592,909.96</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	509,776.21	545,830.92
Fixed Capital	D-7	5,253,350.21	4,855,109.51
Fixed Capital Authorized and Uncompleted	D-8	2,813,797.57	2,608,797.57
		<u>8,576,923.99</u>	<u>8,009,738.00</u>
Total Capital Fund		<u>8,576,923.99</u>	<u>8,009,738.00</u>
TOTAL ASSETS		<u>\$ 10,079,253.49</u>	<u>\$ 9,602,647.96</u>

**BOROUGH OF WHARTON**  
**WATER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET**  
(Continued)

		December 31,	
	Ref.	2011	2010
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 515,379.31	\$ 409,668.59
Encumbered	D-3;D-9	72,620.56	77,721.23
		<u>587,999.87</u>	<u>487,389.82</u>
Deferred Revenue:			
Developer's Agreement - MUA Loan Repayment		12,361.11	
Water Rent Overpayments		5,798.69	3,939.67
Accrued Interest on Notes		3,249.24	2,554.71
Accrued Interest on Loans		5,122.42	5,756.10
		<u>614,531.33</u>	<u>499,640.30</u>
Reserve for:			
Receivables	D	100,541.15	241,377.15
Fund Balance	D-1	787,257.02	851,892.51
		<u></u>	<u></u>
Total Operating Fund		<u>1,502,329.50</u>	<u>1,592,909.96</u>
Capital Fund:			
Loans Payable:			
Water Supply Contaminated Wellfields	D-16	22,432.75	44,423.52
Developer's MUA	D-16A	244,230.42	283,405.51
NJEIT Loan Payable	D-16B	346,845.47	368,896.75
Bond Anticipation Notes Payable	D-14	1,318,000.00	1,383,000.00
Improvement Authorizations:			
Funded	D-10	217,834.89	26,504.94
Unfunded	D-10	564,032.48	421,417.14
Capital Improvement Fund	D-11	13,521.48	328,521.48
Reserve for Payment of Debt Service			40,000.00
Reserve for Amortization	D-12	4,462,437.57	4,345,979.73
Deferred Reserve for Amortization	D-13	1,387,150.00	752,150.00
Fund Balance	D-1A	438.93	15,438.93
		<u></u>	<u></u>
Total Capital Fund		<u>8,576,923.99</u>	<u>8,009,738.00</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 10,079,253.49</u>	<u>\$ 9,602,647.96</u>

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

**BOROUGH OF WHARTON**  
**WATER UTILITY OPERATING FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**

		Year Ended December 31,	
	<u>Ref.</u>	2011	2010
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 525,000.00	\$ 525,000.00
Water Rents		1,677,088.99	1,595,910.46
Reserve for Payment of Debt Service		40,000.00	
Miscellaneous Revenue Anticipated		17,287.19	13,218.83
Interest on Investments and Deposits		5,542.81	18,776.56
Developer's Agreement - MUA Loan Repayment		49,444.44	49,444.44
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		381,556.95	483,134.15
Total Income		2,695,920.38	2,685,484.44
<u>Expenditures</u>			
Operating		1,469,207.00	1,446,604.00
Capital Improvements		110,000.00	110,000.00
Debt Service		380,888.87	378,029.51
Deferred Charges and Statutory Expenditures		53,460.00	47,874.00
Total Expenditures		2,013,555.87	1,982,507.51
Excess in Revenues/Statutory Excess to Fund Balance		682,364.51	702,976.93
<u>Fund Balance</u>			
Balance January 1		851,892.51	828,915.58
		1,534,257.02	1,531,892.51
Decreased by:			
Utilized as Anticipated Revenue:			
Water Utility Operating Budget		525,000.00	525,000.00
Current Fund Budget		222,000.00	155,000.00
Balance December 31	D	\$ 787,257.02	\$ 851,892.51

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



**BOROUGH OF WHARTON**  
**WATER UTILITY CAPITAL FUND**  
**STATEMENT OF CAPITAL FUND BALANCE**

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 15,438.93
Decrease by:		
Appropriated to Finance Improvement Authorizations		<u>15,000.00</u>
Balance December 31, 2011	D	<u><u>\$ 438.93</u></u>

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

**BOROUGH OF WHARTON**  
**WATER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUE**  
**YEAR ENDED DECEMBER 31, 2011**

	Budget	Realized	Excess or Deficit *
Operating Surplus Anticipated	\$ 525,000.00	\$ 525,000.00	
Reserve for Payment of Debt Service	40,000.00	40,000.00	
Water Rents	1,403,022.00	1,677,088.99	\$ 274,066.99
Miscellaneous Revenue	13,200.00	17,287.19	4,087.19
Interest on Investments and Deposits	5,000.00	5,542.81	542.81
Developer's Agreement - MUA Loan Repayment	49,445.00	49,444.44	0.56 *
	<u>\$ 2,035,667.00</u>	<u>\$ 2,314,363.43</u>	<u>\$ 278,696.43</u>

Analysis of Water Rents

Collections	\$ 1,673,993.97	
Overpayments Applied	<u>3,095.02</u>	
		<u>\$ 1,677,088.99</u>

Analysis of Miscellaneous Revenue

Treasurer:		
Miscellaneous		\$ 1,246.70
Collector:		
Name Change Fees	\$ 929.94	
New Meter Fees	1,356.22	
Fines	280.41	
Final Fees	2,939.54	
Interest and Costs on Delinquent Water Rents	2,937.65	
Fire Standby Fees	3,275.00	
Water Taps and Connections	800.00	
Water Turn On/Off Fees	3,161.73	
Miscellaneous	<u>360.00</u>	
		<u>16,040.49</u>
		<u>\$ 17,287.19</u>

Analysis of Interest on Investments and Deposits

Collected/Received by Treasurer	<u>\$ 5,542.81</u>
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THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

**BOROUGH OF WHARTON**  
**WATER UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES**  
**YEAR ENDED DECEMBER 31, 2011**

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 301,735.00	\$ 301,735.00	\$ 272,882.06	\$ 28,852.94	
Other Expenses	1,167,472.00	1,167,472.00	723,119.55	444,352.45	
Capital Improvements:					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00		
Capital Outlay	60,000.00	60,000.00	25,738.00	34,262.00	
Debt Service:					
Payment of Notes	265,000.00	265,000.00	265,000.00		
Interest on Notes	25,500.00	25,500.00	13,833.03		\$ 11,666.97
Developer's MUA Loan Repayment	54,000.00	54,000.00	49,195.02		4,804.98
Water Rehabilitation Loan	24,000.00	24,000.00	22,593.91		1,406.09
NJEIT Loan	34,500.00	34,500.00	30,266.91		4,233.09
Statutory Expenditures:					
Public Employees' Retirement System	21,460.00	21,460.00	21,460.00		
Contribution to Social Security System (O.A.S.I.)	28,000.00	28,000.00	20,088.08	7,911.92	
Unemployment Compensation Insurance	4,000.00	4,000.00	4,000.00		
	<u>\$ 2,035,667.00</u>	<u>\$ 2,035,667.00</u>	<u>\$ 1,498,176.56</u>	<u>\$ 515,379.31</u>	<u>\$ 22,111.13</u>
				D	
Cash Disbursed			\$ 1,392,884.27		
Accrued Interest on:					
Bond Anticipation Notes			13,833.03		
MUA Loan Repayment			10,019.93		
Water Rehabilitation Loan			603.14		
NJEIT Loan			8,215.63		
Encumbrances			72,620.56		
			<u>\$ 1,498,176.56</u>		

Ref.

D

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

BOROUGH OF WHARTON  
COUNTY OF MORRIS  
2011  
SEWER UTILITY FUND

**BOROUGH OF WHARTON**  
**SEWER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET**

		December 31,	
	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	E-4	\$ 1,030,852.62	\$ 817,147.55
Change Fund		100.00	100.00
		<u>1,030,952.62</u>	<u>817,247.55</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	E-6	58,693.19	221,333.31
		<u>58,693.19</u>	<u>221,333.31</u>
Total Receivables with Full Reserves		<u>58,693.19</u>	<u>221,333.31</u>
		<u>1,089,645.81</u>	<u>1,038,580.86</u>
Total Operating Fund		<u>1,089,645.81</u>	<u>1,038,580.86</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	478,090.54	354,196.10
Fixed Capital	E-7	3,158,267.35	3,120,226.65
Fixed Capital Authorized and Uncompleted	E-8	1,730,000.00	1,530,000.00
		<u>5,366,357.89</u>	<u>5,004,422.75</u>
Total Capital Fund		<u>5,366,357.89</u>	<u>5,004,422.75</u>
TOTAL ASSETS		<u>\$ 6,456,003.70</u>	<u>\$ 6,043,003.61</u>

**BOROUGH OF WHARTON**  
**SEWER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET**  
(Continued)

		December 31,	
	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-9	\$ 207,344.55	\$ 265,037.47
Encumbered	E-3;E-9	10,009.50	55,937.08
		<u>217,354.05</u>	<u>320,974.55</u>
Sewer Rent Overpayments		2,260.65	3,014.53
Accrued Interest on Notes		1,915.52	1,389.11
		<u>221,530.22</u>	<u>325,378.19</u>
Reserve for Receivables	E	58,693.19	221,333.31
Fund Balance	E-1	809,422.40	491,869.36
		<u></u>	<u></u>
Total Operating Fund		<u>1,089,645.81</u>	<u>1,038,580.86</u>
Capital Fund:			
Bond Anticipation Notes Payable	E-14	777,000.00	752,000.00
Improvement Authorizations:			
Funded	E-10	21,659.22	21,659.22
Unfunded	E-10	589,403.98	435,509.54
Capital Improvement Fund	E-11	150,156.25	140,156.25
Reserve for Payment of Debt Service			40,000.00
Reserve for Sewer Extensions		4,349.50	4,349.50
Reserve for Amortization	E-12	3,158,267.35	3,120,226.65
Deferred Reserve for Amortization	E-13	575,000.00	400,000.00
Fund Balance	E-1A	90,521.59	90,521.59
		<u></u>	<u></u>
Total Capital Fund		<u>5,366,357.89</u>	<u>5,004,422.75</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 6,456,003.70	\$ 6,043,003.61

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

**BOROUGH OF WHARTON**  
**SEWER UTILITY OPERATING FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**

		Year Ended December 31,	
	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 235,000.00	\$ 235,000.00
Sewer User Charges		1,444,361.26	1,074,433.16
Reserve for Payment of Debt Service		40,000.00	45,000.00
Miscellaneous Revenue Anticipated		10,771.81	20,734.62
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		259,170.38	186,597.61
Total Income		<u>1,989,303.45</u>	<u>1,561,765.39</u>
<u>Expenditures</u>			
Operating		1,077,170.00	1,059,749.00
Capital Improvements		30,000.00	100,000.00
Debt Service		182,670.41	181,905.44
Deferred Charges and Statutory Expenditures		46,910.00	41,627.00
Total Expenditures		<u>1,336,750.41</u>	<u>1,383,281.44</u>
Excess in Revenues/Statutory Excess to Fund Balance		652,553.04	178,483.95
<u>Fund Balance</u>			
Balance January 1		491,869.36	715,385.41
		<u>1,144,422.40</u>	<u>893,869.36</u>
Decreased by:			
Utilized as Anticipated Revenue:			
Sewer Utility Operating Budget		235,000.00	235,000.00
Current Fund Budget		100,000.00	167,000.00
Balance December 31	E	<u>\$ 809,422.40</u>	<u>\$ 491,869.36</u>

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

**BOROUGH OF WHARTON**  
**SEWER UTILITY CAPITAL FUND**  
**STATEMENT OF CAPITAL FUND BALANCE**  
**YEAR ENDED DECEMBER 31, 2011**

	<u>Ref.</u>	
Balance December 31, 2010	E	<u>\$ 90,521.59</u>
Balance December 31, 2011	E	<u><u>\$ 90,521.59</u></u>

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



**BOROUGH OF WHARTON**  
**SEWER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUE**  
**YEAR ENDED DECEMBER 31, 2011**

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Surplus Anticipated	\$ 235,000.00	\$ 235,000.00	
Reserve for Payment of Debt Service	40,000.00	40,000.00	
Sewer User Charges	1,073,660.00	1,444,361.26	\$ 370,701.26
Miscellaneous Revenue	5,420.00	10,771.81	5,351.81
	<u>\$ 1,354,080.00</u>	<u>\$ 1,730,133.07</u>	<u>\$ 376,053.07</u>

Analysis of Sewer User Charges

Collections	\$ 1,441,370.03	
Overpayments Applied	2,991.23	
	<u>\$ 1,444,361.26</u>	

Analysis of Miscellaneous Revenue

Collector:		
Interest and Costs on Delinquent		
Sewer User Charges	\$ 6,786.58	
Miscellaneous	342.31	
	<u>\$ 7,128.89</u>	
Treasurer:		
Interest on Investments and Deposits:		
Collected/Received by Treasurer		3,642.92
		<u>\$ 10,771.81</u>

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

**BOROUGH OF WHARTON**  
**SEWER UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES**  
**YEAR ENDED DECEMBER 31, 2011**

	<u>Appropriation</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 270,930.00	\$ 270,930.00	\$ 235,501.18	\$ 35,428.82	
Other Expenses	806,240.00	806,240.00	648,995.73	157,244.27	
Capital Improvements:					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
Capital Outlay	20,000.00	20,000.00	14,800.00	5,200.00	
Debt Service:					
Payment of Notes	175,000.00	175,000.00	175,000.00		
Interest on Notes	25,000.00	25,000.00	7,670.41		\$ 17,329.59
Statutory Expenditures:					
Public Employees' Retirement System	18,910.00	18,910.00	18,910.00		
Contribution to Social Security System (O.A.S.I.)	26,000.00	26,000.00	16,528.54	9,471.46	
Unemployment Compensation Insurance	2,000.00	2,000.00	2,000.00		
	<u>\$ 1,354,080.00</u>	<u>\$ 1,354,080.00</u>	<u>\$ 1,129,405.86</u>	<u>\$ 207,344.55</u>	<u>\$ 17,329.59</u>
				E	
Cash Disbursed			\$ 1,111,725.95		
Accrued Interest on Notes			7,670.41		
Encumbrances Payable			10,009.50		
			<u>\$ 1,129,405.86</u>		

Ref.

E

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

BOROUGH OF WHARTON  
COUNTY OF MORRIS  
2011  
PUBLIC ASSISTANCE FUND

**BOROUGH OF WHARTON**  
**PUBLIC ASSISTANCE FUND**  
**COMPARATIVE BALANCE SHEET**

		December 31,	
	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents:			
Treasurer	F-1	\$ 6,820.07	\$ 6,779.28
TOTAL ASSETS		<u>\$ 6,820.07</u>	<u>\$ 6,779.28</u>
<b><u>RESERVES</u></b>			
Reserve for Public Assistance Expenditures		<u>\$ 6,820.07</u>	<u>\$ 6,779.28</u>
TOTAL RESERVES		<u>\$ 6,820.07</u>	<u>\$ 6,779.28</u>

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

BOROUGH OF WHARTON  
COUNTY OF MORRIS  
2011  
BOND AND INTEREST FUND

NOT APPLICABLE

BOROUGH OF WHARTON  
COUNTY OF MORRIS  
2011  
SPECIAL GARBAGE DISTRICT FUND

**BOROUGH OF WHARTON**  
**SPECIAL GARBAGE DISTRICT FUND**  
**COMPARATIVE BALANCE SHEET**

		December 31,	
	Ref.	2011	2010
<u>ASSETS</u>			
Cash and Cash Equivalents:	H-4	\$ 612,996.79	\$ 523,347.73
TOTAL ASSETS		\$ 612,996.79	\$ 523,347.73
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves:			
Unencumbered	H-3;H-6	\$ 159,887.86	\$ 158,911.28
Encumbered	H-3;H-6	1,503.24	15,057.02
		161,391.10	173,968.30
Fund Balance	H-1	451,605.69	349,379.43
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 612,996.79	\$ 523,347.73

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

**BOROUGH OF WHARTON**  
**SPECIAL GARBAGE DISTRICT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**

	Year Ended December 31,	
<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 62,900.00	\$ 62,900.00
District Tax	905,913.00	882,164.00
Nonbudget Revenue	33,920.84	27,511.09
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	131,205.42	116,910.75
Total Income	<u>1,133,939.26</u>	<u>1,089,485.84</u>
<u>Expenditures</u>		
Budget Expenditures:		
Operating	914,613.00	896,850.00
Statutory Expenditures	54,200.00	48,214.00
Total Expenditures	<u>968,813.00</u>	<u>945,064.00</u>
Excess in Revenues/Statutory Excess to Fund Balance	165,126.26	144,421.84
<u>Fund Balance</u>		
Balance January 1	349,379.43	267,857.59
	514,505.69	412,279.43
Decreased by:		
Utilized as Anticipated Revenue:	62,900.00	62,900.00
Balance December 31	H <u>\$ 451,605.69</u>	<u>\$ 349,379.43</u>

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



**BOROUGH OF WHARTON**  
**SPECIAL GARBAGE DISTRICT FUND**  
**STATEMENT OF REVENUE**  
**YEAR ENDED DECEMBER 31, 2011**

	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Anticipated	\$ 62,900.00	\$ 62,900.00	
Special District Tax	905,913.00	905,913.00	
	<u>968,813.00</u>	<u>968,813.00</u>	
Budget Totals	968,813.00	968,813.00	<u>\$ -0-</u>
Nonbudget Revenue		33,920.84	
	<u>\$ 968,813.00</u>	<u>\$ 1,002,733.84</u>	

Analysis of Nonbudget Revenue

Interest on Investments and Deposits	\$ 457.47
Sale of Garbage Stickers	5,057.50
Recycling Tonnage Grant	17,485.56
Morris County Municipal Utilities Authority Rebate	10,569.81
Miscellaneous	350.50
	<u>\$ 33,920.84</u>

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

**BOROUGH OF WHARTON**  
**SPECIAL GARBAGE DISTRICT FUND**  
**STATEMENT OF EXPENDITURES**  
**YEAR ENDED DECEMBER 31, 2011**

	<u>Appropriation</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:				
Salaries and Wages	\$ 296,525.00	\$ 296,525.00	\$ 254,713.49	\$ 41,811.51
Other Expenses	618,088.00	618,088.00	509,244.44	108,843.56
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	23,200.00	23,200.00	23,200.00	
Social Security System (O.A.S.I.)	28,000.00	28,000.00	18,767.21	9,232.79
Unemployment Compensation Insurance	3,000.00	3,000.00	3,000.00	
	<u>\$ 968,813.00</u>	<u>\$ 968,813.00</u>	<u>\$ 808,925.14</u>	<u>\$ 159,887.86</u>
	<u>Ref.</u>			H
Cash Disbursed			\$ 807,421.90	
Encumbrances		H	<u>1,503.24</u>	
			<u>\$ 808,925.14</u>	

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

BOROUGH OF WHARTON  
COUNTY OF MORRIS  
2011  
GENERAL FIXED ASSETS ACCOUNT GROUP  
(Unaudited)

**BOROUGH OF WHARTON**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**COMPARATIVE BALANCE SHEET**  
**(Unaudited)**

	December 31,	
	<u>2011</u>	<u>2010</u>
<b><u>ASSETS</u></b>		
Land	\$ 5,779,006.00	\$ 5,779,006.00
Buildings and Improvements	857,706.00	857,706.00
Equipment	1,033,700.00	1,033,700.00
<b>TOTAL ASSETS</b>	<b><u>\$ 7,670,412.00</u></b>	<b><u>\$ 7,670,412.00</u></b>
 <b><u>RESERVES</u></b>		
Reserve for Fixed Assets	\$ 7,670,412.00	\$ 7,670,412.00
<b>TOTAL RESERVES</b>	<b><u>\$ 7,670,412.00</u></b>	<b><u>\$ 7,670,412.00</u></b>

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

BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Wharton include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Wharton, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Wharton do not include the operations of the municipal library, Volunteer Fire and First Aid Squads.

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

B. Description of Funds

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

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

Trust Fund - Receipt, 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.

Water Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned water utility.

Sewer Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned sewer utility.

BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

B. Description of Funds (Cont'd)

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the municipality pursuant to Title 44 of New Jersey Statutes.

Special Garbage District Fund - Collection of special district taxes to provide for the costs of garbage collection.

General Fixed Assets Account Group (Unaudited) - Estimated values of land, buildings and certain fixed assets of the Borough as discussed in Note 1E - "Other significant accounting policies".

C. Basis of Accounting

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

The accounting policies of the Borough of Wharton 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, which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The following is a summary of the significant policies.

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

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

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

BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

C. Basis of Accounting (Cont'd)

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

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

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

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

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

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

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

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

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

BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

E. Other significant accounting policies include: (Cont'd)

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

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

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

General Fixed Assets (Unaudited)

General fixed assets are recorded at estimated historical cost except for land which is recorded at 1992 assessed values, and buildings which are recorded at 1992 replacement values. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund and Utility Capital Funds. The values recorded in the General Fixed Assets Account Group and the Current, Utility Operating and Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Capital assets are reviewed for impairment.

Property and equipment purchased by the Utility Funds is recorded in the Utility Capital accounts at cost and are not adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

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



BOROUGH OF WHARTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2011  
 (Continued)

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	December 31,		
	2011	2010	2009
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	\$ 1,750,792	\$ 1,945,147	\$ 1,798,002
Water Utility:			
Notes and Loans	1,931,509	2,079,726	2,223,371
Sewer Utility:			
Notes	777,000	752,000	767,000
Total Issued	<u>4,459,301</u>	<u>4,776,873</u>	<u>4,788,373</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes		241,859	397,659
Water Utility:			
Bonds and Notes	286,051	286,052	486,052
Sewer Utility:			
Bonds and Notes	378,000	378,000	538,000
Total Authorized but not Issued	<u>664,051</u>	<u>905,911</u>	<u>1,421,711</u>
<u>Less:</u>			
Funds Temporarily Held to Pay			
Bonds, Notes and Loans:			
Reserve for Payment of Debt Service:			
General Capital Fund			24,275
Water Utility Capital Fund		40,000	
Sewer Utility Capital Fund		40,000	45,000
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 5,123,352</u>	<u>\$ 5,642,784</u>	<u>\$ 6,140,809</u>

BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

Summary of Municipal Debt Issued and Outstanding - Current and Prior Years

	Balance 12/31/10	Additions	Retirements	Balance 12/31/11
Bond Anticipation Notes:				
General Capital Fund	\$ 1,652,000	\$ 209,000	\$ 378,000	\$ 1,483,000
Water Utility	1,383,000	200,000	265,000	1,318,000
Sewer Utility	752,000	200,000	175,000	777,000
Loans Payable:				
General Capital Fund:				
Green Trust Loan	293,147		25,355	267,792
Water Utility:				
Water Supply	44,424		21,991	22,433
Developer's MUA	283,405		39,175	244,230
NJEIT	368,897		22,051	346,846
Total	<u>\$ 4,776,873</u>	<u>\$ 609,000</u>	<u>\$ 926,572</u>	<u>\$ 4,459,301</u>

	Balance 12/31/09	Additions	Retirements	Balance 12/31/10
Bond Anticipation Notes:				
General Capital Fund	\$ 1,480,000	\$ 550,000	\$ 378,000	\$ 1,652,000
Water Utility	1,445,000	200,000	262,000	1,383,000
Sewer Utility	767,000	160,000	175,000	752,000
Loans Payable:				
General Capital Fund:				
Green Trust Loan	318,002		24,855	293,147
Water Utility:				
Water Supply	65,981		21,557	44,424
Developer's MUA	321,119		37,714	283,405
NJEIT	391,271		22,374	368,897
Total	<u>\$ 4,788,373</u>	<u>\$ 910,000</u>	<u>\$ 921,500</u>	<u>\$ 4,776,873</u>

BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .22%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School District Debt	\$ 2,891,638	\$ 2,891,638	
Local School District Debt	2,890,000	2,890,000	
Water Utility Debt	2,217,560	2,217,560	
Sewer Utility Debt	1,155,000	1,155,000	
General Debt	1,750,792		\$ 1,750,792
	<u>\$ 10,904,990</u>	<u>\$ 9,154,198</u>	<u>\$ 1,750,792</u>

Net Debt: \$1,750,792 divided by Average Equalized Valuations of \$790,574,136 of Real Property = .22%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 27,670,095
Net Debt	<u>1,750,792</u>
Remaining Borrowing Power	<u>\$ 25,919,303</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 2,314,364
Deductions:	
Operating and Maintenance Cost	\$ 1,522,667
Debt Service	<u>380,889</u>
Total Deductions	<u>1,903,556</u>
Excess in Revenue	<u>\$ 410,808</u>

BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)

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

Cash Receipts from Fees, Rents or Other Charges for Year \$ 1,730,133

Deductions:

Operating and Maintenance Cost	\$ 1,124,080
Debt Service	<u>182,670</u>

Total Deductions	<u>1,306,750</u>
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Excess in Revenue	<u><u>\$ 423,383</u></u>
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Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

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

The Borough's debt issued and outstanding on December 31, 2011 is described as follows:

General Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>
Capital Improvements	10/20/11	10/19/12	1.25%	<u><u>\$ 1,483,000</u></u>

General Capital Green Trust Loan

<u>Purpose</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>
Acquisition of Open Space	08/11/01	02/11/21	2.0%	<u><u>\$ 267,792</u></u>

BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

Water Utility Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>
Water System Improvements	10/20/11	10/19/12	1.25%	<u>\$ 1,318,000</u>

Water Utility Capital Water Supply Contaminated Wellfield Loan

<u>Purpose</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>
Various Water System Improvements	08/05/93	08/05/12	2.0%	<u>\$ 22,433</u>

Water Utility Capital Developer's MUA Loan

<u>Purpose</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>
Morris County MUA Inter-Connect	05/01/02	05/01/17	3.82%	<u>\$ 244,230</u>

Water Utility Capital NJEIT Loan

<u>Purpose</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>
Various Water System Improvements	11/10/05	08/01/25	4.0%- 5.0%	<u>\$ 346,846</u>

Sewer Utility Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>
Sewer System Improvements	10/20/11	10/19/12	1.25%	<u>\$ 777,000</u>
Total Debt Issued and Outstanding				<u>\$ 4,459,301</u>

BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

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

Calendar Year	General Capital		Water Utility Capital		Total
	Principal	Interest	Principal	Interest	
2012	\$ 25,864	\$ 5,227	\$ 84,854	\$ 17,220	\$ 133,165
2013	26,384	4,707	63,674	14,806	109,571
2014	26,915	4,177	64,989	12,668	108,749
2015	27,456	3,636	66,367	10,466	107,925
2016	28,007	3,084	67,876	8,299	107,266
Thereafter:					
2017-2021	133,166	6,747	162,694	23,243	325,850
2022-2025			103,055	6,563	109,618
Total	<u>\$ 267,792</u>	<u>\$ 27,578</u>	<u>\$ 613,509</u>	<u>\$ 93,265</u>	<u>\$ 1,002,144</u>

NJ Environmental Infrastructure Trust (EIT) Loan

On November 1, 2005, the Borough of Wharton entered into a NJ Environmental Infrastructure Financing Program loan agreement with the State of New Jersey, acting by and through the NJ Department of Environmental Protection. The Fund loan portion is \$230,596 and the Trust loan portion is \$235,000. The aggregate amount of \$465,596 represents direct obligations of the Borough. The loan proceeds were obtained to finance a portion of the cost of water system improvement projects. At December 31, 2011, the Borough had borrowed or "drawn down" \$465,596 for these projects. The loan balance as of the end of the year is \$346,846.

Principal payments to the Fund commenced August 1, 2006, and will continue on a semiannual basis over 20 years at zero interest. Principal payments to the Trust commenced August 1, 2007, and will continue on a semiannual basis over 19 years at 4.0%-5.0% interest. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings on the debt service reserve fund (as defined in the bond resolution) will be transferred to such capitalized interest account. The Borough will nonetheless be responsible for all such interest payments to the extent such trust bond proceeds and interest earnings are not available from the capitalized interest account. Also, an annual administrative fee of up to one percent (1.0%) of the initial principal amount of the loan or such lesser amount, if any, as may be authorized by any act of the NJ State Legislature and as the State may approve from time to time is payable on this loan.

BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

Green Acres - Green Trust Loan

This program was developed by the New Jersey Department of Environmental Protection to provide low interest loans to local governments for the acquisition, preservation and improvement of land for recreation.

Through December 31, 2011, the Borough has borrowed funds under one project. The loan balance as of the end of the year is \$267,792.

Payments of principal and interest on a loan are required to be made once the funds earmarked for a specific project have been completely drawn down. Payments commenced nine months after the final drawdown date and are to continue on a semi-annual basis over a period of 20 years. Interest on the loan is at the rate of 2% annually on the outstanding balance.

Water Supply Contaminated Wellfields Loan

The Borough entered into this loan agreement with the NJ Department of Environmental Protection to rehabilitate its water supply and distribution system. At December 31, 2011, the loan balance is \$22,433. Payments are on a semi-annual basis over a period of 19 years and interest on the loan is at the rate of 2% annually on the outstanding balance. Principal payments will continue on a semi-annual basis for the next year.

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2011 which are expected to be appropriated and included as anticipated revenue in their own respective funds in the budget for the year ending December 31, 2012 are unknown as of the date of this audit as the budget has not been introduced.

Note 4: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of the succeeding years. At December 31, 2011, the following deferred charge is shown on the balance sheet of the following fund:

	Balance Dec. 31, 2011	Required 2012 Budget Appropriation
Current Fund:		
Special Emergency Appropriation (N.J.S.A. 40A:4-53)	\$ 35,000.00	\$ 35,000.00

The 2012 Budget Appropriation will not be less than that required by statute.

BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 5: Local School District Taxes

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

The Borough of Wharton has elected not to defer school taxes.

Note 6: Pension Plans

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

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

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

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

Borough contributions to PERS amounted to \$162,396, \$125,250 and \$126,957 for 2011, 2010 and 2009, respectively.

Borough contributions to PFRS amounted to \$539,657, \$448,438 and \$213,582 for 2011, 2010 and 2009, respectively.



BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 7: Accrued Sick and Vacation Benefits

Members of the Borough Police and Public Works Departments are permitted to accrue a limited amount of unused sick and compensatory time, which may be taken as time off or paid upon retirement or separation at the employee's current rate of compensation upon such termination. It is estimated that the current cost of such unpaid compensation would approximate \$215,709. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation will be included in the Borough's budget operating expenditures in the year in which it is used.

Municipal (nonunion) employees are permitted to accrue unused vacation up to a maximum of 10 days and unused sick time up to a certain maximum depending upon years of service ranging from 15 to 25 years which may be taken as time off or paid upon retirement or separation at the employee's current rate of compensation upon such termination. It is estimated that the current cost of such unpaid compensation would approximate \$46,621. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation will be included in the Borough's budget operating expenditures in the year in which it is used.

The above amounts are partially funded by the Reserve for Accumulated Absences of \$49,881 on the Other Trust Funds balance sheet at December 31, 2011.

Note 8: Deferred Compensation Plan

The Borough offers its employees deferred compensation plans (the "plans") created in accordance with Section 457 of the Internal Revenue Code. The plans, which are administered by The Hartford Life Insurance Company and Equitable, are available to all Borough employees and permit participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

Note 9: Selected Tax Information

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

BOROUGH OF WHARTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2011  
 (Continued)

Note 9: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	2011	2010*	2009
<u>Tax Rate</u>	\$ 2.54	\$ 2.46	\$ 2.11

Apportionment of Tax Rate

Municipal	0.46	0.45	0.36
Municipal Library	0.03		
County	0.25	0.26	0.23
Local School	1.07	1.02	0.88
Regional High School	0.61	0.61	0.54
Special District	0.12	0.12	0.10

Assessed Valuations

2011	\$ 733,825,700		
2010		\$ 742,721,400	
2009			\$ 843,727,000

\* - Reassessment year.

Comparison of Tax Levies and Collections Currently

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2011	\$ 18,693,753	\$ 18,318,773	97.99%
2010	18,320,946	18,027,449	98.39%
2009	17,797,296	17,426,532	97.91%

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

BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 10: Cash and Cash Equivalents and Investments

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

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

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

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

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

Deposits:

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

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

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

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

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

BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

Investments

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

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

BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

As of December 31, 2011, cash and cash equivalents of the Borough of Wharton consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Total</u>
Current	\$ 100	\$ 4,124,008	\$ 4,124,108
Federal and State Grant		22,184	22,184
Animal Control	100	5,592	5,692
Other Trust		690,191	690,191
General Capital		1,200,295	1,200,295
Water Utility Operating	100	1,401,688	1,401,788
Water Utility Capital		509,776	509,776
Sewer Utility Operating	100	1,030,853	1,030,953
Sewer Utility Capital		478,090	478,090
Public Assistance		6,820	6,820
Special Garbage District		612,997	612,997
	<u>\$ 400</u>	<u>\$10,082,494</u>	<u>\$10,082,894</u>

During the year ended December 31, 2011, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2011, was \$10,082,894 and the bank balance was \$11,098,643. The carrying amount of the Borough's cash and cash equivalents at December 31, 2010, was \$8,787,638 and the bank balance was \$9,304,362.

Note 11: Interfund Receivables and Payables

No interfund balances remained on the balance sheet at December 31, 2011.

Interest earned in the General Capital and Utility Capital Funds during the year was transferred to the Current and Utility Operating Funds, respectively.

BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 12: Risk Management

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

Property and Liability

The Borough of Wharton is a member of the Morris County Municipal Joint Insurance Fund. The Fund is both an insured and self-administered group of municipalities established for the purpose of providing certain employee benefits for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by this fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Environmental

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

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The December 31, 2011 audit report of the Morris County Municipal Joint Insurance Fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2010 is as follows:

Total Assets	<u>\$ 24,002,469</u>
Net Assets	<u>\$ 11,288,204</u>
Total Revenue	<u>\$ 16,068,417</u>
Total Expenses	<u>\$ 16,968,383</u>
Net Assets Distribution to Participating Members	<u>\$ -0-</u>
Change in Net Assets for the Year Ended December 31	<u>\$ (899,966)</u>

BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 12: Risk Management (Cont'd)

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

Morris County Municipal Joint Insurance Fund  
PERMA Risk Management Services  
250 Pehle Avenue, Suite 701  
Saddle Brook, New Jersey 07663  
(201) 587-0555

New Jersey Unemployment Compensation Insurance

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

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

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 12,000	\$ 14,574	\$ 98	\$ 53,053	\$ 50,620
2010	12,000	28,893	753	35,820	77,001
2009	12,000	9,115	2,134	51,738	71,175

Note 13: Contingent Liabilities

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. It also deals with potential unasserted claims in the course of Borough business. The Borough vigorously contests these lawsuits and unasserted claims and believes the ultimate resolution will not have a material adverse effect on its financial position.

The municipality has been advised that a number of tax appeals have been filed. Potential refunds on tax appeals could be as much as \$40,175. A reserve for pending tax appeals in the amount of \$40,175 has been recorded as a liability as of December 31, 2011.

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

BOROUGH OF WHARTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011  
(Continued)

Note 14: Economic Dependency

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

Note 15: Open Space Trust Fund

The Borough created an Open Space Trust Fund with a tax levy of \$.01 per \$100 of assessed valuation in 1999. The tax levy was increased to \$.02 per \$100 of assessed valuation in 2004. The funds collected are used to acquire and maintain open space property in the Borough. To date, \$921,077 has been collected and the balances in the Open Space Trust Fund at December 31, 2011 and 2010 were \$156,440 and \$107,033, respectively.

Note 16: Fixed Assets (Unaudited)

The following schedules are a summarization of general fixed assets for the years ended December 31, 2011 and 2010:

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Additions</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Land	\$ 5,779,006		\$ 5,779,006
Buildings and Improvements	857,706		857,706
Equipment	<u>1,033,700</u>		<u>1,033,700</u>
	<u>\$ 7,670,412</u>	<u>\$ -0-</u>	<u>\$ 7,670,412</u>
	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Additions</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Land	\$ 5,779,006		\$ 5,779,006
Buildings and Improvements	857,706		857,706
Equipment	<u>1,033,700</u>		<u>1,033,700</u>
	<u>\$ 7,670,412</u>	<u>\$ -0-</u>	<u>\$ 7,670,412</u>



BOROUGH OF WHARTON

SUPPLEMENTARY DATA

**BOROUGH OF WHARTON**  
**OFFICIALS IN OFFICE AND SURETY BONDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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

Name		Amount of Bond	Name of Corporate or Personal Surety
William Chegwidden	Mayor		
Vincent Binkoski	Council President		
Glenn Corbett	Council		
Brian Gillen	Council		
Scott Hutchins	Council		
Thomas Yeager	Council		
David Young	Council		
Gabrielle Evangelista	Borough Clerk	(A)	
Jonathan Rheinhardt	Borough Administrator; Chief Financial Officer	(A)	Morris County Municipal JIF
Kevin Finnegan	Treasurer	\$ 1,000,000	Municipal Excess Liability JIF
Susan Megletti	Tax Collector; Assistant Administrator; Personnel Personnel Administrator; Deputy Borough Clerk; Deputy Water and Sewer Clerk	1,000,000	Municipal Excess Liability JIF
Glen Sherman	Tax Assessor	(A)	
Diana Rodriguez	Water/Sewer Clerk (from 09/26/2011)	1,000,000	Municipal Excess Liability JIF
Kristi Blakeney	Water/Sewer Clerk (to 09/15/2011)	1,000,000	Municipal Excess Liability JIF
Walter Van Kirk	Director of Public Works	(A)	
Ed Bucceri	Construction Official (from 08/01/2011)	(A)	
Rita Sharp	Construction Official (to 07/31/2011)	(A)	
George Johnson	Borough Attorney		
Hatch Mott MacDonald	Borough Engineer		
Clough, Harbour & Associates, LLP	Water and Sewer Engineer		

(A) All employees, who are not specifically bonded, are covered under \$50,000 and \$950,000 Faithful Performance Bonds provided by Morris County Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively.

BOROUGH OF WHARTON  
COUNTY OF MORRIS  
2011  
CURRENT FUND

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**SCHEDULE OF CASH**

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 3,775,519.03
Increased by Receipts:		
Tax Collector	\$ 18,754,341.03	
Revenue Accounts Receivable	2,636,033.53	
Miscellaneous Revenue Not Anticipated	126,164.43	
Petty Cash Returned	350.00	
Interest on Investments and Deposits	11,428.78	
Due Animal Control Fund - Interest Income	49.33	
Due Other Trust Funds - Interest Income	464.44	
Due General Capital Fund - Interest Income	4,170.66	
Reserve for State Library Aid - State Aid	3,005.00	
Due State of New Jersey:		
Marriage License Fees	1,050.00	
Senior Citizens' and Veterans' Deductions	61,500.00	
Appropriation Refunds	166,985.01	
		<u>21,765,542.21</u>
		25,541,061.24
Decreased by Disbursements:		
2011 Appropriation Expenditures	6,048,010.32	
2010 Appropriation Reserve Expenditures	145,261.03	
Petty Cash Advanced	350.00	
Local School District Taxes	7,811,849.50	
Regional High School Taxes	4,476,768.12	
County Taxes	1,862,631.66	
Special Garbage District Taxes	905,913.00	
Due Federal and State Grant Fund - Interfund	4,880.00	
Due Other Trust Funds - Municipal Open Space Tax Levy	110,073.00	
Due State of New Jersey - Marriage License Fees	925.00	
Third Party Tax Title Lien Redemptions	34,302.83	
Reserve for State Library Aid	8,826.00	
Premium on Tax Sale Certificates Returned	7,200.00	
Refund of Current Year Revenue:		
Uniform Construction Code Fees	63.00	
		<u>21,417,053.46</u>
Balance December 31, 2011	A	<u>\$ 4,124,007.78</u>

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**SCHEDULE OF CASH - COLLECTOR**  
**YEAR ENDED DECEMBER 31, 2011**

## Increased by Receipts:

Taxes Receivable	\$ 18,498,365.44	
Interest and Costs on Taxes	68,190.07	
2012 Prepaid Taxes	74,024.43	
Tax Overpayments	1,634.34	
Third Party Tax Title Liens	34,302.83	
Premium on Tax Sale Certificates	51,300.00	
Miscellaneous Revenue Not Anticipated	26,523.92	
	<hr/>	
		\$ 18,754,341.03

## Decreased by:

Payments to Municipal Treasurer		<u>\$ 18,754,341.03</u>
---------------------------------	--	-------------------------

**CURRENT FUND**  
**SCHEDULE OF CASH - GRANT FUNDS**  
**YEAR ENDED DECEMBER 31, 2011**

Ref.

Balance December 31, 2010	A	\$ 1,194.73	
Increased by Receipts:			
Prior Year Grants Receivable		\$ 58,703.27	
Current Year Grants Receivable		12,343.24	
Unappropriated Grant Funds Received		2,204.15	
Due Current Fund - Interfund		4,880.00	
		<hr/>	
			78,130.66
			<hr/>
			79,325.39
Decreased by Disbursements:			
Current Year Expenditures		53,620.52	
Prior Year Encumbrances		3,520.47	
		<hr/>	
			57,140.99
			<hr/>
Balance December 31, 2011	A	<u>\$ 22,184.40</u>	

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance Dec. 31, 2010	2011 Levy	Collections		State of NJ Senior Citizens' and Veterans' Deductions	Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2011
			2010	2011				
2010	\$ 288,662.96	\$ 6,918.81		\$ 296,985.15	\$ (1,500.00)	\$ 96.62		
2011		18,693,752.61	\$ 55,642.64	18,201,380.29	61,750.00	8,541.02	\$ 2,952.21	\$ 363,486.45
	<u>\$ 288,662.96</u>	<u>\$ 18,700,671.42</u>	<u>\$ 55,642.64</u>	<u>\$ 18,498,365.44</u>	<u>\$ 60,250.00</u>	<u>\$ 8,637.64</u>	<u>\$ 2,952.21</u>	<u>\$ 363,486.45</u>

Ref.

A

A

**Analysis of 2011 Property Tax Levy**

## Tax Yield:

General Purpose Tax	\$ 18,675,868.71
Added and Omitted Taxes	17,883.90
	<u>\$ 18,693,752.61</u>

## Tax Levy:

Local School District Taxes	\$ 7,811,849.50
Regional High School Taxes	4,476,768.12
Special Garbage District Taxes	905,913.00
Local Open Space Taxes	110,073.00
Library Tax	263,516.29
County Taxes:	
General Tax	\$ 1,860,490.72
Due County for Added and Omitted Taxes	1,791.31
	<u>1,862,282.03</u>
	15,430,401.94
Local Tax for Municipal Purposes Levied	3,247,001.50
Add: Additional Tax Levied	16,349.17
	<u>3,263,350.67</u>
	<u>\$ 18,693,752.61</u>

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 13,966.17
Transfer from Taxes Receivable		<u>2,952.21</u>
Balance December 31, 2011	A	<u><u>\$ 16,918.38</u></u>

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Accrued in</u> <u>2011</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Licenses:				
Alcoholic Beverages		\$ 8,496.00	\$ 8,496.00	
Other		8,885.00	8,885.00	
Fees and Permits - Other		56,758.83	56,758.83	
Fines and Costs - Municipal Court	\$ 13,964.17	213,968.45	215,692.93	\$ 12,239.69
Rents - Borough Lease		41,716.77	41,716.77	
Consolidated Municipal Property Tax Relief Aid		51,974.00	51,974.00	
Energy Receipts Tax		497,737.00	497,737.00	
Construction Code Official		59,125.00	59,125.00	
Interlocal Service Agreement - Mine Hill Township		1,373,648.00	1,373,648.00	
Water Utility Operating Surplus of Prior Year		222,000.00	222,000.00	
Sewer Utility Operating Surplus of Prior Year		100,000.00	100,000.00	
	<u>\$ 13,964.17</u>	<u>\$ 2,634,309.05</u>	<u>\$ 2,636,033.53</u>	<u>\$ 12,239.69</u>

Ref.

A

A



**BOROUGH OF WHARTON**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF GRANTS RECEIVABLE**

Grant Description	Balance Dec. 31, 2010	Accrued in 2011	Received	Balance Dec. 31, 2011
Clean Communities Grant		\$ 9,032.51	\$ 9,032.51	
Alcohol Education, Rehabilitation and Enforcement Fund		485.41	485.41	
Safe and Secure Communities Program	\$ 30,000.00	22,981.00		\$ 52,981.00
Municipal Alliance on Alcoholism and Drug Abuse	15,940.34	14,396.00	8,171.30	22,165.04
Morris County Historic Preservation Grant	43,619.00		43,619.00	
Highlands Council	28,198.74		9,738.29	18,460.45
	<u>\$ 117,758.08</u>	<u>\$ 46,894.92</u>	<u>\$ 71,046.51</u>	<u>\$ 93,606.49</u>

Ref.

A

A

Current Year Receivable

\$ 12,343.24

Prior Year Receivable

58,703.27

\$ 71,046.51

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**SCHEDULE OF 2010 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2011**

	Balance Dec. 31, 2010	Balance After Modification	Paid or Charged	Balance Lapsed
<b>GENERAL GOVERNMENT:</b>				
General Administration:				
Salaries and Wages	\$ 6,156.63	\$ 6,156.63		\$ 6,156.63
Other Expenses	13,285.66	13,285.66	\$ 2,287.44	10,998.22
Mayor and Council:				
Other Expenses	1,181.00	1,181.00		1,181.00
Municipal Clerk:				
Salaries and Wages	409.72	409.72		409.72
Other Expenses	3,856.43	3,856.43	339.92	3,516.51
Financial Administration:				
Salaries and Wages	780.65	780.65		780.65
Other Expenses	7,688.29	7,688.29	2,300.24	5,388.05
Other Expenses - Computer Maintenance/Support	2,596.10	2,596.10		2,596.10
Annual Audit	25,500.00	25,500.00	18,525.00	6,975.00
Workers' Compensation Insurance	4.17	4.17		4.17
Liability Insurance	3,396.12	3,396.12		3,396.12
Group Insurance for Employees	60,636.78	60,636.78	1,742.16	58,894.62
Tax Assessment Administration:				
Salaries and Wages	672.57	672.57		672.57
Other Expenses	2,252.69	2,252.69	913.62	1,339.07
Revision of Tax Map	7,500.00	7,500.00		7,500.00
Other Expenses - Tax Appeals	46,744.50	46,744.50	46,744.50	
Revenue Administration (Tax Collection):				
Salaries and Wages	1,971.96	1,971.96		1,971.96
Other Expenses	2,997.86	2,997.86	777.28	2,220.58
Engineering Services and Costs:				
Other Expenses	17,508.00	17,508.00	390.00	17,118.00
Legal Services and Costs:				
Other Expenses	15,275.00	15,275.00	250.00	15,025.00
Codification of Ordinances	2,108.61	2,108.61		2,108.61
Public Buildings and Grounds:				
Salaries and Wages	6.80	6.80		6.80
Other Expenses	5,278.16	5,278.16	145.34	5,132.82
Municipal Land Use Law (NJSA 40:55D-1):				
Land Use Board:				
Salaries and Wages	1,565.03	1,565.03		1,565.03
Other Expenses	8,708.54	8,708.54	2,135.57	6,572.97
Zoning Board of Adjustment:				
Salaries and Wages	945.00	945.00		945.00
<b>PUBLIC SAFETY:</b>				
Aid to Volunteer Fire Company	2,832.23	2,832.23	2,703.07	129.16
Police:				
Salaries and Wages	55,849.87	55,849.87	2,765.11	53,084.76
Other Expenses	9,697.39	9,697.39	9,388.02	309.37
First Aid Organization Contribution	754.41	754.41	754.41	
Dispatchers:				
Other Expenses	5.40	5.40		5.40

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**SCHEDULE OF 2010 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2011**

(Continued)

	Balance Dec. 31, 2010	Balance After Modification	Paid or Charged	Balance Lapsed
<b>PUBLIC SAFETY (Cont'd):</b>				
Emergency Management Services:				
Salaries and Wages	\$ 70.00	\$ 70.00		\$ 70.00
Other Expenses	645.40	645.40		645.40
<b>PUBLIC WORKS:</b>				
Street and Road Repairs and Maintenance:				
Salaries and Wages	41,423.95	41,423.95	\$ 15,537.77	25,886.18
Other Expenses	26,500.68	26,500.68	12,040.80	14,459.88
<b>HEALTH AND HUMAN SERVICES:</b>				
Board of Health:				
Salaries and Wages	8,447.45	8,447.45		8,447.45
Other Expenses	9,493.88	9,493.88	50.96	9,442.92
Mandated Inoculations - Hepatitis B Vaccine	500.00	500.00		500.00
Animal Control:				
Salaries and Wages	7,936.00	7,936.00		7,936.00
Other Expenses	3,984.17	3,984.17		3,984.17
<b>RECREATION AND EDUCATION:</b>				
Parks and Playgrounds:				
Other Expenses	233.45	233.45	199.03	34.42
Recreation:				
Salaries and Wages	1,186.96	1,186.96		1,186.96
Other Expenses	5,482.66	5,482.66	1,194.40	4,288.26
Celebration of Public Events, Anniversary or Holiday - (R.S. 40:48-5.4)	17,187.63	17,187.63	1,883.28	15,304.35
Senior Citizen Van:				
Salaries and Wages	9,979.36	9,979.36		9,979.36
Other Expenses	2,929.23	2,929.23		2,929.23
<b>UTILITIES:</b>				
Bulk Utilities	39,219.18	39,219.18	17,902.79	21,316.39
<b>UNIFORM CONSTRUCTION CODE:</b>				
Construction Official:				
Salaries and Wages	1,712.43	1,712.43		1,712.43
Other Expenses	1,827.00	1,827.00	25.48	1,801.52
Other Code Enforcement Functions:				
Fire Protection Official:				
Salaries and Wages	4,765.00	4,765.00		4,765.00
Electrical Inspector:				
Salaries and Wages	360.00	360.00		360.00
Housing Inspector:				
Salaries and Wages	465.00	465.00		465.00
Other Expenses	3,093.21	3,093.21		3,093.21
Other Code Enforcement Functions:				
Fire Safety:				
Salaries and Wages	2,108.22	2,108.22		2,108.22
Other Expenses	3,540.00	3,540.00		3,540.00

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**SCHEDULE OF 2010 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2011**

(Continued)

	Balance Dec. 31, 2010	Balance After Modification	Paid or Charged	Balance Lapsed
UNCLASSIFIED:				
Regionalization Feasibility Study	\$ 3,000.00	\$ 3,000.00		\$ 3,000.00
Evaluation/Upgrade Office Hardware/Software:				
Other Expenses	3,715.00	3,715.00		3,715.00
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	37,781.65	37,781.65	\$ 922.73	36,858.92
Maintenance of Free Public Library:				
Salaries and Wages	14,273.10	14,273.10	14,273.10	
Other Expenses	24,264.70	24,264.70	24,264.70	
Interlocal Service Agreement:				
Joint Court - Dover	15,500.00	15,500.00		15,500.00
	<u>\$ 599,790.88</u>	<u>\$ 599,790.88</u>	<u>\$ 180,456.72</u>	<u>\$ 419,334.16</u>

Analysis of Balance December 31, 2010:

	<u>Ref.</u>		
Encumbered	A	\$ 82,597.78	
Unencumbered	A	517,193.10	
		<u>\$ 599,790.88</u>	
Cash Disbursed			\$ 145,261.03
Contracts Payable			14,273.10
Reserve for Pending Tax Appeals			14,988.06
Reserve for Library Appropriation			5,934.53
			<u>\$ 180,456.72</u>

**BOROUGH OF WHARTON**  
**CURRENT FUND**  
**SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE**  
**YEAR ENDED DECEMBER 31, 2011**

## Increased by:

Levy - Calendar Year 2011	\$ 7,811,849.50
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## Decreased by:

Payments to Local School District	<u>\$ 7,811,849.50</u>
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**CURRENT FUND**  
**SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE**  
**YEAR ENDED DECEMBER 31, 2011**

## Increased by:

Levy - Calendar Year 2011	\$ 4,476,768.12
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## Decreased by:

Payments to Regional High School District	<u>\$ 4,476,768.12</u>
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**BOROUGH OF WHARTON**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF APPROPRIATED RESERVES**

Grant Description	Balance Dec. 31, 2010	Transferred from 2011 Budget Appropriations	Expended	Balance Dec. 31, 2011
Clean Communities Grant:				
2011		\$ 9,032.51		\$ 9,032.51
2010	\$ 9,528.01		\$ 8,021.02	1,506.99
2009	9,237.53		3,470.11	5,767.42
Drunk Driving Enforcement Fund:				
2008	9,806.06			9,806.06
2007	10,661.37			10,661.37
2006	9,912.14			9,912.14
2005	10,444.06		2,751.39	7,692.67
Alcohol Education, Rehabilitation and Enforcement Fund:				
2011		485.41		485.41
2010	1,106.01			1,106.01
2008	2,088.28			2,088.28
Safe and Secure Communities Program - 2011		22,981.00	22,981.00	
Municipal Alliance on Alcoholism and Drug Abuse:				
2011		14,396.00	2,503.50	11,892.50
2010	7,580.03		2,228.52	5,351.51
2009	1,459.94			1,459.94
2008	5,082.86			5,082.86
2007	780.66			780.66
Matching Funds:				
2011		4,880.00	981.55	3,898.45
2010	1,650.87		1,154.66	496.21
2009	2,347.75			2,347.75
2008	53.90			53.90
2007	816.26			816.26
Wharton American Legion Flag Grant:				
2010	1,425.00			1,425.00
2007	1,159.05			1,159.05
Smart Future Planning Grant - 2006	268.70			268.70
SLAHEOP Grant Program - 2003	42.65			42.65
Safe Kids / Safe Communities - 2007	300.00			300.00
Artifact Conservation Grant - 2008	232.60			232.60
Morris County Historic Preservation Grant - 2009	0.40			0.40
Federal Recreational Trails Program - 2009	550.27			550.27
Highlands Council	28,314.16		9,578.29	18,735.87
	<u>\$ 114,848.56</u>	<u>\$ 51,774.92</u>	<u>\$ 53,670.04</u>	<u>\$ 112,953.44</u>

Ref.

A

A

Original Budget

\$ 37,377.00

Added by NJSA 40A:4-87

9,517.92

46,894.92

Due from Current Fund - Matching Funds

4,880.00

\$ 51,774.92

Cash Disbursed

\$ 53,620.52

Encumbrances Payable

A

49.52

\$ 53,670.04

**BOROUGH OF WHARTON**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF UNAPPROPRIATED RESERVES**

Grant Description	Balance Dec. 31, 2010	Received	Grants Receivable	Transferred to 2011 Budget Revenue	Balance Dec. 31, 2011
Clean Communities Grant	\$ 583.78	\$ 9,032.51		\$ 9,032.51	\$ 583.78
Alcohol Education, Rehabilitation and Enforcement Fund		485.41		485.41	
Safe and Secure Communities Program			\$ 22,981.00	22,981.00	
Municipal Alliance on Alcoholism and Drug Abuse		2,825.32	11,570.68	14,396.00	
Body Armor Replacement Fund		2,204.15			2,204.15
	<u>\$ 583.78</u>	<u>\$ 14,547.39</u>	<u>\$ 34,551.68</u>	<u>\$ 46,894.92</u>	<u>\$ 2,787.93</u>

Ref.

A

A

Grants Received:

Current Year Receivable	\$ 12,343.24
Unappropriated Funds	2,204.15
	<u>\$ 14,547.39</u>

Grants Appropriated:

Original Budget	\$ 37,377.00
Added by NJSA 40A:4-87	9,517.92
	<u>\$ 46,894.92</u>

BOROUGH OF WHARTON  
COUNTY OF MORRIS  
2011  
TRUST FUNDS



**BOROUGH OF WHARTON**  
**TRUST FUNDS**  
**SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2010	B	\$ 2,890.11	\$ 639,946.23
Increased by Receipts:			
Animal Control License Fees:			
Dog License Fees		\$ 8,217.60	
Cat License Fees		3,128.00	
State Dog License Fees		1,238.40	
Late, Impound and Boarding Fees		4,475.00	
Due Current Fund:			
Interest Income		49.33	\$ 464.44
Municipal Open Space Tax Levy			110,073.00
Interest on Municipal Open Space Deposits			514.20
Due to State of New Jersey - Department of			
Community Affairs State Training Fees			3,657.00
Special Deposits			94,961.93
Police Outside Detail			61,123.10
Deposits and Interest:			
Unemployment Insurance Fund			26,671.87
Housing Trust			160.63
Police Forfeited Assets			93.55
Snow Emergency Account			82.90
Accumulated Absences Account			98.84
Wharton Pride			187.44
		<u>17,108.33</u>	<u>298,088.90</u>
		19,998.44	938,035.13
Decreased by Disbursements:			
Administrative Expenses		13,122.76	
Due to State of New Jersey		1,234.80	
Due Current Fund:			
Interest Income		49.33	464.44
Due to State of New Jersey - Department of			
Community Affairs State Training Fees			3,693.00
Special Deposits - Refunds, Charges and			
Withdrawals			71,927.94
Police Outside Detail			55,968.16
Wharton Pride			1,556.68
State Unemployment Insurance			53,053.01
Municipal Open Space			61,181.04
		<u>14,406.89</u>	<u>247,844.27</u>
Balance December 31, 2011	B	<u>\$ 5,591.55</u>	<u>\$ 690,190.86</u>

BOROUGH OF WHARTON  
ASSESSMENT TRUST FUND  
ANALYSIS OF CASH  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

**BOROUGH OF WHARTON**  
**ANIMAL CONTROL FUND**  
**SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES**

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 2,990.11
Increased by:		
Animal Control Fees:		
Dog Licenses		\$ 8,217.60
Cat Licenses		3,128.00
Late, Impound and Boarding Fees		<u>4,475.00</u>
		15,820.60
		<u>18,810.71</u>
Decreased by:		
Animal Control Expenditures		<u>13,122.76</u>
Balance December 31, 2011	B	<u><u>\$ 5,687.95</u></u>

License Fees Collected:

Year

2009	\$ 4,830.00
2010	<u>10,430.20</u>
Maximum Allowable Reserve	<u><u>\$ 15,260.20</u></u>

BOROUGH OF WHARTON  
COUNTY OF MORRIS  
2011  
GENERAL CAPITAL FUND

**BOROUGH OF WHARTON**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF CASH**

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 768,953.88
Increased by Receipts:		
Grants Receivable:		
New Jersey Department of Transportation	\$ 130,000.00	
United States Department of Transportation	184,055.90	
Garden State Historic Trust Preservation Trust Fund	50,000.00	
Budget Appropriation:		
Capital Improvement Fund	160,447.00	
Deferred Charges to Future Taxation Unfunded	61,859.29	
Reserve for:		
Emergency Service Vehicles	45,500.00	
Senior Bus	7,500.00	
Office Equipment	10,000.00	
Bond Anticipation Note Proceeds	209,000.00	
Due Current Fund:		
Interest Income	4,170.66	
		<u>862,532.85</u>
		1,631,486.73
Decreased by Disbursements:		
Improvement Authorization Expenditures	427,021.42	
Due Current Fund:		
Interest Income	4,170.66	
		<u>431,192.08</u>
Balance December 31, 2011	C	<u>\$ 1,200,294.65</u>

**BOROUGH OF WHARTON**  
**GENERAL CAPITAL FUND**  
**ANALYSIS OF CASH**

			Receipts		Disbursements				Balance/ (Deficit)	
			Balance/ (Deficit) Dec. 31, 2010	Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers From To	Balance/ (Deficit) Dec. 31, 2011
Fund Balance			\$ 1,744.51							\$ 1,744.51
Capital Improvement Fund			258,829.07		\$ 160,447.00			\$ 356,000.00	\$ 53,942.16	117,218.23
Grants Receivable:										
New Jersey Department of Transportation			(712,000.00)			\$ 130,000.00				(582,000.00)
US Department of Transportation			(222,255.90)			184,055.90			5,000.00	(33,200.00)
Garden State Historic Preservation Trust Fund			(50,000.00)			50,000.00				
Community Development								80,000.00		(80,000.00)
Due Current Fund						4,170.66	\$ 4,170.66			
Reserve for:										
Ambulance			87,500.00							87,500.00
Emergency Service Vehicles			136,500.00		45,500.00					182,000.00
Main Street Improvement			100,000.00							100,000.00
Senior Bus			7,500.00		7,500.00					15,000.00
Office Equipment			10,000.00		10,000.00					20,000.00
Ordinance										
Date	No.	Improvement Authorizations								
5/23/2005	10-05	Various General Improvements	16,591.28				\$ 6,635.00			9,956.28
9/12/2005	19-05	Various Street, Curb, Sidewalk and Drainage Improvements	39,029.34							39,029.34
6/11/2007	10-07	Various Improvements	67,100.39				467.64			66,632.75
9/24/2007	17-07	Safe Routes to Schools	5,000.00						5,000.00	
2/25/2008	01-08	Main Street Improvements	36,255.57				970.88			35,284.69
6/29/2008	17-08	Various Improvements	60,929.59				1,334.35		9,856.24	49,739.00
12/23/2008	20-08	Refunding Bonds for Tax Appeals	(61,859.29)		61,859.29					
2/23/2009	01-09	First Aid Squad Building	39,058.03				24,021.93			15,036.10
8/17/2009	13-09	Various Improvements	72,431.11				1,432.89		41,784.92	29,213.30
2/8/2010	01-10	Canal Restoration Project	582,000.00				203,840.61			378,159.39
3/8/2010	02-10	Various Improvements	129,941.81				719.43			129,222.38
4/26/2010	05-10	Various Improvements	60,221.81				3,335.71			56,886.10
7/19/2010	09-10	General Capital Projects	104,436.56				35,093.61		2,301.00	67,041.95
5/9/2011	10-11	Improvement of Various Roads		\$ 209,000.00			125,694.37			174,305.63
6/13/2011	13-11	Various Improvements					16,840.00			78,160.00
9/12/2011	18-11	Various Building Improvements					6,635.00			168,365.00
12/12/2011	19-11	Various Building Improvements							75,000.00	75,000.00
			\$ 768,953.88	\$ 209,000.00	\$ 285,306.29	\$ 368,226.56	\$ 427,021.42	\$ 4,170.66	\$ 494,942.16	\$ 1,200,294.65

**BOROUGH OF WHARTON**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

<u>Ordinance</u>		<u>Improvement Description</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Improvement Authorizations</u>	<u>Notes Paid by Budget Appropriation</u>	<u>Funded by Budget Appropriation</u>	<u>Improvement Authorizations Canceled</u>	<u>Balance Dec. 31, 2011</u>	<u>Analysis of Balance Dec. 31, 2011</u>
<u>Date</u>	<u>No.</u>								<u>Financed by Bond Anticipation Notes</u>
5/3/2004	17-04	Various General Improvements	\$ 174,500.00		\$ 174,500.00				
7/25/2005	15-05	Various General Improvements	231,500.00		81,500.00			\$ 150,000.00	\$ 150,000.00
9/12/2005	19-05	Various Street, Curb, Sidewalk and Drainage Improvements	44,000.00		44,000.00				
6/12/2006	10-06	Improvement of the Free Public Library	64,000.00		46,000.00			18,000.00	18,000.00
6/11/2007	10-07	Various Improvements	248,000.00		14,000.00			234,000.00	234,000.00
9/24/2007	15-07	Acquisition of New and Additional Fire Fighting Apparatus	340,000.00		18,000.00			322,000.00	322,000.00
12/23/2008	20-08	Refunding Bonds for Tax Appeals	61,859.29			\$ 61,859.29			
2/23/2009	01-09	First Aid Squad Building	70,000.00				\$ 70,000.00		
3/8/2010	02-10	Various Improvements	360,000.00					360,000.00	360,000.00
4/26/2010	05-10	Various Improvements	300,000.00				110,000.00	190,000.00	190,000.00

**BOROUGH OF WHARTON**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**  
**(Continued)**

<u>Ordinance</u>		<u>Improvement Description</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Improvement Authorizations</u>	<u>Notes Paid by Budget Appropriation</u>	<u>Funded by Budget Appropriation</u>	<u>Improvement Authorizations Canceled</u>	<u>Balance Dec. 31, 2011</u>	<u>Analysis of Balance Dec. 31, 2011</u>
<u>Date</u>	<u>No.</u>								<u>Financed by Bond Anticipation Notes</u>
5/9/2011	10-11	Improvement of Various Roads		\$ 209,000.00				\$ 209,000.00	\$ 209,000.00
			<u>\$ 1,893,859.29</u>	<u>\$ 209,000.00</u>	<u>\$ 378,000.00</u>	<u>\$ 61,859.29</u>	<u>\$ 180,000.00</u>	<u>\$ 1,483,000.00</u>	<u>\$ 1,483,000.00</u>

Ref.

C

C

Improvement Authorizations - Unfunded

\$ 466,076.20

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ordinance Dated 9/12/05 - Various Street, Curb, Sidewalk and Drainage Improvements	\$ 39,029.34
Ordinance Dated 6/11/07 - Various Improvements	66,632.75
Ordinance Dated 3/8/10 - Various Improvements	129,222.38
Ordinance Dated 4/26/10 - Various Improvements	56,886.10
Ordinance Dated 5/9/11 - Improvement of Various Roads	174,305.63

466,076.20

\$ -0-



**BOROUGH OF WHARTON**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Improvement Description	Ordinance			Balance Dec. 31, 2010		Capital Improvement Fund	2011 Authorizations		Improvement Authorizations Canceled	Paid or Charged	Balance Dec. 31, 2011	
	No.	Date	Amount	Funded	Unfunded		Deferred Charges to Future Taxation - Unfunded	Other Sources			Funded	Unfunded
Various General Improvements	10-05	5/23/2005	\$ 136,000.00	\$ 16,591.28						\$ 6,635.00	\$ 9,956.28	
Various Street, Curb, Sidewalk and Drainage Improvements	19-05	9/12/2005	100,000.00		\$ 39,029.34							\$ 39,029.34
Various Improvements	10-07	6/11/2007	690,000.00		67,100.39					467.64		66,632.75
Safe Routes to Schools	17-07	9/24/2007	337,000.00	5,000.00					\$ 5,000.00			
Main Street Improvements	01-08	2/25/2008	312,000.00	36,255.57						970.88	35,284.69	
Various Improvements	17-08	9/29/2008	75,000.00	60,929.59					9,856.24	1,334.35	49,739.00	
First Aid Squad Building	01-09	2/23/2009	300,000.00	39,058.03	70,000.00				70,000.00	24,021.93	15,036.10	
Various Improvements	13-09	8/17/2009	215,000.00	72,431.11					41,784.92	1,432.89	29,213.30	
Canal Restoration Project	01-10	2/8/2010	582,000.00	582,000.00						203,840.61	378,159.39	
Various Improvements	02-10	3/8/2010	590,000.00		129,941.81					719.43		129,222.38
Various Improvements	05-10	4/26/2010	325,000.00		170,221.81				110,000.00	3,335.71		56,886.10
General Capital Projects	09-10	7/19/2010	144,000.00	104,436.56					2,301.00	35,093.61	67,041.95	
Improvement of Various Roads	10-11	5/9/2011	300,000.00			\$ 11,000.00	\$ 209,000.00	\$ 80,000.00		125,694.37		174,305.63
Various Improvements	13-11	6/13/2011	95,000.00			95,000.00				16,840.00	78,160.00	
Various Building Improvements	18-11	9/12/2011	175,000.00			175,000.00				6,635.00	168,365.00	
Various Building Improvements	19-11	12/12/2011	75,000.00			75,000.00					75,000.00	
				<u>\$ 916,702.14</u>	<u>\$ 476,293.35</u>	<u>\$ 356,000.00</u>	<u>\$ 209,000.00</u>	<u>\$ 80,000.00</u>	<u>\$ 238,942.16</u>	<u>\$ 427,021.42</u>	<u>\$ 905,955.71</u>	<u>\$ 466,076.20</u>
	<u>Ref.</u>			C	C						C	C

Community Development Block Grant

\$ 80,000.00

Capital Improvement Fund

\$ 53,942.16

Deferred Charges to Future Taxation - Unfunded

180,000.00

US Department of Transportation Grants Receivable

5,000.00

\$ 238,942.16

**BOROUGH OF WHARTON**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 258,829.07
Increased by:		
2011 Budget Appropriation		\$ 160,447.00
Fully Funded Improvement Authorizations Canceled		<u>53,942.16</u>
		214,389.16
		<u>473,218.23</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>356,000.00</u>
Balance December 31, 2011	C	<u><u>\$ 117,218.23</u></u>

**BOROUGH OF WHARTON**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**

Improvement Description	Ord. No.	Ordinance	Date of			Interest Rate	Balance Dec. 31, 2010	Issued	Matured	Balance Dec. 31, 2011
			Issue of Original Note	Issue	Maturity					
Various General Improvements	17-04	5/3/2004	10/27/2005	10/21/2010	10/21/2011	0.95%	\$ 65,000.00		\$ 65,000.00	
			10/26/2006	10/21/2010	10/21/2011	0.95%	94,500.00		94,500.00	
			10/24/2007	10/21/2010	10/21/2011	0.95%	15,000.00		15,000.00	
Various General Improvements	15-05	7/25/2005	10/27/2005	10/21/2010	10/21/2011	0.95%	88,000.00		88,000.00	
			10/27/2005	10/20/2011	10/19/2012	1.25%		\$ 16,000.00		\$ 16,000.00
			10/26/2006	10/21/2010	10/21/2011	0.95%	143,500.00		143,500.00	
			10/26/2006	10/20/2011	10/19/2012	1.25%		134,000.00		134,000.00
Various Street, Curb, Sidewalk and Drainage Improvements	19-05	9/12/2005	10/26/2006	10/21/2010	10/21/2011	0.95%	44,000.00		44,000.00	
Improvement of the Free Public Library	10-06	6/12/2006	10/24/2007	10/21/2010	10/21/2011	0.95%	33,000.00		33,000.00	
			10/23/2008	10/21/2010	10/21/2011	0.95%	31,000.00		31,000.00	
			10/23/2008	10/20/2011	10/19/2012	1.25%		18,000.00		18,000.00
Various General Improvements	10-07	6/11/2007	10/24/2007	10/21/2010	10/21/2011	0.95%	248,000.00		248,000.00	
			10/24/2007	10/20/2011	10/19/2012	1.25%		234,000.00		234,000.00
Acquisition of New and Additional Fire Fighting Apparatus	15-07	9/24/2007	10/23/2008	10/21/2010	10/21/2011	0.95%	340,000.00		340,000.00	
			10/23/2008	10/20/2011	10/19/2012	1.25%		322,000.00		322,000.00
Various Improvements	02-10	3/8/2010	10/21/2010	10/21/2010	10/21/2011	0.95%	360,000.00		360,000.00	
Various Improvements	05-10	4/26/2010	10/21/2010	10/20/2011	10/19/2012	1.25%		360,000.00		360,000.00
			10/21/2010	10/21/2010	10/21/2011	0.95%	190,000.00		190,000.00	
			10/21/2010	10/20/2011	10/19/2012	1.25%		190,000.00		190,000.00
Improvement of Various Roads	10-11	5/9/2011	10/20/2011	10/20/2011	10/19/2012	1.25%		209,000.00		209,000.00
							<u>\$1,652,000.00</u>	<u>\$1,483,000.00</u>	<u>\$1,652,000.00</u>	<u>\$1,483,000.00</u>
							Ref.	C		C
							Renewals	\$1,274,000.00	\$1,274,000.00	
							Issued for Cash	209,000.00		
							Paid by Budget Appropriation		378,000.00	
								<u>\$1,483,000.00</u>	<u>\$1,652,000.00</u>	

BOROUGH OF WHARTON  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

**BOROUGH OF WHARTON**  
**GENERAL CAPITAL FUND**  
**GREEN ACRES PROGRAM - GREEN TRUST LOAN PAYABLE**

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 293,146.84
Decreased by:		
Principal Matured		<u>25,354.80</u>
Balance December 31, 2011	C	<u>\$ 267,792.04</u>

**Schedule of Principal and Interest Payments Outstanding December 31, 2011**

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 267,792.04
21	2/11/2012	\$ 12,867.88	\$ 2,677.92	254,924.16
22	8/11/2012	12,996.56	2,549.24	241,927.60
23	2/11/2013	13,126.52	2,419.28	228,801.08
24	8/11/2013	13,257.79	2,288.01	215,543.29
25	2/11/2014	13,390.36	2,155.43	202,152.93
26	8/11/2014	13,524.27	2,021.53	188,628.66
27	2/11/2015	13,659.51	1,886.29	174,969.15
28	8/11/2015	13,796.11	1,749.69	161,173.04
29	2/11/2016	13,934.07	1,611.73	147,238.97
30	8/11/2016	14,073.41	1,472.39	133,165.56
31	2/11/2017	14,214.14	1,331.66	118,951.42
32	8/11/2017	14,356.28	1,189.51	104,595.14
33	2/11/2018	14,499.85	1,045.95	90,095.29
34	8/11/2018	14,644.84	900.95	75,450.45
35	2/11/2019	14,791.29	754.50	60,659.16
36	8/11/2019	14,939.21	606.59	45,719.95
37	2/11/2020	15,088.60	457.20	30,631.35
38	8/11/2020	15,239.48	306.31	15,391.87
39	2/11/2021	15,391.87	153.92	
		<u>\$ 267,792.04</u>	<u>\$ 27,578.10</u>	

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

<u>Ordinance</u>			<u>Balance</u>	<u>2011</u>	<u>Bond</u>	<u>Funded by</u>	<u>Improvement</u>	<u>Balance</u>
<u>Date</u>	<u>No.</u>	<u>Improvement Description</u>	<u>Dec. 31, 2010</u>	<u>Authorizations</u>	<u>Anticipation</u>	<u>Budget</u>	<u>Authorizations</u>	<u>Dec. 31, 2011</u>
					<u>Notes Issued</u>	<u>Appropriation</u>	<u>Canceled</u>	
12/23/2008	20-08	Refunding Bonds for Tax Appeals	\$ 61,859.29			\$ 61,859.29		
2/23/2009	01-09	First Aid Squad Building	70,000.00				\$ 70,000.00	
4/26/2010	05-10	Various Improvements	110,000.00				110,000.00	
5/9/2011	10-11	Improvement of Various Roads		\$ 209,000.00	\$ 209,000.00			
			<u>\$ 241,859.29</u>	<u>\$ 209,000.00</u>	<u>\$ 209,000.00</u>	<u>\$ 61,859.29</u>	<u>\$ 180,000.00</u>	<u>\$ -0-</u>

BOROUGH OF WHARTON  
COUNTY OF MORRIS  
2011  
WATER UTILITY FUND

**BOROUGH OF WHARTON**  
**WATER UTILITY FUND**  
**SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2010	D	\$ 1,351,432.81	\$ 545,830.92
Increased by Receipts:			
Water Utility Collector		\$ 1,757,273.66	
Due Water Utility Capital Fund:			
Reserve for Payment of Debt Service		40,000.00	
Interest Earned		3,087.04	
Interest Earned		2,455.77	
Miscellaneous		1,246.70	
Budget Appropriation:			
Capital Improvement Fund			\$ 50,000.00
Bond Anticipation Note Proceeds			200,000.00
Due Water Utility Operating Fund:			
Interest Earned			3,087.04
		<u>1,804,063.17</u>	<u>253,087.04</u>
		3,155,495.98	798,917.96
Decreased by Disbursements:			
2011 Appropriation Expenditures		1,392,884.27	
2010 Appropriation Reserve Expenditures		105,832.87	
Accrued Interest on:			
Water Rehabilitation Loan		779.07	
NJEIT Loan		8,423.96	
MUA Loan Repayment		10,269.35	
Notes		13,138.50	
Fund Balance Anticipated in Current Fund		222,000.00	
Refund of Water Rent Overpayments		479.61	
Due Water Utility Operating Fund:			
Reserve for Payment of Debt Service			40,000.00
Interest Earned			3,087.04
Improvement Authorizations			246,054.71
		<u>1,753,807.63</u>	<u>289,141.75</u>
Balance December 31, 2011	D	<u>\$ 1,401,688.35</u>	<u>\$ 509,776.21</u>



**BOROUGH OF WHARTON**  
**WATER UTILITY OPERATING FUND**  
**SCHEDULE OF CASH - COLLECTOR**  
**YEAR ENDED DECEMBER 31, 2011**

## Increased by Receipts:

## Consumer Accounts Receivable:

Water Rents	\$ 1,673,993.97
Developer's Agreement - MUA Loan Repayment	49,444.44
Miscellaneous Revenue	16,040.49
Total Consumer Accounts Receivable	<u>1,739,478.90</u>

Water Rent Overpayments	5,433.65
Deferred Revenue - Developer's Agreement - MUA Loan Repayment	12,361.11
	<u>1,757,273.66</u>

## Decreased by Disbursements:

Paid to Treasurer	<u><u>\$ 1,757,273.66</u></u>
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**BOROUGH OF WHARTON**  
**WATER UTILITY CAPITAL FUND**  
**ANALYSIS OF CASH**

			Receipts		Disbursements		Transfers		Balance
			Bond	Budget	Improvement	Miscellaneous	From	To	Dec. 31, 2011
			Anticipation	Appropriation	Authorizations				
			Notes						
			Dec. 31, 2010						
Fund Balance			\$ 15,438.93				\$ 15,000.00		\$ 438.93
Capital Improvement Fund			328,521.48	\$ 50,000.00			365,000.00		13,521.48
Due Water Utility Operating Fund						\$ 3,087.04			
Reserve for Payment of Debt Service			40,000.00			40,000.00			
Ordinance		Improvement Authorizations							
Date	No.								
5/19/2003	10-03	Water System Improvements	1,069.01		\$ 401.81				667.20
7/25/2005	13-05	Various Water Improvements	66,072.39		12,854.42				53,217.97
6/12/2006	11-06	Various Water System Improvements	26,504.94		17,000.00				9,504.94
5/14/2007	07-07	Improvement of the Water Supply and Distribution System	386.25		386.25				
6/1/2009	09-09	Improvement of the Water Supply and Distribution System	67,837.92		42,953.11				24,884.81
4/25/2011	07-11	Pine Street Water Main Replacement			171,580.61			\$300,000.00	128,419.39
6/13/2011	14-11	Mason Dump Truck			89.44			80,000.00	79,910.56
6/27/2011	16-11	DPW Building Improvements		\$ 200,000.00	789.07				199,210.93
			<u>\$ 545,830.92</u>	<u>\$ 200,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 3,087.04</u>	<u>\$ 246,054.71</u>	<u>\$ 43,087.04</u>	<u>\$ 509,776.21</u>

**BOROUGH OF WHARTON**  
**WATER UTILITY OPERATING FUND**  
**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 241,377.15
Increased by:		
Water Rents Levied		\$ 1,536,252.99
Developer's Agreement - MUA Loan Repayment Levied		49,444.44
Miscellaneous Fees Levied		16,040.49
		<hr/> 1,601,737.92
		1,843,115.07
Decreased by:		
Collections:		
Water Rents:		
Received		1,673,993.97
Overpayments Applied		3,095.02
Developer's Agreement - MUA Loan Repayment		49,444.44
Miscellaneous Fees		16,040.49
		<hr/> 1,742,573.92
Balance December 31, 2011	D	<u><u>\$ 100,541.15</u></u>

**BOROUGH OF WHARTON**  
**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL**

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 4,855,109.51
Increased by:		
Additions by:		
Capital Outlay:		
Water Utility Operating Appropriation Reserves	\$ 23,240.70	
Ordinance	375,000.00	
		<u>398,240.70</u>
Balance December 31, 2011	D	<u>\$ 5,253,350.21</u>

**BOROUGH OF WHARTON**  
**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

Improvement Description	Ordinance		Balance Dec. 31, 2010	2011 Authorizations	Costs to Fixed Capital	Balance Dec. 31, 2011
	No.	Date				
Various Water Improvements	13-05	7/25/2005	\$ 1,885,000.00			\$ 1,355,797.57
Various Water System Improvements	11-06	6/12/2006	278,000.00			278,000.00
Improvement of the Water Supply and Distribution System	07-07	5/14/2007	375,000.00		\$ 375,000.00	
Improvement of the Water Supply and Distribution System	09-09	6/1/2009	600,000.00			600,000.00
Pine Street Water Main Replacement	07-11	4/25/2011	300,000.00	\$ 300,000.00		300,000.00
Mason Dump Truck	14-11	6/13/2011	80,000.00	80,000.00		80,000.00
DPW Building Improvements	16-11	6/27/2011	200,000.00	200,000.00		200,000.00
			<u>\$ 2,608,797.57</u>	<u>\$ 580,000.00</u>	<u>\$ 375,000.00</u>	<u>\$ 2,813,797.57</u>

Ref.

D

D

**BOROUGH OF WHARTON**  
**WATER UTILITY OPERATING FUND**  
**SCHEDULE OF 2010 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2011**

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 24,782.92	\$ 24,782.92	\$ 4,128.91	\$ 20,654.01
Other Expenses	396,288.78	396,288.78	77,359.96	318,928.82
Capital Improvements:				
Capital Outlay	60,000.00	60,000.00	23,240.70	36,759.30
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	6,318.12	6,318.12	1,103.30	5,214.82
	<u>\$ 487,389.82</u>	<u>\$ 487,389.82</u>	<u>\$ 105,832.87</u>	<u>\$ 381,556.95</u>

Ref.

Analysis of Balance December 31, 2010:

Appropriation Reserves:		
Unencumbered	D	\$ 409,668.59
Encumbered	D	<u>77,721.23</u>
		<u>\$ 487,389.82</u>

**BOROUGH OF WHARTON  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Improvement Description	No.	Ordinance		Balance Dec. 31, 2010		2011 Authorizations			Paid or Charged	Balance Dec. 31, 2011	
		Date	Amount	Funded	Unfunded	Capital Improvement Fund	Capital Fund Balance	Deferred Charges to Future Revenue		Funded	Unfunded
Water System Improvements	10-03	5/19/2003	\$ 905,152.00		\$ 1,069.01				\$ 401.81		\$ 667.20
Various Water Improvements	13-05	7/25/2005	1,885,000.00		156,123.96				12,854.42		143,269.54
Various Water System Improvements	11-06	6/12/2006	278,000.00	\$ 26,504.94	50,000.00				17,000.00	\$ 9,504.94	50,000.00
Improvement of the Water Supply and Distribution System	07-07	5/14/2007	375,000.00		386.25				386.25		
Improvement of the Water Supply and Distribution System	09-09	6/1/2009	600,000.00		213,837.92				42,953.11		170,884.81
Pine Street Water Main Replacement	07-11	4/25/2011	300,000.00			\$ 300,000.00			171,580.61	128,419.39	
Mason Dump Truck	14-11	6/13/2011	80,000.00			65,000.00	\$ 15,000.00		89.44	79,910.56	
DPW Building Improvements	16-11	6/27/2011	200,000.00					\$ 200,000.00	789.07		199,210.93
				<u>\$ 26,504.94</u>	<u>\$ 421,417.14</u>	<u>\$ 365,000.00</u>	<u>\$ 15,000.00</u>	<u>\$ 200,000.00</u>	<u>\$ 246,054.71</u>	<u>\$ 217,834.89</u>	<u>\$ 564,032.48</u>
		<u>Ref.</u>		D	D					D	D

**BOROUGH OF WHARTON**  
**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 328,521.48
Increased by:		
2011 Budget Appropriation		<u>50,000.00</u>
		378,521.48
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>365,000.00</u>
Balance December 31, 2011	D	<u>\$ 13,521.48</u>



**BOROUGH OF WHARTON**  
**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF RESERVE FOR AMORTIZATION**

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 4,345,979.73
Increased by:		
Paid by Water Utility Operating Budget:		
Notes		\$ 10,000.00
Water Supply Contaminated Wellfields Loan		21,990.77
Developer's MUA Loan		39,175.09
NJEIT Loan		22,051.28
Capital Outlay:		
Water Utility Operating Appropriation Reserves		23,240.70
		<u>116,457.84</u>
Balance December 31, 2011	D	<u>\$ 4,462,437.57</u>

**BOROUGH OF WHARTON**  
**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**

Improvement Description	Ordinance		Balance Dec. 31, 2010	2011 Authorizations	Paid from Operating Budget	Balance Dec. 31, 2011
	No.	Date			Notes	
Various Water Improvements	13-05	7/25/2005	\$ 388,150.00		\$ 255,000.00	\$ 643,150.00
Various Water System Improvements	11-06	6/12/2006	228,000.00			228,000.00
Improvement of the Water Supply and Distribution System	09-09	6/1/2009	136,000.00			136,000.00
Pine Street Water Main Replacement	07-11	4/25/2011		\$ 300,000.00		300,000.00
Mason Dump Truck	14-11	6/13/2011		80,000.00		80,000.00
			<u>\$ 752,150.00</u>	<u>\$ 380,000.00</u>	<u>\$ 255,000.00</u>	<u>\$ 1,387,150.00</u>
	<u>Ref.</u>		D			D

**BOROUGH OF WHARTON**  
**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**

Improvement Description	Ord. No.	Ordinance	Date of		Interest Rate	Balance Dec. 31, 2010	Issued	Matured	Balance Dec. 31, 2011
			Issue of Original Note	Issue					
Water System Improvements	10-03	5/19/2003	10/24/2007	10/21/2010	10/21/2011	0.95%	\$ 218,000.00	\$ 218,000.00	
			10/24/2007	10/20/2011	10/19/2012	1.25%		\$ 213,000.00	\$ 213,000.00
			10/23/2008	10/21/2010	10/21/2011	0.95%	65,000.00	65,000.00	
			10/23/2008	10/20/2011	10/19/2012	1.25%		65,000.00	65,000.00
Various Water Improvements	13-05	7/25/2005	10/26/2006	10/21/2010	10/21/2011	0.95%	262,000.00	262,000.00	
			10/26/2006	10/20/2011	10/19/2012	1.25%		7,000.00	7,000.00
			10/21/2010	10/21/2010	10/21/2011	0.95%	150,000.00	150,000.00	
			10/21/2010	10/20/2011	10/19/2012	1.25%		150,000.00	150,000.00
Improvement of the Water Supply and Distribution System	07-07	5/14/2007	10/24/2007	10/21/2010	10/21/2011	0.95%	370,000.00	370,000.00	
			10/24/2007	10/20/2011	10/19/2012	1.25%		365,000.00	365,000.00
Improvement of the Water Supply and Distribution System	09-09	6/1/2009	10/22/2009	10/21/2010	10/21/2011	0.95%	268,000.00	268,000.00	
			10/22/2009	10/20/2011	10/19/2012	1.25%		268,000.00	268,000.00
			10/21/2010	10/21/2010	10/21/2011	0.95%	50,000.00	50,000.00	
			10/21/2010	10/20/2011	10/19/2012	1.25%		50,000.00	50,000.00
DPW Building Improvements	16-11	6/17/2011	10/20/2011	10/20/2011	10/19/2012	1.25%		200,000.00	200,000.00
							<u>\$1,383,000.00</u>	<u>\$1,318,000.00</u>	<u>\$1,383,000.00</u>

Ref.

D

D

Renewals  
Issued for Cash  
Paid by Budget Appropriation

\$1,118,000.00  
200,000.00  
265,000.00

\$1,318,000.00    \$1,383,000.00

**BOROUGH OF WHARTON**  
**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF SERIAL BONDS PAYABLE**  
**YEAR ENDED DECEMBER 31, 2011**

NOT APPLICABLE

**BOROUGH OF WHARTON**  
**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF WATER SUPPLY CONTAMINATED WELLFIELDS LOAN PAYABLE**

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 44,423.52
Decreased by:		
Principal Matured		21,990.77
Balance December 31, 2011	D	<u>\$ 22,432.75</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2011

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 22,432.75
37	2/5/2012	\$ 11,160.59	\$ 224.33	11,272.16
38	8/5/2012	11,272.16	112.72	
		<u>\$ 22,432.75</u>	<u>\$ 337.05</u>	

**BOROUGH OF WHARTON**  
**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF DEVELOPER'S MUA LOAN PAYABLE**

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 283,405.51
Decreased by:		
Principal Matured		39,175.09
Balance December 31, 2011	D	<u>\$ 244,230.42</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2011

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 244,230.42
39	2/1/2012	\$ 10,028.71	\$ 2,332.40	234,201.71
40	5/1/2012	10,124.48	2,236.63	224,077.23
41	8/1/2012	10,221.17	2,139.94	213,856.06
42	11/1/2012	10,318.78	2,042.33	203,537.28
43	2/1/2013	10,417.33	1,943.78	193,119.95
44	5/1/2013	10,516.81	1,844.30	182,603.14
45	8/1/2013	10,617.25	1,743.86	171,985.89
46	11/1/2013	10,718.64	1,642.47	161,267.25
47	2/1/2014	10,821.01	1,540.10	150,446.24
48	5/1/2014	10,924.35	1,436.76	139,521.89
49	8/1/2014	11,028.68	1,332.43	128,493.21
50	11/1/2014	11,134.00	1,227.11	117,359.21
51	2/1/2015	11,240.33	1,120.78	106,118.88
52	5/1/2015	11,347.67	1,013.44	94,771.21
53	8/1/2015	11,456.04	905.07	83,315.17
54	11/1/2015	11,565.45	795.66	71,749.72
55	2/1/2016	11,675.90	685.21	60,073.82
56	5/1/2016	11,787.41	573.70	48,286.41
57	8/1/2016	11,899.97	461.14	36,386.44
58	11/1/2016	12,013.62	347.49	24,372.82
59	2/1/2017	12,128.35	232.76	12,244.47
60	5/1/2017	12,244.47	116.93	
		<u>\$ 244,230.42</u>	<u>\$ 27,714.29</u>	

**BOROUGH OF WHARTON**  
**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST**  
**(NJEIT) LOAN PAYABLE**

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 368,896.75
Decreased by:		
Principal Matured		22,051.28
Balance December 31, 2011	D	<u>\$ 346,845.47</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2011

<u>Payment Number</u>	<u>Due</u>	<u>Fund Loan Principal</u>	<u>Trust Loan Principal</u>	<u>Trust Loan Interest</u>	<u>Loan Balance</u>
					\$ 346,845.47
12	2/1/2012	\$ 2,629.77		\$ 4,065.63	344,215.70
13	8/1/2012	9,098.09	\$ 10,000.00	4,065.63	325,117.61
14	2/1/2013	2,468.06		3,815.63	322,649.55
15	8/1/2013	8,936.38	10,000.00	3,815.63	303,713.17
16	2/1/2014	2,306.35		3,565.63	301,406.82
17	8/1/2014	8,774.67	10,000.00	3,565.63	282,632.15
18	2/1/2015	2,144.65		3,315.63	280,487.50
19	8/1/2015	8,612.97	10,000.00	3,315.63	261,874.53
20	2/1/2016	2,015.28		3,115.63	259,859.25
21	8/1/2016	8,483.60	10,000.00	3,115.63	241,375.65
22	2/1/2017	1,885.91		2,915.63	239,489.74
23	8/1/2017	11,588.39	15,000.00	2,915.63	212,901.35
24	2/1/2018	1,691.86		2,615.63	211,209.49
25	8/1/2018	11,394.34	15,000.00	2,615.63	184,815.15
26	2/1/2019	1,485.69		2,296.88	183,329.46
27	8/1/2019	11,188.17	15,000.00	2,296.88	157,141.29
28	2/1/2020	1,279.51		1,978.13	155,861.78
29	8/1/2020	10,981.99	15,000.00	1,978.13	129,879.79
30	2/1/2021	1,061.20		1,640.63	128,818.59
31	8/1/2021	10,763.68	15,000.00	1,640.63	103,054.91
32	2/1/2022	848.96		1,312.50	102,205.95
33	8/1/2022	10,551.44	15,000.00	1,312.50	76,654.51
34	2/1/2023	636.72		984.38	76,017.79
35	8/1/2023	10,339.20	15,000.00	984.38	50,678.59

**BOROUGH OF WHARTON**  
**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST**  
**(NJET) LOAN PAYABLE**  
**(Continued)**

Schedule of Principal and Interest Payments Outstanding December 31, 2011  
(Continued)

<u>Payment Number</u>	<u>Due</u>	<u>Fund Loan Principal</u>	<u>Trust Loan Principal</u>	<u>Trust Loan Interest</u>	<u>Loan Balance</u>
36	2/1/2024	\$ 424.48		\$ 656.25	\$ 50,254.11
37	8/1/2024	10,126.96	\$ 15,000.00	656.25	25,127.15
38	2/1/2025	212.24		328.13	24,914.91
39	8/1/2025	9,914.91	15,000.00	328.13	
		<u>\$ 161,845.47</u>	<u>\$ 185,000.00</u>	<u>\$ 65,212.62</u>	



**BOROUGH OF WHARTON**  
**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ordinance</u>		<u>Improvement Description</u>	<u>Balance</u>	<u>2011</u>	<u>Bond</u>	<u>Balance</u>
<u>Date</u>	<u>No.</u>		<u>Dec. 31, 2010</u>	<u>Authorizations</u>	<u>Anticipation</u> <u>Notes Issued</u>	<u>Dec. 31, 2011</u>
7/25/2005	13-05	Various Water Improvements	\$ 90,051.57			\$ 90,051.57
6/12/2006	11-06	Various Water System Improvements	50,000.00			50,000.00
6/1/2009	09-09	Improvement of the Water Supply and Distribution System	146,000.00			146,000.00
6/27/2011	16-11	DPW Building Improvements		\$ 200,000.00	\$ 200,000.00	
			<u>\$ 286,051.57</u>	<u>\$ 200,000.00</u>	<u>\$ 200,000.00</u>	<u>\$ 286,051.57</u>

BOROUGH OF WHARTON  
COUNTY OF MORRIS  
2011  
SEWER UTILITY FUND

**BOROUGH OF WHARTON**  
**SEWER UTILITY FUND**  
**SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2010	E	\$ 817,147.55	\$ 354,196.10
Increased by Receipts:			
Sewer Utility Collector		\$ 1,450,736.27	
Due Sewer Utility Capital Fund:			
Reserve for Payment of Debt Service		40,000.00	
Interest Earned		1,993.28	
Interest Earned		1,649.64	
Budget Appropriation:			
Capital Improvement Fund			\$ 10,000.00
Bond Anticipation Note Proceeds			200,000.00
Due Sewer Utility Operating Fund:			
Interest Earned			1,993.28
		<u>1,494,379.19</u>	<u>211,993.28</u>
		2,311,526.74	566,189.38
Decreased by Disbursements:			
2011 Appropriation Expenditures		1,111,725.95	
2010 Appropriation Reserve Expenditures		61,804.17	
Accrued Interest on Notes		7,144.00	
Fund Balance Anticipated in Current Fund		100,000.00	
Due Sewer Utility Operating Fund:			
Reserve for Payment of Debt Service			40,000.00
Interest Earned			1,993.28
Improvement Authorizations			46,105.56
		<u>1,280,674.12</u>	<u>88,098.84</u>
Balance December 31, 2011	E	<u>\$ 1,030,852.62</u>	<u>\$ 478,090.54</u>

**BOROUGH OF WHARTON**  
**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF CASH - COLLECTOR**  
**YEAR ENDED DECEMBER 31, 2011**

## Increased by Receipts:

## Consumer Accounts Receivable:

Sewer User Charges	\$ 1,441,370.03
Miscellaneous Revenue	7,128.89
Total Consumer Accounts Receivable	<u>1,448,498.92</u>

## Sewer User Charge Overpayments

2,237.35
<u>1,450,736.27</u>

## Decreased by Disbursements:

## Paid to Treasurer

<u>\$ 1,450,736.27</u>
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**BOROUGH OF WHARTON**  
**SEWER UTILITY CAPITAL FUND**  
**ANALYSIS OF CASH**

	Balance Dec. 31, 2010	Bond Anticipation Notes	Receipts		Disbursements		Balance Dec. 31, 2011
			Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	
Fund Balance	\$ 90,521.59						\$ 90,521.59
Capital Improvement Fund	140,156.25		\$ 10,000.00				150,156.25
Reserve for Sewer Extensions	4,349.50						4,349.50
Due Sewer Utility Operating Fund				\$ 1,993.28		\$ 1,993.28	
Reserve for Payment of Debt Service	40,000.00					40,000.00	
<u>Ord. Date</u>	<u>Ord. No.</u>	<u>Improvement Authorizations</u>					
6/11/2007	11-07	Improvement of the Sewer System	21,659.22				21,659.22
2/25/2008	02-08	Various Sewer System Improvements	12,042.95		\$ 2,360.03		9,682.92
6/1/2009	10-09	Improvement of the Sewer System	45,466.59		42,977.90		2,488.69
6/27/2011	15-11	DPW Building Improvements	\$ 200,000.00		767.63		199,232.37
			<u>\$ 354,196.10</u>	<u>\$ 200,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 1,993.28</u>	<u>\$ 46,105.56</u>
					<u>\$ 41,993.28</u>		<u>\$ 478,090.54</u>

**BOROUGH OF WHARTON**  
**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 221,333.31
Increased by:		
Sewer Rents Levied		\$ 1,281,721.14
Miscellaneous Fees Levied		7,128.89
		<u>1,288,850.03</u>
		1,510,183.34
Decreased by:		
Collections:		
Sewer User Charges:		
Received		1,441,370.03
Overpayments Applied		2,991.23
Miscellaneous Fees		7,128.89
		<u>1,451,490.15</u>
Balance December 31, 2011	E	<u>\$ 58,693.19</u>

**BOROUGH OF WHARTON**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL**

Ref.

Balance December 31, 2010	E	\$ 3,120,226.65
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Increased by:

Additions by:

Capital Outlay:

Sewer Utility Operating Budget

\$ 14,800.00

Sewer Utility Operating Appropriation Reserves

23,240.70

38,040.70

Balance December 31, 2011	E	\$ 3,158,267.35
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**BOROUGH OF WHARTON**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

Improvement Description	Ordinance			Balance	2011	Balance
	No.	Date	Amount	Dec. 31, 2010	Authorizations	Dec. 31, 2011
Improvement of the Sewer System	11-07	6/11/2007	\$ 330,000.00	\$ 330,000.00		\$ 330,000.00
Various Sewer System Improvements	02-08	2/25/2008	600,000.00	600,000.00		600,000.00
Sewer System Improvements	10-09	6/1/2009	600,000.00	600,000.00		600,000.00
DPW Building Improvements	15-11	6/27/2011	200,000.00		\$ 200,000.00	200,000.00
				<u>\$1,530,000.00</u>	<u>\$ 200,000.00</u>	<u>\$1,730,000.00</u>
			<u>Ref.</u>	E		E



**BOROUGH OF WHARTON**  
**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF 2010 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2011**

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 40,014.54	\$ 40,014.54	\$ 4,255.82	\$ 35,758.72
Other Expenses	223,502.64	223,502.64	33,314.93	190,187.71
Capital Improvements:				
Capital Outlay	50,000.00	50,000.00	23,240.70	26,759.30
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	7,457.37	7,457.37	992.72	6,464.65
	<u>\$ 320,974.55</u>	<u>\$ 320,974.55</u>	<u>\$ 61,804.17</u>	<u>\$ 259,170.38</u>

Ref.

Analysis of Balance December 31, 2010:

Appropriation Reserves:		
Unencumbered	E	\$ 265,037.47
Encumbered	E	55,937.08
		<u>\$ 320,974.55</u>

**BOROUGH OF WHARTON**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Improvement Description	No.	Ordinance		Balance Dec. 31, 2010		2011 Authorizations	Paid or Charged	Balance Dec. 31, 2011	
		Date	Amount	Funded	Unfunded	Deferred Charges to Future Revenue		Funded	Unfunded
Improvement of the Sewer System	11-07	6/11/2007	\$ 330,000.00	\$ 21,659.22				\$ 21,659.22	
Various Sewer System Improvements	02-08	2/25/2008	600,000.00		\$ 222,042.95		\$ 2,360.03		\$ 219,682.92
Sewer System Improvements	10-09	6/1/2009	600,000.00		213,466.59		42,977.90		170,488.69
DPW Building Improvements	15-11	6/27/2011	200,000.00			\$ 200,000.00	767.63		199,232.37
				<u>\$ 21,659.22</u>	<u>\$ 435,509.54</u>	<u>\$ 200,000.00</u>	<u>\$ 46,105.56</u>	<u>\$ 21,659.22</u>	<u>\$ 589,403.98</u>
				<u>Ref.</u>	E	E		E	E

**BOROUGH OF WHARTON**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 140,156.25
Increased by:		
2011 Budget Appropriation		<u>10,000.00</u>
Balance December 31, 2011	E	<u><u>\$ 150,156.25</u></u>

**BOROUGH OF WHARTON**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF RESERVE FOR AMORTIZATION**

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 3,120,226.65
Increased by:		
Capital Outlay:		
Sewer Utility Operating Budget	\$	14,800.00
Sewer Utility Operating Appropriation Reserves		<u>23,240.70</u>
		<u>38,040.70</u>
Balance December 31, 2011	E	<u>\$ 3,158,267.35</u>

**BOROUGH OF WHARTON**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>	<u>Paid from</u>	<u>Balance</u>
	<u>No.</u>	<u>Date</u>	<u>Dec. 31, 2010</u>	<u>Operating</u> <u>Budget</u> <u>Notes</u>	<u>Dec. 31, 2011</u>
Improvement of the Sewer System	02-08	6/11/2007	\$ 330,000.00	\$ 175,000.00	\$ 505,000.00
Improvement of the Sewer System	10-09	6/1/2009	70,000.00		70,000.00
			<u>\$ 400,000.00</u>	<u>\$ 175,000.00</u>	<u>\$ 575,000.00</u>

Ref.

E

E

**BOROUGH OF WHARTON**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**

Improvement Description	Ord. No.	Ordinance	Date of		Interest Rate	Balance Dec. 31, 2010	Issued	Matured	Balance Dec. 31, 2011
			Issue of Original Note	Issue Maturity					
Various Sewer System Improvements	02-08	2/25/2008	10/23/2008	10/21/2010	0.95%	\$ 390,000.00		\$ 390,000.00	
			10/23/2008	10/20/2011	1.25%		\$ 215,000.00		\$ 215,000.00
Improvement of the Sewer System	10-09	6/1/2009	10/22/2009	10/21/2010	0.95%	202,000.00		202,000.00	
			10/22/2009	10/20/2011	1.25%		202,000.00		202,000.00
			10/21/2010	10/21/2010	0.95%	160,000.00		160,000.00	
			10/21/2010	10/20/2011	1.25%		160,000.00		160,000.00
DPW Building Improvements	15-11	6/27/2011	10/20/2011	10/20/2011	1.25%		200,000.00		200,000.00
						<u>\$ 752,000.00</u>	<u>\$ 777,000.00</u>	<u>\$ 752,000.00</u>	<u>\$ 777,000.00</u>
						Ref.	E		E
							Renewals	\$ 577,000.00	\$ 577,000.00
							Issued for Cash	200,000.00	
							Paid by Budget Appropriation	175,000.00	
								<u>\$ 777,000.00</u>	<u>\$ 752,000.00</u>

**BOROUGH OF WHARTON**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF SERIAL BONDS PAYABLE**  
**YEAR ENDED DECEMBER 31, 2011**

NOT APPLICABLE

**BOROUGH OF WHARTON**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ordinance</u>			<u>Balance</u>	<u>2011</u>	<u>Bond</u>	<u>Balance</u>
<u>Date</u>	<u>No.</u>	<u>Improvement Description</u>	<u>Dec. 31, 2010</u>	<u>Authorizations</u>	<u>Anticipation</u> <u>Notes Issued</u>	<u>Dec. 31, 2011</u>
2/25/2008	02-08	Various Sewer System Improvements	\$ 210,000.00			\$ 210,000.00
6/1/2009	10-09	Improvement of the Sewer System	168,000.00			168,000.00
6/27/2011	15-11	DPW Building Improvements		\$ 200,000.00	\$ 200,000.00	
			<u>\$ 378,000.00</u>	<u>\$ 200,000.00</u>	<u>\$ 200,000.00</u>	<u>\$ 378,000.00</u>



BOROUGH OF WHARTON  
COUNTY OF MORRIS  
2011  
PUBLIC ASSISTANCE FUND

**BOROUGH OF WHARTON**  
**PUBLIC ASSISTANCE FUND**  
**SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>P.A.T.F. I</u>
Balance December 31, 2010	F	\$ 6,779.28
Increased by Receipts:		
Interest Earned		<u>40.79</u>
Balance December 31, 2011	F	<u><u>\$ 6,820.07</u></u>

BOROUGH OF WHARTON  
COUNTY OF MORRIS  
2011  
BOND AND INTEREST FUND

NOT APPLICABLE

BOROUGH OF WHARTON  
COUNTY OF MORRIS  
2011  
SPECIAL GARBAGE DISTRICT FUND

**BOROUGH OF WHARTON**  
**SPECIAL GARBAGE DISTRICT FUND**  
**SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	
Balance December 31, 2010	H	\$ 523,347.73
Increased by Receipts:		
Due Current Fund - District Taxes	\$ 905,913.00	
Miscellaneous Revenue	33,920.84	
		<u>939,833.84</u>
		1,463,181.57
Decreased by Disbursements:		
2011 Appropriation Expenditures	807,421.90	
2010 Appropriation Reserve Expenditures	42,762.88	
		<u>850,184.78</u>
Balance December 31, 2011	H	<u><u>\$ 612,996.79</u></u>

**BOROUGH OF WHARTON**  
**SPECIAL GARBAGE DISTRICT FUND**  
**SCHEDULE OF DISTRICT TAXES RECEIVABLE**  
**YEAR ENDED DECEMBER 31, 2011**

Increased by:

2011 Tax Levy

\$ 905,913.00

Decreased by:

Received from Current Fund

\$ 905,913.00

**BOROUGH OF WHARTON**  
**SPECIAL GARBAGE DISTRICT FUND**  
**SCHEDULE OF 2010 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2011**

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 29,947.69	\$ 29,947.69	\$ 3,367.15	\$ 26,580.54
Other Expenses	136,966.56	136,966.56	38,419.73	98,546.83
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	7,054.05	7,054.05	976.00	6,078.05
	<u>\$ 173,968.30</u>	<u>\$ 173,968.30</u>	<u>\$ 42,762.88</u>	<u>\$ 131,205.42</u>

Ref.

Analysis of Balance December 31, 2010:

Appropriation Reserves:		
Unencumbered	H	\$ 158,911.28
Encumbered	H	15,057.02
		<u>\$ 173,968.30</u>

BOROUGH OF WHARTON

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2011



**BOROUGH OF WHARTON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Department/ Pass Through Grantor/Cluster Title	C.F.D.A. Account Number	State Program Account Number	Program	Project	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	MEMO Cumulative Total Expenditures
							From	To		
U.S. Department of Housing and Urban Development - (Passed through Morris County Office of Community Development)	14.218	N/A	Community Development Block Grant	Improvement of Various Roads	\$ 80,000.00		01/01/11	12/31/11	\$ 80,000.00	\$ 80,000.00
Total U.S. Department of Housing and Urban Development						\$ -0-			80,000.00	80,000.00
U.S. Department of Transportation: Highway Planning and Construction Cluster:										
(Passed through NJ Department of Transportation)	20.205	480-078-6320- 156-601385	Safe Routes to School Program	Safe Routes to School Improvements	337,000.00	184,055.90	01/01/09	12/31/11		332,000.00
(Passed through NJ Department of Transportation)	20.205	480-078-6320- 156-601385	NJ Municipal Trust Fund Authority Act	Elizabeth Street Canal Restoration	130,000.00 582,000.00	130,000.00	01/01/10 01/01/11	12/31/10 12/31/12	130,000.00 203,840.61	130,000.00 203,840.61
						130,000.00			203,840.61	333,840.61
Subtotal Highway Planning and Construction Cluster						314,055.90			203,840.61	665,840.61
Total U.S. Department of Transportation						314,055.90			203,840.61	665,840.61
TOTAL FEDERAL AWARDS						\$ 314,055.90			\$ 283,840.61	\$ 745,840.61

N/A - Not Applicable

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

**BOROUGH OF WHARTON**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

								MEMO
State Funding Department	State Program	Program Account No.	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative
					From	To		Total Expenditures
Department of Environmental Protection	Clean Communities Program	765-042-4900-004-178910	\$ 7,136.60		01/01/08	12/31/11	\$ 87.29	\$ 7,136.60
			9,150.24		01/01/09	12/31/12	3,382.82	3,382.82
			9,528.01		01/01/10	12/31/12	8,021.02	8,021.02
			9,032.51	\$ 9,032.51	01/01/11	12/31/12		
				9,032.51			11,491.13	18,540.44
	Recycling Tonnage Grant	752-042-4900-004-178840	17,485.56	17,485.56	01/01/10	12/31/11	17,485.56	17,485.56
	New Jersey Historic Trust - Historic Preservation Grant	542-042-4875-001-320010	50,000.00	50,000.00	01/01/10	12/31/12		3,308.64
Total Department of Environmental Protection				76,518.07			28,976.69	39,334.64
Department of Law and Public Safety	Safe and Secure Communities Program	100-066-1020-107-090940	22,981.00	-0-	10/02/10	10/01/11	22,981.00	22,981.00
	Drunk Driving Enforcement Fund	100-066-1110-260-YYYY	11,562.61	-0-	01/01/05	12/31/12	2,751.39	3,869.94
	Body Armor Replacement Fund	98-718-066-1020-001	2,204.15	2,204.15	01/01/11	12/31/12	-0-	-0-
Total Department of Law and Public Safety				2,204.15			25,732.39	56,850.94
Department of Treasury (Passed through the County of Morris)	Governor's Council on Alcoholism and Drug Abuse - Municipal Alliance Program	100-082-2000-044-995120	14,396.00	2,192.75	01/01/09	12/31/12		12,936.06
			14,396.00	3,153.23	01/01/10	12/31/12	2,228.52	9,044.49
			14,396.00	2,825.32	01/01/11	12/31/12	2,503.50	2,825.32
				8,171.30			4,732.02	24,805.87
Total Department of Treasury				8,171.30			4,732.02	24,805.87

**BOROUGH OF WHARTON**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
(Continued)

State Funding Department	State Program	Program Account No.	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	MEMO
					From	To		Cumulative Total Expenditures
Department of Health and Senior Services	Alcohol Education, Rehabilitation and Enforcement Fund (Trust)	760-046-4240- 040000	\$ 485.41	\$ 485.41	01/01/11	12/31/12		
Total Department of Health and Senior Services				485.41			\$ -0-	\$ -0-
TOTAL STATE AWARDS				\$ 87,378.93			\$ 59,441.10	\$ 120,991.45

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

BOROUGH OF WHARTON  
NOTE TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2011

A. GENERAL

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

B. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the cash basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, Audits of States, Local Governments and Nonprofit Organizations. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

D. STATE LOANS OUTSTANDING

The Borough of Wharton has the following loans outstanding as of December 31, 2011:

General Capital Fund:

Green Trust Loan	<u>\$ 267,792</u>
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Water Utility Capital Fund:

Water Supply Contaminated Wellfields	<u>\$ 22,433</u>
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NJEIT Loan	<u>\$ 346,846</u>
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The projects which relate to the above loans are complete and there were no current year receipts or expenditures on these loans.

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

The Honorable Mayor and Members  
of the Borough Council  
Borough of Wharton  
Wharton, New Jersey

We have audited the financial statements of the Borough of Wharton, in the County of Morris (the "Borough") as of, and for the years ended, December 31, 2011 and 2010 and have issued our report thereon dated February 29, 2012, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. The scope of our audit did not include the general fixed assets account group. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as Finding 2011-1 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Wharton  
Page 2

Compliance and Other Matters

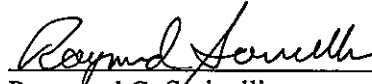
As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

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

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

Mount Arlington, New Jersey  
February 29, 2012

NISIVOCCIA LLP



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

BOROUGH OF WHARTON  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2011

Summary of Auditors' Results:

- A qualified report was issued on the Borough's financial statements prepared on another comprehensive basis of accounting as a result of the general fixed assets account group not being included in the scope of the audit.
- The audit did not disclose any material weaknesses in the internal controls of the Borough.
- The audit did not disclose any noncompliance that is material in relation to the financial statements of the Borough.
- The Borough was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* for 2011 as grant expenditures were less than the single audit thresholds of \$500,000 identified in the Circulars.

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

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

Finding 2011-1

The Borough has a fixed asset accounting and reporting system in place but the fixed asset accounting records have not been updated for additions or deletions. Improvement is necessary to be in complete compliance with the Division's technical accounting directives.

Management's Response:

Due to the current economic climate causing budget constraints, no resolution can be made at this time. Consideration will be given to addressing this finding when the economic climate improves and budget constraints ease.

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- Not Applicable since state expenditures were below the single audit threshold.

BOROUGH OF WHARTON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2011

The Borough had no prior year audit findings.



BOROUGH OF WHARTON

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

BOROUGH OF WHARTON  
COMMENTS AND RECOMMENDATIONS

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

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

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

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

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

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

Effective January 1, 2011 and thereafter, the bid threshold in accordance with N.J.S. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the bid threshold may be up to \$36,000.

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

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

BOROUGH OF WHARTON  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

On January 4, 2011, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility charges:

BE IT RESOLVED by the Borough Council of the Borough of Wharton, Morris County, New Jersey, that the rate of interest to be paid upon delinquent taxes and utility charges for the year 2011 shall be fixed at the rate of 8% per annum to \$1,500 and any amount in excess of \$1,500 shall be fixed at the rate of 18% per annum. However, interest shall not be collected upon taxes and utility charges that are not delinquent over ten (10) days. After the tenth day of "grace period", interest reverts back to the due date. An additional penalty of 6% will be imposed on delinquencies in excess of \$10,000.

It appears from a test of the Tax Collector's and Water and Sewer Utility Collector's records that interest was generally collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 6, 2011 and all eligible properties were transferred to lien.

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	5
2010	5
2009	6

Technical Accounting Directives

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

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

The Borough currently maintains an encumbrance accounting system, a fixed asset accounting and reporting system and a general ledger system. However, the fixed asset accounting and reporting system was not updated for additions or deletions.

BOROUGH OF WHARTON  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Technical Accounting Directives (Cont'd)

It is recommended that consideration be given to updating the accounting and reporting system for fixed assets for additions and deletions to be in complete compliance as prescribed by the draft "Requirements of Audit and Accounting".

Management's Response:

Due to the current economic climate causing budget constraints, no resolution can be made at this time. Consideration will be given to addressing this finding when the economic climate improves and budget constraints ease.

Municipal Court

Effective February 2009, the Wharton Municipal Court, along with three other courts, was combined with the Town of Dover Municipal Court as a Joint Municipal Court.

Corrective Action Plan

The Borough has initiated a corrective action plan to resolve the comments and recommendations from the 2010 audit report. The recommendation with regard to the fixed assets accounting and reporting system is included in the current year recommendations.

BOROUGH OF WHARTON  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Consideration be given to updating the accounting and reporting system for fixed assets for additions and deletions to be in complete compliance as prescribed by the draft "Requirements of Audit and Accounting".

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