

TOWN OF NEWTON
REPORT OF AUDIT
COUNTY OF SUSSEX
DECEMBER 31, 2012

TOWN OF NEWTON, N.J.
YEAR ENDED DECEMBER 31, 2012

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TOWN OF NEWTON

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2012

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Town Council
Town of Newton
Newton, NJ 07860

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds of the Town of Newton in the County of Sussex, as of December 31, 2012 and 2011, the related statement 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, 2012, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not



for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Length of Service Awards Program of the Town of Newton has not been audited, and we were not engaged to audit the Length of Service Awards Program financial statements as part of our audit of the Town's financial statements.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Town of Newton on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Town of Newton as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

We are unable to obtain sufficient evidence to support the cost of fixed assets. As more fully describe in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. We are, therefore, unable to express an opinion as to the general fixed assets account group at December 31, 2012, and 2011, stated as \$48,196,318.00 and \$48,988,046.00, respectively.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in "Basis for Qualified Opinion on Regulatory Basis Accounting Principles", with the exception of the Length of Services Award Program, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

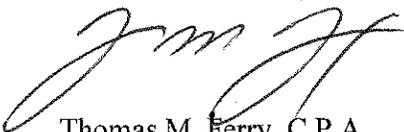
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Newton's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2013 on our consideration of the Town of Newton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Newton's internal control over financial reporting and compliance.



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497

Ferraioli, Wielkocz, Cerullo, & Cova, P.A.

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

April 30, 2013



Town of Newton, N.J.

Comparative Balance Sheet -Regulatory Basis

Current Fund

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	2,179,092.40	1,981,391.10
Change Fund	A-5	400.00	400.00
		<u>2,179,492.40</u>	<u>1,981,791.10</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-6	331,054.49	455,563.49
Tax Title Liens Receivable	A-7	28,843.43	23,043.02
Property Acquired for Taxes - Assessed Valuation	A-8	558,650.00	558,650.00
Interfund Receivables:			
Federal and State Grant Fund	A-13	12,902.00	9,268.88
		<u>931,449.92</u>	<u>1,046,525.39</u>
Deferred Charges:			
Emergency Authorization	A-11		32,830.62
Special Emergency Authorization (40A:4-53)	A-10	58,200.00	56,400.00
		<u>58,200.00</u>	<u>89,230.62</u>
		<u>3,169,142.32</u>	<u>3,117,547.11</u>
Federal and State Grant Fund:			
Cash	A-4	1,517.09	37,956.52
Interfund - General Capital	A-21	2,400.00	
Grants Receivable	A-23	44,388.69	9,268.88
		<u>48,305.78</u>	<u>47,225.40</u>
		<u>3,217,448.10</u>	<u>3,164,772.51</u>

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

Comparative Balance Sheet -Regulatory Basis

Current Fund

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Current Fund:			
Appropriation Reserves	A-3; A-14	369,787.16	489,550.36
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-12	25,031.86	20,531.86
Interfunds Payable:			
General Capital	A-13	11,955.52	
Other Trust Fund	A-13	0.65	0.65
Due to State of New Jersey:			
Marriage Surcharge	A-15	350.00	
Tax Overpayments	A-15	10,500.87	711.85
Reserve for:			
Garden State Trust - PILOT	A-15	8,539.00	8,539.00
Tax Premiums	A-15		201,900.00
Tax Title Lien Redemptions	A-15		1,069.22
Hurricane Irene	A-15		22,914.66
Sale of Municipal Assets	A-15	36,347.00	2,280.00
Encumbrances Payable	A-16	130,846.71	90,480.62
Prepaid Taxes	A-17	99,462.13	160,380.36
County Taxes Payable	A-18	2,553.38	3,888.26
Local School District Taxes Payable	A-19		1.00
Special Emergency Note Payable	A-20		89,000.00
		<u>695,374.28</u>	<u>1,091,247.84</u>
Reserve for Receivables	Contra	931,449.92	1,046,525.39
Fund Balance	A-1	<u>1,542,318.12</u>	<u>979,773.88</u>
		<u>3,169,142.32</u>	<u>3,117,547.11</u>
Federal and State Grant Fund:			
Interfund - Current Fund	A-21	12,902.00	9,268.88
Encumbrances Payable	A-22	6,823.00	2,718.75
Unappropriated Reserve for Grants	A-25	12,505.71	12,634.41
Appropriated Reserve for Grants	A-24	16,075.07	22,603.36
		<u>48,305.78</u>	<u>47,225.40</u>
		<u>3,217,448.10</u>	<u>3,164,772.51</u>

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

Town of Newton, N.J.

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

Current Fund

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	641,000.00	550,000.00
Miscellaneous Revenue Anticipated	A-2	2,571,501.83	2,094,962.44
Receipts from Delinquent Taxes	A-2	456,512.79	403,055.90
Receipts from Current Taxes	A-2	22,561,653.66	22,234,331.48
Non-Budget Revenue	A-2	709,823.69	535,036.63
Other Credits to Income:			
Cancellation of Other Trust Reserve	A-4	3.65	20,000.00
Cancellation of Public Assistance			7,384.12
Cancellation of Stale Dated Checks	A-4	110.00	948.97
Interfunds Returned			2,168.41
Unexpended Balance of Appropriation Reserves	A-14	347,918.54	76,419.99
Encumbrances Cancelled	A-16	10,870.33	90,708.70
School Taxes Cancelled	A-19	1.00	
Total Revenues and Other Income		<u>27,299,395.49</u>	<u>26,015,016.64</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within "CAPS"			
Salaries and Wages	A-3	3,893,399.00	3,966,117.87
Other Expenses	A-3	2,784,819.00	2,481,616.75
Deferred Charges and Statutory Expenditures -			
Municipal - Within "CAPS"	A-3	1,025,000.96	1,064,924.00
Operations - Excluded From CAPS:			
Salaries and Wages	A-3	855,328.00	846,248.51
Other Expenses	A-3	485,468.02	567,263.99
Capital Improvements - Excluded from Caps	A-3	123,000.00	124,000.00
Municipal Debt Service - Excluded from Caps	A-3	1,759,478.58	1,295,935.49
Deferred Charges and Statutory Expenditures -			
Municipal - Excluded from Caps	A-3	76,065.02	89,578.66
Refund Prior Year Taxes	A-4	38,234.43	95,763.01
County Taxes including Added Taxes	A-18	3,369,471.12	3,189,497.42
Local District School Tax	A-19	11,699,954.00	11,656,885.00
Interfund Advances	A-13	3,633.12	
Total Expenditures		<u>26,113,851.25</u>	<u>25,377,830.70</u>
Excess (Deficit) Revenue Over Expenditures		1,185,544.24	637,185.94
Adjustment to Income Before Fund Balance			
Expenditures Included above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-10	18,000.00	32,830.62
Statutory Excess to Fund Balance		1,203,544.24	670,016.56
Fund Balance, January 1,	A-1	979,773.88	859,757.32
		2,183,318.12	1,529,773.88
Decreased by:			
Fund Balance Utilized as Budget Revenue		641,000.00	550,000.00
Fund Balance, December 31,	A	<u>1,542,318.12</u>	<u>979,773.88</u>

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

Town of Newton, N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2012

A-2
Page 1 of 2

	<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	641,000.00		641,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-9	12,470.00		13,370.00	900.00
Other	A-9	19,000.00		18,653.00	(347.00)
Fees and Permits	A-9	131,530.00		144,805.86	13,275.86
Fines and Costs:					
Municipal Court	A-9	185,040.00		207,077.82	22,037.82
Interest and Costs on Taxes	A-9	107,100.00		108,308.64	1,208.64
Interest on Investments and Deposits	A-9	73,731.65		52,356.42	(21,375.23)
Hotel Tax	A-9	67,300.00		72,863.58	5,563.58
Certificates of Compliance - Commercial	A-9	3,800.00		6,925.00	3,125.00
Consolidated Municipal Property Tax Relief Aid	A-9	44,272.00		44,272.00	
Energy Receipts Tax	A-9	973,105.00		973,105.00	
Garden State Trust Fund	A-9	8,539.00		8,539.00	
Uniform Construction Code Fees	A-9	28,500.00		52,178.27	23,678.27
Special Items of General Revenue Anticipated					
With Prior Written Consent of Director of Local Government Services:					
Shared Service Agreements					
Parking Authority Contract	A-9	60,600.00		60,600.00	
Reimbursement for Dispatching Services	A-9	343,888.00		343,888.00	
Public and Private Revenues:					
Recycling Tonnage Reserve	A-23	10,174.64		10,174.64	
Clean Communities	A-23	12,488.61		12,488.61	
Historic Preservation Grant	A-23		17,865.00	17,865.00	
Municipal Alliance	A-23		18,772.00	18,772.00	
Safe and Secure Communities	A-23	20,223.00	5,588.00	25,811.00	
State of NJ Body Armor Grant	A-23	2,459.77		2,459.77	
Other Special Items:					
Reserve for Sale of Municipal Assets	A-9	2,280.00		2,280.00	
Thor Labs PILOT - Offset Debt Service	A-9	203,880.00		203,880.00	
Thor Labs PILOT - Miscellaneous Revenues	A-9	67,120.00		67,120.00	
Reserve Emergency Funding - Hurricane Irene	A-9	30,148.34		30,148.34	
General Capital Fund Balance	A-9	27,034.40		27,034.40	
Insurance Return Premium	A-9	16,459.48		16,459.48	
Cable Franchise TV Fees	A-9	30,066.00		30,066.00	
Total Miscellaneous Revenues	A-1	2,481,209.89	42,225.00	2,571,501.83	48,066.94
Receipts from Delinquent Taxes	A-1;A-2	440,000.00		456,512.79	16,512.79
Subtotal General Revenues		3,562,209.89	42,225.00	3,669,014.62	64,579.73
Amount to be Raised by Taxes for Support of Municipal Budget-Local Tax for Municipal Pur- poses Including Reserve for Uncollected Taxes	A-2	7,860,280.11		7,970,618.54	110,338.43
Budget Totals		11,422,490.00	42,225.00	11,639,633.16	174,918.16
Non-Budget Revenue	A-1;A-2			709,823.69	709,823.69
		<u>11,422,490.00</u>	<u>42,225.00</u>	<u>12,349,456.85</u>	<u>884,741.85</u>
		A-3	A-3		

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

Town of Newton, N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2012

Analysis of Realized Revenues

Revenue from Collections	A-6;A-1	22,561,653.66
Allocated to School and County Taxes	A-6	<u>15,069,425.12</u>
Balance for Support of Municipal Budget Appropriations		7,492,228.54
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>478,390.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>7,970,618.54</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes		
Taxes Receivable	A-6	<u>456,512.79</u>
		A-2

Analysis of Non-budget Revenues

	<u>Ref.</u>		
Miscellaneous Revenues Not Anticipated:			
Revenues Accounts Receivable:			
Clerk	A-9	756.56	
Tax Collector	A-9	1,567.91	
Cashier	A-9	<u>377.45</u>	
			2,701.92
Payment in Lieu of Taxes		596,579.69	
Division of Motor Vehicles-Inspection Fine		4,300.00	
Premium on Tax Sale Certificate		45,000.00	
Vet. & Sr. Citizen Admin. Fees		1,295.00	
Miscellaneous		6,859.51	
FEMA Reimbursements		<u>53,087.57</u>	
	A-4		<u>707,121.77</u>
	A-2		<u><u>709,823.69</u></u>

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

Ref.	Budget	For By Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>General Appropriations</u>						
Operations - within "CAPS"						
General Government:						
General Administration						
Salaries and Wages	86,550.00		87,050.00	87,050.00		
Other Expenses	34,960.00		34,960.00	34,123.25	836.75	
Mayor and Council						
Salaries and Wages	7,150.00		7,150.00	7,070.92	79.08	
Other Expenses	4,800.00		4,800.00	4,786.92	13.08	
Town Clerk						
Salaries and Wages	111,900.00		110,400.00	108,581.75	1,818.25	
Other Expenses	6,100.00		6,100.00	5,819.64	280.36	
Emergency Appropriation - Codification of Ordinance		18,000.00	18,000.00	11,402.64	6,597.36	
Elections:						
Other Expenses	22,950.00		21,800.00	21,014.14	785.86	
Financial Administration						
Salaries and Wages	57,500.00		57,500.00	56,933.05	566.95	
Other Expenses	14,205.00		14,205.00	12,225.57	1,979.43	
Audit Services						
Other Expenses	13,380.00		13,380.00	11,880.00	1,500.00	
Assessment of Taxes						
Salaries and Wages	31,600.00		28,600.00	27,218.99	1,381.01	
Other Expenses	17,975.00		23,725.00	23,608.83	116.17	
Collection of Taxes						
Salaries and Wages	48,150.00		39,700.00	39,086.92	613.08	
Other Expenses	9,000.00		9,000.00	8,207.59	792.41	
Legal Services and Costs						
Other Expenses	160,000.00		160,000.00	146,442.19	13,557.81	
Municipal Court						
Salaries and Wages	126,810.00		116,310.00	114,312.73	1,997.27	
Other Expenses	16,175.00		16,175.00	15,100.35	1,074.65	
Engineering Services and Costs						
Other Expenses	17,000.00		17,000.00	12,581.31	4,418.69	

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

Town of Newton, N.J.
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>For</u> <u>By Emergency</u> <u>Appropriation</u>	<u>Budget</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Unexpended</u> <u>Balance</u> <u>Cancelled</u>
<u>General Appropriations</u>							
Public Buildings and Grounds							
Salaries and Wages		9,460.00		9,460.00	9,460.00		
Other Expenses		75,680.00		75,680.00	70,109.75	5,570.25	
Municipal Land Use Law (N.J.S.A. 40:55 D-1 Et Seq.)							
Planning Board							
Salaries and Wages		38,500.00		38,500.00	38,449.50	50.50	
Other Expenses		18,700.00		18,700.00	17,620.97	1,079.03	
Historical Commission							
Other Expenses		750.00		750.00	610.65	139.35	
Community Development							
Salaries and Wages		46,600.00		46,850.00	46,542.75	307.25	
Other Expenses		9,000.00		8,850.00	5,325.02	3,524.98	
Industrial Commission							
Other Expenses		1.00		1.00		1.00	
Shade Tree Commission							
Other Expenses		1,600.00		1,600.00	896.72	703.28	
Economic Development Commission							
Other Expenses		800.00		800.00	600.00	200.00	
Insurance							
Group Insurance for Employees		1,244,897.00		1,267,047.00	1,255,888.95	11,158.05	
Health Benefit Waiver		15,000.00		12,000.00	11,967.36	32.64	
Worker's Compensation Insurance		111,429.00		111,429.00	111,428.24	0.76	
Surety Bond Premiums		1.00		1.00		1.00	
Other Insurance Premiums		61,663.00		65,513.00	65,017.56	495.44	
Public Safety:							
Fire:							
Other Expenses		25,600.00		25,600.00	25,546.89	53.11	
Police:							
Salaries and Wages		2,466,429.00		2,470,029.00	2,448,728.04	21,300.96	
Other Expenses		86,500.00		86,500.00	85,699.86	800.14	
Parking Meter Maintenance							
Salaries and Wages		1,600.00					
Aid to Volunteer Fire Companies		13,000.00		13,000.00	12,950.00	50.00	
Aid to Volunteer First Aid Squad		11,850.00		11,850.00	11,850.00		

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

Town of Newton, N.J.
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>For</u> <u>By Emergency</u> <u>Appropriation</u>	<u>Budget</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Unexpended</u> <u>Balance</u> <u>Cancelled</u>
<u>General Appropriations</u>							
Emergency Management Services:							
Salaries and Wages		5,000.00		5,000.00	5,000.00		
Other Expenses		2,550.00		2,550.00	2,171.81	378.19	
Streets and Roads:							
Road Repair and Maintenance							
Salaries and Wages		583,000.00		608,000.00	587,068.75	20,931.25	
Other Expenses		78,300.00		78,300.00	60,756.04	17,543.96	
Snow Removal:							
Salaries and Wages		55,000.00		55,000.00	6,675.94	48,324.06	
Other Expenses		80,500.00		49,500.00	17,342.80	32,157.20	
Sanitation							
Salaries and Wages		1,600.00		1,600.00	1,600.00		
Other Expenses		35,500.00		27,500.00	16,607.79	10,892.21	
Vehicle Maintenance							
Other Expenses		80,500.00		90,500.00	88,121.71	2,378.29	
Health and Welfare:							
Board of Health							
Other Expenses		1,400.00		1,400.00	1,400.00		
Mosquito and Gypsy Moth Control:							
Other Expenses		2.00		2.00		2.00	
Occupational Health (Previously Blood Borne PEOSHA Requirement)							
Salaries and Wages		3,000.00		3,000.00	3,000.00		
Other Expenses		7,000.00		7,000.00	4,084.50	2,915.50	
Recreation and Education:							
Swimming Pool Maintenance:							
Salaries and Wages		45,800.00		42,900.00	42,892.51	7.49	
Other Expenses		20,300.00		20,300.00	20,153.35	146.65	
Parks and Playgrounds							
Salaries and Wages		78,000.00		84,000.00	82,636.41	1,363.59	
Other Expenses		24,200.00		24,200.00	22,691.47	1,508.53	
Celebration of Public Events, Anniversary or Holiday:							
Other Expenses		15,000.00		15,000.00	14,661.89	338.11	

Town of Newton, N.J.
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

Ref.	Budget	For By Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>General Appropriations</u>						
Senior Citizens Transportation:						
	25,000.00		25,000.00	22,334.08	2,665.92	
	2,500.00		2,500.00	2,500.00		
	100.00		100.00		100.00	
Aid to Dennis Memorial Library (N.J.S.A. 49:54-35):						
Miscellaneous Operating Expenses						
	7,400.00					
	1,000.00					
Utility Expenses and Bulk Purchases						
	406,000.00		406,000.00	374,469.41	31,530.59	
Human Resource						
	15,000.00		15,750.00	15,367.19	382.81	
	4,000.00		2,000.00	1,987.27	12.73	
	1.00		1.00		1.00	
Recreation						
	14,500.00		14,800.00	14,775.92	24.08	
	16,350.00		16,350.00	9,614.10	6,735.90	
Construction Official						
	23,800.00		23,800.00	21,496.78	2,303.22	
	3,150.00		3,150.00	1,302.98	1,847.02	
Accumulated Absences						
	3,000.00		3,000.00		3,000.00	
	6,663,718.00	18,000.00	6,678,218.00	6,406,851.75	271,366.25	
	6,663,718.00	18,000.00	6,678,218.00	6,406,851.75	271,366.25	
Total Operations Including Contingent-Within "CAPS"						
	3,892,349.00		3,893,399.00	3,786,282.23	107,116.77	
	2,771,369.00		2,784,819.00	2,620,569.52	164,249.48	
Detail:						
A-1	3,892,349.00		3,893,399.00	3,786,282.23	107,116.77	
A-1	2,771,369.00		2,784,819.00	2,620,569.52	164,249.48	

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

Town of Newton, N.J.
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

Ref.	Budget	For By Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>General Appropriations</u>						
Deferred Charges and Statutory Expenditures-						
Municipal Within "CAPS"						
Statutory Expenditures - Contribution to:						
	285,431.00		285,431.00	285,431.00		
Public Employees' Retirement System	170,284.96		169,534.96	157,241.51	12,293.45	
Social Security System (O.A.S.I.)	554,987.00		554,987.00	554,987.00		
Police and Fireman's Retirement System of NJ	800.00		1,550.00	1,337.43	212.57	
Defined Contribution Retirement Program	13,498.00		13,498.00	13,178.00	320.00	
Unemployment Compensation Insurance						
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	1,025,000.96		1,025,000.96	1,012,174.94	12,826.02	
Total General Appropriations for Municipal Purposes within "CAPS"	7,688,718.96	18,000.00	7,703,218.96	7,419,026.69	284,192.27	
Other Operating - Excluded From CAPS						
Insurance						
Employee Group Health	64,745.00		64,745.00	64,745.00		
N.J.S.A. 40A:14-185						
Length of Service Awards Program	44,000.00		44,000.00		44,000.00	
Spring Street Merchants Group	4,000.00		4,000.00	3,999.22	0.78	
Stormwater / Flood Control						
Other Expenses	11,000.00		11,000.00	9,295.56	1,704.44	
Recycling Tax						
Other Expenses	500.00		500.00	206.55	293.45	
Total Other Operations - Excluded From CAPS	124,245.00		124,245.00	78,246.33	45,998.67	
Shared Service Agreements						
Parking Authority Contract:						
Parking Meter Maintenance						
Salaries and Wages	60,600.00		60,600.00	34,014.72	26,585.28	
Dispatching Contracts:						
Police:						
Salaries and Wages	343,888.00		347,388.00	347,388.00		

Town of Newton, N.J.
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>For By Emergency Appropriation</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>							
911 Costs							
Police:							
Salaries and Wages		318,147.00		318,147.00	314,560.46	3,586.54	
Other Expenses		81,000.00		81,000.00	81,000.00		
Insurance:							
Other Insurance Premiums		11,637.00		11,637.00	11,637.00		
Group Health Insurance		73,768.00		73,768.00	73,768.00		
Workmen's Compensation Insurance		7,484.00		7,484.00	7,484.00		
Statutory Expend: Social Security		47,855.00		47,855.00	47,855.00		
Miscellaneous Operating Expense							
Salaries and Wages		17,269.00		17,269.00	17,269.00		
Other Expenses		18,550.00		18,550.00	18,550.00		
Utility Expenses							
Other Expenses		23,108.00		23,108.00	23,108.00		
Animal Control Agreement							
Dog Regulations							
Other Expenses		8,000.00		8,000.00	8,000.00		
State Uniform Construction Code Agreement		5,000.00		5,000.00		5,000.00	
Shared Service Agreements		1,016,306.00		1,019,806.00	984,634.18	35,171.82	
Public and Private Programs Offset By Revenues							
State of N.J. Safe & Secure Neighborhood Program							
Police							
Salaries and Wages		25,811.00		25,811.00	25,811.00		
Matching Funds-Safe and Secure Neighborhood Program							
Police							
Salaries and Wages		86,113.00		86,113.00	86,113.00		
Other Expenses		23,060.00		23,060.00	23,060.00		
Clean Communities Program							
Parks and Playgrounds							
Recycling Tonnage		12,488.61		12,488.61	12,488.61		
Sanitation							
Other Expenses		10,174.64		10,174.64	10,174.64		

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

Town of Newton, N.J.
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	Ref.	Budget	For By Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>General Appropriations</u>							
Municipal Alliance Grant		18,772.00		18,772.00	18,772.00		
Other Expenses							
Historic Ord. Update Grant		17,865.00		17,865.00	17,865.00		
Other Expenses		1.00		1.00		1.00	
Matching Funds for Grants							
Body Armor Fund							
Police							
Other Expenses		2,459.77		2,459.77	2,459.77		
Total Public and Private Programs Offset							
By Revenues		196,745.02		196,745.02	196,744.02	1.00	
Total Operations - Excluded from "CAPS"		1,337,296.02		1,340,796.02	1,259,624.53	81,171.49	
Detail:							
Salaries and Wages	A-1	851,828.00		855,328.00	825,156.18	30,171.82	
Other Expenses	A-1	485,468.02		485,468.02	434,468.35	50,999.67	
Capital Improvements - Excluded From "CAPS"							
Capital Improvement Fund		80,000.00		80,000.00	80,000.00		
Acquisition of Turnout Gear		5,000.00		5,000.00	5,000.00		
Acquisition of Street Signs		8,000.00		8,000.00	3,576.60	4,423.40	
Acquisition of Senior Citizen Bus		5,000.00		5,000.00	5,000.00		
Reserve for Fire Truck		5,000.00		5,000.00	5,000.00		
Reserve for Ambulance		15,000.00		15,000.00	15,000.00		
Reserve for Recreation Center		5,000.00		5,000.00	5,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	123,000.00		123,000.00	118,576.60	4,423.40	
Municipal Debt Service - Excluded From "CAPS"							
Payment of Bond Principal		800,000.00		865,000.00	864,999.79	0.21	
Interest on Bonds		571,466.00		589,430.00	587,672.67	1,757.33	
Interest on Notes		485.00		485.00	482.08	2.92	
Loan Repayment for Principal and Interest		19,495.00		19,495.00	19,490.91	4.09	
USDA Loan Program:							
Principal		91,345.00		45,188.89	45,188.89		
Interest		74,574.00		37,766.11	37,766.11		
RABs Bond Interest		203,880.00		203,880.00	203,878.13	1.87	
Total Municipal Debt Service-Excluded from "CAPS"	A-1	1,761,245.00		1,761,245.00	1,759,478.58	1,766.42	

Town of Newton, N.J.
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

General Appropriations	Ref.	Budget	For By Emergency Appropriation	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Deferred Charges:							
Emergency Authorization		32,830.62		32,830.62	32,830.62		
Special Emergency- REVAL - 5 Years		16,200.00		16,200.00	16,200.00		
Fund S/NJ DOT Grant Receivable		23,561.17		23,561.17	23,561.17		
Fund DOT Grant Receivable Ord #2003-3 Elm Street		3,473.23		3,473.23	3,473.23		
Total Deferred Charges Municipal- Excluded from "CAPS"	A-1	76,065.02		76,065.02	76,065.02		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		3,297,606.04		3,301,106.04	3,213,744.73	85,594.89	1,766.42
(O) Total General Appropriations - Excluded From "CAPS"		3,297,606.04		3,301,106.04	3,213,744.73	85,594.89	1,766.42
Subtotal General Appropriations		10,986,325.00	18,000.00	11,004,325.00	10,632,771.42	369,787.16	1,766.42
Reserve for Uncollected Taxes		478,390.00		478,390.00	478,390.00		
Total General Appropriations		11,464,715.00	18,000.00	11,482,715.00	11,111,161.42	369,787.16	1,766.42
Adopted Budget	A-2			11,422,490.00			
Special Emergency Authorizations (40A:4-53)	A-10			18,000.00			
Appropriated by N.J.S. 40A:4-87	A-2			42,225.00			
				<u>11,482,715.00</u>			
Cash Disbursed	A-4				10,256,150.07		
Reserve for Uncollected Taxes	A-2				478,390.00		
Deferred Charges:							
Special Emergency Authorizations	A-10				16,200.00		
Emergency Authorizations	A-11				32,830.62		
Schedule of Interfunds	A-13				109,173.00		
Encumbrances Payable	A-16				130,846.71		
Reserve for Federal and State Grants	A-24				87,571.02		
					<u>11,111,161.42</u>		

A

Town of Newton, N.J.
Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2012 and 2011

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Animal Control Trust Fund:			
Cash- Treasurer	B-1	14,121.58	12,775.36
Other Trust Funds:			
Cash	B-1	687,117.48	617,413.68
Investment	B-2	850.00	850.00
Interfund - Current	B-8	0.65	0.65
		687,968.13	618,264.33
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Cash	B-1	220,947.59	188,162.09
Contributions Receivable	B-6	32,142.50	33,522.50
		253,090.09	221,684.59
Total Assets		955,179.80	852,724.28
 <u>Liabilities, Reserves & Fund Balance</u>			
Animal Control Trust Fund:			
Reserve for Animal Control Trust Fund Expenditures	B-3	14,121.58	12,775.36
Other Trust Funds:			
Various Reserves	B-5	687,968.13	618,264.33
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Net Assets Available for Benefits	B-7	253,090.09	221,684.59
Total Liabilities, Reserves & Fund Balance		955,179.80	852,724.28

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

Town of Newton, N.J.
Comparative Balance Sheet - Regulatory Basis
General Capital Fund
December 31, 2012 and 2011

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Cash	C-2;C-3	1,554,920.19	1,764,326.15
Accounts Receivable - Andover Township	C-4		14,002.48
Federal & State Grants Receivable	C-5	78,629.71	55,664.11
Interfund - Current Fund	C-8	11,955.52	
Deferred Charges to Future Taxation			
Funded	C-7	19,217,661.22	20,191,385.79
Unfunded	C-9	1,736,000.00	786,000.00
		<u>22,599,166.64</u>	<u>22,811,378.53</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Interfund - Federal And State Grant Fund	C-6	2,400.00	
Capital Improvement Fund	C-10	38,630.38	45,630.38
General Serial Bonds Payable	C-11	19,066,000.00	18,246,000.00
F.H.A. Loan Payable	C-12		1,777,510.50
Garden State Preservation Trust Loan Payable	C-13	151,661.22	167,875.29
Bond Anticipation Notes	C-14	950,000.00	
Improvement Authorizations:			
Funded	C-15	383,322.21	1,079,477.28
Unfunded	C-15	1,060,621.28	778,672.22
Various Reserves	C-16	271,626.58	241,626.58
Encumbrances Payable	C-17	634,315.64	438,228.16
Fund Balance	C-1	40,589.33	36,358.12
		<u>22,599,166.64</u>	<u>22,811,378.53</u>

Footnote C: There were Bonds and Notes Authorized But Not Issued on December 31, 2012 in the amount of \$786,000.00 per Exhibit C-18.

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

Town of Newton, N.J.
Schedule of Fund Balance - Regulatory Basis
General Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	C		36,358.12
Increased by:			
Premium on Bond Anticipation Notes	C-2	2,337.00	
Improvement Authorizations Cancelled	C-15	<u>196,428.61</u>	
			<u>198,765.61</u>
			235,123.73
Decreased by:			
Appropriated to Finance			
Improvement Authorizations	C-15	167,500.00	
Anticipated as Item of Revenue			
in 2012 Budget	C-2	<u>27,034.40</u>	
			<u>194,534.40</u>
Balance - December 31, 2012	C		<u><u>40,589.33</u></u>

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

Comparative Balance Sheet - Regulatory Basis

Water/Sewer Utility Fund

December 31, 2012 and 2011

	<u>Ref</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Operating Fund:			
Cash-Treasurer	D-5	1,811,415.60	1,694,411.75
Cash-Change Fund	D-8	100.00	100.00
Interfund-Water/Sewer Assessment Trust	D-22	30,873.00	
		<u>1,842,388.60</u>	<u>1,694,511.75</u>
Receivables with Full Reserves:			
Consumer Accounts	D-9	138,440.86	157,976.58
Inventory	D-11	50,287.00	50,287.00
		<u>188,727.86</u>	<u>208,263.58</u>
Deferred Charges:			
Special Emergency Authorization (40A:4-53)	D-13	280,000.00	350,000.00
Emergency Authorization	D-14		38,200.00
		<u>280,000.00</u>	<u>388,200.00</u>
Total Operating Fund		<u>2,311,116.46</u>	<u>2,290,975.33</u>
Assessment Trust Fund:			
Cash	D-5;D-6	30,873.00	
Assessments Receivable	D-12	396,970.95	
Total Assessment Trust Fund		<u>427,843.95</u>	
Capital Fund:			
Cash	D-5;D-7	1,267,930.68	1,538,517.88
Grants Receivable	D-10		15,087.78
Fixed Capital*	D-15	35,167,197.23	35,167,197.23
Fixed Capital Authorized and Uncompleted*	D-16	2,694,000.00	2,234,000.00
Total Capital Fund		<u>39,129,127.91</u>	<u>38,954,802.89</u>
Total Assets		<u>41,440,244.37</u>	<u>41,245,778.22</u>

* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

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

Comparative Balance Sheet - Regulatory Basis

Water/Sewer Utility Fund

December 31, 2012 and 2011

	<u>Ref</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve	D-4;D-17	297,215.51	527,812.18
Reserve for Encumbrances	D-18	239,099.04	422,151.51
Accrued Interest on Loans	D-24		103,499.65
Accrued Interest on Bonds	D-24	124,987.23	18,315.71
Accounts Payable	D-20		7,790.00
Water/Sewer Overpayments	D-19	3,487.76	6,877.83
Reserve for:			
Connection Fees - Thor Labs	D-27	205,630.00	205,630.00
Special Emergency - Sparta Glen	D-27	320,294.32	
		<u>1,190,713.86</u>	<u>1,292,076.88</u>
Reserve for Receivables	Contra	188,727.86	208,263.58
Fund Balance	D-1	931,674.74	790,634.87
Total Operating Fund		<u>2,311,116.46</u>	<u>2,290,975.33</u>
Assessment Trust Fund:			
Bonds Payable	D-32	396,970.95	
Interfund - Water/Sewer Operating Fund	D-23	30,873.00	
Total Assessment Trust Fund		<u>427,843.95</u>	
Capital Fund:			
Reserve for Encumbrances	D-21	19,987.35	121,742.18
F.H.A. Loan Payable	D-31		8,623,862.44
Bonds Payable	D-33	9,608,029.05	1,750,000.00
Improvement Authorizations:			
Funded	D-25	431,282.00	347,695.22
Unfunded	D-25	210,658.37	217,681.25
Capital Improvement Fund	D-28	121,829.02	456,979.02
Reserve for Amortization	D-29	26,929,622.18	26,232,435.26
Reserve for Deferred Amortization	D-30	1,094,000.00	634,000.00
Various Reserves	D-26	644,113.28	570,311.78
Fund Balance	D-2	69,606.66	95.74
Total Capital Fund		<u>39,129,127.91</u>	<u>38,954,802.89</u>
Total Liabilities, Reserves and Fund Balances		<u>41,440,244.37</u>	<u>41,245,778.22</u>

Footnote D: There were Bonds and Notes Authorized But Not Issued on December 31, 2012 in the amount of \$229,546.00 per Exhibit D-34

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

Town of Newton, N.J.

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

Water/Sewer Utility Operating Fund

Year Ended December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Revenue and Other Income Realized:			
Operating Surplus Anticipated	D-3	371,588.00	173,945.00
Rents	D-3	3,733,878.99	3,596,687.54
Miscellaneous	D-3	44,471.72	48,665.88
Non-Budget Revenues	D-3	189,670.33	183,845.82
Reserve for Debt Service	D-3	6,266.50	
Insurance for Emergency Funding	D-3	37,805.35	4,125.00
Other Credits to Income:			
Cancellation of Accounts Payable			4,531.45
Cancellation of Accrued Interest on Notes			23,809.04
Unexpended Balance of Appropriation			
Reserves	D-17	<u>159,073.98</u>	<u>397,627.39</u>
Total Income		<u>4,542,754.87</u>	<u>4,433,237.12</u>
Expenditures:			
Operating	D-4	2,471,530.00	2,838,835.00
Capital Improvements	D-4	695,000.00	754,125.00
Debt Service	D-4	660,227.00	645,847.61
Deferred Charges and Statutory Expenditures	D-4	<u>203,370.00</u>	<u>78,060.00</u>
Total Expenditures		<u>4,030,127.00</u>	<u>4,316,867.61</u>
Excess in Revenue over Expenditures to Surplus		512,627.87	116,369.51
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Years			<u>388,200.00</u>
Statutory Excess to Surplus		512,627.87	504,569.51
Fund Balance - January 1,	D	<u>790,634.87</u>	<u>460,010.36</u>
		1,303,262.74	964,579.87
Decreased by:			
Utilized as Anticipated Revenue		<u>371,588.00</u>	<u>173,945.00</u>
Fund Balance - December 31,	D	<u><u>931,674.74</u></u>	<u><u>790,634.87</u></u>

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

Town of Newton, N.J.
Statement of Fund Balance - Regulatory Basis
Water/Sewer Utility Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	D		95.74
Increased by:			
Cancellation of Bond Ordinance	D-29	68,646.47	
Premium on Bond Sale	D-5	<u>864.45</u>	
			<u>69,510.92</u>
Balance - December 31, 2012	D		<u><u>69,606.66</u></u>

D-3

Statement of Revenues - Regulatory Basis
Water/Sewer Utility Operating Fund
Year Ended December 31, 2012

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	D-1	371,588.00	371,588.00	
Rents	D-1;D-9	3,596,680.15	3,733,878.99	137,198.84
Miscellaneous	D-1	48,660.00	44,471.72	(4,188.28)
Reserve for Debt Service	D-1;D-5	6,266.50	6,266.50	
Insurance for Emergency Funding	D-1;D-5	37,805.35	37,805.35	
Non-Budget Revenues	D-1		<u>189,670.33</u>	<u>189,670.33</u>
Budget Totals		<u>4,061,000.00</u>	<u>4,383,680.89</u>	<u>322,680.89</u>
		D-4		
<u>Analysis of Miscellaneous Revenue Anticipated</u>				
Construction Water		200.00		
Meters Sold / Tested		400.00		
Frozen Meters		360.00		
Water On/Off		3,490.92		
Final Readings		2,125.80		
Sprinklers/Hydrants		37,275.00		
Return Check Fees		<u>620.00</u>		
	D-5		<u><u>44,471.72</u></u>	
<u>Analysis of Non-Budget Revenues</u>				
Interest on Deposits		3,327.31		
Water Tower Rental		144,206.02		
Miscellaneous		<u>42,137.00</u>		
	D-5		<u><u>189,670.33</u></u>	

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

Town of Newton, N.J.
Statement of Expenditures - Regulatory Basis
Water/Sewer Operating Fund
Year Ended December 31, 2012

Ref.	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
	832,800.00	832,800.00	810,683.50	22,116.50	
Salaries and Wages					
Other Expenses	1,638,730.00	1,638,730.00	1,458,289.31	180,440.69	
Total Operating	<u>2,471,530.00</u>	<u>2,471,530.00</u>	<u>2,268,972.81</u>	<u>202,557.19</u>	
Capital Improvements:					
Capital Improvement Fund	125,000.00	125,000.00	125,000.00		
Capital Outlay	15,000.00	15,000.00	15,000.00		
Acquisition of Water Meters/Hydrants	20,000.00	20,000.00	19,863.33	136.67	
Sewer Rehabilitation / Improvements	25,000.00	25,000.00	25,000.00		
Improvements to Morris Lake Dam	10,000.00	10,000.00	10,000.00		
Water Tank Improvements	15,000.00	15,000.00	15,000.00	2,025.00	
Valve Replacement	25,000.00	25,000.00	22,975.00		
WFP Upgrade	20,000.00	20,000.00	20,000.00		
STP Plant Modifications	25,000.00	25,000.00	25,000.00		
Sewer Master Plan & Model Creation	85,000.00	85,000.00	75,042.50	9,957.50	
Gardner Ave Well Study	60,000.00	60,000.00	60,000.00		
Moran Street Project	250,000.00	250,000.00	170,363.84	79,636.16	
Message Trailer	20,000.00	20,000.00	17,532.00	2,468.00	
Total Capital Improvements	<u>695,000.00</u>	<u>695,000.00</u>	<u>600,776.67</u>	<u>94,223.33</u>	
Debt Service:					
Payment of Bond Principal	100,000.00	270,000.00	239,127.00		30,873.00
Interest on Bonds	72,350.00	72,350.00	72,350.00		
Interest on Loans	384,220.00	282,231.85	282,231.85		
USDA/FHA Loan	134,530.00	66,518.15	66,518.15		
Total Debt Service	<u>691,100.00</u>	<u>691,100.00</u>	<u>660,227.00</u>		<u>30,873.00</u>

Town of Newton, N.J.
Statement of Expenditures - Regulatory Basis
Water/Sewer Operating Fund
Year Ended December 31, 2012

	Appropriated		Expended		Unexpended
Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Deferred Charges and Statutory Expenditures					
Deferred Charges					
Emergency Authorizations	38,200.00	38,200.00	38,200.00		
Emergency Authorizations (N.J.S. 40A:4-55)	70,000.00	70,000.00	70,000.00		
Unfunded Ord #2001-5 Watermain	15,087.78	15,087.78	15,087.78		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	14,515.00	14,515.00	14,515.00		
Unemployment	4,080.00	4,080.00	4,000.00	80.00	
Social Security System (O.A.S.I.)	61,487.22	61,487.22	61,132.23	354.99	
Total Deferred Charges and Statutory Expenditures	203,370.00	203,370.00	202,935.01	434.99	
Total Water/Sewer Utility Appropriations	4,061,000.00	4,061,000.00	3,732,911.49	297,215.51	30,873.00
Adopted Budget		D-3		D	
Cash Disbursed			3,031,030.60		
Special Emergency Authorizations			70,000.00		
Emergency Authorizations			38,200.00		
Encumbrances Payable			239,099.04		
Accrued Interest:					
Loans			282,231.85		
Bonds			72,350.00		
			3,732,911.49		

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

Town of Newton, N.J.

Statement of General Fixed Assets - Regulatory Basis

December 31, 2012 and 2011

(Unaudited)

	Balance Dec 31, <u>2012</u>	Balance Dec 31, <u>2011</u>
<u>General Fixed Assets</u>		
Land	3,347,740.00	3,516,140.00
Buildings	35,011,164.00	35,011,164.00
Improvements	2,384,450.00	2,327,746.00
Machinery and Equipment (Including Vehicles)	<u>7,452,964.00</u>	<u>8,132,996.00</u>
	<u>48,196,318.00</u>	<u>48,988,046.00</u>
 Investment In General Fixed Assets	 <u>48,196,318.00</u>	 <u>48,988,046.00</u>

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

TOWN OF NEWTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

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 Town of Newton 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 generally accepted accounting principles. 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 Town accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Town of Newton (the "Town") operates under a Manager/Council form of government. The Town's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, general administrative services and water/sewer operations.

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 Town do not include the Volunteer Fire Department, the First Aid Squad and the Newton Parking Authority 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.

The Town 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 Town 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.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Town 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 Town 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 Town as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal Control Trust - 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.

Water/Sewer Operating, Water/Sewer Assessment and Water/Sewer Capital Funds - These funds account for the operations and acquisition of capital facilities of the municipally owned water/sewer utility.

General Fixed Assets Account Group - To account for all fixed assets of the Town. The Town's infrastructure is not reported in the group.

Basis of Accounting

A modified accrual basis of accounting is followed by the Town of Newton. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures 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:

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 Town. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, 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 Town. 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 Town'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 Town's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budget 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 and water/sewer operating fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Town and approved by the State Division of Local Government Services per N.J.S.A. 40-A:4 et seq.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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

General Capital Fund
Trust Fund

Water/Sewer Utility Capital Fund
Animal Control 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 2012, the Town Council increased the original current fund budget by \$60,225.00. The increase was for a special emergency authorization N.J.S. 40A:4-53, for Codification of Ordinance in the amount of \$18,000.00. There were also three special items of revenue inserted into the budget. They are as follows: Historic Preservation Grant, \$17,865.00; Municipal Alliance, \$18,772.00; and Safe and Secure Communities, \$5,588.00. 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.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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.

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.

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).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Town 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 Town may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Town raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

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

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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.

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.

Use of Estimates - The preparation of financial statements requires management of the Town 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.

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 Town'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.

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 to be in accordance with GAAP. The Town 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.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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 2012 statutory budget included a reserve for uncollected taxes in the amount of \$478,390.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2012 statutory budget was \$641,000.00.

Interdepartment 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 Town Council.

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 2012, Historic Preservation Grant, Municipal Alliance, and Safe and Secure Communities, were inserted into the Budget.

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 2012, there was a special emergency appropriation in the amount of \$18,000.00 for Codification of Ordinance.

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, 2012, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>2013 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding Years</u>
Current Fund	<u>\$58,200.00</u>	<u>\$19,800.00</u>	<u>\$38,400.00</u>

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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, 2012.

	Balance as of <u>12/31/11</u>	<u>Additions</u>	<u>Deletions</u>	Balance as of <u>12/31/12</u>
Land	\$ 3,516,140.00	\$ -	\$ 168,400.00	\$ 3,347,740.00
Buildings	35,011,164.00	-	-	35,011,164.00
Improvements	2,327,746.00	56,704.00	-	2,384,450.00
Equipment, Furniture and Vehicles	<u>8,132,996.00</u>	<u>755,958.00</u>	<u>1,435,990.00</u>	<u>7,452,964.00</u>
	<u>\$48,988,046.00</u>	<u>\$812,662.00</u>	<u>\$1,604,390.00</u>	<u>\$48,196,318.00</u>

NOTE 5: MUNICIPAL DEBT

Long-term debt as of December 31, 2012 consisted of the following:

	Balance <u>Dec. 31, 2011</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>Dec. 31, 2012</u>	Amount Due Within <u>One Year</u>
General Capital Fund:					
Bonds Payable	18,246,000.00	1,685,000.00	865,000.00	19,066,000.00	865,000.00
F. H. A. Loan Payable	1,777,510.50	-	1,777,510.50	-	-
Garden Trust Preservation Trust Loan Payable	<u>167,875.29</u>	<u>-</u>	<u>16,214.07</u>	<u>151,661.22</u>	<u>16,539.97</u>
	<u>20,191,385.79</u>	<u>1,685,000.00</u>	<u>2,658,724.57</u>	<u>19,217,661.22</u>	<u>881,539.97</u>
Water Sewer Assessment Trust Fund:					
Bonds Payable	<u>-</u>	<u>427,843.95</u>	<u>30,873.00</u>	<u>396,970.95</u>	<u>13,955.52</u>
Water/Sewer Capital Fund:					
Bonds Payable	1,750,000.00	8,525,000.00	666,970.95	9,608,029.05	286,044.48
F. H. A. Loan Payable	<u>8,623,862.44</u>	<u>-</u>	<u>8,623,862.44</u>	<u>-</u>	<u>-</u>
	<u>10,373,862.44</u>	<u>8,525,000.00</u>	<u>9,290,833.39</u>	<u>9,608,029.05</u>	<u>286,044.48</u>

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 5: MUNICIPAL DEBT (CONTINUED)

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>
Compensated Absences Payable	524,129.00	-	13,770.00	510,359.00	-
Capital Lease Payable	42,417.58	-	31,600.23	10,817.35	10,817.35
	<u>31,131,794.81</u>	<u>10,637,843.95</u>	<u>12,025,801.19</u>	<u>29,743,837.57</u>	<u>1,192,357.32</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 Town are general obligation bonds, backed by the full faith and credit of the Town. 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.

Net Debt \$16,603,661.22 divided by average equalized valuation basis per N.J.S. 40A:2-2 as amended, 719,958,385.00 = 2.306%.

SUMMARY OF AVERAGE EQUALIZED VALUATION PER N.J.S. 40A:2-2

2012	719,958,385	
2011		764,343,002
2010		792,914,619

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

3 ½% of Average Equalized Valuation Basis	\$25,198,543.47
Net Debt	<u>16,603,661.22</u>
Remaining Borrowing Power	<u>\$ 8,594,882.25</u>

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 5: MUNICIPAL DEBT (CONTINUED)

CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER/SEWER UTILITY PER
N.J.S. 40A:2-45

	<u>Water/Sewer</u>
Cash Receipts from Fees, Rents or Other Charges for Year	\$4,383,680.89
Deductions:	
Operating and Maintenance Cost	2,551,612.22
Debt Service	<u>660,227.00</u>
	<u>3,211,839.22</u>
Excess in Revenue	<u>\$1,171,841.67</u>

If there is an "excess in revenue" all such utility debt is deductible. If there is a deficit, then utility debt is not deductible to the extent of 20 times such deficit amount.

The forgoing debt information is not in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

The Town's debt is summarized as follows:

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
Issued			
General Capital Fund:			
Bonds, Notes and Loans	20,167,661.22	20,191,385.79	20,306,956.86
Water/Sewer Assessment Bonds, Notes and Loans	396,970.95	-	-
Water-Sewer Utility Fund:			
Bonds, Notes and Loans	<u>9,608,029.05</u>	<u>10,373,862.44</u>	<u>10,557,560.05</u>
Total Issued	<u>30,172,661.22</u>	<u>30,565,248.23</u>	<u>30,864,516.91</u>
<u>Authorized But Not Issued</u>			
General Capital Fund:			
Bonds and Notes	786,000.00	786,000.00	786,000.00
Water-Sewer Utility Fund:			
Bonds and Notes	<u>229,546.00</u>	<u>229,546.00</u>	<u>229,546.00</u>
Total Authorized But Not Issued	<u>1,015,546.00</u>	<u>1,015,546.00</u>	<u>1,015,546.00</u>
 Net Bonds & Notes Issued & Authorized But Not Issued	 <u>31,188,207.22</u>	 <u>31,580,794.23</u>	 <u>31,880,062.91</u>

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 5: MUNICIPAL DEBT (CONTINUED)

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 2.306%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	7,945,000.00	7,945,000.00	-
Water-Sewer Utility Debt	9,837,575.05	9,837,575.05	-
General Debt	<u>20,953,661.22</u>	<u>4,350,000.00</u>	<u>16,603,661.22</u>
	<u>38,736,236.27</u>	<u>22,132,575.05</u>	<u>16,603,661.22</u>

Details of Long-Term debt as of December 31, 2012 is as follows:

Outstanding debt whose principle and interest are paid from the Current Fund Budget of the Town:

General Improvement Bonds of 2006 dated 4/1/06, in the amount of \$4,041,000.00 - Interest is paid semi-annually at a rate of 4.000% - 4.125% per annum. The remaining balance as of December 31, 2012 was \$3,156,000.00.

MCIA Loan Program Bond of 2009 dated 10/1/09, in the amount of \$4,285,000.00 - Interest is paid semi-annually at a rate of 2.00% to 5.00% per annum. The remaining balance as of December 31, 2012 was \$3,540,000.00.

General Obligation Redevelopment Area Bonds of 2010 dated 10/28/10, in the amount of \$4,350,000.00 - Interest is paid semi-annually at a rate of 1.60% - 5.45% per annum. The remaining balance as of December 31, 2012 was \$4,350,000.00.

General Obligation Loan - Memory Park Development Project - dated 4/1/03, in the amount of \$286,600.00 with the State of New Jersey Department of Environmental Protection. This loan is payable in semi-annual installments of \$19,490.92 through 1/15/21. Interest is calculated at 2.00% and is included in the semi-annual installments. The remaining balance as of December 31, 2012 was \$151,661.22.

General Refunding Bonds of 2011 dated 8/30/11, in the amount of \$3,875,000.00 - Interest is paid semi-annually at a rate of 2.00% - 5.00% per annum. The remaining balance as of December 31, 2012 was \$3,865,000.00.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 5: MUNICIPAL DEBT (CONTINUED)

General Improvement Bonds of 2011 dated 8/30/11, in the amount of \$2,735,000.00 - Interest is paid semi-annually at a rate of 2.00% - 5.00% per annum. The remaining balance as of December 31, 2012 was \$2,535,000.00.

General Refunding Bonds of 2012 dated 6/27/12, in the amount of \$1,685,000.00 - Interest is paid semi-annually at a rate of 2.00% - 5.00% per annum. The remaining balance as of December 31, 2012 was \$1,620,000.00.

Outstanding debt whose principal and interest are paid from the Utility Operating Fund Budget of the Town:

General Obligation Refunding Bonds of 2004 dated 2/26/04, in the amount of \$2,275,000.00 - Interest is paid semi-annually at a rate of 3.00% to 4.50% per annum. The remaining balance as of December 31, 2012 was \$1,650,000.00.

Refunding Bonds of 2012 dated 6/27/12, in the amount of \$8,525,000.00 - Interest is paid semi-annually at a rate of 2.00% - 5.00% per annum. The remaining balance as of December 31, 2012 was \$7,958,029.05.

Outstanding debt whose principal and interest are paid from the Water/Sewer Assessment Trust Fund:

Assessment Bonds of 2012 dated 6/27/12, in the amount of \$427,843.95 - Interest is paid semi-annually at a rate of 4.25%. The remaining balance as of December 31, 2012 was \$396,970.95.

Total General Capital Bonds and Loans - listed above	<u>\$19,217,661.22</u>
Total Water/Sewer Utility Capital Bonds and Loans - listed above	<u>\$ 9,608,029.05</u>
Total Water/Sewer Assessment Bonds - listed above	<u>\$ 396,970.95</u>

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 5: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST LONG TERM DEBT ISSUED AND OUTSTANDING

Calendar Year	General		Water/Sewer		Water/Sewer Assessment Trust Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	986,539.97	821,252.18	286,044.48	368,631.89	13,955.52	16,918.13
2014	1,041,872.43	790,299.73	295,404.50	360,946.86	14,595.50	16,278.16
2015	1,097,211.57	750,960.60	304,784.19	351,667.17	15,215.81	15,657.85
2016	1,152,557.51	708,839.64	294,137.52	340,776.33	15,862.48	15,011.17
2017	1,207,910.42	663,871.12	308,463.37	328,625.48	16,536.63	14,337.02
2018-2022	6,415,569.32	2,520,655.76	1,596,157.98	1,435,111.24	93,842.02	60,526.26
2023-2027	3,676,000.00	1,302,598.76	1,934,447.96	1,068,002.56	115,552.04	38,816.19
2028-2032	3,640,000.00	481,608.75	2,108,589.05	693,528.86	111,410.95	12,083.64
2033-2037	-	-	2,305,000.00	272,500.00	-	-
2038	-	-	175,000.00	3,500.00	-	-
	<u>19,217,661.22</u>	<u>8,040,086.54</u>	<u>9,608,029.05</u>	<u>5,223,290.39</u>	<u>396,970.95</u>	<u>189,628.42</u>

Yearly Total

	<u>Principal</u>	<u>Interest</u>
2013	1,286,539.97	1,206,802.20
2014	1,351,872.43	1,167,524.75
2015	1,417,211.57	1,118,285.62
2016	1,462,557.51	1,064,627.14
2017	1,532,910.42	1,006,833.62
2018-2022	8,105,569.32	4,016,293.26
2023-2027	5,726,000.00	2,409,417.51
2028-2032	5,860,000.00	1,187,221.25
2033-2037	2,305,000.00	272,500.00
2038	<u>175,000.00</u>	<u>3,500.00</u>
	<u>29,222,661.22</u>	<u>13,453,005.35</u>

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 6: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2012 consist of the following:

\$12,902.00	Due to Current Fund from Federal and State Grant Fund for various receipts and disbursements made in Current Fund for Federal and State Grant Fund.
2,400.00	Due to Federal and State Grant Fund from General Capital Fund for cash receipts.
11,955.52	Due to General Capital Fund from Current Fund for cash receipts.
0.65	Due to Other Trust Fund from Current Fund for interest income
<u>30,873.00</u>	Due to Water/Sewer Operating Fund from Water/Sewer Assessment Trust Fund for principal paid for Water/Sewer Assessment Trust.
<u>\$58,131.17</u>	

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

NOTE 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2012, which were appropriated and included as anticipated revenue in their own respective funds for the 2013 budget were as follows:

Current Fund	<u>\$776,000.00</u>
Water/Sewer Utility Operating Fund	<u>\$438,274.00</u>

NOTE 8: LOCAL SCHOOL DISTRICT TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Town of Newton has not elected to defer school taxes

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 9: PENSION PLANS

Substantially all of the Town'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 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. Membership is mandatory for such employees and 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 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

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 9: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (continued)

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 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' Employees' 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.

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, (tier 2 members) 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 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.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 9: PENSION PLANS (CONTINUED)

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

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 5.0% for PERS and 8.5% for PFRS of the employee's annual compensation, as defined through June 30, 2007. Under Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, the PERS and employee contribution rate will increase to 5.5 percent effective July 1, 2007. 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 Town's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year Ended December 31,</u>	<u>PERS</u>	<u>PFRS</u>
2012	\$299,946	\$554,987
2011	279,608	578,704
2010	221,199	496,646

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 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 annually, the official may choose to waiver participation in the DCRP for that office or position. The waiver is irrevocable.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 9: PENSION PLANS NOTE (CONTINUED)

Defined Contribution Retirement Program (continued)

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 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.

There were 3 employees eligible to be enrolled in the DCRP as of December 31, 2012.

NOTE 10: ACCRUED SICK AND VACATION BENEFITS

The Town 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 \$510,359.00.

This amount is not reported either as an expenditure or a liability. The Town has reserved \$119,701.45 from previous budgets to be used to offset this liability and is reflected on the Trust Fund balance sheet. See Exhibit B-5 for an analysis. It is expected that any remaining cost of such unpaid compensation would be included in the Town's budget operating expenditures in the year in which it is used.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

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 Town'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, 2012, \$220,947.59 of the Town's bank balance of \$7,967,433.35 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Town has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. New Jersey Statutes 40A:5-15.1(a) 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 town 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.

Concentration of Credit Risk

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

Unaudited Investments

As more fully described in Note 18, the Town has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et seq. except that all investments are retained in the name of the Town. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2012 and 2011 amounted to \$220,947.59 and \$188,162.09 respectively.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

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

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Investments under 5%	\$24,719.59	\$19,450.11
Fixed	182,644.13	159,239.96
DWS Equity 500 Index VIP Portfolio	<u>13,583.87</u>	<u>9,472.02</u>
Total	<u>\$220,947.59</u>	<u>\$188,162.09</u>

NOTE 12: RISK MANAGEMENT

The Town 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 Town has obtained insurance coverage to guard against these events which will provide minimum exposure to the Town should they occur. During the 2012 calendar year, the Town did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

NOTE 13: LEASES

In 2010, the Town entered into a long-term lease for the purchase of two 2010 Crown Victoria police vehicles totaling \$62,552.74. The lease is for a three year term. The interest rate for the lease is 5.00%. A payment, in the amount of \$21,876.07, was made on the date of inception of the lease.

In 2011, the Town entered into a lease agreement for the purchase of a 2011 Ford Explorer 4WD. The lease is for a three year term. The interest rate for the lease is 3.50%. A payment, in the amount of \$10,754.85 was made on the date of inception of the lease.

The following is a schedule of future minimum lease payments as of December 31, 2012:

Total minimum lease payment	\$11,195.96
Less: Amount representing interest	<u>378.61</u>
Present value of net minimum lease payments	<u>\$10,817.35</u>

<u>Payment Dates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Payment</u>
2013	\$10,817.35	\$ 378.61	\$ 11,915.96

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 14: PUBLIC ASSISTANCE

The Town of Newton has elected to have the County of Sussex process all public assistance granted to the residents. Therefore, the Town of Newton no longer has a public assistance director.

NOTE 15: HEALTH INSPECTIONS

The Town of Newton has elected to have the County of Sussex, Department of Health, perform all inspections. Therefore, the Town of Newton does not have a health inspector.

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:

	<u>Balance</u> <u>Dec 31, 2012</u>	<u>Balance</u> <u>Dec 31, 2011</u>
Prepaid Taxes	<u>\$99,462.13</u>	<u>\$160,380.36</u>
Cash Liability for Taxes Collected in Advance	<u>\$99,462.13</u>	<u>\$160,380.36</u>

NOTE 17: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On May 24, 2004 the Division of Local Government Services approved the Town's LOSAP plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Town's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plans contribution requirements are as follows: the contribution for each participating active volunteer member shall be between the minimum contributions of \$115.00 and the maximum contribution of \$1,150.00 commencing 2004. The Town's contribution shall be included in the current year's budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2012 AND 2011 (CONTINUED)

NOTE 17: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP) (CONTINUED)

We have reviewed the plan for the year ended December 31, 2012 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 18: POST-RETIREMENT BENEFITS

Plan Description

The Town of Newton contributes to the New Jersey Municipal Employee Benefits Fund (NJMEBF), a public entity joint insurance fund whereby various town and school boards combine their employee and retiree populations and coverage needs to negotiate better rates due to the number of lives in the fund. This plan replaced the State Health Benefits Program (SHBP) effective January 1, 2010 adopted on October 14, 2009 by Resolution # 202-2009. The Town as a participant in the Fund will be able to duplicate all medical coverage formerly provided to both active and retirees offered through the State Health Benefits Program by participating in health insurance as defined pursuant to N.J.S.A. 17B:17-4, the NJMEBF bylaws and Plan of Risk Management.

Through the NJMEBF active and retired employees and dependents have access to a variety of health plans that provide medical, prescription drugs, mental health/substance abuse. The Town also reimburses retirees and their covered dependents for Medicare Part B.

Eligible retired employees and their dependents covered under the program, including surviving spouses will receive benefits based on their collective bargaining agreement defining eligibility for retirement medical insurance or by Resolution # 39-2011 adopted March 14, 2011 for the Non-Union employees. Under Resolution # 39-2011:

- Non-Union employees hired before December 31, 2010 that are not retired on a disability pension must be at least 50 years of age; have 25 years or more of service credited in a retirement system administered by a New Jersey municipality or by the State of New Jersey and have 15 years or more of service with the Town of Newton.
- Non-Union employees hired after January 1, 2011 that are not retired on a disability pension must be at least 62 years of age; have 25 years or more of service credited in a retirement system administered by a New Jersey municipality or by the State of New Jersey and have 15 years or more of service with the Town of Newton.

Eligibility exceptions include employees who elected deferred retirement but include the employees who retired on disability pensions based on fewer years of credited service and also will be reimbursed for their premium charges under Part B of the Federal Medicare Program covering the retired employees and their spouses.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 18: POST-RETIREMENT BENEFITS (CONTINUED)

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the NJMEBF are billed to the Town of Newton on a monthly basis. Funds for retiree health premiums are raised each year in the municipality via property taxes. There is no cost sharing policies that the current retirees contribute.

Results of Valuation

- *Actuarial Accrued Liability*

The Actuarial Accrued Liability (“AAL”) as of December 31, 2011 is \$25,388,710 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2011.

- *Annual Required Contribution*

The Annual Required Contribution (“ARC”) is the measure of annual cost on an accrual basis. It is comprised of the “Normal Cost” which is the portion of future liabilities attributable to the measurement year, plus 30 year amortization of the Unfunded Actuarial Accrued Liability (“UAAL”). As of the measurement date, the plan had no assets to offset any portion of the AAL, so the UAAL and AAL are equal.

The ARC as of December 31, 2011 is \$2,638,272 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2011. The breakdown of the ARC is as follows:

(1) Normal Cost	\$ 1,079,620
(2) Actuarial Accrued Liability	\$ 25,388,710
(3) Assets	\$ 0
(4) UAAL = (2) - (3)	\$ 25,388,710
(5) 30 year amortization of UAAL at Discount Rate	\$ 1,558,652
(6) ARC = (1) + (5)	\$ 2,638,272

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 18: POST-RETIREMENT BENEFITS (CONTINUED)

Basis of Valuation

This valuation has been conducted as of December 31, 2011 based upon census, plan design and claims information provided by the Fund. Census includes 6 participants currently receiving retiree benefits, and 95 active participants of whom 38 are eligible to retire as of the valuation date. The average age of the active population is 50 and the average age of the retiree population is 63.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 45.

Demographic assumptions were selected based on those used in the State Division of Pensions and Benefits in calculation pension benefits taken from the July 1, 2011 report from Buck Consultants. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2011 report from Aon Consultants.

Key Actuarial Assumptions

Mortality	RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years
Turnover	NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility
Assumed Retirement Age	At first eligibility after completing age 50 (62 for those 2011 and later) with 15 years of employment and 25 years of pension service
Full Attribution Period	Service to Assumed Retirement Age and all 25 years of pension service being earned at Newton
Annual Discount Rate	4.50%
Medical Trend	9% in 2012, reducing by 0.5% per annum, leveling at 5% per annum in 2020
Medical Cost Aging Factor	NJ SHBP Medical Morbidity Rates

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 18: POST-RETIREMENT BENEFITS (CONTINUED)

- Attribution period - This attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per capita cost methods - The valuation reflects per capita net premium costs based on actual 2012 medical, prescription drug, and dental husband and spouse premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (50) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payer of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of combined medical/prescription drug costs. 2012 employer contributions for retiree benefits as reported by the Fund are \$53 thousand.
- Retiree contribution - Retirees contribute 12% of the amount of premium in excess of the single rate. For valuation purposes we assumed that this level of contribution does not overstate the required aggregate contribution collections under NJ Chapter 78 and therefore do not understate the actuarial measurements.
- Actuarial valuation method - Projected Unit Credit Funding Method.

NOTE 19: COMMITMENTS AND CONTINGENT LIABILITIES

The previous Town Counsel who is handling this litigation has informed us of the following:

“The Town has been sued by Aberlour LLC disputing its liability for \$140,000 in COAH fees (\$128,000 previously paid to municipal Affordable Housing Trust Fund; \$12,000 balance owed) and \$125,000 in unpaid water/sewer connection fees at the Aberlour condominium project on Trinity Street. No damages are sought other than the return of payments previously made. The claims are not covered by insurance. Newton counterclaimed for judgment requiring payment of outstanding fees. Judgment in favor of Newton was entered by Judge Weisenbeck on cross-motions for summary judgment by Order entered February 14, 2013. The matter was appealed by Plaintiff and we are awaiting a briefing schedule from the Appellate Division. This firm is continuing to represent the Town of Newton in the matter because of a conflict involving new municipal counsel”.

SUPPLEMENTARY DATA

TOWN OF NEWTON, N.J.
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2012

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

<u>Name</u>	<u>Title</u>
Helen Le Frois	Mayor to 6/30/2012
Sandra Lee Diglio	Deputy Mayor to 6/30/2012 Mayor from 7/1/2012
Joseph A. Ricciardo	Councilperson to 6/30/2012 Deputy Mayor from 7/1/2012
E. Kevin Elvidge	Councilperson
Kristen S. Becker	Councilperson
Daniel G. Flynn	Councilperson from 7/1/2012
Thomas S. Russo, Jr.	Town Manager
Debra J. Millikin	Deputy Town Manager; Community Development Director
Lorraine A. Read	Municipal Clerk; Registrar
Irene O'Connor	Deputy Municipal Clerk; Deputy Registrar to 9/30/2012
Teresa Oswin	Deputy Municipal Clerk from 10/1/2012
Janien Roberts	Deputy Registrar from 10/1/2012
Lucy DeLoreto	Court Administrator
Donna Chernov	Deputy Court Administrator
John E. Mulhern	Municipal Judge
Dawn L. Babcock	Finance Director; Chief Financial Officer
Ginny Raftery	Treasurer
Linda A. Roth	Tax Collector
Jacquelyn Shackleton	Water/Sewer Collector
Scott J. Holzhauer	Tax Assessor
Michael S. Richards	Police Chief
Sanford L. Hollander	Town Attorney
Harold E. Pellow	Town Engineer
Jessica Caldwell	Town Planner
Keith Utter	Construction Official
Katherine Citterbart	Planning/Zoning Administrator; Zoning Officer
Thomas M. Ferry, C.P.A., R.M.A.	Auditor

Blanket Bond coverage is provided for all Officials and Employees in the amount of \$1,000,000 as provided by the Statewide Insurance Fund. The type of coverage provided by the blanket bond is for employee theft, forgery and alteration.

All of the bonds were examined and were properly executed.

Town of Newton

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2012

State Grantor/Program Title	Federal C.F.D.A. Number	Program or Award Amount	Grant Period From/To	12/31/2011		Receipts	Expended	12/31/2012		MEMO Cumulative Total Expenditures
				(Receivable)	Reserve Balance			(Receivable)	Reserve Balance	
WATERSEWER CAPITAL FUND										
United States Department of Agriculture Rural Development	10-760	500,000	N/A	(15,087.78)		15,087.78				500,000.00
TOTAL WATERSEWER CAPITAL FUND				(15,087.78)		15,087.78				
CURRENT FUND										
United States Department of Homeland Security (Passed through NJ Office of Emergency Management) Disaster Grants	97-036	53,087.57	1/1/11-12/31/11			53,087.57	53,087.57			53,087.57
TOTAL CURRENT FUND						53,087.57	53,087.57			
TOTAL FEDERAL AID:				(15,087.78)		68,175.35	53,087.57			

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

Town of Newton
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2012

State Grant/Program Title GENERAL CAPITAL FUND	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2011		12/31/2012		MEMO Cumulative Total Expenditures
				(Receivable)	Reserve Balance	(Receivable)	Reserve Balance	
NJ Department of Transportation: Improvements to Various Roads Improvements to Elm Street Sidewalk Construction on Various Streets Lower Spring Street Lower Spring Street	Unknown Ord #2003-3 Ord#2008-07 Ord # 2012-16	N/A 35,000.00 265,000.00 200,000.00		(23,561.17) (3,473.23) (3,629.71) (30,664.11)	23,561.17 3,473.23 150,000.00 177,034.40	(3,629.71) (50,000.00) (53,629.71)	200,000.00 200,000.00	35,000.00 265,000.00 200,000.00
Total NJ Department of Transportation: Department of Environmental Protection Trail Grant	Ord#2010-07	25,000.00		(25,000.00)		(25,000.00)		25,000.00
TOTAL GENERAL CAPITAL FUND				(55,664.11)	177,034.40	(78,629.71)	200,000.00	
TOTAL STATE AID:				(64,932.99)	224,206.60	(108,396.71)	275,717.54	28,190.55

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

CURRENT FUND

	<u>Year 2012</u>		<u>Year 2011</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	641,000.00	2.35%	550,000.00	2.11%
Miscellaneous - From Other Than				
Local Property Tax Levies	2,571,501.83	9.42%	2,094,962.44	8.05%
Collection of Delinquent Taxes				
and Tax Title Liens	456,512.79	1.67%	403,055.90	1.55%
Collection of Current				
Tax Levy	22,561,653.66	82.65%	22,234,331.48	85.47%
Other Credits to Income	1,068,727.21	3.91%	732,666.82	2.82%
<u>Total Revenue and Other Income Realized</u>	<u>27,299,395.49</u>	<u>100.00%</u>	<u>26,015,016.64</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	11,002,558.58	42.13%	10,435,685.27	41.12%
Local School Taxes	11,699,954.00	44.80%	11,656,885.00	45.93%
County Taxes	3,369,471.12	12.90%	3,189,497.42	12.57%
Other Expenditures	41,867.55	0.17%	95,763.01	0.38%
<u>Total Expenditures</u>	<u>26,113,851.25</u>	<u>100.00%</u>	<u>25,377,830.70</u>	<u>100.00%</u>
Excess (Deficit) in Revenue	1,185,544.24		637,185.94	
 Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by				
 Statute Deferred Charges to Budget				
 of Succeeding Year	<u>18,000.00</u>		<u>32,830.62</u>	
Statutory Excess to Fund Balance	1,203,544.24		670,016.56	
Fund Balance, January 1,	<u>979,773.88</u>		<u>859,757.32</u>	
	2,183,318.12		1,529,773.88	
Less:				
Utilized as Anticipated Revenue	<u>641,000.00</u>		<u>550,000.00</u>	
Fund Balance, December 31,	<u>1,542,318.12</u>		<u>979,773.88</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

WATER / SEWER UTILITY OPERATING FUND

	<u>Year 2012</u>		<u>Year 2011</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Surplus Anticipated	371,588.00	8.18%	173,945.00	3.92%
Collection of Water/Sewer Rents	3,733,878.99	82.19%	3,596,687.54	81.13%
Miscellaneous - From Other				
Than Water Rents	44,471.72	0.98%	48,665.88	1.10%
Other Credits to Income	392,816.16	8.65%	613,938.70	13.85%
<u>Total Revenue and Other Income Realized</u>	<u>4,542,754.87</u>	<u>100.00%</u>	<u>4,433,237.12</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Operating	2,471,530.00	61.33%	2,838,835.00	65.76%
Capital Improvements	695,000.00	17.25%	754,125.00	17.47%
Debt Service	660,227.00	16.38%	645,847.61	14.96%
Deferred Charges and Statutory Expenditures	203,370.00	5.04%	78,060.00	1.81%
<u>Total Expenditures</u>	<u>4,030,127.00</u>	<u>100.00%</u>	<u>4,316,867.61</u>	<u>100.00%</u>
 Excess (Deficit) in Revenue	 512,627.87		 116,369.51	
 Adjustments to Income Before Fund Balance:				
 Income Included Above Charged to Budget Deficit				
	<u>-</u>		<u>388,200.00</u>	
 Statutory Excess to Fund Balance	 512,627.87		 504,569.51	
 Fund Balance, January 1,	 <u>790,634.87</u>		 <u>460,010.36</u>	
	1,303,262.74		964,579.87	
 Decreased by:				
Utilized as Anticipated Revenue	<u>371,588.00</u>		<u>173,945.00</u>	
 Fund Balance, December 31,	 <u>931,674.74</u>		 <u>790,634.87</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate</u>	<u>3.320</u>	<u>3.260</u>	<u>2.709</u>
<u>Apportionment of Tax Rate</u>			
Municipal	1.138	1.128	.903
County	.489	.459	.407
Local School	1.693	1.673	1.399

Assessed Valuation:

2012	690,686,490	
2011	696,539,041	
2010		817,684,380

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>
2012	22,948,126.85	22,561,653.66	98.31%
2011	22,734,788.27	22,234,331.48	97.80%
2010	22,231,885.53	21,692,894.81	97.57%

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>
2012	331,054.49	28,843.43	359,897.92	1.57%
2011	455,563.49	23,043.02	478,606.51	2.10%
2010	398,246.73	17,305.05	415,551.78	1.87%

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>
2012	558,650.00
2011	558,650.00
2010	558,650.00

COMPARISON OF WATER/SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>
2012	3,714,343.27	3,733,878.99
2011	3,615,925.41	3,596,687.54
2010	3,724,286.75	3,696,270.97

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund:	2012	1,542,318.12	776,000.00
	2011	979,773.88	641,000.00
	2010	859,757.32	550,000.00
	2009	1,112,645.67	803,000.00
	2008	920,307.26	607,000.00
Water/Sewer Utility Operating Fund:	2012	931,674.74	438,274.00
	2011	790,634.87	371,588.00
	2010	460,010.36	173,945.00
	2009	436,088.37	144,000.00
	2008	395,113.49	184,261.00

Town of Newton, N.J.

Schedule of Cash

Current Fund

Year Ended December 31, 2012

	Ref.	Current Fund		Federal and State
		Collector	Treasurer	Grant Fund
Balance - December 31, 2011	A	<u>202,969.22</u>	<u>1,778,421.88</u>	<u>37,956.52</u>
Increased by Receipts:				
Cancellation of Other Trust Reserve	A-1		3.65	
Cancellation of Stale Dated Checks	A-1		110.00	
Miscellaneous Revenue Not Anticipated	A-2		707,121.77	
Due From State - Senior Citizen and Veteran Deductions	A-12		64,750.00	
Taxes Receivable	A-6		22,797,536.09	
Revenue Accounts Receivable	A-9		2,445,665.39	
Interfunds	A-13		34,133.40	
Prepaid Taxes	A-17		99,462.13	
Various Cash Liabilities and Reserves	A-15		63,898.24	
Interfunds	A-21			400.14
Grants Receivable	A-23			17,638.92
Unappropriated Grants	A-25			12,505.71
		<u>202,969.22</u>	<u>26,212,680.67</u>	<u>30,544.77</u>
		<u>202,969.22</u>	<u>27,991,102.55</u>	<u>68,501.29</u>
Decreased by Disbursements:				
Refund of Prior Year Taxes	A-1		38,234.43	
Current Year Budget Appropriations	A-3		10,256,150.07	
Interfunds	A-13		134,984.00	
Appropriation Reserves	A-14		141,631.82	
Encumbrances Payable	A-16		79,610.29	
County Taxes Payable	A-18		3,370,806.00	
Local School District Taxes Payable	A-19		11,699,954.00	
Various Cash Liabilities and Reserves	A-15	202,969.22	1,639.54	
Special Emergency Note Payable	A-20		89,000.00	
Interfunds	A-21			2,800.14
Encumbrances Payable - Grant Fund	A-22			2,718.75
Grants Expended	A-24			61,465.31
		<u>202,969.22</u>	<u>25,812,010.15</u>	<u>66,984.20</u>
Balance - December 31, 2012	A		<u>2,179,092.40</u>	<u>1,517.09</u>

Town of Newton, N.J.
Schedule of Cash - Change Fund
Current Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	A	<u>400.00</u>
Balance - December 31, 2012	A	<u>400.00</u>
<u>Analysis of Balance:</u>		
Cashier		100.00
Clerk		100.00
Municipal Court		<u>200.00</u>
		<u>400.00</u>

Town of Newton, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2012

Year	Balance, Dec. 31, 2011	Levy	Added Taxes	Collected 2011	Collected 2012	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2012
2011	455,563.49		12,238.71		461,512.79	(5,000.00)		11,039.41	250.00
2012		22,930,791.47	17,335.38	160,380.36	22,336,023.30	65,250.00	5,800.41	49,868.29	330,804.49
	<u>455,563.49</u>	<u>22,930,791.47</u>	<u>29,574.09</u>	<u>160,380.36</u>	<u>22,797,536.09</u>	<u>60,250.00</u>	<u>5,800.41</u>	<u>60,907.70</u>	<u>331,054.49</u>
	A			A-2;A-17	A-2;A-4	A-2;A-12	A-7		A

Analysis of Tax Levy

Tax yield:	Ref.
General Purpose Tax	22,930,791.47
Added Tax (R.S. 54:4-63.1 et seq.)	<u>17,335.38</u>
	<u>22,948,126.85</u>

Tax Levy:	
County Tax	A-18
Added County Taxes	<u>3,366,917.74</u>
	<u>2,553.38</u>
Local District School Tax	A-19
	<u>3,369,471.12</u>
	<u>11,699,954.00</u>
	<u>15,069,425.12</u>

Local Tax for Municipal Purposes	7,860,280.11
Additional Taxes	<u>18,421.62</u>
	<u>7,878,701.73</u>
	<u>22,948,126.85</u>

Town of Newton, N.J.

Schedule of Tax Title Liens Receivable

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> A	23,043.02
Increased by:		
Transferred from 2012 Taxes Receivable	A-6	<u>5,800.41</u>
Balance - December 31, 2012	A	<u><u>28,843.43</u></u>

A-8

Schedule of Property Acquired for
Taxes Assessed Valuation

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> A	<u><u>558,650.00</u></u>
Balance - December 31, 2012	A	<u><u>558,650.00</u></u>

Town of Newton, N.J.
Schedule of Revenue Accounts Receivable
Current Fund
Year Ended December 31, 2012

	<u>Ref.</u>	<u>Accrued</u>	<u>Collected</u>
Clerk:			
Licenses:			
Alcoholic Beverages	A-2	13,370.00	13,370.00
Other	A-2	18,653.00	18,653.00
Fees and Permits	A-2	144,805.86	144,805.86
Miscellaneous Revenue not Anticipated	A-2	756.56	756.56
Municipal Court :			
Fines and Costs	A-2	207,077.82	207,077.82
Tax Collector:			
Interest and Costs on Taxes	A-2	108,308.64	108,308.64
Miscellaneous Revenue not Anticipated	A-2	1,567.91	1,567.91
Interest on Investments and Deposits	A-2	52,356.42	52,356.42
Cashier:			
Miscellaneous Revenue not Anticipated	A-2	377.45	377.45
Uniform Construction Code:			
Fees and Permits - Building	A-2	52,178.27	52,178.27
Energy Receipts Tax	A-2	973,105.00	973,105.00
Consolidated Municipal Property Tax			
Relief Aid	A-2	44,272.00	44,272.00
Hotel Tax	A-2	72,863.58	72,863.58
Certificates of Compliance	A-2	6,925.00	6,925.00
Garden State Trust Fund	A-2	8,539.00	8,539.00
Parking Authority Contract	A-2	60,600.00	60,600.00
Reimbursement for Dispatching Services	A-2	343,888.00	343,888.00
General Capital - Fund Balance	A-2	27,034.40	27,034.40
Cable Franchise TV Fees	A-2	30,066.00	30,066.00
Insurance Return Premium	A-2	16,459.48	16,459.48
Thor Labs PILOT - Offset Debt Service	A-2	203,880.00	203,880.00
Thor Labs PILOT - Miscellaneous Revenues	A-2	67,120.00	67,120.00
Reserve Emergency Funding - Hurricane Irene	A-2	30,148.34	30,148.34
Reserve for Sale of Municipal Assets	A-2	2,280.00	2,280.00
		<u>2,486,632.73</u>	<u>2,486,632.73</u>
Cash Receipts	A-4		2,445,665.39
Various Liabilities and Reserves	A-15		40,967.34
			<u>2,486,632.73</u>

Town of Newton, N.J.

Schedule of Deferred Charges

N.J.S. 40A:4-53 Special Emergency

Year Ended December 31, 2012

Date	Purpose	Net Amount Authorized	1/5 of Net Amount Authorized	Balance, Dec. 31, 2011	Added in 2012	Amount in 2012 Budget	Balance, Dec. 31, 2012
08/11/08	Codification of Ordinance	21,000.00	4,200.00	8,400.00		4,200.00	4,200.00
10/13/10	Reassessment of Real Property	60,000.00	12,000.00	48,000.00	18,000.00	12,000.00	36,000.00
08/13/12	Codification of Ordinance	18,000.00	3,600.00		18,000.00		18,000.00
				<u>56,400.00</u>	<u>18,000.00</u>	<u>16,200.00</u>	<u>58,200.00</u>
				A	A-3	A-3	A

N.J.S. 40A:4-47 Emergency Authorization

Year Ended December 31, 2012

Purpose	Balance, Dec. 31, 2011	Amount in 2011 Budget
Hurricane Irene Damages	<u>32,830.62</u>	<u>32,830.62</u>
	A	A-3

Town of Newton, N.J.

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

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	A	20,531.86
Increased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4	<u>64,750.00</u> 85,281.86
Decreased by:		
Senior Citizens' Deductions Per Tax Billing		14,750.00
Veterans' Deductions Per Tax Billing		<u>51,500.00</u> 66,250.00
Add:		
Senior Citizens' & Veterans Deductions Allowed by Tax Collector - 2012 Taxes		1,750.00
Less:		
Senior Citizens' & Veterans Deductions Disallowed by Tax Collector - 2012 Taxes		(2,750.00)
Disallowed by Tax Collector - 2011 Taxes		<u>(5,000.00)</u> 60,250.00
	A-6	<u>60,250.00</u>
Balance - December 31, 2012	A	<u><u>25,031.86</u></u>

Town of Newton, N.J.

Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2012

Fund	Ref.	Due From/(To) Balance		Increased	Decreased	Due From/(To) Balance Dec. 31, 2012
		Dec. 31, 2011	Dec. 31, 2011			
Federal and State Grants	A	9,268.88		134,984.00	131,350.88	12,902.00
Other Trust	A	(0.65)				(0.65)
General Capital Fund	A				11,955.52	(11,955.52)
		<u>9,268.23</u>		<u>134,984.00</u>	<u>143,306.40</u>	<u>945.83</u>
Analysis						
Due to Current Fund	A-1	9,268.88				12,902.00
Due From Current Fund		<u>(0.65)</u>				<u>(11,956.17)</u>
		<u>9,268.23</u>				<u>945.83</u>
Appropriation Payable	A-3				109,173.00	
Received	A-4				34,133.40	
Disbursed	A-4			134,984.00		
				<u>134,984.00</u>	<u>143,306.40</u>	

Town of Newton, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS"				
General Administration	20.38	20.38		20.38
Mayor and Council	949.26	949.26	250.00	699.26
Township Clerk	2,556.17	2,556.17	552.00	2,004.17
Financial Administration	763.21	763.21	732.31	30.90
Assessment of Taxes	2,443.08	2,443.08	1,004.25	1,438.83
Collection of Taxes	240.30	240.30	219.13	21.17
Municipal Court	14,917.68	367.68	162.00	205.68
Planning Board	4.47	4.47		4.47
Community Development	1,119.44	1,119.44	468.00	651.44
Uniform Fire Safety Act	99.51	99.51		99.51
Police	136,663.15	56,663.15	38,754.51	17,908.64
Parking Meter Maintenance	4,600.00	1,500.00		1,500.00
Streets and Roads:				
Road Repair and Maintenance	22,972.82	22,972.82	1,369.80	21,603.02
Snow Removal	44.23	44.23		44.23
Recreation and Education:				
Swimming Pool Maintenance	255.79	255.79		255.79
Parks and Playgrounds	1,670.43	1,670.43		1,670.43
Senior Citizens Transportation	2,834.00	2,834.00	871.00	1,963.00
Miscellaneous Operating Expenses	3,000.00	3,400.00		3,400.00
Human Resources	481.92	481.92	406.68	75.24
Construction Official	991.16	991.16	26.00	965.16
Accumulated Absences	400.00	80,000.00		80,000.00
Total Salaries and Wages Within "CAPS"	<u>197,027.00</u>	<u>179,377.00</u>	<u>44,815.68</u>	<u>134,561.32</u>
Other Expenses Within "CAPS"				
General Administration	391.35	391.35		391.35
Mayor and Council	509.20	509.20	415.65	93.55
Town Clerk	1,437.87	1,437.87	10.76	1,427.11
Elections	5,610.08	5,610.08		5,610.08
Financial Administration	2,148.28	2,148.28	132.40	2,015.88
Audit Services	1,500.00	1,500.00	1,500.00	
Assessment of Taxes	1,552.76	1,552.76		1,552.76
Collection of Taxes	4,487.57	4,487.57	22.95	4,464.62
Legal Services and Costs	6,045.77	13,045.77	9,191.83	3,853.94
Municipal Court	998.80	998.80	178.00	820.80
Engineering Services and Costs	3,936.41	5,536.41	3,957.75	1,578.66
Public Buildings and Grounds	2,427.27	6,427.27	1,476.01	4,951.26
Planning Board	1,824.97	4,674.97	4,502.76	172.21
Historical Commission	659.38	659.38		659.38
Community Development	2,034.67	2,034.67		2,034.67
Industrial Commission	25.00	25.00		25.00
Shade Tree Commission	840.00	840.00		840.00

Town of Newton, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Insurance:				
Group Insurance for Employees	30.67	530.67	373.92	156.75
Health Benefit Waiver	2,600.42	2,600.42		2,600.42
Surety Bond Premiums	1.00	1.00		1.00
Other Insurance Premiums	1,295.74	1,295.74		1,295.74
Public Safety:				
Fire	12.65	1,732.65	1,076.61	656.04
Uniform Fire Safety Act	1,975.88	1,975.88		1,975.88
Aid to Volunteer Fire Companies	50.00	30.00		30.00
Police	12,731.80	12,731.80	147.84	12,583.96
Emergency Management Services	29.66	29.66		29.66
Streets and Roads:				
Road Repair and Maintenance	24,359.63	22,359.63		22,359.63
Snow Removal	5,798.55	5,798.55		5,798.55
Sanitation	8,349.09	8,349.09	1,096.02	7,253.07
Vehicle Maintenance	1,300.72	3,300.72	1,782.10	1,518.62
Health and Welfare/Board of Health	230.82	230.82		230.82
Mosquito and Gypsy Moth Control	2.00	2.00		2.00
Occupational Health (Blood Borne PEOSHA Requi	44.05	44.05		44.05
Swimming Pool Maintenance	5,789.99	5,789.99		5,789.99
Parks and Playgrounds	4,596.81	4,596.81	3,642.76	954.05
Celebration of Public Events,				
Anniversary or Holiday	159.62	159.62		159.62
Aid to Dennis Memorial Library	100.00	100.00		100.00
Miscellaneous Operating Expenses	800.00	800.00		800.00
Utility Expenses and Bulk Purchases	19,276.89	19,276.89	18,649.45	627.44
Human Resources	1,178.87	1,178.87	347.59	831.28
Public Assistance	1.00	1.00		1.00
Construction Official	1,367.36	1,367.36	16.00	1,351.36
Total Other Expenses Within "CAPS"	<u>128,512.60</u>	<u>146,162.60</u>	<u>48,520.40</u>	<u>97,642.20</u>
Deferred Charges and Statutory				
Expenditures-Municipal Within "CAPS":				
Statutory Expenditures:				
Contribution To:				
Unemployment Compensation Insurance	300.00	300.00		300.00
Social Security System (O.A.S.I.)	57,714.82	57,714.82	2,849.63	54,865.19
Defined Contribution Retirement Program	48.90	48.90		48.90
Total Deferred Charges and Statutory				
Expenditures - Municipal Within "CAPS"	<u>58,063.72</u>	<u>58,063.72</u>	<u>2,849.63</u>	<u>55,214.09</u>
Total General Appropriation Reserves -				
Municipal Within "CAPS"	<u>383,603.32</u>	<u>383,603.32</u>	<u>96,185.71</u>	<u>287,417.61</u>

Town of Newton, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses Excluded From "CAPS":				
Length of service awards program	43,450.00	43,450.00	33,522.50	9,927.50
Main St Newton Program - Contribution Match	4,691.00	4,691.00	598.00	4,093.00
Recycling Tax	282.77	282.77		282.77
Stormwater/Flood Control	4,908.14	4,908.14		4,908.14
Total Other Expenses Excluded from "CAPS"	<u>53,331.91</u>	<u>53,331.91</u>	<u>34,120.50</u>	<u>19,211.41</u>
Interlocal Municipal Service Agreements				
Parking Authority Contract:				
Parking Meter Maintenance				
Salaries and Wages	15,319.20	15,319.20		15,319.20
911 Costs:				
Police:				
Salaries and Wages	24,214.54	24,214.54	11,244.60	12,969.94
Other Expenses	6,980.64	6,980.64	33.51	6,947.13
Statutory Expenditure:				
Social Security	75.34	75.34	47.50	27.84
Total Interlocal Municipal Service Agreements	<u>46,589.72</u>	<u>46,589.72</u>	<u>11,325.61</u>	<u>35,264.11</u>
Matching Funds For Grants	<u>2.99</u>	<u>2.99</u>		<u>2.99</u>
Capital Improvements				
Acq. Of street signs	22.42	22.42		22.42
Trail Grant Phase II	<u>6,000.00</u>	<u>6,000.00</u>		<u>6,000.00</u>
Total General Appropriation Reserves - Municipal Excluded from "CAPS"	<u>105,947.04</u>	<u>105,947.04</u>	<u>45,446.11</u>	<u>60,500.93</u>
Total General Appropriation Reserves	<u>489,550.36</u>	<u>489,550.36</u>	<u>141,631.82</u>	<u>347,918.54</u>
	A		A-4	A-1

Town of Newton, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2012

<u>Liabilities and Reserves</u>	<u>Balance Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2012</u>
<u>Liabilities:</u>				
Due State of NJ - Marriage License Fees	711.85	1,075.00	725.00	350.00
Tax Overpayments		10,703.56	914.54	10,500.87
<u>Reserves for:</u>				
Tax Premiums	201,900.00		201,900.00	
Tax Title Lien Redemptions	1,069.22		1,069.22	
Hurricane Irene Damage	22,914.66	7,233.68	30,148.34	
Garden State Trust - PILOT	8,539.00	8,539.00	8,539.00	8,539.00
Sale of Municipal Assets	2,280.00	36,347.00	2,280.00	36,347.00
	<u>237,414.73</u>	<u>63,898.24</u>	<u>245,576.10</u>	<u>55,736.87</u>
	A			A

Ref.

Realized as Anticipated Revenue	40,967.34
Tax Collector Account Cash Disbursements	202,969.22
Receipts	63,898.24
Disbursed	1,639.54
	<u>245,576.10</u>

Town of Newton, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> A		90,480.62
Increased by:			
Transfer from Current Appropriations	A-3		<u>130,846.71</u>
			221,327.33
Decreased by:			
Disbursements	A-4	79,610.29	
Canceled to Fund Balance	A-1	<u>10,870.33</u>	
			<u>90,480.62</u>
Balance - December 31, 2012	A		<u><u>130,846.71</u></u>

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Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> A		160,380.36
Increased by:			
Receipts - Prepaid 2013 Taxes	A-4		<u>99,462.13</u>
			259,842.49
Decreased by:			
Applied to 2012 Taxes	A-6		<u>160,380.36</u>
Balance - December 31, 2012	A		<u><u>99,462.13</u></u>

Town of Newton, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	A		3,888.26
Increased by:			
Levy	A-6	3,366,917.74	
Added and Omitted Taxes	A-6	<u>2,553.38</u>	
	A-1		<u>3,369,471.12</u>
			<u>3,373,359.38</u>
Decreased by:			
Payments	A-4		<u>3,370,806.00</u>
Balance - December 31, 2012	A		<u><u>2,553.38</u></u>

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Schedule of Local School District Taxes Payable

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	A		1.00
Increased by:			
Levy- 2012	A-1;A-6		<u>11,699,954.00</u>
			<u><u>11,699,955.00</u></u>
Decreased by:			
Payments	A-4	11,699,954.00	
Balance Cancelled	A-1	<u>1.00</u>	
			<u><u>11,699,955.00</u></u>

Town of Newton, N.J.

Schedule of Special Emergency Note Payable

Year Ended December 31, 2012

<u>Date Issued</u>	Balance, Dec. 31, <u>2011</u>	<u>Decreased</u>
12/28/2011	<u>89,000.00</u>	<u>89,000.00</u>
	A	A-4

Town of Newton, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2012

<u>Fund</u>	<u>Ref.</u>	Due From/(To)			Due From/(To)
		Balance <u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2012</u>
General Capital	A			2,400.00	2,400.00
Current Fund	A	(9,268.88)	135,384.14	131,751.02	(12,902.00)
		<u>(9,268.88)</u>	<u>135,384.14</u>	<u>134,151.02</u>	<u>(10,502.00)</u>
Cash Receipt	A-4		400.14		
Cash Disbursement	A-4			2,800.14	
Grants Receivable	A-23			22,177.88	
Grants Expended	A-24		134,984.00		
Matching Funds for Grants	A-24			<u>109,173.00</u>	
			<u>135,384.14</u>	<u>134,151.02</u>	

Schedule of Reserve for Encumbrances

Federal and State Grant Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> A	2,718.75
Increased by:		
Charges to Grants	A-24	<u>6,823.00</u>
		9,541.75
Decreased by:		
Cash Disbursements	A-4	<u>2,718.75</u>
Balance - December 31, 2012	A	<u>6,823.00</u>

Town of Newton, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2012

Grant	Balance	Budget	Received	Transfer from	Balance
	<u>Dec. 31, 2011</u>	<u>Revenue</u>		Unappropriated	<u>Dec. 31, 2012</u>
			Reserves		
Clean Communities Program		12,488.61	12,488.61		12,902.00
Safe and Secure Communities	9,268.88	25,811.00	22,177.88		13,621.69
Municipal Alliance		18,772.00	5,150.31		
State of NJ- Body Armor Grant		2,459.77		2,459.77	
Recycling Tonnage Grant - Reserve		10,174.64		10,174.64	
Historic Preservation Grant		17,865.00			17,865.00
	<u>9,268.88</u>	<u>87,571.02</u>	<u>39,816.80</u>	<u>12,634.41</u>	<u>44,388.69</u>
	A	A-2		A-25	A
Interfund		A-21	22,177.88		
Cash Receipt		A-4	17,638.92		
			<u>39,816.80</u>		

Town of Newton, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Transfer</u> <u>From 2012</u> <u>Budget</u>	<u>Expended</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Clean Communities Program	966.11	12,488.61	13,454.72	
Safe and Secure Communities:				
State Share		25,811.00	25,811.00	
Local Share		109,173.00	109,173.00	
Municipal Alliance		18,772.00	18,381.77	390.23
NJ Hazardous Discharge Site Remediation Fund	4.15			4.15
OEM NJ Emergency Management	208.71		208.71	
Historic Preservation	2,000.00	17,865.00	17,865.00	2,000.00
Drunk Driving Enforcement	5,056.91		1,461.53	3,595.38
Recycling Tonnage	12,475.69	10,174.64	14,403.18	8,247.15
State Of NJ - Body Armor	1,891.79	2,459.77	2,513.40	1,838.16
	<u>22,603.36</u>	<u>196,744.02</u>	<u>203,272.31</u>	<u>16,075.07</u>
	A			A
	<u>Ref:</u>			
Cash Disbursements	A-4		61,465.31	
Disbursements:				
Interfund Current Fund	A-21		134,984.00	
Reserve for Encumbrances	A-22		6,823.00	
State and Federal Grants	A-3	87,571.02		
Matching Funds for Grants	A-21	109,173.00		
		<u>196,744.02</u>	<u>203,272.31</u>	

Town of Newton, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>Transfer To Appropriated Reserves</u>	<u>Received</u>	<u>Balance Dec. 31, 2012</u>
Recycling	10,174.64	10,174.64	7,669.44	7,669.44
Body Armor Grant	2,459.77	2,459.77	2,514.01	2,514.01
Drunk Driving Enforcement			2,322.26	2,322.26
	<u>12,634.41</u>	<u>12,634.41</u>	<u>12,505.71</u>	<u>12,505.71</u>
	A	A-23	A-4	A

Town of Newton, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Emergency Services Volunteer Length of Service Award Program</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Funds</u>
Balance - December 31, 2011	B	<u>188,162.09</u>	<u>12,775.36</u>	<u>617,413.68</u>
Increased by Receipts:				
Dog License Fees - Town	B-3		7,419.60	
Cat License Fees - Town	B-3		1,500.00	
Dog License Late Fees	B-3		870.00	
Raised in Current Budget	B-3		8,000.00	
Dog License Fees - State Share	B-4		1,067.40	
Other Trust Funds	B-5			7,510,552.33
Town Contributions	B-6	33,522.50		
LOSAP Net Assets	B-7	<u>10,858.30</u>		
Total Receipts		<u>44,380.80</u>	<u>18,857.00</u>	<u>7,510,552.33</u>
		<u>232,542.89</u>	<u>31,632.36</u>	<u>8,127,966.01</u>
Decreased by Disbursements:				
Reserve for Animal Control				
Trust Expenditures	B-3		16,443.38	
State Share - Dog Licenses	B-4		1,067.40	
Other Trust Funds	B-5			7,440,848.53
LOSAP Net Assets	B-7	<u>11,595.30</u>		
Total Disbursements		<u>11,595.30</u>	<u>17,510.78</u>	<u>7,440,848.53</u>
Balance - December 31, 2012	B	<u><u>220,947.59</u></u>	<u><u>14,121.58</u></u>	<u><u>687,117.48</u></u>

Town of Newton, N.J.

Schedule of Investment

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	<u>850.00</u>
Balance - December 31, 2012	B	<u>850.00</u>

<u>Company</u>	<u>Number of Shares</u>	<u>Value At Acquisition</u>
International Business Machine Company	8	<u>850.00</u>

Town of Newton, N.J.

Reserve/(Deficit) for Animal Control Trust Fund Expenditures

Animal Control Trust Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	B		12,775.36
Increased by:			
Dog License Fees	B-1	7,419.60	
License Late Fees	B-1	870.00	
Cat License Fees	B-1	1,500.00	
Raised in Current Budget	B-1	<u>8,000.00</u>	
			<u>17,789.60</u>
			30,564.96
Decreased by:			
Expenditures R.S. 4:19-1511	B-1		<u>16,443.38</u>
Balance - December 31, 2012	B		<u><u>14,121.58</u></u>
<u>Year</u>			
2011			8,692.80
2010			<u>8,848.40</u>
			<u><u>17,541.20</u></u>

Town of Newton, N.J.

Schedule of Due to State Department of Health

Animal Control Trust Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Increased by:		
State Fees Collected	B-1	<u>1,067.40</u>
Decreased by:		
Paid to State	B-1	<u>1,067.40</u>

Town of Newton, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2012

	Balance <u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2012</u>
Reserve for:				
Compensated Balances	119,701.45			119,701.45
Payroll	164.80	6,715,260.56	6,714,866.98	558.38
Snow Removal	36,969.15		32,264.46	4,704.69
Elevator Inspections	376.00			376.00
Recreation	7,383.91	10,143.38	7,708.60	9,818.69
Recycling	1,763.68	5,821.92	3,189.02	4,396.58
Fire Prevention Fees/Fines	14,010.33		1,134.00	12,876.33
Municipal Court P.O.A.A. Fees	408.09	650.00	927.94	130.15
Night Out	862.13			862.13
Public Defender	11,363.66	13,701.80	16,650.00	8,415.46
Police Escrows	17,305.25	30,095.00	31,084.91	16,315.34
Various Donations	523.88	5,005.00	4,797.17	731.71
Tax Map Maintenance	250.00			250.00
Performance Bonds	25,260.00		60.00	25,200.00
Housing - COAH	196,621.86	2,661.76	70,295.00	128,988.62
Review Fees	76,692.41	54,812.00	72,980.91	58,523.50
Redevelopment Escrow Fees	4,151.81	5,000.00	1,255.70	7,896.11
Unemployment	61,418.90	27,934.99	19,155.89	70,198.00
Performance Deposits	22,118.11	52,769.10	41,201.21	33,686.00
Housing Rehab Rev Trust	10,888.32			10,888.32
Community Development	21.85			21.85
Tax Sale Premiums		202,400.00	83,300.00	119,100.00
Outside Liens		384,296.82	383,227.60	1,069.22
Encumbrances	10,008.74	53,259.60	10,008.74	53,259.60
	<u>618,264.33</u>	<u>7,563,811.93</u>	<u>7,494,108.13</u>	<u>687,968.13</u>
	B			B
	<u>Ref.</u>			
Cash Receipts	B-1	7,510,552.33		
Cash Disbursements	B-1		7,440,848.53	
Encumbrances	B-5	53,259.60	53,259.60	
		<u>7,563,811.93</u>	<u>7,494,108.13</u>	

Town of Newton, N.J.

Schedule of Contributions Receivable

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	33,522.50
Increased by:		
Town Contributions		
For the Year 2012	B-7	32,142.50
		<u>65,665.00</u>
Decreased by:		
Receipts	B-1	33,522.50
Balance - December 31, 2012	B	<u><u>32,142.50</u></u>

B-7

Schedule of Net Assets Available for Benefits

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	B		221,684.59
Increased by:			
Town Contributions	B-6	32,142.50	
Increase (Decrease) in Investment Value	B-1	<u>10,858.30</u>	
			<u>43,000.80</u>
			264,685.39
Decreased by:			
Accounting Charge		10,083.48	
Distributions/Withdrawals		<u>1,511.82</u>	
	B-1		<u>11,595.30</u>
Balance - December 31, 2012	B		<u><u>253,090.09</u></u>

Town of Newton, N.J.

Schedule of Interfund - Current Fund

Trust Funds

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> B	<u>0.65</u>
Balance - December 31, 2012	B	<u>0.65</u>

Town of Newton, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	C;C-3		1,764,326.15
Increased by Receipts:			
Fund Balance	C-1	2,337.00	
Due From Andover Township	C-4	14,002.48	
Federal and State Grants Receivable	C-5	177,034.40	
Federal and State Grant Fund	C-6	2,400.00	
Capital Improvement Fund	C-10	80,000.00	
Bond Anticipation Notes Issued	C-14	950,000.00	
Various Capital Reserves	C-16	<u>30,000.00</u>	
			<u>1,255,773.88</u>
			<u>3,020,100.03</u>
Decreased by Disbursements:			
Fund Balance	C-1	27,034.40	
Interfund - Current Fund	C-8	11,955.52	
Improvement Authorizations	C-15	131,950.62	
Encumbrances Payable	C-17	<u>1,294,239.30</u>	
			<u>1,465,179.84</u>
Balance - December 31, 2012	C;C-3		<u><u>1,554,920.19</u></u>

**Town of Newton, N.J.
Analysis of Cash
General Capital Fund
Year Ended December 31, 2012**

	Balance Dec. 31, 2011	Receipts		Disbursements		Transfers		Balance Dec. 31, 2012
		Bond Antic. Notes	Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	To	
Fund Balance	36,358.12			2,337.00		27,034.40	196,428.61	40,589.33
Capital Improvement Fund	45,630.38		80,000.00	2,400.00		11,955.52	87,000.00	38,630.38
Interfund - Federal and State Grants								2,400.00
Interfund - Current Fund								(11,955.52)
Accounts Receivable - Andover Township	(14,002.48)			14,002.48				271,626.58
Various Capital Reserves	241,626.58			30,000.00		1,294,239.30	1,519,163.31	634,315.64
Encumbrances Payable	438,228.16						200,000.00	(78,629.71)
Grant Receivable	(55,664.11)			177,034.40				
<u>Improvement Authorizations</u>								
Ord.								
05-14 Imp. To Newton Pool Fac. Phase II	21,414.25				6,005.50		11,700.84	9,713.41
07-09 Various Capital Improvements	6,005.50							
07-22 Roof Replacement & Renovations to Municipal Property	10,641.25						47.22	10,688.47
08-07 Various Capital Improvements	11,304.47							907.00
08-12 Acquisition of Fire Truck Equipment	1,147.40							
08-26 Acquisition of Newton Armory	(7,327.78)				48,683.58			(56,011.36)
09-09 Various Capital Improvements	36,517.88						62,332.74	2,974.45
09-29 Imp. Within Sparta Ave. Plan Area	93,666.21						5,040.00	88,626.21
10-06 Various Capital Improvements	2,064.00						66,845.19	2,064.00
10-07 Various Capital Improvements	138,630.19			22,700.00				94,485.00
11-01 Sidewalk Repl./Underground Tank Removal	61,010.66						61,010.66	
11-05 Various Capital Improvements	623,732.37				13,504.90		468,184.39	142,043.08
11-11 Various Capital Improvements	20,444.65						3,465.72	16,978.93
11-13 Acq. & Install Camera on DPW Building	909.45				96.45			813.00
11-22 Various Capital Improvements	51,989.00				60.00		50,427.58	1,501.42
12-13 Various Capital Improvements					83,141.19		50,000.00	330,632.64
12-14 Various Capital Improvements							30,500.00	4,738.71
12-16 Lower Spring St. Beautification				66.00			285,000.00	66.00
12-18 Court Room Renovations					3,225.00		20,000.00	1,312.92
12-22 Various Capital Improvements							82,500.00	17,098.08
	<u>1,764,326.15</u>	<u>950,000.00</u>	<u>80,000.00</u>	<u>248,539.88</u>	<u>154,716.62</u>	<u>1,333,229.22</u>	<u>2,212,428.45</u>	<u>1,554,920.19</u>
								<u>C</u>

Town of Newton, N.J.

Schedule of Accounts Receivable - Township of Andover

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> C	<u>14,002.48</u>
Decreased by:		
Cash Receipt	C-2	<u>14,002.48</u>

C-5

Schedule of Grants Receivable

General Capital Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> C	55,664.11
Increased by:		
Grant Agreements	C-15	<u>200,000.00</u>
		255,664.11
Decreased by:		
Cash Receipts	C-2	<u>177,034.40</u>
Balance - December 31, 2012	C	<u>78,629.71</u>

C-6

Schedule of Due To - Federal and State Grant Fund

General Capital Fund

Year Ended December 31, 2012

Increased by:	<u>Ref.</u>	
Cash Receipts	C-2	<u>2,400.00</u>
Balance - December 31, 2012	C	<u>2,400.00</u>

Town of Newton, N.J.

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

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	C	20,191,385.79
Decreased by:		
Funded by Budget Appropriation:		
Farmers Home Association Payable	C-12	92,510.50
Serial Bonds Payable	C-11	865,000.00
Garden State Preservation Trust Loan Payable	C-13	<u>16,214.07</u>
		<u>973,724.57</u>
Balance - December 31, 2012	C	<u><u>19,217,661.22</u></u>

Schedule of Due From Current Fund

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Increased by:		
Disbursements	C-2	<u>11,955.52</u>
Balance - December 31, 2012	C	<u><u>11,955.52</u></u>

Town of Newton, N.J.
Schedule of Deferred Charges to Future Taxation - Unfunded
General Capital Fund
Year Ended December 31, 2012

Ord. No.	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Balance Dec. 31, 2012	Analysis of Balance Dec. 31, 2012		
				Financed by	Expended	Unexpended	
				Bond	Notes	Improvement	
				Anticipation	950,000.00	Authorization	
08-26	Acquisition of Newton Armory	476,000.00	476,000.00	476,000.00	56,011.36	419,988.64	
09-29	Imp. Within Sparta Ave. Plan Area	310,000.00	310,000.00	310,000.00		310,000.00	
12-13	Various Capital Improvements	950,000.00	950,000.00	950,000.00			
		786,000.00	950,000.00	1,736,000.00	950,000.00	56,011.36	729,988.64
		C	C-15;C-18	C	C-14	Ref.	
	Improvement Authorizations Unfunded					1,060,621.28	
	Less: Unexpended Proceeds of Bond						
	Anticipation Notes				Ord. #12-13	330,632.64	
					C-15	729,988.64	

Town of Newton, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	C	45,630.38
Increased by:		
Budget Appropriation	C-2	<u>80,000.00</u>
		125,630.38
Decreased by:		
Reserve for Preliminary Engineering Study - Fire House Museum	C-17	6,500.00
Appropriated to Finance Improvement Authorizations	C-15	<u>80,500.00</u>
		<u>87,000.00</u>
Balance - December 31, 2012	C	<u><u>38,630.38</u></u>

Town of Newton, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2012	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
General Improvement Bonds 2002	8/1/2002	4,900,000			110,000.00	-	110,000.00	-
General Improvement Bonds 2006	4/1/2006	4,041,000	4/1/2013-2016	4.00%				
			4/1/2017-2024	4.125%	225,000			
			4/1/2025	4.125%	230,000			
			4/1/2026	4.125%	226,000		225,000.00	3,156,000.00
Loan Program Bonds 2009	10/1/2009	4,285,000	4/1/2013	3.00%				
			4/1/2014	4.00%	265,000			
			4/1/2015	4.00%	285,000			
			4/1/2016	4.00%	305,000			
			4/1/2017	5.00%	320,000			
			4/1/2018	5.00%	345,000			
			4/1/2019	5.00%	360,000			
4/1/2020	5.00%	380,000						
4/1/2021-2022	4.00%	385,000						
4/1/2023	5.00%	405,000						
			85,000		3,381,000.00	-	225,000.00	3,156,000.00
					110,000.00		110,000.00	
					3,795,000.00		255,000.00	3,540,000.00

Town of Newton, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2012		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount					
General Obligation Redevelopment Area Bonds 2010	10/28/2010	4,350,000	5/15/2013	40,000	1.60%				
			5/15/2014	60,000	2.00%				
			5/15/2015	80,000	2.25%				
			5/15/2016	100,000	2.65%				
			5/15/2017	110,000	3.00%				
			5/15/2018	120,000	3.25%				
			5/15/2019	130,000	3.65%				
			5/15/2020	140,000	3.85%				
			5/15/2021	150,000	4.00%				
			5/15/2022	180,000	4.30%				
			5/15/2023	190,000	4.30%				
			5/15/2024	230,000	4.75%				
			5/15/2025	250,000	4.75%				
		5/15/2026	270,000	5.30%					
		5/15/2027	300,000	5.30%					
		5/15/2028	320,000	5.40%					
		5/15/2029	360,000	5.40%					
		5/15/2030	400,000	5.45%					
		5/15/2031	470,000	5.45%					
				4,50%					
			5/15/2032	450,000	5.45%				
						4,350,000.00			4,350,000.00

Town of Newton, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2012		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount					
Refunding Bonds of 2011	8/30/2011	3,875,000	8/15/2013	125,000	3.000%	3,875,000.00			3,865,000.00
			8/15/2014	125,000	4.000%				
			8/15/2015	130,000	4.000%				
			8/15/2016	14,000	4.000%				
			8/15/2017	145,000	4.000%				
			8/15/2018	150,000	4.000%				
			8/15/2019	155,000	5.000%				
			8/15/2020	165,000	4.500%				
			8/15/2021	175,000	4.500%				
			8/15/2022	180,000	4.500%				
			8/15/2023	190,000	5.000%				
			8/15/2024	200,000	5.000%				
			8/15/2025	215,000	3.000%				
8/15/2026	220,000	3.000%							
8/15/2027	225,000	5.000%							
8/15/2028	240,000	5.000%							
8/15/2029	250,000	5.000%							
8/15/2030	265,000	4.375%							
8/15/2031	280,000	4.375%							
8/15/2032	290,000	4.375%							
									10,000.00
									3,865,000.00
General Improvement Bonds of 2011	8/30/2011	2,735,000	8/15/2013	210,000	3.00%	2,735,000.00			2,535,000.00
			8/15/2014	220,000	4.00%				
			8/15/2015	230,000	4.00%				
			8/15/2016	235,000	4.00%				
			8/15/2017	245,000	4.00%				
			8/15/2018	255,000	4.00%				
			8/15/2019	265,000	5.00%				
			8/15/2020	280,000	4.50%				
			8/15/2021	290,000	4.50%				
			8/15/2022	305,000	4.50%				
									200,000.00
									2,735,000.00

Town of Newton, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2012	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
General Improvement Refunding Bonds of 2012	6/27/2012	1,685,000	105,000	2.00%				
			110,000	3.00%				
			110,000	3.00%				
			115,000	4.00%				
			120,000	4.00%				
			90,000	4.00%				
			60,000	4.50%				
			65,000	5.00%				
			70,000	5.00%				
			75,000	4.00%				
			75,000	3.25%				
			80,000	3.25%				
			80,000	3.25%				
			85,000	3.25%				
			85,000	3.50%				
			90,000	3.50%				
			95,000	3.50%				
		45,000	3.50%					
Grand Total					18,246,000.00	1,685,000.00	65,000.00	1,620,000.00
					C			C
					Ref. C-12	1,685,000.00		865,000.00
Farmers Home Association Loan Refunded Budget Appropriation - Bond Principal					C-7	1,685,000.00		865,000.00

Town of Newton, N.J.

Schedule of Farmer's Home Association Loan Payable

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	C		<u>1,777,510.50</u>
Decreased by:			
Paid by Budget Appropriation	C-7	92,510.50	
Loan Refunded by Bonds Issued	C-11	<u>1,685,000.00</u>	
			<u>1,777,510.50</u>

C-13

Schedule of Garden State Preservation Trust Loan Payable

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	C		167,875.29
Decreased by:			
Paid by Budget Appropriation	C-7		<u>16,214.07</u>
Balance - December 31, 2012	C		<u>151,661.22</u>

Town of Newton, N.J.
Schedule of Bond Anticipation Notes Payable
General Capital Fund
Year Ended December 31, 2012

Ord. No.	<u>Improvement Description</u>	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	<u>Increased</u>	<u>Balance Dec. 31, 2012</u>
12-13	Various Capital Improvements	08/29/12	08/29/12	08/29/13	1.25%	950,000.00	950,000.00
						<u>C-2;C-18</u>	<u>C</u>

Town of Newton, N.J.
 Schedule of Improvement Authorizations
 General Capital Fund
 Year Ended December 31, 2012

Ord. No.	Improvement/Description	Ordinance Date	Amount	Balance Dec. 31, 2011		2012 Authorizations	Reappropriated	Paid or Charged	Purchase Order Adjustment	Canceled	Balance Dec. 31, 2012	
				Funded	Unfunded						Funded	Unfunded
05-14	Imp. To Newton Pool Fac. Phase II	10/24/05	750,000.00	21,414.25				11,700.84			9,713.41	
07-09	Various Capital Improvements	04/23/07	955,000.00	6,005.50			6,005.50					
07-22	Roof Replacement & Renovations to Municipal Property	09/10/07	350,000.00	10,641.25				47.22	10,688.47			
08-07	Various Capital Improvements	04/28/08	1,820,000.00	11,304.47			5,110.50		5,286.97		907.00	
08-12	Acquisition of Fire Truck Equipment	07/14/08	40,000.00	1,147.40			1,147.40					
08-26	Acquisition of Newton Armory	11/10/08	500,000.00	468,672.22			48,683.58					419,988.64
09-09	Various Capital Improvements	04/27/09	1,262,000.00	36,517.88			5,040.00	28,789.31	62,332.74		2,974.45	310,000.00
09-29	Imp. Within Sparta Ave. Plan Area	12/14/09	4,660,000.00	93,666.21	310,000.00						88,626.21	
10-06	Various Capital Improvements	05/24/10	20,000.00	2,064.00							2,064.00	
10-07	Various Capital Improvements	06/14/10	2,356,000.00	138,630.19			40,073.02		4,072.17		94,485.00	
11-01	Sidewalk Repl./Underground Tank Removal	02/14/11	98,809.59	61,010.66					61,010.66			
11-05	Various Capital Improvements	04/25/11	1,360,000.00	623,732.37		(20,000.00)	414,136.99		47,552.30		142,043.08	
11-11	Various Capital Improvements	07/11/11	78,000.00	20,444.65			3,465.72				16,978.93	
11-11	Acq. & Install Camera on DPW Building	07/11/11	13,500.00	909.45			96.45		5,485.30		813.00	
11-22	Various Capital Improvements	11/14/11	95,744.02	51,989.00			45,002.28				1,501.42	
12-13	Various Capital Improvements	04/09/12	1,000,000.00		1,000,000.00						4,738.71	
12-14	Various Capital Improvements	04/23/12	30,500.00		30,500.00		669,367.36				66.00	
12-16	Lower Spring, St. Beautification	05/14/12	285,000.00		285,000.00		25,761.29				1,312.92	
12-18	Court Room Renovations	06/25/12	20,000.00			20,000.00	18,687.08				17,098.08	
12-22	Various Capital Improvements	08/27/12	82,500.00		82,500.00		65,401.92					
				<u>1,079,477.28</u>	<u>778,672.22</u>	<u>1,398,000.00</u>	<u>1,644,613.93</u>	<u>28,836.53</u>	<u>196,428.61</u>	<u>383,322.21</u>	<u>1,060,621.28</u>	
				<u>C</u>	<u>C</u>			<u>C-17</u>	<u>C-1</u>	<u>C</u>	<u>C</u>	
Disbursed												
Reserve For Encumbrances							131,950.62					
							<u>1,512,663.31</u>					
							<u>1,644,613.93</u>					
General Capital Fund Balance												
Federal and State Grants Receivable						167,500.00						
Deferred Charges to Future Taxation - Unfunded						200,000.00						
Capital Improvement Fund						950,000.00						
						80,500.00						
						<u>1,398,000.00</u>						

Town of Newton, N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2012

<u>Description</u>	<u>Balance Dec. 31, 2011</u>	<u>Increased</u>	<u>Balance Dec. 31, 2012</u>
Reserve for:			
Ambulance	85,000.00	15,000.00	100,000.00
Fire truck	40,600.00	5,000.00	45,600.00
Senior/Teen Center	50,000.00	5,000.00	55,000.00
Recreation Facility Maintenance	18,000.00		18,000.00
Road Equipment	15,000.00		15,000.00
Senior Bus	25,000.00		25,000.00
Redevelopment	501.32		501.32
Fire Dept. Turnout Gear	7,525.26	5,000.00	12,525.26
	<u>241,626.58</u>	<u>30,000.00</u>	<u>271,626.58</u>
	<u>C</u>	<u>C-2</u>	<u>C</u>

Town of Newton, N.J.
Schedule of Encumbrances
General Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	C		438,228.16
Increased by:			
Preliminary Engineering Study	C-10	6,500.00	
Improvement Authorizations	C-15	<u>1,512,663.31</u>	
			<u>1,519,163.31</u>
			<u>1,957,391.47</u>
Decreased by:			
Disbursements	C-2	1,294,239.30	
Purchase order Adjustments	C-15	<u>28,836.53</u>	
			<u>1,323,075.83</u>
Balance - December 31, 2012	C		<u><u>634,315.64</u></u>

Town of Newton, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2012

Ord. No.	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Notes Issued	Balance Dec. 31, 2012
	<u>General Improvements:</u>				
08-26	Acquisition of Newton Armory	476,000.00			476,000.00
09-29	Imp. Within Sparta Ave. Plan Area	310,000.00			310,000.00
12-13	Various Capital Improvements		950,000.00	950,000.00	
		<u>786,000.00</u>	<u>950,000.00</u>	<u>950,000.00</u>	<u>786,000.00</u>
			C-9	C-14	Footnote C

Town of Newton, N.J.

Schedule of Cash

Water/Sewer Utility Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Operating</u>	<u>Assessment Trust</u>	<u>Capital</u>
Balance - December 31, 2011	D;D-7	<u>1,694,411.75</u>		<u>1,538,517.88</u>
Increased by Receipts:				
Premium on Bond Sale	D-2			864.45
Miscellaneous Revenue Anticipated	D-3	44,471.72		
Miscellaneous Revenue Not Anticipated	D-3	189,670.33		
Reserve for Debt Service	D-3	6,266.50		
Insurance for Emergency Funding	D-3	37,805.35		
Consumer Accounts/Liens Receivable	D-9	3,727,001.16		
USDA/FHA Grant Receivable	D-10			15,087.78
Assessments Receivable	D-12		30,873.00	
Various Reserves	D-26			80,068.00
Capital Improvement Fund	D-28			125,000.00
Bonds Payable	D-33			8,525,000.00
Water/Sewer Overpayments	D-19	<u>3,487.76</u>		
		<u>4,008,702.82</u>	<u>30,873.00</u>	<u>8,746,020.23</u>
		<u>5,703,114.57</u>	<u>30,873.00</u>	<u>10,284,538.11</u>
Decreased by Disbursements:				
Budget Appropriations	D-4	3,031,030.60		
Encumbrances Payable - Water/Sewer Operating	D-18	422,151.51		
Appropriation Reserves	D-17	26,721.70		
Accounts Payable	D-20	7,790.00		
Encumbrances Payable - Water/Sewer Capital	D-21			359,885.89
Accrued Interest	D-24	351,409.98		
Interfund - Water/Sewer Assessment Trust Fund	D-22	30,873.00		
Improvement Authorizations	D-25			125,455.04
Various Reserves	D-26			6,266.50
Water/Sewer Operating Reserves	D-27	21,722.18		
Farmer's Home Administration Loan Payable	D-31			8,525,000.00
		<u>3,891,698.97</u>		<u>9,016,607.43</u>
Balance - December 31, 2012	D;D-7	<u>1,811,415.60</u>	<u>30,873.00</u>	<u>1,267,930.68</u>

Town of Newton, N.J.

Analysis of Cash

Water/Sewer Utility Assessment Trust

Year Ended December 31, 2012

	<u>Receipts</u>	<u>Transfers</u>		<u>Balance</u>
	<u>Assessments</u>	<u>From</u>	<u>To</u>	<u>Dec. 31, 2012</u>
	<u>Receivable</u>			
Assessment Bonds:				
2008-06	30,873.00	30,873.00		
Interfund - Water/Sewer Utility Operating Fund			30,873.00	30,873.00
	<u>30,873.00</u>	<u>30,873.00</u>	<u>30,873.00</u>	<u>30,873.00</u>
	D-5			D

Town of Newton, N.J.

Analysis of Cash

Water/Sewer Utility Capital Fund

Year Ended December 31, 2012

	Balance Dec. 31, 2011	Receipts		Disbursements		Transfers		Balance Dec. 31, 2012
		Miscellaneous	Miscellaneous	Miscellaneous	Improvement Authorizations	(From)	To	
Fund Balance	95.74		864.45					69,606.66
Capital Improvement Fund	456,979.02	125,000.00				460,150.00	68,646.47	121,829.02
USDA/FHA Grant Receivable	(15,087.78)		15,087.78					
Reserve for Capital Outlay	6,940.35							6,940.35
Reserve for Water Tower	27,967.78							27,967.78
Reserve for Water Tank	75,000.00	15,000.00						90,000.00
Reserve for Water Filtration Plant	76,178.00	20,000.00						96,178.00
Reserve for Valve Replacement	110,000.00	21,400.00						131,400.00
Reserve for Morris Lake Dam		10,000.00						10,000.00
Reserve for Debt Service	6,266.50	13,668.00		6,266.50				13,668.00
Reserve for Sewer Treatment Plant	82,959.15							82,959.15
Reserve for Sewer Rehabilitation	165,000.00							165,000.00
Reserve for Energy Audit/Imp.	20,000.00							20,000.00
Reserve for Encumbrances	121,742.18			359,885.89			258,131.06	19,987.35
Ord. No.								
02-14	Improvement Authorizations							
08-06	Construction of Filtration Plant	68,646.47				68,646.47		(18,887.63)
08-09	Trinity/Mill St. Waterline	(11,864.75)			7,022.88			72,300.00
11-06	Various Utility Capital Imp.	72,300.00					4,564.75	59,122.02
11-08	Various Utility Capital Imp.	63,686.77					60,014.50	41,949.87
12-10	Merriam Ave Water Main Upgrades	211,708.45			109,744.08		184,055.61	257,256.31
12-24	Maple Avenue Project				8,688.08		9,346.20	653.80
	Gear Box Reconditioning						786,777.53	1,267,930.68
		<u>1,538,517.88</u>	<u>221,020.23</u>	<u>366,152.39</u>	<u>125,455.04</u>	<u>786,777.53</u>	<u>786,777.53</u>	<u>1,267,930.68</u>

D: D-5

D: D-5

Town of Newton, N.J.
Schedule of Change Fund
Water/Sewer Utility Operating Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	<u>100.00</u>
Balance - December 31, 2012	D	<u>100.00</u>

D-9

Town of Newton, N.J.
Schedule of Consumer Accounts Receivable
Water/Sewer Utility Operating Fund
Year Ended December 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Charges</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Consumer Accounts Receivable	<u>157,976.58</u>	<u>3,714,343.27</u>	<u>3,733,878.99</u>	<u>138,440.86</u>
	D			D
	<u>Ref.</u>			
Rents Received	D-5		3,727,001.16	
Overpayments Applied	D-19		<u>6,877.83</u>	
	D-3		<u>3,733,878.99</u>	

D-10

Town of Newton, N.J.
Schedule of Grants Receivable
Water/Sewer Capital Utility Fund
Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> D	<u>15,087.78</u>
Decreased by:		
Cash Received	D-5	<u>15,087.78</u>

D-11

Schedule of Inventory
Water/Sewer Utility Operating Fund
Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> D	<u>50,287.00</u>
Balance - December 31, 2012	D	<u>50,287.00</u>

Town of Newton, N.J.

Schedule of Assessments Receivable

Water/Sewer Utility Assessment Trust Fund

Year Ended December 31, 2012

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Confirmation</u>	<u>Annual Installments</u>	<u>Due Dates</u>	<u>Confirmed in 2012 Bonds Payable</u>	<u>Collected</u>	<u>Balance Dec. 31 2012</u>	<u>Balance Pledged to Assessment Bonds</u>
2008-06	Trinity/Mill Street Waterline	1/23/2012	20.00	3/23/12-31	427,843.95	30,873.00	396,970.95	396,970.95
					D-32	D-5	D	D-32

Town of Newton, N.J.

Schedule of Deferred Charges

N.J.S. 40A:4-53 Special Emergency

Year Ended December 31, 2012

<u>Date</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2011</u>	<u>Amount in 2012 Budget</u>	<u>Balance, Dec. 31, 2012</u>
11/01/11	Hurricane Irene Damage	350,000.00	70,000.00	350,000.00	70,000.00	280,000.00
				D	D-4	D

N.J.S. 40A:4-46 Emergency Authorization

Year Ended December 31, 2012

<u>Date</u>	<u>Purpose</u>	<u>Balance, Dec. 31, 2011</u>	<u>Amount in 2012 Budget</u>
9/30/2011	Water Main Break	38,200.00	38,200.00
		D	D-4

Town of Newton, N.J.

Schedule of Fixed Capital

Water/Sewer Utility Capital Fund

Year Ended December 31, 2012

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Dome, Pipes, Reservoirs	414,818.30	414,818.30
Lake, Land and Water Shed	504,692.17	504,692.17
Meters	88,252.63	88,252.63
Equipment	196,184.03	196,184.03
Water and Sewer Lines	8,586,280.20	8,586,280.20
Building and Appurtenances	1,166,461.96	1,166,461.96
Studies and Engineering	436,821.12	436,821.12
Sewer Treatment Plant	12,507,951.78	12,507,951.78
Water Filtration Plant	6,933,713.53	6,933,713.53
Construction of Water Tower	3,600,000.00	3,600,000.00
Water Treatment Plant	520,000.00	520,000.00
Repairs to Water System	84,952.00	84,952.00
Bonding Costs	127,069.51	127,069.51
	<u>35,167,197.23</u>	<u>35,167,197.23</u>
	D	D

Town of Newton, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water/Sewer Utility Capital Fund

Year Ended December 31, 2012

Ord. No.	Description	Ordinance		Balance, Dec. 31, 2011	Improvement Authorizations	Balance, Dec. 31, 2012
		Date	Amount			
08-06	Trinity/Mill Street Waterline	04/28/08	2,000,000.00	2,000,000.00		2,000,000.00
08-09	Various Utility Capital Imp.	05-28-08	234,000.00	234,000.00		234,000.00
12-10	Maple Avenue Project	04/09/12	450,000.00		450,000.00	450,000.00
12-24	Gear Box Reconditioning	10/22/12	10,000.00		10,000.00	10,000.00
				<u>2,234,000.00</u>	<u>460,000.00</u>	<u>2,694,000.00</u>
				D	D-25	D

Town of Newton, N.J.

Schedule of Appropriation Reserves

Water/Sewer Utility Operating Fund

Year Ended December 31, 2012

	Balance, Dec. 31, 2011	Balance after Transfers	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	12,350.41	12,350.41	5,607.43	6,742.98
Other Expenses	490,348.44	490,348.44	357,229.00	133,119.44
Capital Improvements:				
Capital Outlay	4,438.35	4,438.35		4,438.35
Acquisition of a Four Wheel Drive Truck	7,322.00	7,322.00	1,370.75	5,951.25
Forestry Plan	4,125.00	4,125.00	4,125.00	
Acquisition of Water Meters/Hydrants	8,133.17	8,133.17		8,133.17
Statutory Expenditures:				
Social Security System (O.A.S.I.)	1,094.81	1,094.81	406.02	688.79
	<u>527,812.18</u>	<u>527,812.18</u>	<u>368,738.20</u>	<u>159,073.98</u>
	D			D-1
		Ref.		
		D-5	26,721.70	
		D-27	342,016.50	
		Special Emergency - Sparta Glen	<u>368,738.20</u>	

Town of Newton, N.J.

Schedule of Reserve for Encumbrances

Water/Sewer Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	422,151.51
Increased by:		
Transfer from Budget Appropriations	D-4	239,099.04
		<u>661,250.55</u>
Decreased by:		
Disbursed	D-5	422,151.51
		<u>422,151.51</u>
Balance - December 31, 2012	D	<u><u>239,099.04</u></u>

D-19

Town of Newton, N.J.

Schedule of Overpayments

Water/Sewer Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	6,877.83
Increased by:		
Collections	D-5	3,487.76
		<u>10,365.59</u>
Decreased by:		
Realized as Water/Sewer Rents	D-9	6,877.83
		<u>6,877.83</u>
Balance - December 31, 2012	D	<u><u>3,487.76</u></u>

D-20

Town of Newton, N.J.

Schedule of Accounts Payable

Water/Sewer Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	<u>7,790.00</u>
Decreased by:		
Cash Disbursement	D-5	<u>7,790.00</u>

D-21

Schedule of Encumbrances Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	121,742.18
Increased by:		
Charges to Preliminary Engineering Study	D-28	150.00
Charges to Improvement Authorizations	D-25	<u>257,981.06</u>
		<u>258,131.06</u>
		379,873.24
Decreased by:		
Cash Disbursements	D-5	<u>359,885.89</u>
Balance - December 31, 2012	D	<u>19,987.35</u>

Town of Newton, N.J.

Schedule of Due From Water/Sewer Assessment Fund

Water/Sewer Utility Operating Fund

Year Ended December 31, 2012

Ref.

Increased by:

Serial Bond Principal Paid For
Water/Sewer Assessment Trust

D-5

30,873.00

Balance - December 31, 2012

D

30,873.00

Town of Newton, N.J.

Schedule of Due to Water/Sewer Utility Operating Fund

Water/Sewer Utility Assessment Trust Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Increased by:		
Serial Bond Principal Paid From		
Water/Sewer Operating Fund	D-32	<u>30,873.00</u>
Balance - December 31, 2012	D	<u><u>30,873.00</u></u>

Town of Newton, N.J.

Schedule of Accrued Interest

Water/Sewer Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Bonds</u>	<u>Loans</u>
Balance - December 31, 2011	D	18,315.71	103,499.65
Increased by:			
Budget Appropriations	D-4	72,350.00	282,231.85
		<u>90,665.71</u>	<u>385,731.50</u>
Decreased by:			
Transfer Balance	D-5	108,019.01	(108,019.01)
Disbursements		<u>73,697.49</u>	<u>277,712.49</u>
Balance - December 31, 2012	D	<u>124,987.23</u>	

Principal Outstanding December 31, 2012	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period in Days</u>	<u>Required Amount</u>	<u>Excess/ (Deficit)</u>	<u>Actual Amount</u>
<u>Bonds Payable</u>							
1,650,000.00	Various	10/01/12	12/31/12	91	16,847.00	13,284.65	30,131.65
7,958,029.05	Various	11/01/12	12/31/12	60	53,035.00	41,820.58	94,855.58
					<u>69,882.00</u>	<u>55,105.23</u>	<u>124,987.23</u>

Town of Newton, N.J.

Schedule of Improvement Authorizations

Water/Sewer Utility Capital Fund

Year Ended December 31, 2012

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2011		2012 Authorizations	Expended	Balance Dec. 31, 2012	
				Funded	Unfunded			Funded	Unfunded
08-06	Trinity/Mill St. Waterline	04/28/08	2,000,000.00		217,681.25		7,022.88	72,300.00	210,658.37
08-09	Various Utility Capital Imp.	05/28/08	234,000.00	72,300.00				59,122.02	-
11-06	Various Utility Capital Imp.	04/25/11	196,878.91	63,686.77			4,564.75	41,949.87	-
11-08	Merriam Ave Water Main Upgrades	05/09/11	234,000.00	211,708.45		450,000.00	192,743.69	257,256.31	-
12-10	Maple Avenue Project	04/09/12	450,000.00			10,000.00	9,346.20	653.80	-
12-24	Gear Box Reconditioning	10/22/12	10,000.00			460,000.00	383,436.10	431,282.00	210,658.37
				<u>347,695.22</u>	<u>217,681.25</u>			<u>431,282.00</u>	<u>210,658.37</u>
				D	D			D	D

Ref.

Cash Disbursements	D-5	125,455.04
Encumbrances Payable	D-21	257,981.06
Capital Improvement Fund	D-28; D-30	
		<u>460,000.00</u>
		<u>460,000.00</u>
		<u>383,436.10</u>

Town of Newton, N.J.
Schedule of Various Reserves
Water/Sewer Utility Capital Fund
Year Ended December 31, 2012

<u>Description</u>	<u>Balance</u> <u>Dec. 31,2011</u>	<u>Receipts</u>	<u>Anticipated as</u> <u>Utility Operating</u> <u>Revenue</u>	<u>Balance</u> <u>Dec. 31,2012</u>
Reserve for Debt Service	6,266.50	13,668.00	6,266.50	13,668.00
Reserve for Water Tank	75,000.00	15,000.00		90,000.00
Reserve for Capital Outlay	6,940.35			6,940.35
Reserve for Morris Lake Dam	-	10,000.00		10,000.00
Reserve for Valve Replacement	110,000.00	21,400.00		131,400.00
Reserve for Water Filtration Plant	76,178.00	20,000.00		96,178.00
Reserve for Sewer Treatment Plant Modifications	82,959.15			82,959.15
Reserve for Sewer Rehabilitation	165,000.00			165,000.00
Reserve for Energy Audit/Imp.	20,000.00			20,000.00
Reserve for Water Tower	27,967.78			27,967.78
	<u>570,311.78</u>	<u>80,068.00</u>	<u>6,266.50</u>	<u>644,113.28</u>
	D	D-5	D-5	D

D-27

Town of Newton, N.J.
Schedule of Reserves
Water/Sewer Utility Operating Fund
Year Ended December 31, 2012

<u>Description</u>	<u>Balance</u> <u>Dec. 31,2011</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31,2012</u>
Reserve for:				
Connection Fees - Thor Labs	205,630.00			205,630.00
Special Emergency - Sparta Glen	-	342,016.50	21,722.18	320,294.32
	<u>205,630.00</u>	<u>342,016.50</u>	<u>21,722.18</u>	<u>525,924.32</u>
	D	D-17	D-5	D

Town of Newton, N.J.
Schedule of Capital Improvement Fund
Water/Sewer Utility Capital Fund
Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> D	456,979.02
Increased by:		
Budget Appropriation	D-5	125,000.00
		<u>581,979.02</u>
Decreased by:		
Preliminary Costs-Merriam Ave Water main:		
Paid or Charged	D-21	150.00
Improvement Authorizations	D-25	460,000.00
		<u>460,150.00</u>
Balance - December 31, 2012	D	<u><u>121,829.02</u></u>

D-29

Schedule of Reserve for Amortization
Water/Sewer Utility Capital Fund
Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> D	26,232,435.26
Increased by:		
Farmer's Home Administration Loans Paid		
by Operating Budget	D-31	98,862.44
Serial Bonds Paid by Operating Budget	D-33	239,127.00
Assessment Serial Bonds Transferred to		
Water Assessment Trust Fund	D-33	427,843.95
		<u>765,833.39</u>
		<u>26,998,268.65</u>
Decreased by:		
Cancellation of Bond Ordinance	D-2	68,646.47
Balance - December 31, 2012	D	<u><u>26,929,622.18</u></u>

Town of Newton, N.J.

Schedule of Deferred Reserve for Amortization

Water/Sewer Utility Capital Fund

Year Ended December 31, 2012

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31, 2011</u>	<u>Fixed Capital Authorized</u>	<u>Balance, Dec. 31, 2012</u>
08-06	Trinity/Mill St. Waterline	04/28/08	400,000.00		400,000.00
08-09	Various Utility Capital Improvements	05/28/08	234,000.00		234,000.00
12-10	Maple Avenue Project	04/09/12		450,000.00	450,000.00
12-24	Gear Box Reconditioning	10/22/12		10,000.00	10,000.00
			<u>634,000.00</u>	<u>460,000.00</u>	<u>1,094,000.00</u>
			D	D-25	D

Town of Newton, N.J.
Schedule of Farmer's Home Administration Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2012

<u>Purpose</u>	<u>Date of Issue</u>	<u>Maturities Outstanding December 31,</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>	<u>Decreased</u>
		<u>Date</u>	<u>Amount</u>			
General Improvements	10/26/93	04/28/12-2037	See Notes	4.50%	1,991,539.71	1,991,539.71
		10/28/12-2037				
General Improvements	10/25/94	5/28/12-2038	See Notes	4.50%	756,401.78	756,401.78
		11/28/12-2038				
Water Filtration Plant	08/27/04	2/27/12-2044	See Notes	4.50%	4,906,673.95	4,906,673.95
		8/27/12-2044				
Trinity/Mill Street Waterline	10/27/08	4/27/12-2048	See Notes	4.25%	969,247.00	969,247.00
		10/27/12-2048				
					<u>8,623,862.44</u>	<u>8,623,862.44</u>
					D	
Issued for Cash					8,525,000.00	8,525,000.00
Funded by Budget Appropriation					98,862.44	98,862.44
					<u>8,623,862.44</u>	<u>8,623,862.44</u>

Town of Newton, N.J.

Schedule of Water/Sewer Serial Bonds Payable

Water/Sewer Utility Assessment Trust Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31,		Interest Rate	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount				
Assessment Bonds of 2012	6/27/2012	427,843.95	3/23/2013	13,955.52	4.250%			
			3/23/2014	14,595.50	4.250%			
			3/23/2015	15,215.81	4.250%			
			3/23/2016	15,862.48	4.250%			
			3/23/2017	16,536.63	4.250%			
			3/23/2018	17,239.44	4.250%			
			3/23/2019	17,972.11	4.250%			
			3/23/2020	18,735.93	4.250%			
			3/23/2021	19,532.21	4.250%			
			3/23/2022	20,362.33	4.250%			
			3/23/2023	21,227.72	4.250%			
			3/23/2024	22,129.90	4.250%			
			3/23/2025	23,070.42	4.250%			
		3/23/2026	24,050.91	4.250%				
		3/23/2027	25,073.09	4.250%				
		3/23/2028	26,138.68	4.250%				
		3/23/2029	27,249.58	4.250%				
		3/23/2030	28,407.68	4.250%				
		3/23/2031	29,615.01	4.250%				
						427,843.95		396,970.95
						D-12;D-33	D-23	D

Town of Newton, N.J.

Schedule of Water/Sewer Serial Bonds Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31,		Interest Rate	Increased	Decreased	Balance
			Date	Amount				Dec. 31, 2011
General Obligation Refunding Bonds of 2004	2/26/2004	2,275,000.00	10/1/2013	100,000.00	3.250%			
			10/1/2014	105,000.00	3.500%			
			10/1/2015	110,000.00	3.625%			
			10/1/2016	90,000.00	4.250%			
			10/1/2017	95,000.00	4.250%			
			10/1/2018	100,000.00	4.250%			
			10/1/2019	65,000.00	4.250%			
			10/1/2020	75,000.00	4.250%			
			10/1/2021	75,000.00	4.250%			
			10/1/2022	75,000.00	4.250%			
			10/1/2023	85,000.00	4.250%			
			10/1/2024	85,000.00	4.500%			
			10/1/2025	85,000.00	4.500%			
			10/1/2026	95,000.00	4.500%			
			10/1/2027	95,000.00	4.500%			
			10/1/2028	100,000.00	4.500%			
			10/1/2029	105,000.00	4.500%			
			10/1/2030	110,000.00	4.500%			
								1,750,000.00
								100,000.00
								1,650,000.00

Town of Newton, N.J.

Schedule of Water/Sewer Serial Bonds Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31,		Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
			Date	Amount					
Refunding Bonds of 2012	6/27/2012	8,525,000.00	5/1/2013	186,044.48	2.000%				
			5/1/2014	190,404.50	3.000%				
			5/1/2015	194,784.19	3.000%				
			5/1/2016	204,137.52	4.000%				
			5/1/2017	213,463.37	4.000%				
			5/1/2018	217,760.56	4.000%				
			5/1/2019	227,027.89	4.500%				
			5/1/2020	241,264.07	5.000%				
			5/1/2021	255,467.79	5.000%				
			5/1/2022	264,637.67	5.000%				
			5/1/2023	278,772.28	4.000%				
			5/1/2024	287,870.10	0.033%				
			5/1/2025	296,929.58	3.250%				
			5/1/2026	305,949.09	3.250%				
			5/1/2027	319,926.91	3.250%				
			5/1/2028	328,861.32	3.500%				
			5/1/2029	337,750.42	3.500%				
			5/1/2030	351,592.32	3.500%				
		5/1/2031	365,384.99	3.500%					
		5/1/2032	410,000.00	4.000%					
		5/1/2033	425,000.00	4.000%					
		5/1/2034	445,000.00	4.000%					
		5/1/2035	460,000.00	4.000%					
		5/1/2036	480,000.00	4.000%					
		5/1/2037	495,000.00	4.000%					
		5/1/2038	175,000.00	4.000%					
						8,525,000.00	566,970.95	7,958,029.05	
						1,750,000.00	666,970.95	9,608,029.05	
						D		D	

Bonds Transferred to Water/Sewer Assessment Trust Fund

Paid by Budget Appropriation

D-29
D-32;D-29
239,127.00
427,843.95
666,970.95

D-5

Town of Newton, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water/Sewer Utility Capital Fund

Year Ended December 31, 2012

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2011</u>	<u>Balance, Dec. 31, 2012</u>
08-06	Trinity/Mill St. Waterline	<u>229,546.00</u>	<u>229,546.00</u> Footnote D

TOWN OF NEWTON

*** * * * ***

PART II

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkocz, CPA, RMA
James J. Cerullo, CPA, RMA
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and
Members of the Town Council
Town of Newton
County of Sussex, New Jersey

We have audited the financial statements-regulatory basis of the Town of Newton in the County of Sussex as of and for the year ended December 31, 2012, and have issued our report thereon dated April 30, 2013. Our report disclosed that, as described in Note 1 to the financial statements-regulatory basis, the Town of Newton 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. 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

In planning and performing our audit of the financial statements-regulatory basis, we considered the Town of Newton's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Town of Newton's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Newton's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Honorable Mayor and
Members of the Town Council
Page 2

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

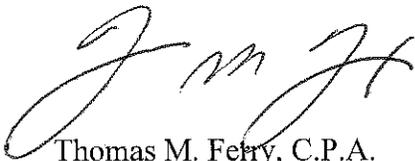
Compliance and Other Matters

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

In addition, we noted certain immaterial instances of noncompliance that we have reported to the management of the Town of Newton in the accompanying comments and recommendations section of this report.

Purpose of this Report

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



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497

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

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

April 30, 2013



GENERAL COMMENTS

Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2012, and at April 30, 2013, 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. 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. 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 Town of Newton 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 Town 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. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5 for Town Appraiser, Engineer, Auditor, Attorney, Municipal Prosecutor, Town Planner, Special Prosecutor, Insurance Agent and Bond Counsel.

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 Town'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 and Utility Charges

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 July 2, 2012 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 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 for delinquencies in excess of \$10,000.00 from property owners who fail to pay the delinquency prior to the end of the calendar year;

GENERAL COMMENTS (CONTINUED)

Collection of Interest on Delinquent Taxes and Utility Charges (continued)

NOW THEREFORE BE IT RESOLVED by the Town Council of the Town of Newton 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 which become delinquent after the tax due date, and a rate of interest of 18% per annum on any amount of taxes in excess of \$1,500.00 which becomes delinquent after the tax due date.
- 2) That if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st of each calendar year, an additional penalty of 6% shall be charged against the delinquency.
- 3) That the ten day grace period for quarterly tax payments due shall remain in effect.
- 4) That any payment of taxes not made on or before the due date in accordance with this resolution shall be charged interest from the due date as set forth by law.
- 5) That this resolution shall take effect immediately.

The following Ordinance (15-4.3) for delinquent utility charges was adopted during the calendar year, 1973;

Delinquent utility charges - Interest is to be charged on delinquent utility charges at the rate of 10% on the current billing charge if not paid within 30 days of billing.

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 October 25, 2012 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>
2012	4
2011	4
2010	4

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

GENERAL COMMENTS (CONTINUED)

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, 2012 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.

Municipal Court

The report required by statute covering the accounts of the Municipal Court has been filed under separate cover with the Judge, Town 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.

- 1) There are 18 tickets assigned but not issued over 181 days.

Management Response:

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

RECOMMENDATIONS

- 1) That tickets over 181 days be recalled and reissued.

Status of Prior Year's Auditing Findings/Recommendations

A review was performed on all prior year's recommendations. Corrective action was not taken on the prior year's recommendation:

- 1) That tickets over 181 days be recalled and reissued.

The problems and weaknesses noted in this 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 these comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

Appreciation

We wish to express our appreciation of the assistance and courtesies rendered by the Town officials during the course of the audit.

Very truly yours,



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497

Ferraioli, Wielkocz, Cerullo, + Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO, & CUVA, P.A.
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