

**REPORT OF AUDIT**  
**TOWNSHIP OF MANSFIELD**  
**COUNTY OF WARREN**  
**DECEMBER 31, 2011**

TOWNSHIP OF MANSFIELD, N.J.  
DECEMBER 31, 2011

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**TOWNSHIP OF MANSFIELD**

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**PART I**

**REPORT OF AUDIT ON FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2011**

# **Ferraioli, Wielkottz, Cerullo & Cuva, P.A.**

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkottz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

## INDEPENDENT AUDITOR'S REPORT

June 26, 2012

The Honorable Mayor and  
Members of the Township Committee  
Township of Mansfield  
100 Port Murray Road  
Port Murray, N.J. 07865

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Mansfield in the County of Warren, as of and for the years ended December 31, 2011 and 2010, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2011. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed below, we conducted our audits in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared in conformity with accounting practices prescribed or permitted 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 practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.



The Honorable Mayor and  
Members of the Township Committee  
June 26, 2012  
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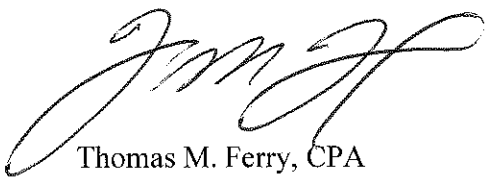
In our opinion, because of the Township of Mansfield's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Mansfield, New Jersey as of December 31, 2011 and 2010 or the results of its operation for the years then ended.

The Township of Mansfield did not update its fixed assets during the years ended December 31, 2011 as required by Technical Accounting Directive 85-2, "Accounting for Government Fixed Assets" and New Jersey Administrative Code 5:30-5.6, "Accounting for Government Fixed Assets." Therefore, we are unable to express an opinion as the general fixed assets account group as of December 31, 2011, stated as \$5,804,892.17.

However, in our opinion, except for not updating fixed assets annually, the financial statements referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Township of Mansfield, New Jersey at December 31, 2011 and 2010, and the results of its operations and the changes in fund balance - regulatory basis of such funds for the years then ended and the statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with the Government Auditing Standards, we have also issued a report dated June 26, 2012 on our consideration of the Township of Mansfield, New Jersey internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township of Mansfield, State of New Jersey, taken as a whole. The accompanying supplementary information, schedules and exhibits listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Mansfield, State of New Jersey. Such information has been subject to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects, in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.



Thomas M. Ferry, CPA  
Registered Municipal Accountant  
No. 497

*Ferraioli, Wielkutz, Cerullo, & Cuva, P.A.*

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants



## Township of Mansfield, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	1,234,319.17	730,308.66
Change Fund	A-5	350.00	350.00
		<u>1,234,669.17</u>	<u>730,658.66</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-6	393,544.09	464,077.69
Tax Title Liens Receivable	A-7	506,123.27	444,803.98
Property Acquired for Taxes -			
Assessed Valuation	A-8	1,447,600.00	1,447,600.00
Revenue Accounts Receivable	A-9	5,793.78	10,141.16
Interfund Receivables:			
Federal and State Grant Fund	A-11		89,563.59
Animal Control Trust Fund	A-11	180.40	2,338.19
Other Trust Fund	A-11		36,452.99
		<u>2,353,241.54</u>	<u>2,494,977.60</u>
Deferred Charges:			
Emergency Authorization	A-13	44,816.30	
		<u>3,632,727.01</u>	<u>3,225,636.26</u>
Federal and State Grant Fund:			
Interfund - Current Fund	A-21	15,468.20	
Grants Receivable	A-22	137,393.01	211,567.60
		<u>152,861.21</u>	<u>211,567.60</u>
		<u>3,785,588.22</u>	<u>3,437,203.86</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.



## Township of Mansfield, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3;A-12	339,947.23	71,343.09
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-10	1,239.65	1,489.65
Interfund Payable:			
Federal & State Grant Fund	A-11	15,468.20	
General Capital	A-11	165,096.65	95,083.00
Other Trust	A-11	52,659.01	
Tax Overpayments	A-14	250.00	
Due to State of New Jersey:			
Marriage Surcharge	A-14	150.00	
Reserve for:			
Verizon Franchise Fee	A-14	20,931.61	
Outside Redemption	A-14	1,877.00	
Garden State Preservation Trust Fund	A-14	25,077.00	25,077.00
Encumbrances Payable	A-15	48,595.37	83,163.71
Prepaid Taxes	A-16	146,884.42	104,572.82
County Taxes Payable	A-17	1,023.78	2,659.53
Local District School Taxes Payable	A-19	127,519.60	69,025.08
Regional High School Taxes Payable	A-20	22,192.22	
		<u>968,911.74</u>	<u>452,413.88</u>
Reserve for Receivables	Contra	2,353,241.54	2,494,977.60
Fund Balance	A-1	310,573.73	278,244.78
		<u>3,632,727.01</u>	<u>3,225,636.26</u>
Federal and State Grant Fund:			
Interfund Payable - Current Fund	A-21		89,563.59
Appropriated Reserve for Grants	A-23	141,558.77	115,327.48
Unappropriated Reserve for Grants	A-24	11,302.44	6,676.53
		<u>152,861.21</u>	<u>211,567.60</u>
		<u>3,785,588.22</u>	<u>3,437,203.86</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Township of Mansfield, N.J.

## Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

## Current Fund

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	187,000.00	185,000.00
Miscellaneous Revenue Anticipated	A-2	1,592,898.70	1,816,078.61
Receipts from Delinquent Taxes	A-2	468,237.60	470,636.19
Receipts from Current Taxes	A-2	19,516,406.41	19,238,201.13
Non-Budget Revenue	A-2	32,712.90	120,981.52
Other Credits to Income:			
Interfunds Returned	A-11	128,174.37	9,936.81
Prepaid School Taxes Returned			67,268.46
Encumbrances Cancelled	A-15	19,933.80	18,389.75
Unexpended Balance of Appropriation Reserves	A-12	23,684.21	15,618.80
Total Revenues and Other Income		<u>21,969,047.99</u>	<u>21,942,111.27</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within "CAPS"			
Salaries and Wages	A-3	2,018,003.00	1,976,679.64
Other Expenses	A-3	1,616,508.00	1,616,800.03
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	589,811.79	346,698.78
Operations - Excluded From CAPS:			
Salaries and Wages	A-3	281,718.00	167,834.50
Other Expenses	A-3	144,566.90	308,165.96
Capital Improvements	A-3	114,072.00	148,187.29
Municipal Debt Service	A-3	376,153.29	278,297.00
Deferred Charges and Statutory Expenditures	A-3	57,897.25	145,000.00
Refund of Prior Year Revenue	A-14	8,755.90	
Interfund Advances			84,129.18
Cancellation of Grant Receivables			133.04
County Taxes including Added Taxes	A-17	5,301,674.03	5,469,090.24
Municipal Open Space Tax	A-18	195,246.14	198,893.92
Local District School Tax	A-19	5,221,821.00	5,114,832.00
Regional High School Tax	A-20	5,823,491.74	5,890,412.96
Total Expenditures		<u>21,749,719.04</u>	<u>21,745,154.54</u>
Excess (Deficit) Revenue Over Expenditures		219,328.95	196,956.73
Fund Balance, January 1,	A-1	<u>278,244.78</u>	<u>266,288.05</u>
		497,573.73	463,244.78
Fund Balance Utilized as Budget Revenue		<u>187,000.00</u>	<u>185,000.00</u>
Fund Balance, December 31,	A	<u><u>310,573.73</u></u>	<u><u>278,244.78</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

**Township of Mansfield, N.J.**  
**Statement of Revenues - Regulatory Basis**  
**Current Fund**  
**Year Ended December 31, 2011**

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	<u>Ref.</u>	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	187,000.00		187,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-9	3,700.00		5,961.00	2,261.00
Fees and Permits	A-9	7,400.00		6,661.70	(738.30)
Fines and Costs:					
Municipal Court	A-9	97,283.00		77,282.12	(20,000.88)
Interest and Costs on Taxes	A-9	114,800.00		96,704.90	(18,095.10)
Interest on Investments	A-9	25,000.00		10,471.40	(14,528.60)
Cellular Tower Rental	A-9	39,915.00		46,794.77	6,879.77
Cable T.V. Franchise Fee	A-9	24,000.00		23,107.25	(892.75)
Consolidated Municipal Property Tax Relief Aid	A-9	10,785.00		10,785.00	
Energy Receipts Tax	A-9	854,073.00		854,073.00	
Uniform Construction Code Fees	A-9	24,481.00		29,344.21	4,863.21
Garden State Trust Fund	A-14	25,077.00		25,077.00	
Police Administrative Fees	A-9	1,882.00		820.14	(1,061.86)
Planning Board Fees	A-9	750.00		3,350.00	2,600.00
DMV Fines	A-9	3,760.00		3,094.00	(666.00)
Special Items of General Revenue Anticipated With Prior Written Consent of Division of Local Government Services:					
Interlocal Service Agreement					
Municipal Court - Salaries and Wages	A-9	281,718.00		272,269.51	(9,448.49)
Municipal Court - Other Expenses		14,390.00			(14,390.00)
Other Special Items:					
Hotel / Motel Occupancy Fee	A-9	17,000.00		35,362.80	18,362.80
Lease of Township Owned Farmland	A-9	4,800.00		4,800.00	
Public and Private Revenues:					
Recycling Tonnage	A-22	2,819.00	19,955.86	22,774.86	
Clean Communities Program	A-22		16,771.96	16,771.96	
Safe and Secure	A-22	17,997.00		17,997.00	
Drunk Driving Fund	A-22	2,676.12		2,676.12	
Click it or Ticket	A-22	8,000.00		8,000.00	
NJ Clean Energy Program Incentive Award	A-22		18,719.96	18,719.96	
Total Miscellaneous Revenues	A-1	1,582,306.12	55,447.78	1,592,898.70	(44,855.20)
Receipts from Delinquent Taxes	A-1;A-2	464,077.00		468,237.60	4,160.60
Subtotal General Revenues		2,233,383.12	55,447.78	2,248,136.30	(40,694.60)
Amount to be Raised by Taxes for Support of Municipal Budget-Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	3,454,065.79		3,511,388.50	57,322.71
Budget Totals		5,687,448.91	55,447.78	5,759,524.80	16,628.11
Non-Budget Revenue	A-1;A-2			32,712.90	32,712.90
		<u>5,687,448.91</u>	<u>55,447.78</u>	<u>5,792,237.70</u>	<u>49,341.01</u>
		A-3	A-3		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements,

**Township of Mansfield, N.J.**  
**Statement of Revenues - Regulatory Basis**  
**Current Fund**  
**Year Ended December 31, 2011**

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-1;A-6	19,516,406.41
Allocated to School and County Taxes	A-6	<u>16,542,232.91</u>
Balance for Support of Municipal Budget Appropriations		2,974,173.50
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>536,965.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>3,511,138.50</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes		
Taxes Receivable	A-6	454,974.99
Tax Title Liens	A-7	<u>13,262.61</u>
	A-2	<u><u>468,237.60</u></u>

Analysis of Non-budget Revenues

Sr. Citizen and Veteran Admin. Fees	1,173.74	
Restitution	650.00	
Cardboard Recycling	2,124.30	
Purchase of Township Property	10,483.00	
Clerk	120.00	
Tax Collector	56.19	
Certified Lists	1,692.09	
Cox Share Health Insurance	900.00	
ARC in Lieu	1,000.00	
Miscellaneous	1,786.67	
Various Reimbursements & Refunds	<u>8,450.05</u>	
	A-4	<u>28,436.04</u>
Interfund Receivable	A-11	<u>4,276.86</u>
	A-2	<u><u>32,712.90</u></u>

**Township of Mansfield, N.J.**

**A-3**  
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**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2011**

<u>General Appropriations</u>	<u>Ref.</u>	<u>For 2011</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>	<u>Over- Expended</u>
Administrative and Executive							
Salaries and Wages							
Mayor and Committee		23,625.00	23,625.00	23,624.95	0.05		
Clerk		52,485.00	52,885.00	53,474.05			
Other Expenses - General		16,965.00	18,965.00	18,070.13	894.87		
Other Expenses - Clerk		3,500.00	3,500.00	2,940.73	559.27		
Other Expenses - Governing Body		700.00	700.00	121.00	579.00		
Financial Administration							
Salaries and Wages		18,580.00	18,580.00	18,578.12	1.88		
Other Expenses		11,300.00	11,300.00	10,473.92	826.08		
Audit		25,300.00	32,680.00	32,680.00			589.05
Computerized Data Processing							
Salaries and Wages		750.00	750.00	750.00			
Other Expenses		5,500.00	9,880.00	9,242.50	637.50		
Collection of Taxes							
Salaries and Wages		65,067.00	65,067.00	65,048.04	18.96		
Other Expenses		6,650.00	6,650.00	5,981.45	668.55		
Assessment of Taxes:							
Salaries and Wages		26,545.00	26,545.00	26,541.53	3.47		
Other Expenses		5,805.00	5,805.00	4,686.21	1,118.79		
Legal Services & Costs							
Other Expenses		120,000.00	117,000.00	73,882.49	43,117.51		
Engineering Services and Costs							
Other Expenses		24,000.00	22,500.00	19,200.00	3,300.00		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

**Township of Mansfield, N.J.**

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**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2011**

<u>General Appropriations</u>	<u>Ref.</u>	<u>For 2011</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>	<u>Over- Expended</u>
Economic Development							
Salaries and Wages		262.00	262.00	262.00			
Other Expenses		225.00	225.00	220.00	5.00		
Environmental Commission							
Salaries and Wages		943.00	943.00	942.96	0.04		
Other Expenses		590.00	590.00	629.52			39.52
Municipal Land Use Law (NJS 40:55D-1)							
Planning Board							
Salaries and Wages		15,475.00	15,475.00	15,474.16	0.84		
Other Expenses		8,880.00	10,280.00	10,653.30			373.30
Police							
Salaries and Wages		1,249,000.00	1,249,000.00	1,257,674.60			8,674.60
Other Expenses		83,605.00	83,605.00	82,473.97	1,131.03		
Emergency Management Services							
Salaries and Wages		3,144.00	3,144.00	3,142.99	1.01		
Other Expenses		1,550.00	1,550.00	1,102.85	447.15		
Emergency Management Offices		2,000.00	2,000.00	2,000.00			
Fire (Mansfield Twp. Fire Co.)							
Other Expenses		29,783.00	29,783.00	29,783.00			
Fire (Tri County Fire Company)							
Other Expenses		36,743.00	36,743.00	36,743.00			
Fire (Mount Bethel Fire Company)							
Other Expenses		23,106.00	23,106.00	23,106.00			
Fire (Butler Park Fire Company)							
Other Expenses		22,230.00	22,230.00	22,230.00			
Fire (General)							
Fire Hydrant Services		11,000.00	11,000.00	9,600.00	1,400.00		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Mansfield, N.J.

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Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

<u>General Appropriations</u>	<u>Ref.</u>	<u>For 2011</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>	<u>Over- Expended</u>
Fire Prevention Bureau							
Salaries and Wages		1,523.00	1,523.00	1,523.00			
Other Expenses		1,000.00	1,000.00	999.27	0.73		
First Aid Organization - Contribution		47,500.00	47,500.00	47,500.00			
Prosecutor							
Salaries and Wages		37,108.00	26,047.00	32,998.98			6,951.98
Public Works							
Road Repair and Maintenance							
Salaries and Wages		207,166.00	207,166.00	227,190.83			20,024.83
Other Expenses		57,290.00	57,290.00	44,004.90	13,285.10		
Snow Removal							
Salaries and Wages		30,000.00	30,000.00	30,000.00			
Other Expenses		85,200.00	85,200.00	82,425.96	2,774.04		
Garbage and Trash Removal							
Other Expenses		1,555.00	1,555.00	1,421.42	133.58		
Public Buildings and Grounds							
Salaries and Wages		8,470.00	8,470.00	7,924.14	545.86		
Other Expenses		31,500.00	31,500.00	25,436.97	6,063.03		
Health and Welfare							
Board of Health							
Salaries and Wages		29,640.00	29,640.00	29,638.18	1.82		
Senior Citizen Activities							
Other Expenses		5,500.00	5,500.00	3,339.90	2,160.10		
Recreation and Education							
Recreation							
Salaries and Wages		150,750.00	150,750.00	114,926.50	35,823.50		
Other Expenses		5,500.00	5,500.00	3,907.35	1,592.65		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

**Township of Mansfield, N.J.**

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**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2011**

<u>General Appropriations</u>	<u>Ref.</u>	<u>For 2011</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>	<u>Over- Expended</u>
Municipal Court:							
Salaries and Wages		105,131.00	105,131.00	18,918.85	86,212.15		
Other Expenses		6,310.00	6,310.00		6,310.00		
Public Defender		1,500.00	1,500.00	1,531.50			31.50
PEOSHA (NJSA 34:6a-25 Et Seq.)							
Hepatitis B Shots		700.00	700.00	675.00	25.00		
Other Expenses		800.00	800.00		800.00		
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)							
Sub-Code Officials							
Construction Official							
Other Expenses		500.00	500.00	80.00	420.00		
Insurance							
General Liability		125,995.00	125,995.00	125,494.00	501.00		
Workers Compensation		110,474.00	110,475.00	110,475.00			
Employee Group Health		471,145.00	471,145.00	442,918.30	28,226.70		
Insurance Fund Commissioner		1,500.00	1,500.00	1,500.00			
Accrued Sick Leave and Other Compensation		6,000.00	6,000.00	6,000.00			
Unclassified:							
Prior Years Bills: J&J Hackett		600.00	600.00	600.00			
Prior Years Bills: State of PA		650.00	650.00	618.14	31.86		
Prior Years Bills: Foley LP		696.00	696.00	0.38	695.62		
Utilities							
Fuel Oil		20,000.00	20,000.00	16,068.37	3,931.63		
Electricity		60,000.00	60,000.00	57,671.31	2,328.69		
Telephone		24,000.00	24,000.00	21,609.89	2,390.11		
Gasoline		60,000.00	60,000.00	42,304.91	17,695.09		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.



**Township of Mansfield, N.J.**

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**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2011**

<u>General Appropriations</u>	<u>Ref.</u>	<u>For 2011</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>	<u>Over- Expended</u>
Fuel - Diesel		40,000.00	40,000.00	33,589.67	6,410.33		
Natural Gas		3,500.00	3,500.00	2,021.47	1,478.53		
Total Operations Within "CAPS"		<u>3,634,511.00</u>	<u>3,634,511.00</u>	<u>3,396,647.66</u>	<u>274,548.12</u>		<u>36,684.78</u>
Total Operations Including Contingent- Within "CAPS"		<u>3,634,511.00</u>	<u>3,634,511.00</u>	<u>3,396,647.66</u>	<u>274,548.12</u>		<u>36,684.78</u>
Detail:							
Salaries and Wages	A-1	2,028,664.00	2,018,003.00	1,931,665.38	122,609.58		36,280.96
Other Expenses (Including Contingent)	A-1	<u>1,605,847.00</u>	<u>1,616,508.00</u>	<u>1,464,982.28</u>	<u>151,938.54</u>		<u>412.82</u>
Deferred Charges and Statutory Expenditures- Municipal Within "CAPS"							
Statutory Expenditures							
Deficit in Animal Control Fund		2,157.79	2,157.79	2,157.79			
Contribution to:							
Public Employees' Retirement System		99,100.00	99,100.00	99,008.00	92.00		
Defined Contribution Retirement Program		400.00					
Unemployment Compensation Insurance		1,200.00	1,200.00	1,057.80	142.20		
Police and Fireman's Retirement System of NJ		315,754.00	315,754.00	315,754.00			
Public Employees' Retirement System Arrears		600.00	600.00		600.00		
Police and Fireman's Retirement System of Arrears		600.00	600.00		600.00		
Social Security System (O.A.S.I.)		170,000.00	170,400.00	170,990.96			590.96
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	<u>589,811.79</u>	<u>589,811.79</u>	<u>588,968.55</u>	<u>1,434.20</u>		<u>590.96</u>
Total General Appropriations for Municipal Purposes within "CAPS"		<u>4,224,322.79</u>	<u>4,224,322.79</u>	<u>3,985,616.21</u>	<u>275,982.32</u>		<u>37,275.74</u>
Operations - Excluded From "CAPS"							

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Mansfield, N.J.

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Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

General Appropriations	Ref.	For 2011	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled	Over- Expended
Municipal Court:							
Salaries and Wages		254,698.00	254,698.00	254,698.00			
Other Expenses		14,390.00	14,390.00	11,841.09	2,548.91		
Prosecutor		27,020.00	27,020.00		27,020.00		
Construction Code Official - Washington Twp. Morris Cnty							
Other Expenses		3,000.00	3,000.00	2,460.00	540.00		
Employee Group Health		33,855.00	33,855.00		33,855.00		
Total Other Operations - Excluded From Caps		332,963.00	332,963.00	268,999.09	63,963.91		
Public and Private Programs Offset By Revenues							
Matching Funds for Grants		1.00	1.00		1.00		
Recycling Tonnage Grant		22,774.86	22,774.86	22,774.86			
Safe and Secure		17,997.00	17,997.00	17,997.00			
Clean Communities Program		16,771.96	16,771.96	16,771.96			
Municipal Alliance							
Local Match		1.00	1.00	1.00			
NJ Clean Energy Incentive Award		18,719.96	18,719.96	18,719.96			
SHARE Police Feasibility Study							
Local Share		6,380.00	6,380.00	6,380.00			
Drunk Driving Enforcement Fund		2,676.12	2,676.12	2,676.12			
Click-it or Ticket		8,000.00	8,000.00	8,000.00			
Total Public and Private Programs Offset							
By Revenues		93,321.90	93,321.90	93,320.90	1.00		
Total Operations - Excluded from "CAPS"		426,284.90	426,284.90	362,319.99	63,964.91		
Detail:							
Salaries and Wages	A-1	281,718.00	281,718.00	254,698.00	27,020.00		
Other Expenses	A-1	144,566.90	144,566.90	107,621.99	36,944.91		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

**Township of Mansfield, N.J.**

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**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2011**

<u>General Appropriations</u>	<u>Ref.</u>	<u>For 2011</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>	<u>Over- Expended</u>
<b>Capital Improvements - Excluded From "CAPS"</b>							
Capital Improvement Fund		23,000.00	23,000.00	23,000.00			
Purchase of Computer Equipment		23,000.00	23,000.00	23,000.00			
Purchase of Police Computer		1,372.00	1,372.00	1,372.00			
Purchase of Police Recorders		5,000.00	5,000.00	5,000.00			
Improvements to Streets and Roads		56,700.00	56,700.00	56,700.00			
Improvements to Municipal Property		5,000.00	5,000.00	5,000.00			
Total Capital Improvements Excluded from "CAPS"	A-1	114,072.00	114,072.00	114,072.00			
<b>Municipal Debt Service - Excluded From "CAPS"</b>							
Payment of Bond Principal		163,090.00	163,090.00	163,090.00			
Interest on Bonds		81,687.00	81,687.00	81,686.66		0.34	
NJ Economic Resource Loan Interest		22,500.00	22,500.00	22,500.00			
NJ Economic Resource Loan Principal Repayment		1,013.00	1,013.00	506.25		506.75	
Capital Lease Obligations		108,462.00	108,462.00	108,370.38		91.62	
Total Municipal Debt Service-Excluded from "CAPS"	A-1	376,752.00	376,752.00	376,153.29		598.71	
<b>Deferred Charges - Municipal - Excluded From "CAPS"</b>							
Deferred Charges:							
Deferred Charges to Future Taxation Unfunded:							
Ord. 05-10 Road Equipment / Construction		64,500.00	64,500.00	57,897.25		6,602.75	
Total Deferred Charges - Municipal - Excluded From "CAPS"	A-1	64,500.00	64,500.00	57,897.25		6,602.75	
<b>Total General Appropriations - Excluded From "CAPS"</b>							
Subtotal General Appropriations		981,608.90	981,608.90	910,442.53	63,964.91	7,201.46	
Reserve for Uncollected Taxes		5,205,931.69	5,205,931.69	4,896,058.74	339,947.23	7,201.46	37,275.74
Total General Appropriations		5,742,896.69	5,742,896.69	5,433,023.74	339,947.23	7,201.46	37,275.74

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Mansfield, N.J.

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Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

<u>General Appropriations</u>	<u>Ref.</u>	<u>For 2011</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>	<u>Over- Expended</u>
					A		A-13
Adopted Budget	A-2		5,687,448.91				
Appropriated by N.J.S. 40A:4-87	A-2		55,447.78				
			<u>5,742,896.69</u>				
Analysis of Paid or Charged:							
Reserve for Uncollected Taxes	A-2			536,965.00			
Cash Disbursed	A-4			4,565,304.86			
Schedule of Interfunds	A-11			195,218.61			
Encumbrances Payable	A-15			48,595.37			
Reserve for Federal & State Grants	A-23			86,939.90			
				<u>5,433,023.74</u>			

## Township of Mansfield, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2011 and 2010

<u>Assets</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Animal Control Trust Fund:			
Cash- Treasurer	B-1	1,172.53	184.60
Deficit in Dog Fund Expenditures	B-5		2,157.79
		<u>1,172.53</u>	<u>2,342.39</u>
Other Trust Funds:			
Cash	B-1	1,306,471.28	1,363,406.17
Interfund Current Fund	B-2	52,659.01	
Interfund General Capital	B-3	36,321.57	36,000.00
		<u>1,395,451.86</u>	<u>1,399,406.17</u>
		<u>1,396,624.39</u>	<u>1,401,748.56</u>
<u>Liabilities, Reserves &amp; Fund Balance</u>			
Animal Control Trust Fund:			
Interfund Current Fund	B-4	180.40	2,338.19
Reserve for Dog Fund Expenditures	B-5	992.13	
Due to State Department of Health	B-7		4.20
		<u>1,172.53</u>	<u>2,342.39</u>
Other Trust Fund:			
Interfund Current Fund	B-2		36,452.99
Other Trust Funds	B-6	1,395,451.86	1,362,953.18
		<u>1,395,451.86</u>	<u>1,399,406.17</u>
		<u>1,396,624.39</u>	<u>1,401,748.56</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

**Township of Mansfield, N.J.**

**Comparative Balance Sheet - Regulatory Basis**

**General Capital Fund**

**December 31, 2011 and 2010**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Cash	C-2	78,431.96	139,899.90
Interfund Receivable:			
Current Fund	C-4	165,096.65	95,083.00
Due From Hackettstown	C-6	14,867.54	14,867.54
Deferred Charges to Future Taxation			
Funded	C-7	2,611,000.00	2,904,500.00
Unfunded	C-8	320,572.35	378,469.60
		<u>3,189,968.50</u>	<u>3,532,820.04</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Interfund -Other Trust Fund	C-5	36,321.57	36,000.00
Capital Improvement Fund	C-9	75,292.13	0.13
Improvement Authorizations:			
Funded	C-10	29,273.08	32,282.03
Unfunded	C-10	67,796.10	273,326.60
Bond Anticipation Notes Payable	C-11	285,000.00	285,000.00
Various Reserves	C-12	84,988.63	1,414.29
General Serial Bonds	C-13	2,566,000.00	2,837,000.00
N.J. Economic Resources Loan Payable	C-14	45,000.00	67,500.00
Fund Balance	C-1	296.99	296.99
		<u>3,189,968.50</u>	<u>3,532,820.04</u>

Footnote C: There were Bonds and Notes Authorized But Not Issued on December 31, 2011 in the amount of \$35,572.35 per Exhibit C-15.

**Township of Mansfield, N.J.**  
**Schedule of Fund Balance - Regulatory Basis**  
**General Capital Fund**  
**Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	C	<u><u>296.99</u></u>
Balance - December 31, 2011	C	<u><u>296.99</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

## Township of Mansfield, NJ

## Comparative Statement of General Fixed Assets - Regulatory Basis

December 31, 2011 and 2010

(Unaudited)

	Balance Dec 31, <u>2011</u>	Balance Dec 31, <u>2010</u>
<u>General Fixed Assets</u>		
Land	3,134,180.00	3,134,180.00
Buildings	424,100.00	424,100.00
Machinery and Equipment (Including Vehicles)	<u>2,246,612.17</u>	<u>2,246,612.17</u>
	<u>5,804,892.17</u>	<u>5,804,892.17</u>
 Investment in General Fixed Assets	 <u>5,804,892.17</u>	 <u>5,804,892.17</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.



## **TOWNSHIP OF MANSFIELD, N. J.**

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2011 AND 2010**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Township of Mansfield have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is an other comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

#### **A. Reporting Entity**

The Township of Mansfield (the "Township") operates under a Township Committee form of government. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the Volunteer Fire Department and the First Aid Squad which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

**TOWNSHIP OF MANSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**CONTINUED**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Accounting**

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Township has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by NJS 4:19-15.11.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Public Assistance Fund - This fund is used to account for the 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 - To account for all fixed assets of the Township. The Township's infrastructure is not reported in the group.

A modified accrual basis of accounting is followed by the Township of Mansfield. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditure are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

**TOWNSHIP OF MANSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**CONTINUED**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. Basis of Accounting (continued)

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, Open Space and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. Open Space is paid quarterly to Township Other Trust Funds, February 15, May 15, August 15 and November 15. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on November 11 in the current year, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the current fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services per N.J.S.A. 40-A:4 et seq.

**TOWNSHIP OF MANSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**CONTINUED**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Accounting (continued)**

The Township is not required to adopt budgets for the following funds:

Animal Control Trust Fund  
General Capital Fund

Public Assistance Fund  
Trust Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2011, the Township Committee increased the original current fund budget by \$55,447.78 for additional special items of revenue. In addition, several budget transfers were approved by the governing body.

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 an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriations reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

**TOWNSHIP OF MANSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**CONTINUED**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. Basis of Accounting (continued)

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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.

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

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at fair value and are limited by NJSA 40A:5-15.1(a).

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

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

**TOWNSHIP OF MANSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**CONTINUED**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Accounting (continued)**

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

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

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

GAAP requires that all fixed assets be capitalized at historical cost or estimated historical cost if actual historical cost is not available.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Use of Estimates - The preparation of financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**C. Basic Financial Statements**

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements of a government unit to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

## TOWNSHIP OF MANSFIELD

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2011 AND 2010 CONTINUED

#### NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2011 statutory budget included a reserve for uncollected taxes in the amount of \$536,965.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2011 statutory budget was \$187,000.00.

Inter department budget transfers are not permitted prior to November 1. After November 1, budget transfers can be made in the form of a resolution and approved by the Township Committee.

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2011, funding in the amount of \$55,447.78 was inserted into the budget for Recycling Tonnage, Clean Communities and NJ Clean Energy Program Incentive Award.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2011, there were no emergency authorizations.

#### NOTE 3: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance Dec. 31, 2011	2012 Budget Appropriation	Balance to Succeeding Budgets
Over-expenditure of Appropriations	<u>\$37,275.74</u>	<u>\$37,275.74</u>	<u>\$ -</u>
Over-expenditure of Appropriation			
Reserves	1,053.50	-	1,053.50
Expenditure without an Appropriation	<u>6,487.06</u>	<u>6,487.06</u>	<u>-</u>
	<u>\$44,816.30</u>	<u>\$43,762.80</u>	<u>\$1,053.50</u>

# TOWNSHIP OF MANSFIELD

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2011 AND 2010 CONTINUED

### NOTE 4: GENERAL FIXED ASSETS

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2011.

	Balance as of <u>12/31/10</u>	Balance as of <u>12/31/11</u>
Land	\$3,134,180.00	\$3,134,180.00
Buildings	424,100.00	424,100.00
Equipment, Furniture & Vehicles	<u>2,246,612.17</u>	<u>2,246,612.17</u>
	<u>\$5,804,892.17</u>	<u>\$5,804,892.17</u>

### NOTE 5: MUNICIPAL DEBT

Long-term debt as of December 31, 2011 consisted of the following:

	Balance <u>Dec. 31, 2010</u>	<u>Reductions</u>	Balance <u>Dec. 31, 2011</u>	Amounts Due Within <u>One Year</u>
Bonds Payable -				
General Obligation Debt	\$2,837,000.00	\$271,000.00	\$2,566,000.00	\$275,000.00
New Jersey Economic Resources Loan	67,500.00	22,500.00	45,000.00	22,500.00
Other Liabilities -				
Compensated Absences Payable	<u>410,799.92</u>	<u>4,667.57</u>	<u>406,132.35</u>	<u>-</u>
	<u>\$3,315,299.92</u>	<u>\$298,167.57</u>	<u>\$3,017,132.35</u>	<u>\$297,500.00</u>

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.



# TOWNSHIP OF MANSFIELD

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2011 AND 2010 CONTINUED

### NOTE 5: MUNICIPAL DEBT (CONTINUED)

The Township's debt is summarized as follows:

	<u>Year 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
<u>Issued</u>			
General Capital Fund:			
Bonds, Loans and Notes	<u>\$2,896,000.00</u>	<u>\$3,189,500.00</u>	<u>\$3,193,000.00</u>
<u>Authorized But Not Issued</u>			
General Capital Fund:			
Bonds and Notes	<u>35,572.35</u>	<u>93,469.60</u>	<u>157,897.25</u>
Net Bonds & Notes Issued & Authorized But Not Issued	<u><u>\$2,931,572.35</u></u>	<u><u>\$3,282,969.60</u></u>	<u><u>\$3,350,897.25</u></u>

### SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .35%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 1,570,000.00	\$1,570,000.00	\$ -
Regional High School	8,372,752.00	8,372,752.00	-
General Debt	<u>2,931,572.35</u>	<u>-</u>	<u>2,931,572.35</u>
	<u><u>\$12,874,364.35</u></u>	<u><u>\$9,942,792.00</u></u>	<u><u>\$2,931,572.35</u></u>

Net Debt \$2,931,572.35 divided by average equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$834,213,143.00 = .35%.

**TOWNSHIP OF MANSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**CONTINUED**

**NOTE 5: MUNICIPAL DEBT (CONTINUED)**

Analysis of long-term debt as of December 31, 2011 consisted of the following:

Outstanding bonds and loans whose principal and interest are paid from the Current Fund Budget of the Township:

\$450,000.00 General Improvement Loan, State of New Jersey, Economic Development Authority, dated 8/15/1994 payable in annual installments through 8/15/2013. Interest is paid semi-annually at a rate of 1.50% per annum. The balance remaining as of December 31, 2011 was \$45,000.00.

\$1,481,000.00 General Improvement Bond dated 12/1/2001 payable in annual installments through 9/1/2021. Interest is paid semi-annually at a rate of 5.20% per annum. The balance remaining as of December 31, 2011, was \$967,000.00.

\$2,284,000.00 General Improvement Bond dated 9/1/2003 payable in annual installments through 9/1/2026. Interest is paid semi-annually at a rate of 4.375% per annum. The balance remaining as of December 31, 2011, was \$1,434,000.00.

\$610,000.00 General Obligation Refunding Bond dated 9/1/2003 payable in annual installments through 9/1/2014. Interest is paid semi-annually at a rate of 3.875% per annum. The balance remaining as of December 31, 2011, was \$165,000.00.

Total General Capital Bonds and Loans listed above	<u>\$2,611,000.00</u>
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BORROWING POWER UNDER N.J.S.A. 40A:2-6 AS AMENDED

3 ½% of Average Equalized Valuation Basis	29,197,460.00
Net Debt	<u>2,931,572.35</u>

Remaining Borrowing Power	<u>26,265,887.65</u>
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AVERAGE EQUALIZED VALUATION PER N.J.S.A. 40A:2-2 - SUMMARY

2011	834,213,143.00		
2010		902,727,191.00	
2009			934,976.822.00

# TOWNSHIP OF MANSFIELD

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2011 AND 2010 CONTINUED

### NOTE 5: MUNICIPAL DEBT (CONTINUED)

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

#### SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT AND LOANS ISSUED AND OUTSTANDING

Calendar Year	General		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$297,500.00	\$120,090.26	\$ 417,590.26
2013	218,500.00	107,452.00	325,952.00
2014	241,000.00	98,270.02	339,270.02
2015	186,000.00	87,126.76	273,126.76
2016	191,000.00	78,114.76	269,114.76
2017-2021	982,000.00	250,362.54	1,232,362.54
2022-2026	<u>495,000.00</u>	<u>64,531.30</u>	<u>559,531.30</u>
Total Debt	<u>\$2,611,000.00</u>	<u>\$805,947.64</u>	<u>\$3,416,947.64</u>

### NOTE 6: BOND ANTICIPATION NOTES

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2011.

	<u>Balance 12/31/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/11</u>
General Capital Fund:				
TBGC Investment Group	<u>285,000.00</u>	<u>285,000.00</u>	<u>285,000.00</u>	<u>285,000.00</u>

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued to be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance. A legal installment is not required after the fifth anniversary date.

## **TOWNSHIP OF MANSFIELD**

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2011 AND 2010 CONTINUED**

#### **NOTE 6: BOND ANTICIPATION NOTES (CONTINUED)**

The Township has outstanding at December 31, 2011, a bond anticipation note in the amount of \$285,000.00 payable to TBGC Investment Group. This note matured on 5/25/11 and it is the intent of the Township Committee to renew this note for another one year period. The current interest rate on this note is 1.95%. The Township renewed this note on May 24, 2012 payable to TBGC Investment Group with an interest rate of 1.03%.

#### **NOTE 7: DUE TO/FROM OTHER FUNDS**

Balances due to/from other funds at December 31, 2011 consist of the following:

\$15,468.20	Due to Federal and State Grant Fund from Current Fund for Federal and State Grants received and disbursed by the Current Fund.
180.40	Due to Current Fund from Animal Control Trust Fund for various receipts and disbursements made in Current Fund for Animal Control Trust Fund.
165,096.65	Due to General Capital Fund from Current Fund for various receipts and disbursements made in General Capital Fund for Current Fund
52,659.01	Due to Other Trust Fund from Current Fund for various receipts and disbursements made in Current Fund for Other Trust Fund.
<u>36,321.57</u>	Due to Other Trust Fund from General Capital Fund for various receipts and disbursements made from Other Trust Fund for General Capital Fund.
<u>\$269,725.83</u>	

It is anticipated that all interfunds will be liquidated during the calendar year.

#### **NOTE 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2011, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2012, are per the adopted budget was as follows:

Current Fund	<u>\$212,000.00</u>
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**TOWNSHIP OF MANSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**CONTINUED**

**NOTE 9: PENSION PLANS**

Description of Systems:

Substantially all of the Township's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemens' Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemens' Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

*Public Employees' Retirement System (PERS)*

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no

**TOWNSHIP OF MANSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**CONTINUED**

**NOTE 9: PENSION PLANS (CONTINUED)**

Description of Systems, (continued)

longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

*Police and Firemens' Retirement System (PFRS)*

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

*Police and Firemens' Retirement System (PFRS) (continued)*

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new

# TOWNSHIP OF MANSFIELD

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2011 AND 2010 CONTINUED

### NOTE 9: PENSION PLANS (CONTINUED)

#### Description of Systems, (continued)

#### *Police and Firemens' Retirement System (PFRS) (continued)*

members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

#### Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Township's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>PERS</u>	<u>PFRS</u>
2011	\$99,008.00	\$315,754.00
2010	83,391.00	257,379.00
2009	39,561.00	119,830.00

**TOWNSHIP OF MANSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**CONTINUED**

**NOTE 9: PENSION PLANS (CONTINUED)**

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.



**TOWNSHIP OF MANSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**CONTINUED**

**NOTE 10: ACCRUED SICK AND VACATION BENEFITS**

The Township has permitted employees to accrue unused sick pay, which may be taken as time off or paid upon retirement or separation at the employee's current rate at such termination. It is estimated that current cost of such unpaid compensation would approximate \$406,132.35.

This amount is not reported either as an expenditure or a liability. The Township has reserved \$1,758.25 from previous budgets to be used to offset this liability and is reflected on the Trust Fund balance sheet. See Exhibit B-6 for an analysis. It is expected that any remaining cost of such unpaid compensation the would be included in the Township's budget operating expenditures in the year in which it is used.

**NOTE 11: CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2011, \$-0- of the Township's bank balance of \$2,747,431.58 was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

The Township does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The State of New Jersey Statutes 40A:5-15.1(a) also limits the length of time for most investments to 397 days.

**Credit Risk**

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the Township is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**TOWNSHIP OF MANSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**CONTINUED**

**NOTE 11: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Concentration of Credit Risk**

The Township places no limit on the amount the Township may invest in any one issuer.

**NOTE 12: RISK MANAGEMENT**

The Township is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained insurance coverage to guard against these events which will provide minimum exposure to the Township should they occur. During the 2011 calendar year, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Township of Mansfield is currently a member of the Public Alliance Insurance Coverage Fund (P.A.I.C.). P.A.I.C. provides their members with Liability, Property and Worker's Compensation and Employer Liability Insurance. P.A.I.C. is a risk-sharing public entity pool that is both an insured and self administered group of municipalities established for the purpose of providing low-cost insurance coverage for its respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the P.A.I.C. are elected.

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

P.A.I.C. can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Financial statements for P.A.I.C. are available at the office of the P.A.I.C.'s Administrator, Brown, & Brown.

**NOTE 13: LEASES**

On January 30, 2008, the Township entered into a long-term lease for a phone system totaling \$18,729.54. The lease is for a four (4) year term expiring on 11/5/2011. The interest rate is 4.77%. A payment of \$125.00 was made on the date of inception of the lease.

## TOWNSHIP OF MANSFIELD

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2011 AND 2010 CONTINUED

#### NOTE 13: LEASES (CONTINUED)

On November 15, 2010, the Township entered into a long-term lease for the purchase of a Ford Crown Victoria, totaling \$24,169.70. The lease is for a three (3) year term expiring on 11/15/2012. The interest rate is 5.50%. A payment of \$8,491.56 was made on the date of inception of the lease.

On August 4, 2011, the Township entered into a long-term lease for the purchase of a Ford Crown Victoria, totaling \$28,130.76. The lease is for a three (3) year term expiring on 8/23/13. The interest rate is 5.50%. A payment of \$9,376.92 was made on the date of inception of the lease.

The following is a schedule of future minimum lease payments as of December 31, 2011:

Total minimum lease payment			\$27,245.40
Less: amount representing interest			<u>1,883.74</u>
Present Value of net minimum lease payments			<u>\$25,361.66</u>
Calendar			Total Lease
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2012	\$17,868.48	\$1,394.88	\$16,473.60
2013	<u>9,376.92</u>	<u>488.86</u>	<u>8,888.06</u>
	<u>\$27,245.40</u>	<u>\$1,883.74</u>	<u>\$25,361.66</u>

#### NOTE 14: PUBLIC ASSISTANCE

The Township of Mansfield has elected to have the County of Warren process all public assistance granted to the residents. Therefore, the Township of Mansfield no longer has a public assistance director.

#### NOTE 15: HEALTH INSPECTIONS

The Township of Mansfield has elected to have the County of Warren, Department of Health, perform all inspections. Therefore, the Township of Mansfield does not have a health inspector.

## TOWNSHIP OF MANSFIELD

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2011 AND 2010 CONTINUED

#### NOTE 16: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance Dec 31, 2011	Balance Dec 31, 2010
Prepaid Taxes	<u>\$146,884.42</u>	<u>\$104,572.82</u>
Cash Liability for Taxes Collected in Advance	<u>\$146,884.42</u>	<u>\$104,572.82</u>

#### NOTE 17: LOCAL AND REGIONAL SCHOOL TAXES

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

The Township has elected to defer school taxes as follows:

	Local School District Tax Balance Dec. 31, 2011	Regional School District Tax Balance Dec. 31, 2011
Balance of Tax	2,519,928.64	2,637,316.07
Deferred	<u>2,392,409.04</u>	<u>2,615,123.85</u>
Tax Payable	<u>127,519.60</u>	<u>22,192.22</u>

#### NOTE 18: OTHER POST EMPLOYMENT BENEFITS

##### A. PLAN OVERVIEW

Township of Mansfield ("Mansfield") provides post-employment benefits other than pensions ("OPEB") to employees who meet certain criteria. As a result of offering such benefits, Mansfield will be required to report the value of such benefits and the associated costs according to the accounting requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting "by Employers for Postemployment Benefits Other Than Pensions ("GASB 45").

The Township of Mansfield contributes to Horizon Blue Cross Blue Shield Direct Access plan. This plan is a stand alone Health Benefit plan.

## TOWNSHIP OF MANSFIELD

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2011 AND 2010 CONTINUED

#### NOTE 18: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The Township provides full-time post-employment benefits (i.e., health care and prescription plan) to one retired employee, other than the Police, based on the retirement agreement.

The Police bargaining unit has negotiated the following benefits:

##### Police

Upon retirement, full time employees with twenty (20) years in the State Pension Plan will receive full benefits (i.e., health care and prescription plan) which will cover the retiring employee.

Full time employees with twenty-five (25) years in the State Pension Plan will receive full benefits, (i.e., health care and prescription plan) which will cover the retiring employee, their spouse and/or dependents.

#### **B. FUNDING POLICY**

The Township is not required to nor does it contribute the annual required contribution (ARC) per N.J.S.A. 40A:4-1 et seq. There is currently no provision under State statute for the Township to accrue funds, create a trust or issue debt to finance their other post employment benefit ("OPEB") liability.

The Township's portion of post-employment benefits is funded as a pay-as-you-go basis from the Current Fund operating budget. During 2011, the Township had 19 employees who met eligibility requirements and recognized expenses of approximately \$312,613.27. During 2011, the Police contributed \$14,246.46 to post employment benefits, through payroll deductions.

#### **C. ACCOUNTING AND ACTUARIAL INFORMATION**

The process of determining the liability for retiree medical benefits is based on many assumptions about future events.

The key assumptions are:

- **Turnover and retirement rates:** How likely is it that an employee will qualify for post-employment benefits and when will the benefits start?
- **Medical inflation and claims costs assumptions:** When an employee starts receiving post employment benefits, possibly many years from now, how much will those benefits cost each year and how rapidly will the costs grow?

# TOWNSHIP OF MANSFIELD

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2011 AND 2010 CONTINUED

### NOTE 18: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

- **Mortality assumption:** How long is a retiree likely to receive benefits?
- **Discount rate assumption:** What is the present value of those future benefit payments in terms of today's dollar?

Since the liability is being recognized over the employee's whole career, the present value is divided in three pieces: the part that is attributed to past years of service ( the "Actuarial Accrued Liability"), the part that is being earned this year (the "Normal Cost"), and the part that will be earned in future years (the "Future Service Liability"). The actuarial accrued liability may be reduced from any assets set aside to pre-fund OPEB obligations to derive *Unfunded Actuarial Accrued Liability* or *UAAL*; i.e., the OPEB liabilities attributable to prior years that have not yet been funded by designated assets.

Once the Unfunded Actuarial Accrued Liability and the Normal Cost have been calculated, the next step is to determine an *Annual Required Contribution of ARC*.

The ARC consists of two pieces:

- **Normal Cost:** cost for OPEB benefits attributable to the current year of service
- **Amortization Payment:** a catch-up payment for past service costs to amortize the Unfunded Actuarial Accrued Liability over the next 30 years.

### Key Results

Valuation Date: 12/31/2011

<u>Annual Required Contribution (ARC)</u>	<u>Normal Cost(NC)</u>	<u>Amortization Payment</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>
\$1,490,064	\$957,741	\$532,323	\$0	\$20,531,480	\$20,531,480

### NOTE 19: COMMITMENTS AND CONTINGENT LIABILITIES

We are advised by the Township's Counsel, that there are no matters that would have a material effect on the Township's financial position.

## **SUPPLEMENTARY DATA**

**TOWNSHIP OF MANSFIELD, N. J.**

**OFFICIALS IN OFFICE AND SURETY BONDS**

YEAR ENDED DECEMBER 31, 2011

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

<u>Name</u>	<u>Title</u>
Ted Tomaszewski	Mayor
Joseph Watters	Deputy Mayor
Michael Clancy	Committeeperson
Ellen Nerbak	Committeeperson
Brad Smith	Committeeperson
Dena Hrebenak	Municipal Clerk; Registrar
Joel Kobert, Esq.	Attorney
Drew DiSessa	Engineer; Zoning Officer
Rebecca Harm	Acting Chief Finance Officer; Tax Collector; Tax Search Officer
Bernard Murdock	Tax Assessor
J. Edward Palmer	Court Judge
Jerilynn Harris	Court Administrator
Thomas M. Ferry, CPA, RMA	Auditor

There is in effect a Public Employee Blanket Bond in the amount of \$1,000,000 per person issued by Municipal Excess Liability Joint Insurance Fund.

All of the bonds were examined and properly executed.



Township of Mansfield  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2011

Federal Department	Federal Program	Federal C.F.D.A Number	Program or Award Amount	Grant Period From/To	12/31/2010		12/31/2011		MEMO Cumulative Total Expenditures
					(Receivable)	Reserve Balance	(Receivable)	Reserve Balance	
Department of Energy (Passed through State of NJ Clean Energy Program)	Energy Efficiency and Conservation Block Grant	81.128	18,719.96	1/1/11-12/31/11					18,719.96
					18,719.96				
TOTAL FEDERAL AWARDS									18,719.96

Note: This schedule was not subject to an audit in accordance with Federal OMB Circular A-133.

**Township of Mansfield**  
**Schedule of Expenditures of State Financial Assistance**  
**For the Year Ended December 31, 2011**

MEMO	State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2010		Receipts	Expended	Cancelled	12/31/2011		MEMO Cumulative Total Expenditures
					(Receivable)	Reserve Balance				(Receivable)	Reserve Balance	
FEDERAL AND STATE GRANT FUND												
	NJ Department of Solid Waste Administration:											
	Clean Communities	4900-765-042-4900-004-V42Y-6020	17,421.59	1/1/10-12/31/10		7,845.43		7,845.43				17,421.59
	Clean Communities	4900-765-042-4900-004-V42Y-6020	16,771.96	1/1/11-12/31/11			16,771.96				3,743.83	13,028.13
	Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	5,636.03	1/1/08-12/31/08		3,220.68		3,220.68				5,636.03
	Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	12,170.47	1/1/09-12/31/09		12,170.47				(2,819.00)	6,811.72	5,358.75
	Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	22,774.86	1/1/11-12/31/11			19,955.86				22,774.86	
	Total NJ Department of Solid Waste Administration:					23,236.58	36,727.82	29,452.99		(2,819.00)	33,330.41	
	NJ Division of Highway Traffic Safety:											
	Click It or Ticket	1160-100-066-1160-113-YHTS-6020	4,000.00	1/1/10-12/31/10		4,000.00		4,000.00			4,000.00	4,000.00
	Click It or Ticket	1160-100-066-1160-113-YHTS-6020	4,000.00	1/1/11-12/31/11			4,000.00				4,000.00	
	Total NJ Department of Highway Traffic Safety:											
	NJ Division of Criminal Justice:											
	Body Armor	1020-718-066-1020-001-YCJS-6120	2,470.13	1/1/10-12/31/10		621.40		621.40				2,470.13
	Body Armor	1020-718-066-1020-001-YCJS-6120	1,522.49	1/1/11-12/31/11			1,522.49				1,522.49	
	Safe and Secure	1020-100-066-1020-232-YCJF-6120	17,997.00	1/1/11-12/31/11		621.40	1,522.49	621.40		(17,997.00)	19,519.49	
	Total NJ Division of Law & Public Safety:											
	NJ Division of Motor Vehicles:											
	Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	5,635.52	1/1/10-12/31/10		4,166.08		2,430.33			1,735.75	3,890.77
	Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	2,000.00	1/1/11-12/31/11			2,000.00				2,000.00	
	Total NJ Division of Motor Vehicles:					4,166.08	2,000.00	2,430.33			3,735.75	
	NJ Department of Environmental Protection:											
	Stormwater Regulation	N/A	2,117.00	1/1/05-12/31/05		57.40		57.40			6,183.40	2,117.00
	Stormwater Regulation	N/A	6,351.00	1/1/06-12/31/06		6,351.00		167.60			6,183.40	167.60
	Total NJ Department of Environmental Protection:					6,408.40		225.00				
	NJ Department of Community Affairs:											
	SHARE Police Feasibility Study	2009-04665-1741-01	31,900.00	06/01/09-11/30/10	(31,900.00)	19,140.00	12,760.00			(19,140.00)	19,140.00	12,760.00
	Municipal Court Alcohol Education	9735-760-098-Y900-001-X100-6020	803.41	1/1/02-12/31/02		0.41					0.41	803.00
	Municipal Court Alcohol Education	9735-760-098-Y900-001-X100-6020	107.09	1/1/08-12/31/08		39.58					39.58	67.51
	Municipal Court Alcohol Education	9735-760-098-Y900-001-X100-6020	377.54	1/1/11-12/31/11			377.54			(19,140.00)	377.54	
	Total NJ Department of Community Affairs:				(31,900.00)	19,179.99	13,137.54				19,557.53	
	NJ Department of Human Services:											
	Municipal Alliance	N/A	12,994.00	1/1/07-12/31/07	(3,196.00)					(3,196.00)		12,994.00
	Municipal Alliance	N/A	7,194.00	1/1/08-12/31/08	(4,995.00)					(4,995.00)		7,194.00
	Municipal Alliance	N/A	7,194.00	1/1/10-12/31/10	(6,234.00)	7,182.78	7,402.00	5,819.31		(6,234.00)	1,363.47	5,830.53
	Municipal Alliance	N/A	7,402.00	1/1/11-12/31/11	(14,425.00)	7,182.78	7,402.00	5,819.31		(14,425.00)	7,402.00	
	Total NJ Department of Human Services:										8,765.47	



**TOWNSHIP OF MANSFIELD**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE**

**CURRENT FUND**

	<b><u>Year 2011</u></b>		<b><u>Year 2010</u></b>	
	<b><u>Amount</u></b>	<b><u>%</u></b>	<b><u>Amount</u></b>	<b><u>%</u></b>
<b><u>Revenue and Other Income Realized</u></b>				
Fund Balance Utilized	187,000.00	0.85%	185,000.00	0.84%
Miscellaneous - From Other Than				
Local Property Tax Levies	1,592,898.70	7.25%	1,816,078.61	8.28%
Collection of Delinquent Taxes				
and Tax Title Liens	468,237.60	2.13%	470,636.19	2.14%
Collection of Current				
Tax Levy	19,516,406.41	88.84%	19,238,201.13	87.68%
Other Credits to Income	204,505.28	0.93%	232,195.34	1.06%
<b><u>Total Revenue and Other Income Realized</u></b>	<b><u>21,969,047.99</u></b>	<b><u>100.00%</u></b>	<b><u>21,942,111.27</u></b>	<b><u>100.00%</u></b>
<b><u>Expenditures</u></b>				
Budget Expenditures:				
Municipal Purposes	5,198,730.23	23.90%	4,987,663.20	22.94%
Local and Regional School Taxes	11,045,312.74	50.79%	11,005,244.96	50.61%
County Taxes	5,301,674.03	24.38%	5,469,090.24	25.15%
Municipal Open Space	195,246.14	0.90%	198,893.92	0.91%
Other Expenditures	8,755.90	0.04%	84,262.22	0.39%
<b><u>Total Expenditures</u></b>	<b><u>21,749,719.04</u></b>	<b><u>100.00%</u></b>	<b><u>21,745,154.54</u></b>	<b><u>100.00%</u></b>
<b>Excess (Deficit) in Revenue</b>	<b>219,328.95</b>		<b>196,956.73</b>	
<b>Fund Balance, January 1,</b>	<b><u>278,244.78</u></b>		<b><u>266,288.05</u></b>	
	<b>497,573.73</b>		<b>463,244.78</b>	
<b>Less:</b>				
Utilized as Anticipated Revenue	<u>187,000.00</u>		<u>185,000.00</u>	
<b>Fund Balance, December 31,</b>	<b><u>310,573.73</u></b>		<b><u>278,244.78</u></b>	

## COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate</u>	<u>3.074</u>	<u>3.031</u>	<u>2.976</u>

### Apportionment of Tax Rate

Municipal	.530	.488	.428
County	.817	.841	.892
Local School	.802	.785	.730
Regional High School	.895	.887	.906
Municipal Open Space	.030	.030	.020

### Assessed Valuation:

2011	650,551,704.00		
2010		651,440,597.00	
2009			662,719,410.00

## COMPARISON OF TAX LEVIES AND COLLECTIONS 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>Dec. 31 Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2011	20,004,295.87	19,516,406.41	97.56%
2010	19,759,480.22	19,238,201.13	97.36%
2009	19,752,368.88	19,164,940.20	97.02%
2008	19,109,031.09	18,564,828.06	97.15%
2007	18,365,546.01	17,972,662.01	97.86%

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

## DELINQUENT TAXES AND TAX TITLE LIENS

<u>Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	393,544.09	506,123.27	899,667.36	4.49%
2010	464,077.69	444,803.98	908,881.67	4.59%
2009	536,076.83	380,686.37	916,763.20	4.64%

### PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2011	1,447,600.00
2010	1,447,600.00
2009	1,447,600.00

### COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance</u> <u>Dec. 31,</u>	<u>Utilized</u> <u>In Budget of</u> <u>Succeeding Year</u>
Current Fund:	2011	310,573.73	212,000.00
	2010	278,244.78	187,000.00
	2009	266,288.05	185,000.00
	2008	569,229.66	445,100.00
	2007	1,181,972.50	946,000.00

**Township of Mansfield, N.J.**

**Schedule of Cash**

**Current Fund**

**Federal and State Grant Fund**

**Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	A		730,308.66
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	28,436.04	
Taxes Receivable	A-6	19,807,871.59	
Tax Title Liens Receivable	A-7	13,262.61	
Revenue Accounts Receivable	A-9	1,480,248.76	
Due From State - Senior Citizen and Veteran Deductions	A-10	58,686.99	
Interfunds	A-11	900,510.86	
Various Cash Liabilities and Reserves	A-14	40,379.71	
Prepaid Taxes	A-16	<u>146,884.42</u>	
			<u>22,476,280.98</u>
			23,206,589.64
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	4,565,304.86	
Interfunds	A-11	1,030,785.60	
Appropriation Reserves	A-12	36,623.76	
Deferred Charges	A-13	7,540.56	
Various Cash Liabilities and Reserves	A-14	850.00	
Encumbrances Payable	A-15	63,229.91	
County Taxes Payable	A-17	5,303,309.78	
District School Taxes Payable	A-19	5,163,326.48	
High School Taxes Payable	A-20	<u>5,801,299.52</u>	
			<u>21,972,270.47</u>
Balance - December 31, 2011	A		<u><u>1,234,319.17</u></u>

**Township of Mansfield, N.J.**

**Schedule of Cash - Change Fund - Collector**

**Current Fund**

**Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	A	<u>350.00</u>
Balance - December 31, 2011	A	<u><u>350.00</u></u>
<u>Analysis of Balance:</u>		
Tax Office		50.00
Clerk's Office		50.00
Court		200.00
Police Department		<u>50.00</u>
		<u><u>350.00</u></u>



## Township of Mansfield, N.J.

## Schedule of Taxes Receivable and Analysis of Property Tax Levy

## Current Fund

## Year Ended December 31, 2011

Year	Balance, Dec. 31, 2010	Levy	Added Taxes	Collected 2010	2011	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2011
2004	4,222.26				4,222.26				
2005	4,239.38				4,239.38				
2006	5,503.31				5,503.31				
2007	6,285.58				6,285.58				
2008	10,574.41				10,574.41				
2009	6,728.74				6,728.74				
2010	426,524.01				418,234.32	(813.01)	9,102.70		
	464,077.69				455,788.00	(813.01)	9,102.70		
2011		19,997,959.41	6,336.46	104,572.82	19,352,083.59	59,750.00	63,735.88	30,609.49	393,544.09
	464,077.69	19,997,959.41	6,336.46	104,572.82	19,807,871.59	58,936.99	72,838.58	30,609.49	393,544.09
A				A-2;A-16	A-2;A-4	A-2;A-10	A-7		A

## Analysis of Tax Levy

Tax yield:	Ref.
General Purpose Tax	19,997,959.41
Added Tax (R.S. 54:4-63.1 et seq.)	6,336.46
	<u>20,004,295.87</u>
Tax Levy:	
County Tax	
Added County Taxes	5,301,674.03
Municipal Open Space Tax	195,246.14
Local District School Tax	5,221,821.00
Regional High School Tax	5,823,491.74
	<u>16,542,232.91</u>
Local Tax for Municipal Purposes	3,454,065.79
Additional Taxes	<u>7,997.17</u>
	<u>3,462,062.96</u>
	<u>20,004,295.87</u>

**Township of Mansfield, N.J.**

**Schedule of Tax Title Liens Receivable**

**Current Fund**

**Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	A	444,803.98
Increased by:		
Transferred from Taxes Receivable	A-6	72,838.58
Interest and Costs on Tax Sale		<u>1,743.32</u>
		74,581.90
		<u>519,385.88</u>
Decreased by:		
Collections	A-2;A-4	<u>13,262.61</u>
Balance - December 31, 2011	A	<u><u>506,123.27</u></u>

**Schedule of Property Acquired for  
Taxes Assessed Valuation**

**Current Fund**

**Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	A	<u><u>1,447,600.00</u></u>
Balance - December 31, 2011	A	<u><u>1,447,600.00</u></u>

**Township of Mansfield, N.J.**  
**Schedule of Revenue Accounts Receivable**  
**Current Fund**  
**Year Ended December 31, 2011**

	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2011</u>
Clerk:					
Licenses:					
Alcoholic Beverages	A-2		5,961.00	5,961.00	
Fees and Permits	A-2		6,661.70	6,661.70	
Municipal Court :					
Fines and Costs	A-2	5,146.16	77,929.74	77,282.12	5,793.78
Tax Collector					
Interest and Costs on Taxes	A-2		96,704.90	96,704.90	
Interest on Investments and Deposits	A-2		10,471.40	10,471.40	
Uniform Construction Code:					
Fees and Permits - Building	A-2	4,995.00	24,349.21	29,344.21	
Consolidated Municipal Property Tax					
Relief Aid	A-2		10,785.00	10,785.00	
Energy Receipts Tax	A-2		854,073.00	854,073.00	
Police Administrative Fees	A-2		820.14	820.14	
Planning Board Fees	A-2		3,350.00	3,350.00	
DMV Fees	A-2		3,094.00	3,094.00	
Cellular Tower Rental	A-2		46,794.77	46,794.77	
Interlocal Service Agreements:					
Municipal Court - Salaries and Wages	A-2		272,269.51	272,269.51	
Hotel / Motel Occupancy Fee	A-2		35,362.80	35,362.80	
Lease of Township Owned Farmland	A-2		4,800.00	4,800.00	
Cable T.V. Franchise Fee	A-2		23,107.25	23,107.25	
		<u>10,141.16</u>	<u>1,476,534.42</u>	<u>1,480,881.80</u>	<u>5,793.78</u>
		A			A
Cash Receipts	A-4			1,480,248.76	
Interfunds	A-11			633.04	
				<u>1,480,881.80</u>	

## Township of Mansfield, N.J.

**Schedule of Amount Due (From) / To State of New Jersey  
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976**

## Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	A	1,489.65
Increased by:		
State Share of Senior Citizens' and Veterans'		
Deductions Received in Cash	A-4	<u>58,686.99</u>
		60,176.64
Decreased by:		
Senior Citizens' Deductions Per Tax Billing		12,250.00
Veterans' Deductions Per Tax Billing		46,000.00
Add:		
Senior Citizens' & Veterans Deductions		
Allowed by Tax Collector - 2011 Taxes		1,500.00
Less:		
Senior Citizens' & Veterans Deductions		<u>(813.01)</u>
	A-6	<u>58,936.99</u>
Balance - December 31, 2011	A	<u><u>1,239.65</u></u>

## Township of Mansfield, N.J.

## Schedule of Interfunds Receivables/(Payables)

## Current Fund

Year Ended December 31, 2011

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance		<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance	
		<u>Dec. 31, 2010</u>				<u>Dec. 31, 2011</u>	
Federal and State Grants	A	89,563.59	172,121.40	67,089.61	(15,468.20)		
Animal Control Trust	A	2,338.19	71.40	2,229.19	180.40		
Other Trust	A	36,452.99	875,415.90	786,303.90	(52,659.01)		
General Capital Fund	A	(95,083.00)	252,244.24	182,230.59	(165,096.65)		
		<u>33,271.77</u>	<u>1,299,852.94</u>	<u>1,037,853.29</u>	<u>(233,043.46)</u>		
<u>Analysis</u>							
Due To Other Funds		(95,083.00)			(233,223.86)		
Due From Other Funds	A-1	<u>128,354.77</u>			<u>180.40</u>		
		<u>33,271.77</u>			<u>(233,043.46)</u>		
Miscellaneous Revenue Not Anticipated	A-2			4,276.86			
Appropriation Payable	A-3		193,060.82	2,157.79			
Received	A-4		900,510.86				
Disbursed	A-4			1,030,785.60			
Interest on Investments	A-9			633.04			
Appropriation Reserves	A-12		11,035.12				
Open Space Due Current	A-18		195,246.14				
			<u>1,299,852.94</u>	<u>1,037,853.29</u>			

**Township of Mansfield, N.J.**  
**Schedule of Appropriation Reserves**  
**Current Fund**  
**Year Ended December 31, 2011**

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Page 1 of 2

	Balance, Dec. 31, <u>2010</u>	Balance after <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Streets and Roads:				
Road Repair and Maintenance	1,872.98	1,872.98		1,872.98
Municipal Court	7,252.25	7,252.25		7,252.25
Police	17,837.17	17,837.17	9,889.63	7,947.54
Total Salaries and Wages Within "CAPS"	<u>26,962.40</u>	<u>26,962.40</u>	<u>9,889.63</u>	<u>17,072.77</u>
Other Expenses Within "CAPS":				
Administrative and Executive	786.50	786.50	786.50	-
Assessment of Taxes	175.00	175.00		175.00
Collection of Taxes	23.19	23.19	23.19	-
Legal Services and Costs	4,385.21	4,385.21	3,734.00	651.21
Municipal Land Use Law (N.J.S. 40:55 D-1):				
Planning Board		120.00	120.00	
Employee Group Health	1.50	1.50		1.50
Police	6,120.03	5,315.03	5,315.03	
PEOSHA Hepatitis B Shots	420.00	475.00	475.00	
PEOSHA - Requirements	800.00	800.00		800.00
Public Buildings and Grounds	1,413.64	1,413.64		1,413.64
Streets and Roads:				
Road Repair and Maintenance	5,545.19	3,990.19	3,990.19	
Snow Removal	12,244.33	12,244.33	11,035.12	1,209.21
Municipal Court	146.99	146.99	146.99	
Recreation and Education	33.90	33.90		33.90
Utilities Expense and Bulk Purchases	9,958.23	12,143.23	12,143.23	
Total Other Expenses Within "CAPS"	<u>42,053.71</u>	<u>42,053.71</u>	<u>37,769.25</u>	<u>4,284.46</u>
Total Operations Within "CAPS"				
Including Contingent	<u>69,016.11</u>	<u>69,016.11</u>	<u>47,658.88</u>	<u>21,357.23</u>
Deferred Charges and Statutory Expenditures -				
Municipal Within "CAPS":				
Statutory Expenditures:				
Contribution To:				
Police and Fire Retirement System Arrears	621.00	621.00		621.00
Public Employees Retirement System Arrears	459.14	459.14		459.14
Defined Contribution Retirement Plan	23.09	23.09		23.09
Unemployment Compensation Insurance	15.76	15.76		15.76
Social Security ( O.A.S.I. )	1,207.99	1,207.99		1,207.99

**Township of Mansfield, N.J.**  
**Schedule of Appropriation Reserves**  
**Current Fund**  
**Year Ended December 31, 2011**

**A-12**  
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	Balance, Dec. 31, <u>2010</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Total Deferred Charges and Statutory				
Expenditures - Municipal Within "CAPS"	<u>2,326.98</u>	<u>2,326.98</u>	<u>          </u>	<u>2,326.98</u>
 Total General Appropriation Reserves - Municipal Within "CAPS"	 <u>71,343.09</u>	 <u>71,343.09</u>	 <u>47,658.88</u>	 <u>23,684.21</u>
 Total General Appropriation Reserves	 <u><u>71,343.09</u></u>	 <u><u>71,343.09</u></u>	 <u><u>47,658.88</u></u>	 <u><u>23,684.21</u></u>
	A			A-1
 Cash Disbursed	A-4		36,623.76	
Due Other Trust	A-11		<u>11,035.12</u>	
			<u><u>47,658.88</u></u>	

## Township of Mansfield, N.J.

## Schedule of Deferred Charges

## Current Fund

## Year Ended December 31, 2011

<u>Purpose</u>	<u>Added</u> <u>2011</u>	<u>Balance,</u> <u>Dec. 31, 2011</u>
Over-expenditure of Appropriation	37,275.74	37,275.74
Over-expenditure of Appropriation Reserves	1,053.50	1,053.50
Expenditure without an Appropriation	6,487.06	6,487.06
	<u>44,816.30</u>	<u>44,816.30</u>
		<u>A</u>

Budget Appropriations	A-3	37,275.74
Cash Disbursed	A-4	7,540.56
		<u>44,816.30</u>



## Township of Mansfield, N.J.

## Schedule of Various Cash Liabilities and Reserves

## Current Fund

Year Ended December 31, 2011

	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
<u>Liabilities and Reserves</u>				
<u>Liabilities:</u>				
Due State of NJ Marriage License Fees		1,000.00	850.00	150.00
Tax Overpayments		250.00		250.00
<u>Reserve for:</u>				
Verizon Franchise Fee		20,931.61		20,931.61
Outside Redemption		1,877.00		1,877.00
Garden State Preservation Trust Fund	25,077.00	25,077.00	25,077.00	25,077.00
	<u>25,077.00</u>	<u>49,135.61</u>	<u>25,927.00</u>	<u>48,285.61</u>
	A			A
<u>Ref.</u>				
Refund of Prior Year Revenue		8,755.90		
Realized as Anticipated Revenue			25,077.00	
Cash Receipts		40,379.71		
Cash Disbursements			850.00	
		<u>49,135.61</u>	<u>25,927.00</u>	

**Township of Mansfield, N.J.**  
**Schedule of Encumbrances Payable**

**Current Fund**

**Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	A	83,163.71
Increased by:		
Transfer from Current Appropriations	A-3	48,595.37
		<u>131,759.08</u>
Decreased by:		
Cancelled	A-1	19,933.80
Cash Disbursed	A-4	63,229.91
		<u>83,163.71</u>
Balance - December 31, 2011	A	<u><u>48,595.37</u></u>

**Schedule of Prepaid Taxes**

**Current Fund**

**Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	A	104,572.82
Increased by:		
Receipts - Prepaid 2012 Taxes	A-4	146,884.42
		<u>251,457.24</u>
Decreased by:		
Applied to 2011 Taxes	A-6	104,572.82
		<u>104,572.82</u>
Balance - December 31, 2011	A	<u><u>146,884.42</u></u>

**Township of Mansfield, N.J.**  
**Schedule of County Taxes Payable**

**Current Fund**

**Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	A	2,659.53
Increased by:		
Levy		5,300,650.25
Added and Omitted Taxes		<u>1,023.78</u>
	A-1;A-6	<u>5,301,674.03</u>
		5,304,333.56
Decreased by:		
Payments	A-4	<u>5,303,309.78</u>
Balance - December 31, 2011	A	<u><u>1,023.78</u></u>

**Schedule of Municipal Open Space Tax**

**Current Fund**

**Year Ended December 31, 2011**

	<u>Ref.</u>	
Increased by:		
Levy		195,209.00
Added and Omitted		<u>37.14</u>
	A-1;A-6	<u>195,246.14</u>
Decreased by:		
Interfund - Other Trust Fund	A-11	<u><u>195,246.14</u></u>

## Township of Mansfield, N.J.

## Schedule of Local District School Taxes Payable

## Current Fund

## Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010			
School Tax Payable	A	69,025.08	
School Tax Deferred		<u>2,392,409.04</u>	
			2,461,434.12
Increased by:			
Levy School Year July 1 to June 30	A-6		<u>5,221,821.00</u>
			7,683,255.12
Decreased by:			
Payments	A-4		<u>5,163,326.48</u>
Balance - December 31, 2011			
School Taxes Payable	A	127,519.60	
School Tax Deferred		<u>2,392,409.04</u>	
			<u>2,519,928.64</u>
2011 Liability for Local District School			
Tax Paid			5,163,326.48
Taxes Payable - Dec.31, 2011			<u>127,519.60</u>
			5,290,846.08
Less: Taxes Payable - Dec. 31, 2010			<u>69,025.08</u>
Amount Charged to 2011 Operations	A-1		<u>5,221,821.00</u>

## Township of Mansfield, N.J.

## Schedule of Regional High School Taxes Payable

## Current Fund

## Year Ended December 31, 2011

	<u>Ref.</u>		
Balance - December 31, 2010			
School Tax Deferred		<u>2,615,123.85</u>	2,615,123.85
Increased by:			
Levy School Year July 1 to June 30	A-6		<u>5,823,491.74</u>
			8,438,615.59
Decreased by:			
Payments	A-4		<u>5,801,299.52</u>
Balance - December 31, 2011			
School Taxes Payable	A	22,192.22	
School Tax Deferred		<u>2,615,123.85</u>	
			<u>2,637,316.07</u>
2011 Liability for Regional High School			
Tax Paid			5,801,299.52
Taxes Payable - Dec. 31, 2011			<u>22,192.22</u>
Amount Charged to 2011 Operations	A-1		<u>5,823,491.74</u>

## Township of Mansfield, N.J.

## Schedule of Interfunds

## Federal and State Grant Fund

## Year Ended December 31, 2011

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance <u>Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance <u>Dec. 31, 2011</u>
Current Fund	A	<u>(89,563.59)</u>	<u>172,121.40</u>	<u>67,089.61</u>	<u>15,468.20</u>
Grants Receivable	A-22		154,438.37		
Appropriated Grants	A-23			67,089.61	
Matching Funds for Grants	A-23		6,381.00		
Unappropriated Grants	A-24		<u>11,302.03</u>		
			<u>172,121.40</u>	<u>67,089.61</u>	

## Township of Mansfield, N.J.

## Schedule of Grants Receivable

## State Grant Fund

Year Ended December 31, 2011

<u>Grant</u>	<u>Balance Dec. 31, 2010</u>	<u>Budget Revenue</u>	<u>Received</u>	<u>Transfer from Unappropriated Reserves</u>	<u>Balance Dec. 31, 2011</u>
N.J. D.O.T. Bikeway	14,209.60				14,209.60
N.J.D.O.T. Guide Rail	2,856.00				2,856.00
N.J.D.O.T. Washburn Road	83,177.00		82,230.59		946.41
NJ Clean Energy Incentive Program		18,719.96	18,719.96		
Recycling Tonnage Grant		22,774.86	19,955.86		2,819.00
Clean Communities		16,771.96	16,771.96		
SHARE Police Feasibility Study	31,900.00		12,760.00		19,140.00
Highlands Plan Conf.	50,000.00				50,000.00
Highlands Assessment	15,000.00				15,000.00
Drunk Driving Enforcement Fund		2,676.12		2,676.12	
Click-it or Ticket		8,000.00	4,000.00	4,000.00	
Safe and Secure		17,997.00			17,997.00
Municipal Alliance	14,425.00				14,425.00
	<u>211,567.60</u>	<u>86,939.90</u>	<u>154,438.37</u>	<u>6,676.12</u>	<u>137,393.01</u>
	A	A-2	A-21	A-24	A

## Township of Mansfield, N.J.

## Schedule of Appropriated Reserves for Grants

## State Grant Fund

Year Ended December 31, 2011

Grant	Balance	Transfer	Expended	Balance
	<u>Dec. 31, 2010</u>	From 2011 <u>Budget</u>		<u>Dec. 31, 2011</u>
Clean Communities	7,845.43	16,771.96	20,873.56	3,743.83
Municipal Court Alcohol Rehab. Program	39.58			39.58
Recycling Tonnage	15,391.15	22,774.86	8,579.43	29,586.58
Wal-Mart Environmental Grant - Local Share	500.00			500.00
Wal-Mart Police Grant	1.00		1.00	
Safe and Secure		17,997.00		17,997.00
NJ Clean Energy Program Incentive		18,719.96	18,719.96	
New Jersey Trust Fund Authority Act:				
Guide Rail	3,740.00			3,740.00
Washburn Road	8,708.91			8,708.91
Drunk Driving Enforcement Fund	1,489.96	2,676.12	2,430.33	1,735.75
SHARE Police Feasibility Study	19,140.00			19,140.00
SHARE Police Feasibility Study - Local		6,380.00		6,380.00
Highlands Plan Conf.	21,633.75			21,633.75
Highlands Assessment	4,048.75			4,048.75
Click -it or Ticket		8,000.00	4,000.00	4,000.00
Prosecutor's Law Enforcement	240.00			240.00
Comcast Grant	15,682.37		3,882.62	11,799.75
Municipal Stormwater Regulation	6,408.40		225.00	6,183.40
Municipal Alliance - State Share	7,182.78		5,819.31	1,363.47
Municipal Alliance - Matching Fund	2,654.00	1.00	1,937.00	718.00
Body Armor Fund	621.40		621.40	
	<u>115,327.48</u>	<u>93,320.90</u>	<u>67,089.61</u>	<u>141,558.77</u>
	A			A
Budget Appropriations	Ref.	86,939.90		
Matching Funds for Grants	A-3	6,381.00		
Cash Disbursed	A-21		67,089.61	
		<u>93,320.90</u>	<u>67,089.61</u>	



**Township of Mansfield, N.J.**

**Schedule of Unappropriated Reserves for Grants**

**Federal and State Grant Fund**

**Year Ended December 31, 2011**

<u>Grant</u>	<u>Balance Dec. 31, 2010</u>	<u>Transfer To Appropriated Reserves</u>	<u>Received</u>	<u>Balance Dec. 31, 2011</u>
Drunk Driving Enforcement Fund	2,676.12	2,676.12	2,000.00	2,000.00
Municipal Court Alcohol Rehabilitation	0.41		377.54	377.95
Click-it or Ticket	4,000.00	4,000.00		
Municipal Alliance			7,402.00	7,402.00
Body Armor Fund			1,522.49	1,522.49
	<u>6,676.53</u>	<u>6,676.12</u>	<u>11,302.03</u>	<u>11,302.44</u>
	A	A-22	A-21	A

## Township of Mansfield, N.J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2011

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Funds</u>
Balance - December 31, 2010	B	<u>184.60</u>	<u>1,363,406.17</u>
Increased by Receipts:			
Interfund - Current Fund	B-2		128,503.66
Dog License Fees - Township	B-5	5,438.50	
Dog Late Fees	B-5	590.00	
Cat Late Fees	B-5	135.00	
Cat License Fees	B-5	1,355.50	
Miscellaneous	B-5	10,394.53	
Other Trust Funds	B-6		3,752,567.82
Dog License Fees - State Share	B-7	<u>1,299.00</u>	
Total Receipts		<u>19,212.53</u>	<u>3,881,071.48</u>
		<u>19,397.13</u>	<u>5,244,477.65</u>
Decreased by Disbursements:			
Interfund - Current Fund	B-2		16,868.80
Reserve for Dog Expenditures	B-5	16,921.40	
Other Trust Funds	B-6		3,921,137.57
State Share - Dog Licenses	B-7	<u>1,303.20</u>	
Total Disbursements		<u>18,224.60</u>	<u>3,938,006.37</u>
Balance - December 31, 2011	B	<u><u>1,172.53</u></u>	<u><u>1,306,471.28</u></u>

**Township of Mansfield, N.J.**  
**Schedule of Due (to) / From Current Fund**  
**Trust Fund**  
**Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	B		(36,452.99)
Increased by:			
Cash Disbursements	B-1	16,868.80	
Other Trust Funds	B-6	386,370.86	
			<u>403,239.66</u>
			366,786.67
Decreased by:			
Cash Receipts	B-1	128,503.66	
Other Trust Funds	B-6	185,624.00	
			<u>314,127.66</u>
Balance - December 31, 2011	B		<u><u>52,659.01</u></u>

**Township of Mansfield, N.J.**  
**Schedule of Due From General Capital**  
**Animal Control Trust Fund**  
**Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	B		36,000.00
Increased by:			
Reserve for Other Trust	B-6		<u>321.57</u>
Balance - December 31, 2011	B		<u><u>36,321.57</u></u>

**Township of Mansfield, N.J.**  
**Schedule of Due (To) Current Fund**  
**Animal Control Trust Fund**  
**Year Ended December 31, 2011**

Balance - December 31, 2010	<u>Ref.</u> B	(2,338.19)
Decreased by:		
Reserve for Animal Control Fund	B-5	<u>2,157.79</u>
Balance - December 31, 2011	B	<u><u>(180.40)</u></u>

## Township of Mansfield, N.J.

## Reserve/(Deficit) for Animal Control Trust Fund Expenditures

## Trust Funds

## Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	B	(2,157.79)
Increased by:		
Cat Late Fees	B-1	135.00
Dog Late Fees	B-1	590.00
Cat License Fees	B-1	1,355.50
Dog License Fees	B-1	5,438.50
Miscellaneous	B-1	10,394.53
Raised in Budget	B-4	<u>2,157.79</u>
		<u>20,071.32</u>
		17,913.53
Decreased by:		
Expenditures R.S. 4:19-1511	B-1	<u>16,921.40</u>
Balance - December 31, 2011	B	<u><u>992.13</u></u>

Year	
2010	7,205.50
2009	<u>7,883.70</u>
	<u><u>15,089.20</u></u>

## Township of Mansfield, N.J.

## Schedule of Other Trust Funds

## Trust Funds

## Year Ended December 31, 2011

	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
Escrow Deposits	297,051.97	26,135.00	85,999.61	237,187.36
Unemployment	125,751.02	653.28	2,369.76	124,034.54
Municipal Alliance	8,172.39			8,172.39
Recreation	39,677.65	49,937.43	56,297.06	33,318.02
Tax Sale Premium	38,100.00	103,400.00	66,900.00	74,600.00
C.O.A.H. Mandatory Development	353,385.12	2,821.08	6,498.08	349,708.12
Open Space	243,418.80	201,258.71	177,574.80	267,102.71
Public Defender		1,018.50	1,018.50	
COAH	256,929.71			256,929.71
Snow Removal	181.77	31,485.10		31,666.87
Outside Employment	6,565.00	13,733.60	16,637.60	3,661.00
Fire Prevention	2,569.71	1,720.00	137.04	4,152.67
POAA	595.58	20.00		615.58
Payroll	(9,445.54)	3,705,319.30	3,693,329.12	2,544.64
Accumulated Absences		1,758.25		1,758.25
	<u>1,362,953.18</u>	<u>4,139,260.25</u>	<u>4,106,761.57</u>	<u>1,395,451.86</u>
	B			B

Ref.

Interfund Current	B-2	386,370.86	185,624.00
Interfund - General Capital	B-3	321.57	
Cash Receipts	B-1	3,752,567.82	
Cash Disbursements	B-1		<u>3,921,137.57</u>
		<u>4,139,260.25</u>	<u>4,106,761.57</u>

**Township of Mansfield, N.J.**

**Schedule of Due to State Department of Health**

**Trust Funds**

**Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	B	4.20
Increased by:		
State Fees Collected	B-1	1,299.00
		<u>1,303.20</u>
Decreased by:		
Paid to State	B-1	1,303.20
		<u><u>1,303.20</u></u>

**Township of Mansfield, N.J.**

**Schedule of Cash**

**General Capital Fund**

**Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	C; C-3		139,899.90
Increased by Receipts:			
Interfund - Current Fund	C-4	182,230.59	
Capital Improvement Fund	C-9	<u>52,292.00</u>	
	C-3		<u>234,522.59</u>
			374,422.49
Decreased by Disbursements:			
Interfund - Current Fund	C-4	87,772.65	
Improvement Authorizations	C-10	<u>208,217.88</u>	
	C-3		<u>295,990.53</u>
Balance - December 31, 2011	C;C-3		<u><u>78,431.96</u></u>



## Township of Mansfield, N.J.

## Analysis of Cash

## General Capital Fund

Year Ended December 31, 2011

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2011
	Balance Dec. 31, 2010	Miscellaneous	Improvement Authorizations	Miscellaneous	To	From	
Fund Balance	296.99						296.99
Capital Improvement Fund	0.13	52,292.00			23,000.00		75,292.13
Due (From) / To Current Fund	(95,083.00)	182,230.59		87,772.65		(164,471.59)	(165,096.65)
Due (From) / To Other Trust Fund	36,000.00				321.57		36,321.57
Various Reserves	1,414.29				83,574.34		84,988.63
Ordinance #	Improvement Authorizations						
03-10	Refunding Bond Ordinance	(35,500.00)					(35,500.00)
05-10	Road Equipment/Construction	(57,897.25)			57,897.25		
09-02	Purchase of Road Equipment	1.91					1.91
09-03	Improvement to Public Buildings	16,550.00					16,550.00
09-04	Purchase of Office Equipment	700.00					700.00
09-05	Purchase of Police Equipment	3,008.95		3,008.95			
09-08	Construction of a Wash Bay	(14,867.54)					(14,867.54)
10-01	Road Construction / Reconstruction	9,391.55					9,391.55
10-02	Emergency Vehicles	2,629.62					2,629.62
10-09	Various Improvements	273,254.25		205,208.93	273,254.25	(273,254.25)	
11-11	Various Improvements					(321.57)	
		139,899.90	234,522.59	208,217.88	438,047.41	(438,047.41)	67,723.75
	C		C-2	C-2			78,431.96
				C-2			C

**Township of Mansfield, N.J.**

**Schedule of Interfund Accounts Receivable (Payable) - Current Fund**

**General Capital Fund**

**Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	C		95,083.00
Increased by:			
Cash Disbursements	C-2	87,772.65	
Deferred Charges to Future			
Taxation - Unfunded	C-8	57,897.25	
Capital Improvement Fund	C-9	23,000.00	
Various Reserves	C-12	<u>83,574.34</u>	
			<u>252,244.24</u>
			347,327.24
Decreased by:			
Cash Receipts	C-2		<u>182,230.59</u>
Balance - December 31, 2011	C		<u><u>165,096.65</u></u>

**Township of Mansfield, N.J.**

**Schedule of Interfund Accounts Receivable (Payable) -Other Trust Fund**

**General Capital Fund**

**Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	C	(36,000.00)
Increased by:		
Improvement Authorizations	C-10	<u>321.57</u>
Balance - December 31, 2011	C	<u><u>(36,321.57)</u></u>

**Due From Hackettstown**

**General Capital Fund**

**Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	C	<u><u>14,867.54</u></u>
Balance - December 31, 2011	C	<u><u>14,867.54</u></u>

**Township of Mansfield, N.J.**

**Schedule of Deferred Charges to Future  
Taxation - Funded**

**General Capital Fund**

**Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	C		2,904,500.00
Funded by Budget Appropriation			
General Serial Bonds	C-13	271,000.00	
N.J. Economic Resources Loan Payable	C-14	<u>22,500.00</u>	
			<u>293,500.00</u>
Balance - December 31, 2011	C		<u><u>2,611,000.00</u></u>

## Township of Mansfield, N.J.

## Schedule of Deferred Charges to Future Taxation - Unfunded

## General Capital Fund

December 31, 2011

Ord. Number	Improvement Description	Balance Dec. 31, 2010	Paid By 2011 Budget Appropriation	Balance Dec. 31, 2011	Analysis of Balance		
					Financed by Bond Antici- pation Notes	Expended	Unexpended Improvement Authorization
03-10	Refunding Bond Ordinance	35,500.00		35,500.00		35,500.00	
05-10	Road Equipment/Construction	57,897.25	57,897.25				
10-09	Various Capital Improvements	285,072.35		285,072.35	285,000.00		72.35
		<u>378,469.60</u>	<u>57,897.25</u>	<u>320,572.35</u>	<u>285,000.00</u>	<u>35,500.00</u>	<u>72.35</u>
	C		C-15	C			
	Improvement Authorizations - Unfunded				Ord. No	Ref.	
						C-10	67,796.10
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued				10-09		<u>67,723.75</u>
							<u>72.35</u>

**Township of Mansfield, N.J.**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	C		0.13
Increased by:			
Off Track Improvements	C-2	52,292.00	
Interfund Current	C-4	<u>23,000.00</u>	
			<u>75,292.00</u>
Balance - December 31, 2011	C		<u><u>75,292.13</u></u>

**Township of Mansfield, N.J.**  
**Schedule of Improvement Authorizations**  
**General Capital Fund**  
**Year Ended December 31, 2011**

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2010		Re-Authorized	Expended	Balance Dec. 31, 2011	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
09-02	Purchase of Road Equipment	06/10/09	16,376.00	1.91				1.91	
09-03	Improvement to Public Buildings	06/24/09	16,550.00	16,550.00				16,550.00	
09-04	Purchase of Office Equipment	06/24/09	700.00	700.00				700.00	
09-05	Purchase of Police Equipment	06/24/09	9,530.00	3,008.95			3,008.95		
10-01	Road Construction / Reconstruction	03/10/10	100,000.00	9,391.55				9,391.55	
10-02	Emergency Vehicles	03/10/10	126,000.00	2,629.62				2,629.62	
10-09	Various Capital Improvements	04/28/10	299,326.60		273,326.60	(273,326.60)			
11-11	Various Capital Improvements	05/25/11	273,326.60			273,326.60	205,530.50		67,796.10
				32,282.03	273,326.60		208,539.45	29,273.08	67,796.10
				C	C		C	C	C
	Cash Disbursements						208,217.88		
	Interfund - Open Space Trust Fund						321.57		
							208,539.45		

Ref.

C-2

C-5

**Township of Mansfield, N.J.**  
**Schedule of Bond Anticipation Notes Payable**  
**General Capital Fund**

**Year Ended December 31, 2011**

Ord No./ Date	<u>Improvement Description</u>	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
10-09	Various Improvements	05/26/10	05/26/10	05/25/11	1.95%	285,000.00	285,000.00	285,000.00	285,000.00
			05/24/11	05/23/12	2.10%		285,000.00		285,000.00
						285,000.00	285,000.00	285,000.00	285,000.00
						<u>C</u>			<u>C</u>
					Renewals		285,000.00	285,000.00	



## Township of Mansfield, N.J.

## Schedule of Various Reserves

## General Capital Fund

## Year Ended December 31, 2011

<u>Description</u>	<u>Balance Dec. 31, 2010</u>	<u>Increased</u>	<u>Balance Dec. 31, 2011</u>
Renovation to Municipal Property		5,000.00	5,000.00
Recreation Equipment		23,000.00	23,000.00
Streets and Roads		49,202.34	49,202.34
Office Equipment	914.29		914.29
Police Recorders		5,000.00	5,000.00
Police Computer		1,372.00	1,372.00
Preliminary Exp. For Washburn Rd.	500.00		500.00
	<u>1,414.29</u>	<u>83,574.34</u>	<u>84,988.63</u>
	C	C-4	C

**Township of Mansfield, N.J.**  
**Schedule of General Serial Bonds Payable**

<b>General Capital Fund</b>									
<b>Year Ended December 31, 2011</b>									
<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</u>		<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>
			<u>Date</u>	<u>Amount</u>		<u>Dec. 31, 2010</u>			
General Improvements	12/01/01	1,481,000.00	09/01/12-13	66,000.00	5.20%				
			09/01/14-20	106,000.00	5.20%				
			09/01/21	93,000.00	5.20%	1,033,000.00		66,000.00	967,000.00
General Improvements	09/01/03	2,284,000.00	09/01/12	154,000.00	4.375%				
			09/01/13	75,000.00	4.375%				
			09/01/14	80,000.00	4.375%				
			09/01/15	80,000.00	4.375%				
			09/01/16	85,000.00	4.375%				
			09/01/17	85,000.00	4.375%				
			09/01/18	90,000.00	4.375%				
			09/01/19	90,000.00	4.375%				
			09/01/20	100,000.00	4.375%				
			09/01/21	100,000.00	4.375%				
			09/01/22	100,000.00	4.375%				
			09/01/22	100,000.00	4.375%				
			09/01/23	100,000.00	4.375%				
			09/01/24	100,000.00	4.375%				
			09/01/25	100,000.00	4.375%				
			09/01/26	95,000.00	4.375%	1,584,000.00		150,000.00	1,434,000.00
General Obligation Refunding Bonds	09/01/03	610,000.00	9/1/12-14	55,000.00	3.875%	220,000.00		55,000.00	165,000.00
								271,000.00	2,566,000.00
							C	C-7	C

**Township of Mansfield, N.J.**

**Schedule of N. J. Economic Resources Loan Payable**

**General Capital Fund**

**Year Ended December 31, 2011**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of</u>		<u>Interest Rate</u>	<u>Balance</u>	
			<u>Date</u>	<u>Amount</u>		<u>Dec. 31, 2010</u>	<u>Dec. 31, 2011</u>
Construction of Municipal Building	08/15/94	450,000.00	8/15/12-13	22,500.00	1.50%	67,500.00	45,000.00
						C	C
						C-7	C

**Township of Mansfield, N.J.**  
**Schedule of Bonds and Notes Authorized But Not Issued**

**General Capital Fund**

**Year Ended December 31, 2011**

<u>Ord.</u> <u>No.</u>	<u>Date</u>	<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Funded By</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
03-10	07/09/03	Refunding Bond Ordinance	35,500.00		35,500.00
05-10	06/08/05	Road Equipment/Construction	57,897.25	57,897.25	
10-09	04/28/10	Various Improvements	72.35		72.35
			<u>93,469.60</u>	<u>57,897.25</u>	<u>35,572.35</u>
				C-8	Footnote C

**TOWNSHIP OF MANSFIELD**

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**PART II**

**LETTER ON INTERNAL CONTROL AND ON COMPLIANCE  
AND OTHER MATTERS**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2011**

# Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkottz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

## 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

June 26, 2012

Honorable Mayor and  
Members of the Township Committee  
Township of Mansfield  
100 Port Murray Road  
Port Murray, N.J. 07865

We have audited the financial statements - regulatory basis of the Township of Mansfield, in the County of Warren, State of New Jersey as of and for the year ended December 31, 2011, and have issued our report thereon dated June 26, 2012. Our report disclosed that, as described in Note 1 to the financial statements - regulatory basis, the Township of Mansfield 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 of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Township did not implement the requirements of Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions. State of New Jersey Local Finance Notice, 2007-15, also dictates that Municipalities implement this GASB. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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

Management of the Township of Mansfield is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Township of Mansfield's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements - regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Township of Mansfield's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Mansfield's internal control over financial reporting.

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



Honorable Mayor and  
Members of the Township Committee  
Township of Mansfield  
June 26, 2012  
Page 2

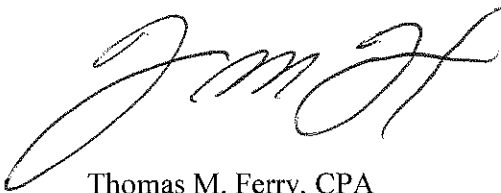
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Mansfield'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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and which are described in the accompanying Schedule of Findings and Questioned Costs, as 11-01.

We noted certain immaterial instances of noncompliance that we have reported to the management of the Township of Mansfield in the accompanying comments and recommendations section of this report.

This report is intended solely for the information and use of management, The Division of Local Government Services, Department of Community Affairs, State of New Jersey, Federal Awarding Agencies and Pass Through Entities and is not intended to be and should not be used by anyone other than these specified parties.



Thomas M. Ferry, CPA  
Registered Municipal Accountant  
No. 497

*Ferraioli, Wielkotz, Cerullo, & Cuva, P.A.*

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

**TOWNSHIP OF MANSFIELD**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2011**

**Summary of Auditor's Results:**

A qualified opinion was issued on the Township's financial statements prepared on an other comprehensive basis of accounting.

The audit did not disclose any significant deficiencies in the internal controls of the Township.

The audit did disclose noncompliance that is material to the financial statements of the Township.

The Township was not subject to the single audit provisions of Federal OMB Circular A-133 (the "Circular") and State Circular 04-04 OMB for 2011 as grant expenditures were less than the single audit thresholds identified in the Circulars.

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

The audit did disclose findings required to be reported under Generally Accepted Government Auditing Standards, as follows:

**Finding 11-01:**

The Township of Mansfield did not properly update fixed assets for additions and deletions as required by Technical Accounting Directive 85-2 and New Jersey Administrative Code 5:30-5.6.

**Findings and Questioned Costs for Federal Awards:**

Not applicable

**Findings and Questioned Costs for State Awards:**

Not applicable



**TOWNSHIP OF MANSFIELD**

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

NOT APPLICABLE

## GENERAL COMMENTS

### Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2011, and at June 26, 2012, in connection with the supplemental reconciliations made for all officials. Cash on hand was counted on that date.

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

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

- a. "When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contracts made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (I) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198 (C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. That adjustment shall become effective on July 1 of the year in which it is made."

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

## GENERAL COMMENTS (CONTINUED)

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

Effective January 1, 2011, the bid threshold in accordance with N.J.S. 40A:11-3 and 40A:11-4 (as amended) is \$17,500.00 and with a qualified purchasing agent the threshold may be up to \$36,000.00.

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

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

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

Our review of the Township's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "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.

### Collection of Interest on Delinquent Taxes

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

The governing body adopted the following resolutions on January 1, 2011 authorizing interest to be charged on delinquent taxes.

"Establish Rate of Interest to be charged for Non-Payment of Taxes on or before the Due Date"

WHEREAS, N.J.S.A. 54:4-67 permits the Governing Body of each municipality to fix the rate of interest to be charged for late non-payment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law, and

WHEREAS, N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate at eight percent (8%) per annum for the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on amounts in excess of \$1,500.00, and allows for an additional penalty of six percent (6%) to be collected against a delinquency in excess of \$10,000.00 from properties that fail to pay the delinquency prior to the end of the calendar year;

## GENERAL COMMENTS (CONTINUED)

### Collection of Interest on Delinquent Taxes (continued)

NOW THEREFORE BE IT RESOLVED by the Mayor and Township Committee of the Township of Mansfield, County of Warren, State of New Jersey as follows:

- 1) The Tax Collector is hereby authorized and directed to charge an 8% rate of interest per annum on the first \$1,500.00 of taxes becoming delinquent after due date, and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31<sup>st</sup>, an additional penalty of 6% shall be charged against the delinquency.
- 2) Effective January 1, 2011 there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.
- 3) Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution. It appears from an examination of the Tax Collector's records and of the Utility Collector's records that interest was collected in accordance with the forgoing resolutions.

### Delinquent Taxes and Tax Title Liens

The last tax sale was held on September 18, 2011 and was complete, except for properties in Bankruptcy Court.

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 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2011	123
2010	114
2009	105

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

### Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services.

The result of the test which was made as of December 31, 2011 is not yet known, but a separate report will be rendered if any irregularities are developed.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

## GENERAL COMMENTS (CONTINUED)

### Municipal Court

The report required by statute covering the accounts of the Municipal Court has been filed under separate cover with the Judge, Township Clerk and Division of Local Government Services. We noted however, that there are internal control problems that are throughout the State of New Jersey Municipal Court System caused by the implementation of the Automated Traffic System and the Automated Complaint System.

There are 33 tickets assigned but not issued over 181 days.

#### Management Response:

The Court Administrator is going to recall and reissue the tickets.

### Technical Accounting Directives

Beginning January 1, 1986, the Township of Mansfield is required to have installed Fixed Assets General Ledger Accounting system and Encumbrance system.

Technical Accounting Directives were issued and forwarded to the Township of Mansfield from the Division of Local Government Services and the Local Finance Board pursuant to N.J.S.A. 52:27BB through 32. As to the filing date of this report of audit, the Township has not instituted the following systems:

1. Fixed Assets Accounting System was not maintained in accordance with Technical Accounting Directive 85-2.

#### Management Response:

Fixed assets will be updated and maintained in accordance with Technical Accounting Directive 85-2.

### Finance

1. There was no analysis of payroll maintained in 2011.

#### Management Response:

An analysis of payroll agency will be maintained in 2012.

2. There was one ordinance in which projects were completed and are on the schedule of deferred charges to future taxation - unfunded over 5 years since ordinance was adopted.

#### Management Response:

The deferred charges to future unfunded will be raised in the budget in future years.

## GENERAL COMMENTS (CONTINUED)

3. Tax Title Liens should be investigated for possible foreclosure.

### Management Response:

Tax title liens will be investigated and foreclosed on, if possible.

4. There are various federal and state grant receivables that need to be investigated for possible cancellation.

### Management Response:

Federal and state grant receivables will be reviewed for possible cancellation.

5. There were appropriations and appropriation reserve over-expenditures.

### Management Response:

Transfer resolutions will be done in 2012.

6. There are invalid encumbrances on the General Ledger at year-end.

### Management Response:

Encumbrances are in the process of being reviewed to determine their validity.

7. The payroll company did not obtain a report on internal controls.

### Management Response:

The Township will look into changing payroll companies.

## Interfunds

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

### Management Response:

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

## GENERAL COMMENTS (CONTINUED)

### Outside Offices

1. Police Department cashbook was not maintained when police administrative assistant was on maternity leave for two months.

#### Management Response:

Police Department cashbook will be maintained every month.

2. Construction fees were not being charged in accordance with Fee Ordinance.

#### Management Response:

The clerk is refunding money for fees that were overcharged, and a new Fee Ordinance was adopted in June 2011.

## RECOMMENDATIONS

1. That tickets over 181 days that are assigned but not issued be recalled and reassigned.
2. That fixed assets be updated.
3. That an analysis of payroll be maintained.
4. That deferred charges to future taxation - unfunded over five years old be funded.
5. That Tax Title Liens are investigated for possible foreclosure.
6. That grant receivable balances in federal and state grant fund be reviewed for possible cancellation.
7. That no line items should be overexpended or spent without reserves, and all expenditures have appropriations.
8. That encumbrances be reviewed to determine their validity.
9. That interfunds be liquidated prior to end of year.
10. That the Police Department cashbook be maintained every month.
11. That the payroll company obtain a report on internal controls.

## Status of Prior Years Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all findings, except for the following:

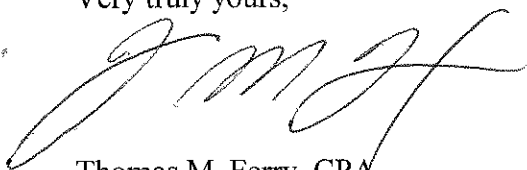
1. That tickets over 181 days that are assigned but not issued be recalled and reassigned.
2. That fixed assets be updated.
3. That an analysis of payroll be maintained.
4. That deferred charges to future taxation - unfunded over five years old be funded.
5. That Tax Title Liens are investigated for possible foreclosure.
6. That interfunds be liquidated prior to end of year.
7. That grant receivable balances in federal and state grant fund be reviewed for possible cancellation.

\* \* \* \* \*

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

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

Very truly yours,



Thomas M. Ferry, CPA  
Registered Municipal Accountant  
No. 497

*Ferraioli, Wielkotsky, Cerullo, & Cuva, P.A.*  
FERRAIOLI, WIELKOTZ, CERULLO, & CUVA, P.A.  
Certified Public Accountants