

Report of Audit

on the

Financial Statements

of the

Township of Union

in the

County of Hunterdon
New Jersey

for the

Year Ended
December 31, 2011



TOWNSHIP OF UNION

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TOWNSHIP OF UNION

PART I

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YEAR ENDED DECEMBER 31, 2011 AND 2010



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Union
County of Hunterdon
Hampton, New Jersey 08827

We have audited the accompanying financial statements - regulatory basis of the various individual funds and the account group of the Township of Union, County of Hunterdon, New Jersey as of and for the years ended December 31, 2011 and 2010 and for the year ended December 31, 2011, as listed as financial statements - regulatory basis in the foregoing table of contents. These financial statements - regulatory basis are the responsibility of the management of the Township of Union, County of Hunterdon. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the Township of Union, County of Hunterdon, prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, because the Township of Union prepares its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the various individual funds of the Township of Union, County of Hunterdon, as of December 31, 2011 and 2010 or the results of its operations and changes in fund balance for the year then ended or the revenues or expenditures for the year ended December 31, 2011.

SUPLEE, CLOONEY & COMPANY

However, in our opinion, the financial statements - regulatory basis present fairly, in all material respects, the financial position - regulatory basis of the various individual funds and the account group of the Township of Union, County of Hunterdon, as of December 31, 2011 and 2010, and the results of its operations and changes in fund balance - regulatory basis for the year then ended and the revenues, expenditures and changes in fund balance - regulatory basis for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated April 25, 2012 on our consideration of the Township of Union'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 audit.

Our audit was made for the purpose of forming an opinion on the financial statements - regulatory basis taken as a whole. The information included in the schedules of expenditures of federal awards and state financial assistance and the other supplementary schedules and data listed in the table of contents is presented for purposes of additional analysis as required by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This 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 taken as a whole.

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


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

April 25, 2012

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CURRENT FUND

TOWNSHIP OF UNION

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER <u>31, 2011</u>	BALANCE DECEMBER <u>31, 2010</u>
Cash-Treasurer	A-4	\$ 2,706,490.91	\$ 2,969,148.44
Due State of New Jersey-Chapter 20, PL 1971	A-8	9,142.30	8,642.30
		<u>\$ 2,715,633.21</u>	<u>\$ 2,977,790.74</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	\$ 399,469.74	\$ 376,875.67
Tax Title Liens Receivable	A-6	35,907.31	34,306.83
Revenue Accounts Receivable	A-9	5,732.43	10,496.76
Interfunds Receivable	A-10	351.94	1,621.84
	A	<u>\$ 441,461.42</u>	<u>\$ 423,301.10</u>
		<u>\$ 3,157,094.63</u>	<u>\$ 3,401,091.84</u>
Grant Fund:			
Grants Receivable	A-19	\$ 29,796.96	\$ 185,774.55
Due Current Fund	A-24	19,411.83	57,704.73
		<u>\$ 49,208.79</u>	<u>\$ 243,479.28</u>
		<u>\$ 3,206,303.42</u>	<u>\$ 3,644,571.12</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2010</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-13	\$ 202,331.84	\$ 176,728.48
Encumbrances Payable	A-26	35,130.45	42,640.64
Prepaid Taxes	A-17	110,288.19	99,360.65
Tax Overpayments	A-18	2,907.08	41,600.74
Interfunds Payable	A-10	47,154.22	57,704.73
Reserve for Grants - Unappropriated	A-11	16,911.00	16,911.46
County Taxes-Payable	A-14	11,166.27	18,510.21
Local District School Tax Payable	A-15	21,581.56	61,868.52
Regional High School Tax	A-16	1,759,292.77	1,813,549.69
Miscellaneous Reserves	A-21	12,000.00	12,000.00
		<u>\$ 2,218,763.38</u>	<u>\$ 2,340,875.12</u>
Reserve for Receivables and Other Assets	A	441,461.42	423,301.10
Fund Balance	A-1	496,869.83	636,915.62
		<u>\$ 3,157,094.63</u>	<u>\$ 3,401,091.84</u>
Grant Fund:			
Encumbrances Payable	A-23	\$ 1,521.70	\$ 81,343.76
Reserve for Grants Appropriated	A-20	32,622.24	137,403.11
Reserve for Grants Unappropriated	A-12	15,064.85	24,732.41
		<u>\$ 49,208.79</u>	<u>\$ 243,479.28</u>
		<u>\$ 3,206,303.42</u>	<u>\$ 3,644,571.12</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>REF.</u>	<u>YEAR 2011</u>	<u>YEAR 2010</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 517,000.00	\$ 768,000.00
Miscellaneous Revenue Anticipated	A-2	1,144,610.82	1,438,553.12
Receipts From Delinquent Taxes	A-2	357,613.09	282,503.21
Receipts From Current Taxes	A-2	18,642,163.78	18,855,016.87
Non-Budget Revenue	A-2	38,300.12	57,665.37
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	109,909.17	132,662.66
Tax Overpayments Canceled			107.44
Interfunds Returned		1,269.90	18,021.39
<u>Total Income</u>		<u>\$ 20,810,866.88</u>	<u>\$ 21,552,530.06</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within "CAPS":			
Operating	A-3	\$ 1,793,411.57	\$ 1,798,526.00
Deferred Charges and Statutory Expenditures	A-3	134,826.00	136,246.00
Operations Excluded From "CAPS":			
Operating	A-3	37,132.41	117,201.00
Capital Improvements	A-3	125,000.00	205,000.00
Municipal Debt Service	A-3	758,380.14	1,084,662.45
County Taxes	A-14	2,990,285.25	3,178,018.09
County Share of Added Taxes	A-14	11,166.27	18,510.21
Local District School Tax	A-15	9,354,469.00	9,085,048.00
Regional High School Tax	A-16	5,087,861.70	5,196,375.57
Municipal Open Space Tax	A-25	137,566.17	140,526.88
Refund of Prior Year Revenue	A-4	3,814.16	8,428.67
<u>Total Expenditures</u>		<u>\$ 20,433,912.67</u>	<u>\$ 20,968,542.87</u>
Excess in Revenue		\$ 376,954.21	\$ 583,987.19
<u>Fund Balance</u>			
Balance, January 1	A	636,915.62	820,928.43
		<u>\$ 1,013,869.83</u>	<u>\$ 1,404,915.62</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	<u>517,000.00</u>	<u>768,000.00</u>
Fund Balance, December 31	A	<u>\$ 496,869.83</u>	<u>\$ 636,915.62</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

		<u>ANTICIPATED</u>		<u>EXCESS OR (DEFICIT)</u>
	<u>REF.</u>	<u>BUDGET</u>	<u>REALIZED</u>	
Fund Balance Anticipated	A-1	\$ <u>517,000.00</u>	\$ <u>517,000.00</u>	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-9	\$ 14,000.00	\$ 17,280.00	\$ 3,280.00
Fees and Permits:				
Other	A-9	40,000.00	35,965.00	(4,035.00)
Fines:				
Municipal Court	A-9	125,000.00	120,767.67	(4,232.33)
Interest and Costs on Taxes	A-9	60,000.00	91,425.14	31,425.14
Interest on Investments	A-9	9,700.00	6,283.93	(3,416.07)
Sewer Rent Charge-Clinton Town	A-9	110,000.00	110,348.21	348.21
Garden State Preservation Trust Fund	A-11	16,911.00	16,911.46	0.46
Consolidated Municipal Property				
Tax Relief Act	A-9	25,721.00	25,721.00	
Energy Receipts Tax	A-9	349,176.00	349,176.00	
Reserve to Pay Debt Service-Milligan	A-9	239,000.00	239,000.00	
Reserve to Pay Debt-Douglass	A-9	72,000.00	72,000.00	
Clean Communities Program	A-19	18,204.62	18,204.62	
Recycling Tonnage Grant	A-19	6,527.79	6,527.79	
Capital Surplus	A-9	35,000.00	35,000.00	
	A-1	\$ <u>1,121,240.41</u>	\$ <u>1,144,610.82</u>	\$ <u>23,370.41</u>
Receipts From Delinquent Taxes	A-7	\$ <u>282,000.00</u>	\$ <u>357,613.09</u>	\$ <u>75,613.09</u>
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Municipal Purposes	A-2:A-7	\$ 1,403,511.02	\$ 1,535,815.39	\$ 132,304.37
<u>Budget Totals</u>		\$ <u>3,323,751.43</u>	\$ <u>3,555,039.30</u>	\$ <u>231,287.87</u>
Non-Budget Revenue	A-1:A-2		<u>38,300.12</u>	<u>38,300.12</u>
		\$ <u>3,323,751.43</u>	\$ <u>3,593,339.42</u>	\$ <u>269,587.99</u>
	<u>REF.</u>		A-3	

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>REF.</u>		
Allocation of Current Tax Collections:			
Collections Realized on a Cash Basis	A-1:A-7	\$	18,642,163.78
Allocated to:			
School and County Taxes			<u>17,581,348.39</u>
Balance for Support of Municipal Budget Appropriations		\$	1,060,815.39
Add: Appropriation - "Reserve for Uncollected Taxes"	A-3		<u>475,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u><u>1,535,815.39</u></u>
 <u>Analysis of Non-Budget Revenues</u>			
Miscellaneous Revenue Not Anticipated:			
Treasurer:			
Municipal Clerk		\$	14,336.82
Cable TV Franchise Fee			4,468.49
Rental Income			6,700.00
Payment in Lieu of Taxes			4,493.94
Building Fees			1,800.00
Miscellaneous			7,465.26
Administrative Fee - Senior Citizen and Veterans			<u>665.00</u>
	A-4	\$	39,929.51
Tax Collector	A-5		<u>1,970.61</u>
			41,900.12
Refunds	A-4		<u>3,600.00</u>
	A-2	\$	<u><u>38,300.12</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	APPROPRIATIONS				CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT:</u>					
General Administration:					
Salaries and Wages	\$ 19,000.00	\$ 19,000.00	\$ 15,991.53	\$ 3,008.47	
Other Expenses	25,000.00	25,000.00	23,094.11	1,905.89	
Mayor and Council:					
Salaries and Wages	13,500.00	13,500.00	13,500.00		
Municipal Clerk:					
Salaries and Wages	55,000.00	55,000.00	54,998.49	1.51	
Financial Administration:					
Salaries and Wages	40,500.00	40,500.00	39,000.02	1,499.98	
Other Expenses	13,000.00	13,000.00	6,747.18	6,252.82	
Audit Services	28,900.00	28,900.00	28,900.00		
Computerized Data Processing:					
Other Expenses	11,000.00	16,000.00	15,070.47	929.53	
Revenue Administration (Tax Collection):					
Salaries and Wages	15,000.00	15,000.00	15,000.00		
Other Expenses	3,500.00	4,500.00	4,401.35	98.65	
Tax Assessment Administration:					
Salaries and Wages	38,667.00	38,667.00	38,665.96	1.04	
Other Expenses	3,000.00	3,000.00	1,147.85	1,852.15	
Legal Services:					
Other Expenses	70,000.00	73,500.00	69,736.94	3,763.06	
Engineering Services:					
Other Expenses	25,000.00	25,000.00	20,780.15	4,219.85	
<u>LAND USE ADMINISTRATION:</u>					
Municipal Land Use Law (NJSA 40:550-1)					
Planning Board:					
Salaries and Wages	28,040.00	28,040.00	28,040.00		
Other Expenses	15,000.00	20,000.00	15,807.16	4,192.84	
Zoning Board of Adjustment:					
Salaries and Wages	11,220.00	11,220.00	11,146.64	73.36	
Other Expenses:					
Miscellaneous Other Expenses	100.00	100.00	25.00	75.00	
<u>INSURANCE:</u>					
Liability Insurance	80,000.00	76,000.00	75,876.00	124.00	
Worker Compensation Insurance	43,375.00	43,375.00	43,373.00	2.00	
Employee Insurance	156,000.00	152,000.00	136,829.83	15,170.17	
<u>PUBLIC SAFETY FUNCTIONS:</u>					
Office of Emergency Management:					
Salaries and Wages	9,260.00	9,260.00	9,260.00		
Other Expenses	750.00	750.00	426.95	323.05	
Aid to Volunteer Fire Companies	71,326.91	71,326.91	71,326.91		
Aid to Volunteer Fire Companies - Adjoining	53,692.61	53,692.61	53,692.61		
Contributions to First Aid Organizations	71,572.05	71,572.05	71,571.15	0.90	
Fire Department:					
Other Expenses:					
Fire Hydrant Services	7,500.00	7,500.00	5,226.75	2,273.25	
Public Safety Officer					
Salaries and Wages	5,200.00	5,200.00		5,200.00	

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	APPROPRIATIONS				CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>PUBLIC WORKS FUNCTIONS:</u>					
Street and Road Maintenance:					
Salaries and Wages	\$ 266,208.00	\$ 266,208.00	\$ 225,565.84	\$ 40,642.16	
Other Expenses	180,000.00	168,000.00	148,246.75	19,753.25	
Solid Waste Collection:					
Salaries and Wages	16,000.00	16,000.00	13,889.74	2,110.26	
Other Expenses:					
Sewer Rent Charges	125,000.00	125,000.00	87,825.41	37,174.59	
Miscellaneous	20,000.00	20,000.00	16,746.01	3,253.99	
Building and Grounds:					
Other Expenses	30,000.00	30,000.00	22,447.80	7,552.20	
<u>HEALTH AND HUMAN SERVICES FUNCTIONS:</u>					
Public Health Services (Board of Health):					
Other Expenses	500.00	500.00		500.00	
Environmental Health Services:					
Other Expenses	1,000.00	1,000.00	843.82	156.18	
Animal Control Services:					
Salaries and Wages	14,050.00	14,050.00	14,043.98	6.02	
Other Expenses	1,000.00	1,000.00	335.64	664.36	
Contributions to Social Services Agencies:					
Other Expenses	5,000.00	5,000.00	4,285.38	714.62	
<u>PARKS AND RECREATION FUNCTIONS:</u>					
Recreation Services and Programs:					
Other Expenses	41,050.00	41,050.00	35,121.20	5,928.80	
Maintenance of Parks:					
Salaries and Wages					
Other Expenses	12,500.00	12,500.00	8,749.64	3,750.36	
Municipal Court:					
Salaries and Wages	109,000.00	109,000.00	109,000.00		

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	APPROPRIATIONS				CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>UNCLASSIFIED:</u>					
Electricity	\$ 6,000.00	\$ 7,500.00	\$ 7,078.78	\$ 421.22	\$
Street Lighting	15,000.00	15,000.00	9,989.13	5,010.87	
Telephone	10,000.00	10,000.00	8,126.44	1,873.56	
Fuel Oil #2	2,000.00	2,500.00	1,895.03	604.97	
Gasoline and Diesel Fuel	25,000.00	28,500.00	23,892.52	4,607.48	
TOTAL OPERATIONS WITHIN "CAPS"	\$ 1,793,411.57	\$ 1,793,411.57	\$ 1,607,719.16	\$ 185,692.41	\$
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES- MUNICIPAL WITHIN "CAPS":</u>					
Statutory Expenditures:					
Contribution To:					
Unemployment Insurance	\$ 5,000.00	\$ 5,000.00	\$ 535.43	\$ 4,464.57	\$
Social Security System	50,000.00	50,000.00	37,825.14	12,174.86	
Public Employees Retirement System	79,826.00	79,826.00	79,826.00		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"	\$ 134,826.00	\$ 134,826.00	\$ 118,186.57	\$ 16,639.43	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 1,928,237.57	\$ 1,928,237.57	\$ 1,725,905.73	\$ 202,331.84	\$
<u>OPERATIONS EXCLUDED FROM "CAPS":</u>					
Employee Insurance	\$ 4,000.00	4,000.00	4,000.00		\$
LOSAP - Other Expenses	8,400.00	8,400.00	8,400.00		
TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"	\$ 12,400.00	\$ 12,400.00	\$ 12,400.00		\$
<u>STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES:</u>					
Clean Communities Program	\$ 18,204.62	18,204.62	18,204.62		\$
Recycling Tonnage Grant	6,527.79	6,527.79	6,527.79		
TOTAL PUBLIC AND PRIVATE PROGRAMS	\$ 24,732.41	\$ 24,732.41	\$ 24,732.41		\$
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	37,132.41	37,132.41	37,132.41		
<u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS":</u>					
Capital Improvement Fund	\$ 125,000.00	125,000.00	125,000.00		\$
TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"	\$ 125,000.00	\$ 125,000.00	\$ 125,000.00		\$
<u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS":</u>					
Payment of Bond Principal	\$ 230,000.00	230,000.00	230,000.00		\$
Payment of Bond Anticipation Notes	278,043.45	278,043.45	278,043.00		0.45
Interest on Bonds	213,504.00	213,504.00	213,503.76		0.24
Interest on Notes	36,834.00	36,834.00	36,833.38		0.62
TOTAL MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"	\$ 758,381.45	\$ 758,381.45	\$ 758,380.14		\$ 1.31

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	APPROPRIATIONS				
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 920,513.86	\$ 920,513.86	\$ 920,512.55	\$	\$ 1.31
SUB-TOTAL GENERAL APPROPRIATIONS	\$ 2,848,751.43	\$ 2,848,751.43	\$ 2,646,418.28	\$ 202,331.84	\$ 1.31
RESERVE FOR UNCOLLECTED TAXES	475,000.00	475,000.00	475,000.00		
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 3,323,751.43</u>	<u>\$ 3,323,751.43</u>	<u>\$ 3,121,418.28</u>	<u>\$ 202,331.84</u>	<u>\$ 1.31</u>
	REF.	A-2	A-1	A:A-1	
Encumbered	A-26		\$ 35,130.45		
Reserve for Uncollected Taxes	A-2		475,000.00		
Reserve for Grants Appropriated	A-20		24,732.41		
Cash Disbursements	A-4		<u>2,603,801.36</u>		
			\$ 3,138,664.22		
Less: Refunds	A-4		<u>17,245.94</u>		
			<u>\$ 3,121,418.28</u>		

The accompanying Notes to the Financial Statements are an integral part of this statement.

TRUST FUND

"B"

TOWNSHIP OF UNION

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2010</u>
<u>ASSETS</u>			
Animal Control Trust Fund:			
Cash	B-1	\$ <u>12,455.80</u>	\$ <u>9,021.33</u>
		\$ <u>12,455.80</u>	\$ <u>9,021.33</u>
Other Funds:			
Cash	B-1	\$ 1,628,073.75	\$ 1,670,120.75
Due Current Fund	B-6	<u>27,742.39</u>	<u> </u>
		\$ <u>1,655,816.14</u>	\$ <u>1,670,120.75</u>
		\$ <u><u>1,668,271.94</u></u>	\$ <u><u>1,679,142.08</u></u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Animal Control Trust Fund:			
Due Current Fund	B-6	\$ 31.65	\$ 24.78
Accounts Payable	B-1;B-2	335.00	471.00
Reserve for Animal Control Trust Fund Expenditures	B-2	<u>12,089.15</u>	<u>8,525.55</u>
		\$ <u>12,455.80</u>	\$ <u>9,021.33</u>
Other Funds:			
Due Current Fund	B-6	\$	\$ 1,537.22
Reserve For:			
Encumbrances	B-4	22,981.66	34,427.91
Various Reserves and Deposits	B-5	<u>1,632,834.48</u>	<u>1,634,155.62</u>
		\$ <u>1,655,816.14</u>	\$ <u>1,670,120.75</u>
		\$ <u><u>1,668,271.94</u></u>	\$ <u><u>1,679,142.08</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND

"C"

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2010</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 1,600,792.31	\$ 1,851,824.08
Deferred Charges to Future Taxation - Funded	C-4	5,508,511.25	5,832,721.34
Deferred Charges to Future Taxation - Unfunded	C-5	1,568,755.05	1,846,798.05
Grants Receivable	C-10	<u>154,181.74</u>	<u>170,396.33</u>
		\$ <u>8,832,240.35</u>	\$ <u>9,701,739.80</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-12	\$ 4,685,000.00	\$ 4,915,000.00
Bond Anticipation Notes	C-13	1,568,756.00	1,846,799.00
Loan Payable - New Jersey Department of Environmental Protection	C-11	823,511.25	917,721.34
Improvement Authorizations:			
Funded	C-7	200,685.14	320,507.58
Unfunded	C-7	16,000.58	18,184.10
Reserve for:			
Contracts Payable	C-6	3,421.49	3,421.49
Debt Service	C-14	984,180.60	1,192,181.45
Due Current Fund	C-9	320.29	59.84
Capital Improvement Fund	C-8	507,547.74	410,047.74
Fund Balance	C-1	<u>42,817.26</u>	<u>77,817.26</u>
		\$ <u>8,832,240.35</u>	\$ <u>9,701,739.80</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2010	C	\$ 77,817.26
Decreased by:		
Utilized as Anticipated Revenue - Current Fund	C-2	<u>35,000.00</u>
Balance, December 31, 2011	C	<u>\$ 42,817.26</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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PUBLIC ASSISTANCE TRUST FUND

TOWNSHIP OF UNION
PUBLIC ASSISTANCE TRUST FUND
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER 31, 2011	BALANCE DECEMBER 31, 2010
<u>ASSETS</u>			
Cash - Treasurer: Public Assistance Trust Fund I	E-1	\$ <u>1,453.72</u>	\$ <u>1,452.61</u>
		\$ <u><u>1,453.72</u></u>	\$ <u><u>1,452.61</u></u>
<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance: Public Assistance Trust Fund I		\$ <u>1,453.72</u>	\$ <u>1,452.61</u>
		\$ <u><u>1,453.72</u></u>	\$ <u><u>1,452.61</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF UNION
GENERAL FIXED ASSETS ACCOUNT GROUP
BALANCE SHEETS - REGULATORY BASIS

	DECEMBER 31, 2011	DECEMBER 31, 2010
General Fixed Assets:		
Sites	\$ 14,544,184.00	\$ 14,544,184.00
Site Improvements	168,183.00	168,183.00
Buildings and Building Improvements	715,061.00	715,061.00
Machinery and Equipment	<u>1,096,576.00</u>	<u>1,092,076.00</u>
<u>TOTAL GENERAL FIXED ASSETS</u>	<u>\$ 16,524,004.00</u>	<u>\$ 16,519,504.00</u>
Investment in General Fixed Assets	<u>\$ 16,524,004.00</u>	<u>\$ 16,519,504.00</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF UNION

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 AND 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Union is an instrumentality of the State of New Jersey, established to function as a municipality. The Township Committee consists of elected officials and is responsible for the fiscal control of the Township.

Except as noted below, the financial statements of the Township of Union include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Union, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Union do not include the operations of the volunteer fire companies, first aid squads, local or regional school districts, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Township of Union conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, and State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Township of Union are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the Township accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

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

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that has been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from U.S. generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenues when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenues when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance.

Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis, interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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. GAAP does not require the establishment of an offsetting reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets – N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$500.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on General Fixed Assets or reported in the financial statements.

The Township has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Adjustments for assets acquired/sold subsequent to this date have not been recorded. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Buildings and land are stated at the assessed value contained in the Township's most recent property revaluation.

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

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

Inventories of Supplies - the cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be held in accordance with GAAP. The Township presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Township considers petty cash, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Township of Union has the following cash and cash equivalents at December 31, 2011:

Fund Type:	Bank Balance	N.J. Cash Management	Reconciling Items:		Reconciled Balance
			Additions	Deletions	
Current Fund	\$ 2,872,351.29	\$ 10,131.19	\$ 18,353.94	\$ 194,345.51	\$ 2,706,490.91
Animal Control Fund	12,455.80				12,455.80
Other Trust Fund	1,623,283.99	19,210.10		14,420.34	1,628,073.75
General Capital Fund	1,303,919.32	296,872.99			1,600,792.31
Public Assistance Trust Fund	1,453.72				1,453.72
TOTAL DECEMBER 31, 2011	\$ 5,813,464.12	\$ 326,214.28	\$ 18,353.94	\$ 208,765.85	\$ 5,949,266.49

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute. As of December 31, 2011, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial risk. Of the cash on balance in the bank, \$500,000.00 was covered by Federal Depository Insurance and \$5,313,464.12 was covered under the provisions of NJGUDPA.

B. Investments

The purchases of investments by the Township are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - 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 section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2011, the Township has \$326,214.28 on deposit with the New Jersey Cash Management Fund. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the New Jersey Cash Management Fund, the Township is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Township are general obligation bonds, based by the full faith and credit of the Township. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years if financed by the issuance of bonds.

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2011</u>	<u>YEAR 2010</u>	<u>YEAR 2009</u>
Issued:			
General:			
Bonds and Notes	\$ 7,077,267.25	\$ 7,679,520.34	\$ 8,578,532.12
Less: Funds Temporarily held to			
Pay Bonds and Notes - Gen. Capital	<u>984,181.55</u>	<u>1,192,182.40</u>	<u>47,783.27</u>
<u>Net Debt Issued</u>	<u>\$ 6,093,085.70</u>	<u>\$ 6,487,337.94</u>	<u>\$ 8,530,748.85</u>
 NET BONDS AND NOTES ISSUED AND AUTHORIZED BUT NOT ISSUED	 <u>\$ 6,093,085.70</u>	 <u>\$ 6,487,337.94</u>	 <u>\$ 8,530,748.85</u>

SUMMARY OF REGULATORY 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 regulatory net debt of .68%.

	<u>GROSS DEBT</u>	<u>DEDUCTION</u>	<u>NET DEBT</u>
LOCAL SCHOOL DEBT	\$ 14,335,000.00	\$ 14,335,000.00	\$
REGIONAL SCHOOL DEBT	401,207.45	401,207.45	
GENERAL DEBT	<u>7,077,267.25</u>	<u>984,181.55</u>	<u>6,093,085.70</u>
	<u>\$ 21,813,474.70</u>	<u>\$ 15,720,389.00</u>	<u>\$ 6,093,085.70</u>

NET DEBT \$6,093,085.70 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$883,477,248 EQUALS .68%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S.40A:2-6

Equalized Valuation Basis* - December 31, 2011	\$ <u>883,477,248.00</u>
3-1/2% of Equalized Valuation Basis	\$ 30,921,703.68
Net Debt	<u>6,093,085.70</u>
Remaining Borrowing Power	\$ <u>24,828,617.98</u>

*Equalized Valuation basis is the average of the equalized valuation of Real Estate, including improvements, and the assessed valuation of Class II Railroad Property of the Township for the last three (3) preceding years.

SCHOOL DEBT DEDUCTION

School debt is deductible up to the extent of 3% of the Average Equalized Assessed Valuation of real property for the Local and Regional School Districts.

Long-Term Debt

Serial Bonds

\$6,000,000.00 of 2001 Serial Bonds with annual principal installments of \$165,000 to \$235,000 through November 2013 at an interest rate of 4.50%. \$ 400,000.00

\$4,285,000.00 of 2006 Serial Bonds with annual principal installments of \$10,000 to \$350,000 starting 2012 through November 2026 at variable interest rate of 4.50% to 5.0%. \$ 4,285,000.00

Green Acres Loan

\$1,000,725.24 of 1999 Green Acres Loan with semi-annual principal and interest installments of \$31,784.54 through April 2018 at an interest rate of 2.0%. \$ 385,665.26

\$747,300 of 2003 Green Acres Loan with semi-annual principal and interest installments of \$26,263.37 through December 2021 at an interest rate of 2.0%. \$ 437,845.99

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follow:

	<u>Interest Rate</u>	<u>Original Issue Date</u>	<u>Amount</u>
General Capital			
Ord. 2000-15	1.71%	1/11/2007	\$ 409,238.00
Ord. 2000-16	1.71%	1/11/2007	274,176.00
Ord. 2003-16	1.71%	9/15/2004	90,000.00
Ord. 2005-11	1.71%	1/12/2006	<u>795,342.00</u>
			<u>\$ 1,568,756.00</u>

Bonds and Notes Authorized But Not Issued

At December 31, 2011, the Township has no authorized but not issued bonds and notes.

SCHEDULE OF GREEN ACRES TRUST LOANS

CALENDAR <u>YEAR</u>	<u>SAXTON</u>		<u>HOFFMAN</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2012	\$56,135.04	\$7,434.02	\$39,968.67	\$8,558.07	\$112,095.80
2013	57,263.35	6,305.71	40,772.05	7,754.70	112,095.81
2014	58,414.34	5,154.72	41,591.56	6,935.18	112,095.80
2015	59,588.48	3,980.60	42,427.56	6,099.19	112,095.83
2016	60,786.20	2,782.86	43,280.35	5,246.40	112,095.81
2017	62,008.01	1,561.06	44,150.29	4,376.46	112,095.82
2018	31,469.84	314.70	45,037.71	3,489.05	80,311.30
2019			45,942.96	2,583.79	48,526.75
2020			46,866.41	1,660.33	48,526.74
2021			47,808.43	718.31	48,526.74
	<u>\$ 385,665.26</u>	<u>\$ 27,533.67</u>	<u>\$ 437,845.99</u>	<u>\$ 47,421.48</u>	<u>\$ 898,466.40</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF SERIAL BONDS PAYABLE

CALENDAR YEAR	2001 ISSUE		2006 ISSUE		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2012	\$235,000.00	\$18,000.00	\$10,000.00	\$185,153.76	\$448,153.76
2013	165,000.00	7,425.00	90,000.00	184,793.76	447,218.76
2014			265,000.00	181,463.76	446,463.76
2015			285,000.00	168,213.76	453,213.76
2016			295,000.00	153,963.76	448,963.76
2017			310,000.00	139,213.76	449,213.76
2018			320,000.00	123,713.76	443,713.76
2019			335,000.00	110,913.76	445,913.76
2020			350,000.00	97,513.76	447,513.76
2021			345,000.00	83,513.76	428,513.76
2022			340,000.00	69,713.76	409,713.76
2023			340,000.00	55,773.76	395,773.76
2024			335,000.00	41,748.76	376,748.76
2025			335,000.00	27,930.00	362,930.00
2026			330,000.00	13,860.00	343,860.00
	<u>\$400,000.00</u>	<u>\$25,425.00</u>	<u>\$4,285,000.00</u>	<u>\$1,637,483.88</u>	<u>\$6,347,908.88</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2011 which were appropriated and included as anticipated revenue in their own respective funds are as follows:

Current Fund \$425,000.00*

*Per introduced budget

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

Taxes collected in advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER <u>31, 2011</u>	BALANCE DECEMBER <u>31, 2010</u>
Prepaid Taxes	<u>\$110,288.19</u>	<u>\$99,360.65</u>

NOTE 6: PENSION PLANS

Township employees, who are eligible for a pension plan, are enrolled in the Public Employees Retirement System administered by the Division of Pensions, Treasury Department of the State of New Jersey. The Division annually charges participating government units for their respective contributions to the plans based upon actuarial methods. Certain portions of the costs are contributed by the employees. The Township's share of pension costs, which is based upon the annual billings received from the State, amounted to \$62,537.00 for 2009, \$66,246.00 for 2010 and \$79,826.00 for 2011.

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement System and, therefore, is not presented.

NOTE 7: LITIGATION

The Township Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Township's insurance carrier or would have a material financial impact on the Township.

NOTE 8: TAX APPEALS

There are tax appeals filed with the County and State Tax Court of New Jersey requesting a reduction of assessments for the year 2011. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.40A:2-51.

NOTE 9: CONTINGENT LIABILITIES

The Township participates in several state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Findings and questioned costs, if any, relative to state financial assistance programs will be discussed in detail in Part II of the 2011 audit report. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2011, the Township does not believe that any material liabilities will result from such audits.

NOTE 10: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following table is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Township's expendable trust fund for the current and the previous two years:

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 24.78	\$ 1,050.87	\$ 10,880.00	\$ 15,754.78
2010	23.14	14,670.86	7,763.46	25,559.13
2009	85.72	1,561.73	14,829.91	18,628.59

NOTE 11: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2011:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current Fund	\$ 351.94	\$ 47,154.22
Grant Fund	19,411.83	
Animal Control Trust Fund		31.65
Trust Other Fund	27,742.39	
General Capital Fund	<u> </u>	<u>320.29</u>
	<u>\$ 47,506.16</u>	<u>\$ 47,506.16</u>

All balances resulted from the time lag between the dates that payment between funds is made.

NOTE 12: DEFERRED SCHOOL TAXES

New Jersey statutes provide for the deferral of liability for not more than 50% of the annual levy when school taxes are raised on a school year basis and such taxes have not been requisitioned by the school district.

LOCAL DISTRICT SCHOOL TAX

	BALANCE DECEMBER 31, 2011	BALANCE DECEMBER 31, 2010
Balance of Tax	\$4,677,239.56	\$4,717,526.52
Deferred	<u>4,655,658.00</u>	<u>4,655,658.00</u>
School Tax Payable	<u>\$21,581.56</u>	<u>\$61,868.52</u>

REGIONAL HIGH SCHOOL TAX

	BALANCE DECEMBER 31, 2011	BALANCE DECEMBER 31, 2010
Balance of Tax	\$2,543,930.77	\$2,598,187.69
Deferred	<u>784,638.00</u>	<u>784,638.00</u>
School Tax Payable	<u>\$1,759,292.77</u>	<u>\$1,813,549.69</u>

NOTE 13: LENGTH OF SERVICE AWARDS PROGRAM

During 2000, the Township of Union adopted an ordinance establishing a Length of Service Awards Program for the members of the Pattenberg Volunteer Fire Company pursuant to N.J.S.A. 40A:14-183 *et seq.* Under this program, each volunteer of the Pattenberg Volunteer Fire Company that performs the maximum amount of service will have an annual amount of \$600.00 deposited into a tax deferred income account that will earn interest for the volunteer. The amount budgeted for this costs was \$8,400.00 in 2011.

The accompanying financial statements do not include the Township's Length of Service Awards Program's activities. The Township's Length of Service Awards Program's financial statements are contained in a separate review report, as required by state regulations.

NOTE 14: DEFERRED COMPENSATION PLANS

The Township offers its employees enrollment in a deferred compensation plan created in accordance with Internal Revenue Code Section 403 (b). The plan, which is administered by VALIC, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

TOWNSHIP OF UNION

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2011

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2010	A	\$ 2,969,148.44	\$
Increased by Receipts:			
Collector	A-5	\$ 19,303,222.75	\$
State of New Jersey-Chapter 20, P.L. 1971	A-8	33,250.00	
Revenue Accounts Receivable	A-9	1,011,541.81	
Miscellaneous Revenue Not Anticipated	A-2	39,929.51	
Appropriation Refunds	A-3	17,245.94	
Grants Receivable	A-19		155,977.59
Interfunds Received	A-10:A-24	2,054,072.29	209,335.34
Petty Cash	A-22	100.00	
Reserve for Grants - Unappropriated	A-11:A-12	16,911.00	15,064.85
		<u>22,476,273.30</u>	<u>380,377.78</u>
		\$ 25,445,421.74	\$ 380,377.78
Decreased by Disbursements:			
2011 Appropriations	A-3	\$ 2,603,801.36	\$
2010 Appropriation Reserves	A-13	109,459.95	
Interfunds Disbursed	A-10:A-24	2,063,352.90	171,042.44
County Taxes	A-14	3,008,795.46	
Local District School Tax	A-15	9,394,755.96	
Regional High School Tax	A-16	5,142,118.62	
Municipal Open Space Tax	A-25	137,566.17	
Tax Overpayments	A-18	13,333.40	
Grants Appropriated	A-20		209,335.34
Outside Liens	A-21	258,232.85	
Petty Cash	A-22	100.00	
Refund of Revenue	A-2	3,600.00	
Refund of Prior Year Revenues	A-1	3,814.16	
		<u>22,738,930.83</u>	<u>380,377.78</u>
Balance, December 31, 2011	A	\$ <u>2,706,490.91</u>	\$ <u>-0-</u>

"A-5"

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF CASH-COLLECTOR

REF.

Received:				
Interest on Delinquent Taxes	A-9	\$	91,425.14	
Taxes Receivable	A-7		18,836,958.16	
2012 Taxes Prepaid	A-17		110,288.19	
Outside Liens	A-21		258,232.85	
Tax Overpayments	A-18		3,847.80	
Senior Citizen Deductions Disallowed	A-8		500.00	
Miscellaneous Revenue Not Anticipated	A-2		1,970.61	
			<hr/>	
				\$ 19,303,222.75
Decreased by Disbursements:				
Payments to Treasurer	A-4			\$ <u><u>19,303,222.75</u></u>

"A-6"

SCHEDULE OF TAX TITLE LIENS

Balance, December 31, 2010	A	\$	34,306.83	
Increased by:				
Transfers From Taxes Receivable	A-7		1,600.48	
			<hr/>	
Balance, December 31, 2011	A	\$	35,907.31	
				\$ <u><u>35,907.31</u></u>

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2010	2011 LEVY	COLLECTED		OVERPAYMENTS APPLIED	CANCELED	TRANSFERRED TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2011
			IN 2010	IN 2011				
2010	\$ 376,875.67	\$	\$	\$ 357,613.09	\$	\$ 19,262.58	\$	\$
	\$ 376,875.67	\$	\$	\$ 357,613.09	\$	\$ 19,262.58	\$	\$
2011		19,059,250.01	99,360.65	18,513,595.07	29,208.06	16,016.01	1,600.48	399,469.74
	\$ 376,875.67	\$ 19,059,250.01	\$ 99,360.65	\$ 18,871,208.16	\$ 29,208.06	\$ 35,278.59	\$ 1,600.48	\$ 399,469.74
REF.	A		A-2 A-17	A-2	A-2 A-18		A-6	A
Collector	A-5			\$ 18,836,958.16				
State of New Jersey	A-8			34,250.00				
				\$ 18,871,208.16				

ANALYSIS OF 2011 PROPERTY TAX LEVY

TAX YIELD

General Purpose Tax	\$ 18,973,428.33
Added Taxes (54:4-63.1 et. seq.)	85,821.68
	\$ 19,059,250.01

TAX LEVY

Regional High School Tax (Abstract)	A-16	\$ 5,087,861.70
Local District School Tax (Abstract)	A-15	9,354,469.00
Municipal Open Space Tax	A-25	137,566.17
County Taxes:		
County Tax (Abstract)	A-14	\$ 2,990,285.25
Due County for Added Taxes (54:4-63.1 et. seq.)	A-14	11,166.27
Total County Taxes		3,001,451.52
Local Tax for Municipal Purposes (Abstract)	A-2	\$ 1,403,511.02
Add: Additional Tax Levied		74,390.60
		1,477,901.62
		\$ 19,059,250.01

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
PER CHAPTER 20, P.L. 1971

	<u>REF.</u>		
Balance, December 31, 2010	A	\$	8,642.30
Increased by:			
Deductions Per Tax Duplicate:			
Senior Citizens		\$	3,000.00
Veterans			30,500.00
Allowed by Collector			<u>750.00</u>
			<u>34,250.00</u>
		\$	<u>42,892.30</u>
Decreased by:			
Received From State of New Jersey	A-4	\$	33,250.00
Disallowed by Collector - 2010 Taxes	A-5		<u>500.00</u>
			<u>33,750.00</u>
Balance Due from, December 31, 2011	A	\$	<u><u>9,142.30</u></u>

SUMMARY OF 2011 EXEMPTIONS

Senior Citizens and Veterans Deductions			
Per Tax Billings		\$	33,500.00
Allowed by Collector			<u>750.00</u>
	A-7	\$	<u><u>34,250.00</u></u>

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

REF.	BALANCE DECEMBER 31, 2010	ACCRUED IN 2011	COLLECTED BY		BALANCE DECEMBER 31, 2011	
			COLLECTOR	TREASURER		
Clerk:						
Alcoholic Beverage Licenses	A-2	\$ 17,280.00	\$	\$ 17,280.00	\$	
Recreation:						
Fees and Permits	A-2	35,965.00		35,965.00		
Municipal Court:						
Fines and Costs	A-2	10,496.76		120,767.67	5,732.43	
Interest and Costs on Taxes	A-2		91,425.14			
Interest on Investments	A-2			6,283.93		
Rental - Sewer Dept.	A-2			110,348.21		
Consolidated Municipal Property						
Tax Relief Act	A-2	25,721.00		25,721.00		
Energy Receipts Tax	A-2	349,176.00		349,176.00		
Capital Surplus	A-2	35,000.00		35,000.00		
Reserve to Pay Debt Service-Milligan	A-2	239,000.00		239,000.00		
Reserve to Pay Debt -Douglass	A-2	72,000.00		72,000.00		
		<u>\$ 10,496.76</u>	<u>\$ 1,098,202.62</u>	<u>\$ 91,425.14</u>	<u>\$ 1,011,541.81</u>	<u>\$ 5,732.43</u>
REF.	A		A-5	A-4	A	

TOWNSHIP OF UNION
CURRENT FUND
SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>GRANT FUND</u>	<u>ANIMAL CONTROL FUND</u>	<u>TRUST OTHER FUND</u>	<u>GENERAL CAPITAL FUND</u>
Balance, December 31, 2010:						
Due From	A	\$ 1,621.84	\$	\$ 24.78	\$ 1,537.22	\$ 59.84
Due To	A	<u>57,704.73</u>	<u>57,704.73</u>	<u> </u>	<u> </u>	<u> </u>
Cash Receipts	A-4	<u>2,054,072.29</u>	<u>171,042.44</u>	<u> </u>	<u>36,230.85</u>	<u>1,846,799.00</u>
Cash Disbursements	A-4	<u>2,063,352.90</u>	<u>209,335.34</u>	<u>6.87</u>	<u>6,951.24</u>	<u>1,847,059.45</u>
Balance, December 31, 2011:						
Due From	A	\$ 351.94	\$	\$ 31.65	\$	\$ 320.29
Due To	A	<u>47,154.22</u>	<u>19,411.83</u>	<u> </u>	<u>27,742.39</u>	<u> </u>

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF RESERVES FOR GRANTS-UNAPPROPRIATED

	<u>REF.</u>		
Balance, December 31, 2010	A	\$	16,911.46
Increased by:			
Cash Receipts	A-4		16,911.00
		\$	<u>33,822.46</u>
Decreased by:			
Applied to Revenue	A-2		<u>16,911.46</u>
Balance, December 31, 2011	A	\$	<u><u>16,911.00</u></u>

TOWNSHIP OF UNION

GRANT FUND

SCHEDULE OF RESERVES FOR GRANTS-UNAPPROPRIATED

	BALANCE DECEMBER 31, 2010	CASH RECEIPTS	APPLIED TO RECEIVABLE	BALANCE DECEMBER 31, 2011
Clean Communities	\$ 18,204.62	\$ 12,423.84	\$ 18,204.62	\$ 12,423.84
Recycling Tonnage Grant	<u>6,527.79</u>	<u>2,641.01</u>	<u>6,527.79</u>	<u>2,641.01</u>
	<u>\$ 24,732.41</u>	<u>\$ 15,064.85</u>	<u>\$ 24,732.41</u>	<u>\$ 15,064.85</u>
<u>REF.</u>	A	A-4	A-19	A

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF 2010 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2010	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES:</u>				
General Administration	\$ 957.91	\$ 957.91	\$ 468.00	\$ 489.91
Financial Administration	22.96	22.96		22.96
Revenue Administration	2,262.08	2,262.08		2,262.08
Engineering Services	4.92	4.92		4.92
Zoning Board of Adjustments	900.04	900.04		900.04
Municipal Prosecutor's Office	0.02	0.02		0.02
Street and Road Maintenance	15,813.29	14,313.29	8,609.08	5,704.21
Solid Waste Collection	3,596.20	3,596.20		3,596.20
Municipal Court	337.80	337.80		337.80
<u>OTHER EXPENSES:</u>				
General Administration	9,611.49	10,986.65	2,551.23	8,435.42
Financial Administration	90.87	90.87		90.87
Audit Services	1,100.00	1,100.00	1,100.00	
Computer Data Processing	1,305.53	1,305.53		1,305.53
Revenue Administration	405.40	405.40		405.40
Assessment of Taxes	2,063.15	2,113.15	50.00	2,063.15
Legal Services and Costs	11,044.11	14,377.36	4,624.39	9,752.97
Engineering Services	8,292.50	8,292.50		8,292.50
Planning Board	10,197.47	10,668.06	658.09	10,009.97
Zoning Board of Adjustments	500.00	500.00		500.00
Unemployment Insurance	446.38	446.38		446.38
Liability Insurance	2,020.00	2,020.00		2,020.00
Worker Compensation Insurance	3,068.02	3,068.02		3,068.02
Office of Emergency Management	89.59	89.59		89.59
Fire Department	476.97	1,776.97	1,742.27	34.70
Street and Road Maintenance	23,909.46	25,850.74	22,472.90	3,377.84
Solid Waste Collection - Sewer Rent	14,901.14	16,680.07	4,624.27	12,055.80
Solid Waste Collection - Other	20,000.00	20,000.00	20,000.00	
Building and Grounds	10,526.90	13,229.21	3,107.59	10,121.62
Public Health Services	220.81	308.94	88.13	220.81
Environmental Health Services	1,436.85	1,436.85	135.00	1,301.85
Animal Control Services	2,200.00	2,200.00		2,200.00
Contribution to Social Services Agencies	2,561.76	2,561.76	1,736.48	825.28
Recreation Services and Programs	1,614.23	3,406.59	2,320.23	1,086.36
Maintenance of Parks	233.74	946.79	473.05	473.74
Electricity	180.75	264.91	84.16	180.75
Street Lighting	5,066.00	5,492.52	4,712.49	780.03
Telephone	2,016.38	2,651.28	754.66	1,896.62
Fuel Oil #2	726.55	726.55		726.55
Gasoline-Diesel Fuel	1,786.94	1,986.94	1,897.93	89.01
Aid to Volunteer Fire Companies	0.20	0.20		0.20
Aid to Volunteer Fire Companies-Adjoining	0.90	0.90		0.90
Social Security System (O.A.S.I.)	14,151.67	14,151.67		14,151.67
Municipal Court	586.50	27,836.50	27,250.00	586.50
Council on Affordable Housing	1.00	1.00		1.00
	<u>\$ 176,728.48</u>	<u>\$ 219,369.12</u>	<u>\$ 109,459.95</u>	<u>\$ 109,909.17</u>

REF.

A

A-4

A-1

Balance, December 31, 2010
Encumbrances Payable

A-13
A-26

\$ 176,728.48
42,640.64
\$ 219,369.12

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2010	A		\$ 18,510.21
2011 Tax Levy:			
County Taxes	A-1:A-7	\$ 2,515,664.70	
County Open Space	A-1:A-7	262,542.86	
County Library	A-1:A-7	212,077.69	
County Share of Added Taxes	A-1:A-7	<u>11,166.27</u>	
			<u>3,001,451.52</u>
			\$ <u>3,019,961.73</u>
Decreased by:			
Cash Disbursements	A-4		<u>3,008,795.46</u>
Balance, December 31, 2011	A		\$ <u><u>11,166.27</u></u>

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

	<u>REF.</u>		
Balance, December 31, 2010:			
School Tax Deferred		\$ 4,655,658.00	
School Tax Payable	A	<u>61,868.52</u>	
			\$ 4,717,526.52
Increased by:			
Levy	A-7		<u>9,354,469.00</u>
			14,071,995.52
Decreased by:			
Cash Disbursements	A-4		<u>9,394,755.96</u>
Balance, December 31, 2011:			
School Tax Deferred		\$ 4,655,658.00	
School Tax Payable	A	<u>21,581.56</u>	
			\$ <u><u>4,677,239.56</u></u>
2011 Liability for Local District School Tax:			
Tax Paid	A-4		\$ 9,394,755.96
Tax Payable, December 31, 2011	A-15		<u>21,581.56</u>
			9,416,337.52
Less:			
Tax Payable, December 31, 2010	A-15		<u>61,868.52</u>
	A-1		\$ <u><u>9,354,469.00</u></u>

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF REGIONAL HIGH SCHOOL TAX

	<u>REF.</u>		
Balance, December 31, 2010:			
School Tax Deferred		\$ 784,638.00	
School Tax Payable	A	<u>1,813,549.69</u>	
			\$ 2,598,187.69
Increased by:			
Levy	A-7		<u>5,087,861.70</u>
			<u>7,686,049.39</u>
Decreased by:			
Cash Disbursements	A-4		<u>5,142,118.62</u>
Balance, December 31, 2011:			
School Tax Deferred		\$ 784,638.00	
School Tax Payable	A	<u>1,759,292.77</u>	
			\$ <u>2,543,930.77</u>
2011 Liability for Local District School Tax:			
Tax Paid	A-4		\$ 5,142,118.62
Tax Payable, December 31, 2011	A-16		<u>1,759,292.77</u>
			<u>6,901,411.39</u>
Less:			
Tax Payable, December 31, 2010	A-16		<u>1,813,549.69</u>
	A-1		\$ <u>5,087,861.70</u>

"A-17"

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2010 (2011 Taxes)	A	\$	99,360.65
Increased by:			
Collection of 2012 Taxes	A-5		110,288.19
		\$	<u>209,648.84</u>
Decreased by:			
Application to 2011 Taxes Receivable	A-7		<u>99,360.65</u>
Balance, December 31, 2011 (2012 Taxes)	A	\$	<u><u>110,288.19</u></u>

"A-18"

SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2010	A	\$	41,600.74
Increased by:			
Cash Receipts	A-5		3,847.80
		\$	<u>45,448.54</u>
Decreased by:			
Cash Disbursements	A-4	\$	13,333.40
Applied	A-7		<u>29,208.06</u>
			<u>42,541.46</u>
Balance, December 31, 2011	A	\$	<u><u>2,907.08</u></u>

TOWNSHIP OF UNION

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER <u>31, 2010</u>	ACCRUED 2011 <u>BUDGET</u>	CASH <u>RECEIPTS</u>	UNAPPROPRIATED <u>APPLIED</u>	BALANCE DECEMBER <u>31, 2011</u>
Clean Communities Program	\$	\$ 18,204.62	\$	\$ 18,204.62	\$
NJDOT-Perryville Road	110,000.00		82,500.00		27,500.00
NJHWP&PC- Initial Assessment	135.16				135.16
NJHWP&PC- Plan Conformance	75,639.39		73,477.59		2,161.80
Recycling Tonnage Grant		<u>6,527.79</u>		<u>6,527.79</u>	
	<u>\$ 185,774.55</u>	<u>\$ 24,732.41</u>	<u>\$ 155,977.59</u>	<u>\$ 24,732.41</u>	<u>\$ 29,796.96</u>
<u>REF.</u>	A	A-2	A-4	A-12	A

TOWNSHIP OF UNION

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

	BALANCE DECEMBER 31, 2010	2011 BUDGET APPROPRIATIONS	CASH DISBURSEMENTS	ENCUMBRANCES PAYABLE	BALANCE DECEMBER 31, 2011
Clean Communities Program	\$ 11,373.98	\$ 18,204.62	\$ 16,091.58	\$ 645.00	\$ 12,842.02
Smart Growth Planning	10,000.00				10,000.00
Recycling Tonnage Grant		6,527.79	1,900.00	876.70	3,751.09
Anheuser Busch - Environmental Commission	350.00				350.00
NJDOT-Perryville Road	110,000.00		110,000.00		
Municipal Stormwater Regulation Grant	2,808.00				2,808.00
NJHWP&PC- Initial Assessment	8,575.50		7,864.84		710.66
NJHWP&PC- Plan Conformance	75,639.39		73,478.92		2,160.47
	<u>\$ 218,746.87</u>	<u>\$ 24,732.41</u>	<u>\$ 209,335.34</u>	<u>\$ 1,521.70</u>	<u>\$ 32,622.24</u>
<u>REF.</u>		A-3	A-4	A-23	A
Balance, December 31, 2010	A \$ 137,403.11				
Encumbrances Payable	A-23 <u>81,343.76</u>				
	<u>\$ 218,746.87</u>				

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS RESERVES

	BALANCE DECEMBER 31, 2010	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE DECEMBER 31, 2011
Off Tract Improvements	\$ 12,000.00	\$	\$	\$ 12,000.00
Outside Liens		258,232.85	258,232.85	
	<u>\$ 12,000.00</u>	<u>\$ 258,232.85</u>	<u>\$ 258,232.85</u>	<u>\$ 12,000.00</u>
<u>REF.</u>	A	A-5	A-4	A

TOWNSHIP OF UNION
CURRENT FUND
SCHEDULE OF PETTY CASH

	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>
Township Clerk	\$ <u>100.00</u>	\$ <u>100.00</u>
	\$ <u>100.00</u>	\$ <u>100.00</u>
<u>REF.</u>	A-4	A-4

"A-23"

TOWNSHIP OF UNION

GRANT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2010	A	\$ 81,343.76
Increased by:		
Transfer from Grants Appropriated	A-20	1,521.70
		<u>\$ 82,865.46</u>
Decreased by:		
Transfer to Grants Appropriated	A-20	81,343.76
		<u>81,343.76</u>
Balance, December 31, 2011	A	<u><u>\$ 1,521.70</u></u>

"A-24"

SCHEDULE OF DUE CURRENT FUND - GRANT FUND

Balance, December 31, 2010 (Due From)	A	\$ (57,704.73)
Increased by:		
Cash Receipts	A-4	209,335.34
		<u>\$ 151,630.61</u>
Decreased by:		
Cash Disbursements	A-4	171,042.44
		<u>171,042.44</u>
Balance, December 31, 2011 (Due From)	A	<u><u>\$ (19,411.83)</u></u>

"A-25"

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

	<u>REF.</u>		
Increased by:			
2011 Tax Levy	A-1:A-7	\$	137,566.17
Decreased by:			
Cash Disbursements	A-4	\$	<u>137,566.17</u>

"A-26"

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance, December 31, 2010	A	\$	42,640.64
Increased by:			
Transferred from 2011 Appropriations	A-3		<u>35,130.45</u>
		\$	<u>77,771.09</u>
Decreased by:			
Transferred to 2010 Appropriation Reserves	A-13		<u>42,640.64</u>
Balance, December 31, 2011	A	\$	<u>35,130.45</u>

TOWNSHIP OF UNION

TRUST FUND

SCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>ANIMAL CONTROL</u>	<u>TRUST OTHER</u>
Balance, December 31, 2010	B	\$ 9,021.33	\$ 1,670,120.75
Increased by Receipts:			
Dog License Fees	B-2	\$ 6,781.60	\$
Due From State of New Jersey	B-3	840.60	
Various Reserves and Deposits	B-5		890,521.60
Due Current Fund	B-6	<u>6.87</u>	<u>6,961.71</u>
		\$ <u>7,629.07</u>	<u>897,483.31</u>
		\$ 16,650.40	\$ 2,567,604.06
Decreased by Disbursements:			
Expenditures Under R.S.4:19-15.11	B-2	\$ 2,883.00	\$
Due From State of New Jersey	B-3	840.60	
Accounts Payable	B	471.00	
Various Reserves and Deposits	B-5		903,288.99
Due Current Fund	B-6	<u>4,194.60</u>	<u>36,241.32</u>
		<u>4,194.60</u>	<u>939,530.31</u>
Balance, December 31, 2011	B	\$ <u><u>12,455.80</u></u>	\$ <u><u>1,628,073.75</u></u>

TOWNSHIP OF UNION

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	8,525.55
Increased by:			
License Fees Collected	B-1		6,781.60
		\$	<u>15,307.15</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11:			
Cash Disbursements	B-1	\$	2,883.00
Accounts Payable	B		<u>335.00</u>
			<u>3,218.00</u>
Balance, December 31, 2011	B	\$	<u><u>12,089.15</u></u>

<u>LICENSE FEES COLLECTED</u>		
<u>YEAR</u>		<u>AMOUNT</u>
2009	\$	6,717.70
2010		<u>5,520.00</u>
	\$	<u><u>12,237.70</u></u>

SCHEDULE OF DUE STATE OF NEW JERSEY -
ANIMAL CONTROL FUND

Increased by:			
Cash Receipts	B-1	\$	840.60
Decreased by:			
Cash Disbursements	B-1	\$	<u><u>840.60</u></u>

TOWNSHIP OF UNION

TRUST FUND

SCHEDULE OF ENCUMBRANCES PAYABLE
TRUST OTHER FUND

REF.

Balance, December 31, 2010	B	\$	34,427.91
Increased by:			
Transfer from Reserves and Deposits	B-5		<u>22,981.66</u>
		\$	<u>57,409.57</u>
Decreased by:			
Transfer to Reserves and Deposits	B-5		<u>34,427.91</u>
Balance, December 31, 2011	B	\$	<u><u>22,981.66</u></u>

TOWNSHIP OF UNION

TRUST FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

	BALANCE DECEMBER 31, 2010	CASH RECEIPTS	CASH DISBURSED	ENCUMBERED	BALANCE DECEMBER 31, 2011
Driveway Deposits	\$ 34,135.27	\$ 2,150.00	\$ 10,556.80	\$	\$ 25,728.47
Escrow Deposits	399,973.74	68,111.60	44,895.25	361.25	422,828.84
Land Use Deposits	81,843.94	97,112.23	84,796.31	12,695.41	81,464.45
C.O.A.H. Deposits	676,910.51	12,707.17	3,799.75	8,525.00	677,292.93
Unemployment Compensation	25,559.13	1,075.65	10,880.00		15,754.78
Performance Bond Deposits	373,261.51	27,361.34	92,394.05		308,228.80
Public Events	2,713.26				2,713.26
Open Space	66,570.64	137,692.26	112,994.31	1,400.00	89,868.59
Payroll Agency	3,317.53	542,597.85	542,972.52		2,942.86
Public Defender	4,298.00	1,713.50			6,011.50
	<u>\$ 1,668,583.53</u>	<u>\$ 890,521.60</u>	<u>\$ 903,288.99</u>	<u>\$ 22,981.66</u>	<u>\$ 1,632,834.48</u>
	<u>REF.</u>	B-1	B-1	B-4	B
Balance, December 31, 2011	B \$ 1,634,155.62				
Encumbrances Payable	B-4 <u>34,427.91</u>				
	<u>\$ 1,668,583.53</u>				

TOWNSHIP OF UNION

TRUST FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	<u>TOTAL</u>	<u>ANIMAL CONTROL FUND</u>	<u>TRUST OTHER FUND</u>
Balance, December 31, 2010:				
Due To	B	\$ <u>1,562.00</u>	\$ <u>24.78</u>	\$ <u>1,537.22</u>
Increased by:				
Cash Receipts	B-1	<u>6,968.58</u>	<u>6.87</u>	<u>6,961.71</u>
		\$ <u>8,530.58</u>	\$ <u>31.65</u>	\$ <u>8,498.93</u>
Decreased by:				
Cash Disbursements	B-1	<u>36,241.32</u>		<u>36,241.32</u>
Balance, December 31, 2011:				
Due From	B	\$ <u>27,742.39</u>		\$ <u>27,742.39</u>
Due To	B	<u>31.65</u>	<u>31.65</u>	

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2010	C		\$ 1,851,824.08
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-8	\$ 125,000.00	
Off-site Improvements	C-7	35,939.00	
Grants Receivable	C-10	16,214.59	
Due Current Fund	C-9	1,847,059.45	
Bond Anticipation Notes	C-13	1,568,756.00	
Reserve for Debt Service	C-14	<u>102,999.15</u>	
			<u>3,695,968.19</u>
			\$ <u>5,547,792.27</u>
Decreased by Disbursements:			
Contracts Payable	C-6	\$ 185,444.96	
Bond Anticipation Notes	C-13	1,568,756.00	
Fund Balance	C-1	35,000.00	
Reserve for Debt Service	C-14	311,000.00	
Due Current Fund	C-9	<u>1,846,799.00</u>	
			<u>3,946,999.96</u>
Balance, December 31, 2011	C:C-3		\$ <u><u>1,600,792.31</u></u>

"C-3"

TOWNSHIP OF UNION
GENERAL CAPITAL FUND
ANALYSIS OF CASH

BALANCE
DECEMBER
31, 2011

Capital Improvement Fund	\$	507,547.74
Fund Balance		42,817.26
Contracts Payable		3,421.49
Reserve for Debt Services		984,180.60
Unexpended Proceeds of Bond Anticipation Notes on "C-5"		16,000.58
Cash on Hand to Pay Notes		0.95
Improvement Authorizations:		
Funded Improvements Listed on "C-7"		200,685.14
Due Current Fund		320.29
Grants Receivable		<u>(154,181.74)</u>
	\$	<u>1,600,792.31</u>

REF.

C:C-2

"C-4"

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2010	C		\$	5,832,721.34
Decreased by:				
2011 Budget Appropriation to Pay:				
Bond Principal	C-12	\$	230,000.00	
Loan Principal	C-11		<u>94,210.09</u>	
				<u>324,210.09</u>
Balance, December 31, 2011	C		\$	<u>5,508,511.25</u>

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

<u>ORDINANCE NUMBER</u>		<u>BALANCE DECEMBER 31, 2011</u>	<u>ANALYSIS OF BALANCE DECEMBER 31, 2011</u>	
			<u>BOND ANTICIPATION NOTES</u>	<u>UNEXPENDED BALANCE</u>
	General Improvements:			
05-11	Purchase of Real Property - Milligan	\$ 795,341.05	\$ 795,341.05	\$
00-15	Purchase of Real Property - Geiler	409,238.00	409,238.00	
00-16	Purchase of Real Property - Manzaone	274,176.00	274,176.00	
03-16	Purchase of Fire Engine	90,000.00	90,000.00	
		<u>\$ 1,568,755.05</u>	<u>\$ 1,568,755.05</u>	<u>\$</u>
	<u>REF.</u>	<u>C</u>		
	Bond Anticipation Notes		\$ 1,568,756.00	
	Cash on Hand - Ord. 05-11		<u>0.95</u>	
			<u>\$ 1,568,755.05</u>	
	Improvement Authorizations - Unfunded	C-7		\$ 16,000.58
	Unexpended Proceeds of Bond Anticipation Notes	C-3		<u>\$ 16,000.58</u>

"C-6"

TOWNSHIP OF UNION
GENERAL CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2010	C	\$	3,421.49
Increased by:			
Contracts Issued	C-7		185,444.96
		\$	<u>188,866.45</u>
Decreased by:			
Cash Disbursements	C-2		<u>185,444.96</u>
Balance, December 31, 2011	C	\$	<u><u>3,421.49</u></u>

TOWNSHIP OF UNION
 GENERAL CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE DECEMBER 31, 2010		2011 AUTHORIZATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2011	
				FUNDED	UNFUNDED			FUNDED	UNFUNDED
2003-16	Purchase of Fire Engine	11/05/03	\$ 360,000.00	\$	\$ 3,317.33	\$	\$ 1,000.00	\$	\$ 2,317.33
2004-02	Purchase of Park Maintenance Building	06/16/04	35,000.00		937.00				937.00
2004-06	Installation of Backstop/Fencing	08/18/04	12,500.00		1,230.00				1,230.00
2005-02	Digital Recording System	02/16/05	12,000.00		2,789.00		161.61		2,627.39
2005-06	Perryville Road Improvement	05/18/05	291,250.00		3,067.34				3,067.34
2005-08	Construction of Pavilion	10/19/05	100,000.00		2,580.00				2,580.00
2005-11	Purchase of Land - Milligan Tract	11/02/05	10,655,959.00				1,183.52		13,683.25
2007-02	Watershed Protection Plan	03/07/07	237,362.00		53,565.23				53,565.23
2007-06	Purchase of a Utility Truck	06/06/07	70,000.00		1,734.04				1,734.04
2008-03	Van Syckels Road Improvement	04/16/08	190,000.00		84,997.22				84,997.22
2010-03	Purchase of Computer Equip./Server	05/19/10	7,000.00		282.00				282.00
2010-04	Purchase of Supplies - Gano Road Imp.	06/16/10	4,000.00		4,000.00				4,000.00
2010-06	Farmland Preservation - Bl 30 Lot 28	09/15/10	126,720.00		126,720.00		117,875.34		8,844.66
2010-08	Engineering Soft Costs - Perryville Road	12/01/10	40,000.00		38,605.75		31,521.44		7,084.31
2011-09	Off Tract Improvements	06/15/11	35,939.00			35,939.00	24,103.05		11,835.95
2011-16	Municipal Building HVAC	12/07/11	27,500.00			27,500.00	9,600.00		17,900.00
				\$	\$ 320,507.58	\$	\$ 185,444.96	\$	\$ 200,685.14
					\$ 18,184.10				\$ 16,000.58
		REF.		C	C		C-6	C:C-3	C:C-5
	Reserves	C-2				\$ 35,939.00			
	Capital Improvement Fund	C-8				27,500.00			
						\$ 63,439.00			

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2010	C	\$ 410,047.74
Increased by:		
2012 Budget Appropriation	C-2	<u>125,000.00</u>
		\$ <u>535,047.74</u>
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-7	<u>27,500.00</u>
Balance, December 31, 2011	C	\$ <u><u>507,547.74</u></u>

"C-9"

TOWNSHIP OF UNION
GENERAL CAPITAL FUND
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2010	C	\$ 59.84
Increased by:		
Cash Receipts	C-2	1,847,059.45
		\$ <u>1,847,119.29</u>
Decreased by:		
Cash Disbursements	C-2	<u>1,846,799.00</u>
Balance, December 31, 2011	C	\$ <u><u>320.29</u></u>

"C-10"

SCHEDULE OF GRANTS RECEIVABLE

Balance, December 31, 2010	C	\$ 170,396.33
Decreased by:		
Cash Receipts	C-2	<u>16,214.59</u>
Balance, December 31, 2011	C	\$ <u><u>154,181.74</u></u>

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

SCHEDULE OF GREEN TRUST LOANS PAYABLE

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2011</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2011</u>							
			<u>DATE</u>	<u>AMOUNT</u>											
Saxton Property	10/29/1999	\$ 1,000,724.34	2012	\$ 56,135.04	2.00%	\$ 440,694.22	\$ 55,028.96	\$ 385,665.26							
			2013	57,263.35											
			2014	58,414.34											
			2015	59,588.48											
			2016	60,786.20											
			2017	62,008.01											
			2018	31,469.84											
Hoffman Property	12/17/2003	747,300.00	2012	39,968.67	2.00%	<u>477,027.12</u>	<u>39,181.13</u>	<u>437,845.99</u>							
			2013	40,772.05											
			2014	41,591.56											
			2015	42,427.56											
			2016	43,280.35											
			2017	44,150.29											
			2018	45,037.71											
			2019	45,942.96											
			2020	46,866.41											
			2021	47,808.43											
									<u>\$ 917,721.34</u>	<u>\$ 94,210.09</u>	<u>\$ 823,511.25</u>				
			<u>REF.</u>						C	C-4	C				

TOWNSHIP OF UNION
 GENERAL CAPITAL FUND
 SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2011		INTEREST RATE	BALANCE DECEMBER 31, 2010	DECREASED	BALANCE DECEMBER 31, 2011
			DATE	AMOUNT				
Farm Preservation and Open Space	12/11/01	\$ 6,000,000.00	11/15/12	\$ 235,000.00	4.50%	\$ 630,000.00	\$ 230,000.00	\$ 400,000.00
			11/15/13	165,000.00				
Farm Preservation and Open Space	04/06/2006	4,285,000.00	11/15/12	10,000.00	4.5% to 5.0%	4,285,000.00		4,285,000.00
			11/15/13	90,000.00				
			11/15/14	265,000.00				
			11/15/15	285,000.00				
			11/15/16	295,000.00				
			11/15/17	310,000.00				
			11/15/18	320,000.00				
			11/15/19	335,000.00				
			11/15/20	350,000.00				
			11/15/21	345,000.00				
			11/15/22	340,000.00				
			11/15/23	340,000.00				
			11/15/24	335,000.00				
			11/15/25	335,000.00				
			11/15/26	330,000.00				
						\$ 4,915,000.00	\$ 230,000.00	\$ 4,685,000.00

REF. C C-4 C

TOWNSHIP OF UNION
 GENERAL CAPITAL FUND
 SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2011</u>
2005-11	Purchase Real Property	01/12/2006	06/08/10	06/07/11	2.00%	\$ 1,034,523.00	\$	\$ 1,034,523.00	\$
			06/07/11	06/05/12	1.71%		795,342.00		795,342.00
2000-15	Acquisition of Real Property	01/11/2007	06/08/10	06/07/11	2.00%	414,492.00		414,492.00	
			06/07/11	06/05/12	1.71%		409,238.00		409,238.00
2000-16	Acquisition of Development Interest	01/11/2007	06/08/10	06/07/11	2.00%	277,784.00		277,784.00	
			06/07/11	06/05/12	1.71%		274,176.00		274,176.00
2003-16	Purchase of Fire Truck	09/15/2004	06/08/10	06/07/11	2.00%	120,000.00		120,000.00	
			06/07/11	06/05/12	1.71%		90,000.00		90,000.00
						<u>\$ 1,846,799.00</u>	<u>\$ 1,568,756.00</u>	<u>\$ 1,846,799.00</u>	<u>\$ 1,568,756.00</u>
					<u>REF.</u>	C	C-2		C:C-5
	Notes Paid by Budget Disbursements				C-2			\$ 278,043.00	
								<u>1,568,756.00</u>	
								<u>\$ 1,846,799.00</u>	

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR DEBT SERVICE

	<u>REF.</u>	
Balance, December 31, 2010	C	\$ 1,192,181.45
Increased by:		
Cash Receipts	C-2	<u>102,999.15</u>
		\$ <u>1,295,180.60</u>
Decreased by:		
Transferred to Current Fund as Anticipated Revenue	C-2	<u>311,000.00</u>
Balance, December 31, 2011	C	\$ <u><u>984,180.60</u></u>

TOWNSHIP OF UNION

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

	<u>REF.</u>	<u>P.A.T.F.</u> <u>ACCOUNT I</u>	<u>FUND</u> <u>TOTAL</u>
Balance, December 31, 2010	E	\$ 1,452.61	\$ 1,452.61
Increased by Receipts:			
Interest Earned	E-4	<u>1.11</u>	<u>1.11</u>
Balance, December 31, 2011	E	<u>\$ 1,453.72</u>	<u>\$ 1,453.72</u>

TOWNSHIP OF UNION

PUBLIC ASSISTANCE TRUST FUND

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

	<u>REF.</u>		
Balance, December 31, 2011	E	\$	1,453.72
Increased by:			
Cash Receipts Record			<u>0.15</u>
Balance March 31, 2012		\$	<u><u>1,453.87</u></u>

RECONCILIATION-MARCH 31, 2012

	<u>P.A.T.F.</u>		<u>TOTAL</u>
	<u>ACCOUNT #1</u>		
Balance on Deposit per Statement:			
PNC Bank			
Account #81-3010-9633	\$	1,000.05	\$ 1,000.05
Account #80-2553-3862		<u>453.82</u>	<u>453.82</u>
Balance March 31, 2012	\$	<u><u>1,453.87</u></u>	\$ <u><u>1,453.87</u></u>

TOWNSHIP OF UNION

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION
AS OF DECEMBER 31, 2011

	<u>REF.</u>		
Balance, December 31, 2010	E-1	\$	1,452.61
Increased by:			
Cash Receipts	E-4		<u>1.11</u>
Balance, December 31, 2011	E-1	\$	<u><u>1,453.72</u></u>

RECONCILIATION-DECEMBER 31, 2011

	<u>P.A.T.F.</u>		<u>TOTAL</u>
	<u>ACCOUNT #1</u>		
Balance on Deposit per Statement:			
PNC Bank			
Account #81-3010-9633	\$	1,000.05	\$ 1,000.05
Account #80-2553-3862		<u>453.67</u>	<u>453.67</u>
Balance, December 31, 2011	\$	<u><u>1,453.72</u></u>	\$ <u><u>1,453.72</u></u>

TOWNSHIP OF UNION
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF PUBLIC ASSISTANCE REVENUES

	<u>REF.</u>	<u>P.A.T.F.</u> <u>ACCOUNT #1</u>	<u>FUND</u> <u>TOTAL</u>
Interest Earned		\$ <u>1.11</u>	\$ <u>1.11</u>
<u>TOTAL RECEIPTS</u>	E-1	\$ <u><u>1.11</u></u>	\$ <u><u>1.11</u></u>

TOWNSHIP OF UNION

PART II

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

SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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E-mail info@scnco.com

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

The Honorable Mayor and Members
of the Township Committee
Township of Union
County of Hunterdon
Hampton, New Jersey 08827

We have audited the accompanying financial statements - regulatory basis of the Township of Union, County of Hunterdon, New Jersey as of and for the year ended December 31, 2011, and have issued our report thereon dated April 25, 2012. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Union prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. generally accepted auditing standards, audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY

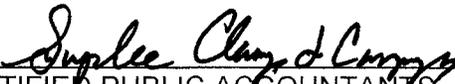
A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies,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

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

Compliance and Other Matters

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

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



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

April 25, 2012

TOWNSHIP OF UNION

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2011

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2011 RECEIVED	2011 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2011
		FROM	TO				
<u>Department of Environmental Protection</u>							
Clean Communities Program	4900-752-042-4900-004-V42Y-6020	01/01/08	12/31/08	\$ 8,371.72	\$	3,002.26	\$ 8,371.72
Clean Communities Program	4900-752-042-4900-004-V42Y-6020	01/01/09	12/31/09	8,371.72		8,371.72	8,371.72
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	1/1/11	12/31/11	18,204.62		5,362.60	5,362.60
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	Unappropriated		12,423.84	12,423.84		
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	1/1/11	12/31/11	6,527.79		2,776.70	2,776.70
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Unappropriated		2,641.01	2,641.01		
Highlands-Initial Assessment	09-100-082-2078-033	01/01/09	12/31/09	19,000.00			18,289.34
Highlands-Plan Conformance	09-100-082-2078-033	01/01/09	12/31/09	100,000.00	73,477.59		97,839.53
Sidney Brook	4801-100-042-4801-442-VB78-6120	2007	Open	237,362.00	16,214.59	16,214.59	179,570.28
Municipal Stormwater Grant	05-100-042-4850-118-WQ04-281	01/01/05	12/31/05	5,000.00			2,192.00
				\$	<u>104,757.03</u>	\$ <u>35,727.87</u>	\$ <u>322,773.89</u>
20 Van Syckles Road	6320-480-078-6320-AJ3-TCAP-6010	01/01/08	12/31/08	150,000.00	\$	\$	99,619.18
Perryville Road	6320-480-078-6320-AKN-TCAP-6010	2010	Open	110,000.00	82,500.00	110,000.00	110,000.00
Van Syckles Road - East Section 2		2002	Open	188,000.00			141,990.80
				\$	<u>82,500.00</u>	\$ <u>110,000.00</u>	\$ <u>351,609.98</u>
<u>Department of Community Affairs</u>							
Smart Growth	02-1736-00	01/01/06	12/31/06	10,000.00	\$	\$	
				\$	<u>187,257.03</u>	\$ <u>145,727.87</u>	\$ <u>674,383.87</u>

TOWNSHIP OF UNION

NOTES TO THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2011

NOTE 1. GENERAL

The accompanying schedule of expenditures of state financial assistance present the activity of all state financial awards of the Township of Union, County of Hunterdon, New Jersey. All state financial awards received directly from state agencies, as well as state financial awards passed through other government agencies is included on the Schedule of Expenditures of State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

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

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

Revenues:

	<u>State</u>	<u>Total</u>
Grant Fund	\$ 171,042.44	\$ 171,042.44
General Capital Fund	<u>16,214.59</u>	<u>16,214.59</u>
	<u>\$ 187,257.03</u>	<u>\$ 187,257.03</u>

Expenditures:

	<u>State</u>	<u>Total</u>
Grant Fund	\$ 129,513.28	\$ 129,513.28
General Capital Fund	<u>16,214.59</u>	<u>16,214.59</u>
	<u>\$ 145,727.87</u>	<u>\$ 145,727.87</u>

NOTE 5. OTHER

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

PART III

TOWNSHIP OF UNION

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

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

	<u>YEAR 2011</u>		<u>YEAR 2010</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 517,000.00	2.48	\$ 768,000.00	3.56
Miscellaneous-From Other Than Local				
Property Tax Levies	1,294,090.01	6.22	1,647,009.98	7.64
Collection of Delinquent Taxes and				
Tax Title Liens	357,613.09	1.72	282,503.21	1.31
Collection of Current Tax Levy	<u>18,642,163.78</u>	<u>89.58</u>	<u>18,855,016.87</u>	<u>87.48</u>
<u>TOTAL INCOME</u>	<u>\$ 20,810,866.88</u>	<u>100.00 %</u>	<u>\$ 21,552,530.06</u>	<u>100.00 %</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 2,848,750.12	13.94	\$ 3,341,635.45	15.94
County Taxes	3,001,451.52	14.69	3,196,528.30	15.24
School Taxes	14,442,330.70	70.68	14,281,423.57	68.11
Other	<u>141,380.33</u>	<u>0.69</u>	<u>148,955.55</u>	<u>0.71</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 20,433,912.67</u>	<u>100.00 %</u>	<u>\$ 20,968,542.87</u>	<u>100.00 %</u>
Excess in Revenue	\$ 376,954.21		\$ 583,987.19	
Fund Balance, January 1	<u>636,915.62</u>		<u>820,928.43</u>	
	\$ 1,013,869.83		\$ 1,404,915.62	
Less: Utilization as Anticipated Revenue	<u>517,000.00</u>		<u>768,000.00</u>	
Fund Balance, December 31	<u>\$ 496,869.83</u>		<u>\$ 636,915.62</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	<u>\$2.769</u>	<u>\$2.770</u>	<u>\$2.768</u>
Appointment of Tax Rate:			
Municipal	\$0.204	\$0.193	\$0.179
Municipal Open Space	0.020	0.020	0.020
County	0.368	0.384	0.418
County Open Space	0.039	0.040	0.044
County Library	0.031	0.033	0.036
Local District School	1.365	1.354	1.330
Regional High School	<u>0.742</u>	<u>0.746</u>	<u>0.741</u>

Assessed Valuation:

2011	<u>\$685,208,637.00</u>		
2010		<u>\$696,905,822.00</u>	
2009			<u>\$696,712,196.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CASH COLLECTIONS</u>	<u>CURRENTLY</u> <u>PERCENTAGE OF COLLECTION</u>
2011	\$19,059,250.01	\$18,642,163.78	97.81%
2010	\$19,413,460.04	\$18,855,016.87	97.12%
2009	\$19,364,903.86	\$19,012,814.44	98.18%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2011	\$35,907.31	\$399,469.74	\$435,377.05	2.28%
2010	\$34,306.83	\$376,875.67	\$411,182.50	2.12%
2009	\$32,705.77	\$301,046.96	\$333,752.73	1.72%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2011 by foreclosure or deed, as a result of liquidation of tax title liens.

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE 12/31/2011</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2011	\$ 496,869.83	\$ 425,000.00 *
	2010	636,915.62	517,000.00
	2009	820,928.43	768,000.00
	2008	934,821.98	898,000.00
	2007	1,044,789.19	955,475.00

*Per introduced budget

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF SURETY</u>
William Bischoff	Mayor	*	
Frank Mazza	Deputy Mayor	*	
Patricia Dziubek	Committewoman	*	
Michelle McBride	Committewoman	*	
Matt Severino	Committeeman	*	
Grace Brennan	Chief Financial Officer	\$1,000,000.00	Municipal Excess J.I.F.
Alice Anne Pareti	Tax Collector	\$1,000,000.00	Municipal Excess J.I.F.
Ella Malecki-Ruta	Township Clerk	\$1,000,000.00	Municipal Excess J.I.F.
Robert Vance	Tax Assessor	*	
J. Peter Jost	Township Attorney		

* There is a Blanket Bond provided by Public Alliance Insurance Coverage Joint Insurance Fund in the amount of \$1,000,000.00. This bond covers employees , volunteers, non-compensated officials and officers other than those specifically bonded.

All bonds were examined and were properly executed.

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GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

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

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

Effective July 1, 2010, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$26,000.00.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed \$26,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute the Solicitor's opinion should be sought before a commitment is made.

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

Perryville Road

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed. Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$26,000.00 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The minutes indicate that resolution authorizing contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 was advertised during 2011 for the following professional services:

Township Auditor
Township Engineer
Township Attorney
Planning Consultant
Environmental Consultant
Bond Counsel

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 non-payment of taxes or assessments on or before the date when they would become delinquent.

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

BE IT RESOLVED that pursuant to N.J.S.A. 50:4-67, the Township Committee of the Township of Union, County of Hunterdon, and State of New Jersey, hereby fixes the rate of interest to be charged on all delinquent taxes for the year 2011 at the rate of 8% (eight percent) per annum on the first one thousand five hundred (\$1,500.00) dollars of delinquency and 18% (eighteen percent) per annum on any amount in excess of one thousand five hundred dollars of delinquency.

BE IT FURTHER RESOLVED, that notwithstanding the above provision, no interest shall be charge if payment of any installment is made within ten (10) days after the date upon which the same become payable according to the laws in such cases made and provided. If such payment is not made within ten (10) days grace period, the above rate of interest shall run and accrue from the original due date of such taxes.

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

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on October 4, 2011 and was complete.

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

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2011	4
2010	4
2009	4

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

CONFIRMATION OF DELINQUENT TAXES
AND OTHER CHARGES

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

<u>TYPE</u>	<u>NUMBER</u>
Delinquent Tax Positive Confirmation	15
Information Tax Current Positive Confirmation	25

OTHER COMMENTS

Interfunds

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

It is the Township's policy to review and liquidate all interfund balances on a periodic basis.

Purchasing

Our review of cash disbursements noted that several vouchers were processed after products or services were received.

RECOMMENDATIONS

*That all vouchers presented for payment be recorded prior to the receipt of goods or services.

*Unresolved 2010 Audit Recommendation



