

BOROUGH OF SUSSEX

COUNTY OF SUSSEX

REPORT OF AUDIT

2010

NISIVOCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
REPORT OF AUDIT
2010

BOROUGH OF SUSSEX
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BOROUGH OF SUSSEX

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2010



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Independent Auditors' Report

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

We have audited the financial statements of the various funds of the Borough of Sussex in the County of Sussex (the "Borough") as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Borough's management. Our responsibility is to express opinions on these financial statements based on our audits.

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

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

We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual cost. We are, therefore, unable to express an opinion as to the general fixed assets account group at December 31, 2010 and 2009 stated at \$4,210,596 and \$4,219,647, respectively.

The Honorable Mayor and Members
of the Borough Council
Borough of Sussex
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In our opinion, because the Borough prepares its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2010 and 2009 and the results of its operations for the years then ended.

However, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the general fixed assets account group been audited, the financial statements referred to above, present fairly, in all material respects, the financial position of the various funds of the Borough of Sussex at December 31, 2010 and 2009 and the results of operations and changes in fund balances, where applicable, of such funds thereof for the years then ended, in conformity with accounting principles prescribed by the Division, as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2011, on our consideration of the Borough of Sussex's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The information included in the supplementary schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards are also presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* and are not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audits of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1 to the financial statements and Note B to the schedules of expenditures of federal and state awards.

Mount Arlington, New Jersey
May 24, 2011



NISIVOCIA LLP



David H. Evans
Registered Municipal Accountant No. 98
Certified Public Accountant

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2010
CURRENT FUND

BOROUGH OF SUSSEX
CURRENT FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2010	2009
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 261,161.62	\$ 267,902.86
Change Fund		100.00	100.00
		<u>261,261.62</u>	<u>268,002.86</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	142,320.37	94,361.00
Tax Title Liens Receivable	A-8	3,852.83	11,582.35
Property Acquired for Taxes at Assessed Valuation		344,600.00	322,100.00
Receivable for Sale of Foreclosed Property		1,770.00	
Due Federal and State Grant Fund	A	22,795.15	747.64
Due Animal Control Trust Fund	B	3.93	723.80
Due Other Trust Fund	B	8,240.96	
		<u>523,583.24</u>	<u>429,514.79</u>
Deferred Charges:			
Overexpenditure of Appropriations	A-3	1,687.41	
		<u>1,687.41</u>	
Total Regular Fund		<u>786,532.27</u>	<u>697,517.65</u>
Federal and State Grant Fund:			
Grants Receivable	A-10	175,156.00	290,216.00
		<u>175,156.00</u>	<u>290,216.00</u>
Total Federal and State Grant Fund		<u>175,156.00</u>	<u>290,216.00</u>
TOTAL ASSETS		<u>\$ 961,688.27</u>	<u>\$ 987,733.65</u>

BOROUGH OF SUSSEX
CURRENT FUND
COMPARATIVE BALANCE SHEET
(Continued)

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 69,022.35	\$ 67,607.88
Encumbered	A-3;A-11	6,833.69	1,570.12
		<u>75,856.04</u>	<u>69,178.00</u>
County Added and Omitted Taxes Payable		743.63	1,178.38
Due State of New Jersey:			
Marriage License Fees		50.00	50.00
Burial Permit Fees			10.00
Senior Citizens' and Veterans' Deductions		5,769.49	5,269.49
Prepaid Taxes		29,182.34	13,787.95
Tax Overpayments		1,805.45	1,805.45
Due General Capital Fund	C	5,000.00	
Deposit on Sale of Foreclosed Property		600.00	
Reserve for:			
Revision of Master Plan		7,745.00	2,490.00
Sale of Municipal Assets		4,883.59	4,883.59
		<u>131,635.54</u>	<u>98,652.86</u>
Reserve for Receivables and Other Assets	A	523,583.24	429,514.79
Fund Balance	A-1	131,313.49	169,350.00
		<u>786,532.27</u>	<u>697,517.65</u>
Total Regular Fund			
Federal and State Grant Fund:			
Appropriated Reserves:			
Encumbered			55,655.68
Unencumbered	A-14	152,360.85	230,343.66
Unappropriated Reserves	A-15		3,469.02
Due Current Fund	A	22,795.15	747.64
		<u>175,156.00</u>	<u>290,216.00</u>
Total Federal and State Grant Fund			
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 961,688.27</u>	<u>\$ 987,733.65</u>

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

BOROUGH OF SUSSEX
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	Ref.	<u>Year Ended December 31,</u>	
		<u>2010</u>	<u>2009</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 100,000.00	\$ 200,000.00
Miscellaneous Revenue Anticipated		365,601.60	410,321.65
Receipts from:			
Delinquent Taxes		86,086.95	77,143.87
Current Taxes		3,322,640.30	3,113,291.21
Nonbudget Revenue		81,985.53	59,242.50
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		31,265.04	11,155.65
Federal and State Grant Fund Unappropriated Reserves Canceled		0.02	0.27
Interfunds Returned		1,471.44	243.60
		<u>3,989,050.88</u>	<u>3,871,398.75</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		1,161,749.25	1,174,091.77
County Taxes		653,829.24	567,718.62
Regional School District Taxes		1,424,487.63	1,334,982.98
Regional High School District Taxes		657,668.64	681,604.56
Reinstatement of Prior Year Reserve for Revision of Master Plan Canceled			7,000.00
Interfunds and Other Receivables Advanced		31,040.04	1,471.44
		<u>3,928,774.80</u>	<u>3,766,869.37</u>
Excess in Revenue/Statutory Excess to Fund Balance		60,276.08	104,529.38
Adjustments Before Fund Balance:			
Expenditures Included Above Which Are by Statute			
Deferred Charges to Budget of Succeeding Year		1,687.41	
Statutory Excess to Fund Balance		61,963.49	104,529.38
<u>Fund Balance</u>			
Balance January 1		169,350.00	264,820.62
		<u>231,313.49</u>	<u>369,350.00</u>
Decreased by:			
Utilized as Anticipated Revenue		100,000.00	200,000.00
Balance December 31	A	<u>\$ 131,313.49</u>	<u>\$ 169,350.00</u>

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

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2010

	Budget	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 100,000.00	\$ 100,000.00	
Miscellaneous Revenue:			
Licenses:			
Alcoholic Beverages	3,800.00	4,600.00	\$ 800.00
Fees and Permits:			
Uniform Construction Code Fees	55,000.00	42,663.60	12,336.40 *
Other	13,000.00	12,696.00	304.00 *
Consolidated Municipal Property			
Tax Relief Aid	41,097.00	41,097.00	
Energy Receipts Tax	146,376.00	146,376.00	
Transitional Aid	100,000.00	100,000.00	
Uniform Fire Safety Act	4,302.00		4,302.00 *
Parking Meters	7,000.00	7,700.00	700.00
Clean Communities Grant	4,000.00	4,000.00	
Recycling Tonnage Grant	3,469.00	3,469.00	
Shade Tree Grant	3,000.00	3,000.00	
	381,044.00	365,601.60	15,442.40 *
Receipts from Delinquent Taxes	80,000.00	86,086.95	6,086.95
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	726,794.00	702,093.79	24,700.21 *
Budget Totals	1,287,838.00	1,253,782.34	\$ 34,055.66 *
Nonbudget Revenue		81,985.53	
	\$ 1,287,838.00	\$ 1,335,767.87	

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2010
(Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$ 3,322,640.30
Allocated to School and County Taxes	2,735,985.51
Balance for Support of Municipal Budget	586,654.79
 Add: Appropriation "Reserve for Uncollected Taxes"	 115,439.00
 Realized for Support of Municipal Budget	 \$ 702,093.79

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 86,086.95
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Analysis of Nonbudget Revenue:

Miscellaneous Revenue Not Anticipated:

Interest on Investments	\$ 4,058.54
Municipal Court Fines	34,549.89
Cable TV Franchise Fees	7,892.00
State Housing Inspections	1,043.00
Clerk's Receipts	198.80
State of New Jersey:	
Senior Citizens' and Veterans' Deductions Administrative Reimbursement	410.00
Planning Board	2,900.00
Zoning Board	305.00
Miscellaneous Refunds	109.97
Housing Inspections	385.00
	51,852.20

Collector:

Interest and Costs on Taxes	21,604.44
Duplicate Bills	234.00
Miscellaneous	50.00

Due Animal Control Fund - Statutory Excess in Reserve for Animal Control Fund Expenditures	3.93
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Due Other Trust Fund - Receivable and Reserve Balances Canceled	8,240.96
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	\$ 81,985.53
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BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010

	Appropriations		Expended By		Unexpended Balance Canceled	Over- Expenditure
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations Within "CAPS":						
GENERAL GOVERNMENT:						
General Administration:						
Salaries and Wages	\$ 91,670.00	\$ 91,670.00	\$ 91,257.08	\$ 412.92		
Other Expenses	19,900.00	19,900.00	18,172.53	1,727.47		
Municipal Clerk:						
Codification of Ordinances	7,000.00	7,000.00	4,209.40	2,790.60		
Elections	1,500.00	1,500.00	1,163.73	336.27		
Financial Administration:						
Salaries and Wages	10,532.00	10,532.00	10,215.14	316.86		
Other Expenses	21,200.00	21,200.00	9,025.98	12,174.02		
Revenue Administration (Tax Collection):						
Salaries and Wages	20,300.00	20,300.00	19,886.19	413.81		
Other Expenses	4,000.00	4,000.00	2,981.81	1,018.19		
Legal Services and Costs:						
Other Expenses	60,000.00	57,000.00	46,797.04	10,202.96		
Engineering Services and Costs:						
Other Expenses	10,000.00		1,687.41			\$ 1,687.41
Municipal Land Use Law (NJSA 40:55D-1):						
Planning Board:						
Salaries and Wages	3,000.00	3,000.00	2,500.00	500.00		
Other Expenses	11,700.00	9,748.00	6,328.07	3,419.93		

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled	Over- Expenditure
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations Within "CAPS":						
GENERAL GOVERNMENT: (Continued)						
Insurance:						
General Liability	\$ 40,000.00	\$ 39,000.00	\$ 38,687.19	\$ 312.81		
Surety Bonds	400.00	400.00		400.00		
Workers' Compensation	13,000.00	17,452.00	17,450.94	1.06		
Group Insurance Plan for Employees	46,680.00	49,680.00	48,694.64	985.36		
PUBLIC SAFETY:						
Aid to Volunteer Fire Company	35,020.00	35,020.00	35,020.00			
Police:						
Salaries and Wages	18,000.00	21,000.00	20,965.32	34.68		
Other Expenses	500.00	500.00	325.75	174.25		
Emergency Management Services:						
Salaries and Wages	1,030.00	1,030.00	1,000.00	30.00		
Other Expenses	1,250.00	1,250.00	445.12	804.88		
Garbage and Trash Removal:						
Other Expenses	2,000.00	2,800.00	2,474.65	325.35		
Recycling Program:						
Other Expenses	2,600.00	1,800.00	492.00	1,308.00		
STREETS AND ROADS:						
Road Repair and Maintenance:						
Salaries and Wages	43,920.00	51,720.00	51,698.47	21.53		
Other Expenses	27,000.00	27,000.00	23,051.76	3,948.24		

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled	Over- Expenditure
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations Within "CAPS":						
STREETS AND ROADS: (Continued)						
Snow Removal:						
Salaries and Wages	\$ 6,300.00	\$ 6,300.00	\$ 6,300.00			
Other Expenses	21,350.00	22,250.00	22,182.51	\$ 67.49		
Public Building and Grounds:						
Salaries and Wages	1,100.00	1,100.00	698.00	402.00		
Other Expenses	32,650.00	32,650.00	29,023.43	3,626.57		
HEALTH AND WELFARE:						
Board of Health:						
Other Expenses	50.00	50.00	30.95	19.05		
Mandated Inoculations - Hepatitis B Vaccine:						
Other Expenses	500.00	125.00		125.00		
Registrar:						
Other Expenses	325.00	700.00	675.32	24.68		
Shade Tree:						
Other Expenses	750.00	750.00	111.10	638.90		
RECREATION AND EDUCATION:						
Board of Recreation Commissioners:						
Other Expenses	4,000.00	4,000.00	1,898.61	2,101.39		
Celebration of Public Events, Anniversary/Holiday:						
Other Expenses	2,000.00	1,100.00	1,095.64	4.36		

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled	Over- Expenditure
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations Within "CAPS":						
State Uniform Construction Code (NJSA 52:27D-120 et seq.):						
Construction Code Officials:						
Salaries and Wages	\$ 10,800.00	\$ 10,800.00	\$ 10,517.00	\$ 283.00		
Other Expenses	300.00	300.00	122.43	177.57		
UNCLASSIFIED:						
Utilities:						
Telephone	9,000.00	9,000.00	8,705.28	294.72		
Gasoline and Diesel Fuel	10,000.00	10,000.00	8,995.12	1,004.88		
Street Lighting	36,000.00	36,000.00	32,390.80	3,609.20		
Reserve for Pending Tax Appeal:						
Other Expenses	2,000.00	500.00		500.00		
Total Operations Within "CAPS"	629,327.00	630,127.00	577,276.41	54,538.00		\$ 1,687.41
Detail:						
Salaries and Wages	206,652.00	217,452.00	215,037.20	2,414.80		
Other Expenses	422,675.00	412,675.00	362,239.21	52,123.20		1,687.41

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled	Over- Expenditure
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations Within "CAPS":						
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":						
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	\$ 13,050.00	\$ 13,050.00	\$ 13,050.00			
Social Security System (OASI)	17,000.00	17,000.00	16,773.02	\$ 226.98		
State Unemployment Insurance	2,800.00	2,000.00	1,168.29	831.71		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	32,850.00	32,050.00	30,991.31	1,058.69		
Total General Appropriations for Municipal Purposes Within "CAPS"	662,177.00	662,177.00	608,267.72	55,596.69		\$ 1,687.41
Operations Excluded from "CAPS":						
Contribution to:						
Length of Service Awards Program (L.O.S.A.P.)	18,500.00	18,500.00	17,000.00	1,500.00		
Public Employees Retirement System	16,758.00	16,758.00	16,373.75	384.25		
Interlocal Municipal Service Agreements:						
Township of Wantage:						
Construction Agreement:						
Other Expenses	90,000.00	90,000.00	66,124.03	11,539.57	\$ 12,336.40	
Animal Control Agreement:						
Other Expenses	8,700.00	8,700.00	8,700.00			

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled	Over- Expenditure
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations Excluded from "CAPS":						
Interlocal Municipal Service Agreements: (Continued)						
Township of Wantage: (Continued)						
Tax Assessor:						
Other Expenses	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00			
Municipal Court:						
Other Expenses	44,500.00	44,500.00	44,500.00			
Township of Vernon:						
Dispatching Communication "911":						
Other Expenses	16,053.00	16,053.00	16,053.00			
Township of Hardyston:						
Road Department:						
Other Expenses	115,730.00	115,730.00	115,728.16	\$ 1.84		
Public and Private Programs Offset by Revenue:						
Clean Communities Program	4,000.00	4,000.00	4,000.00			
Recycling Tonnage Grant	3,469.00	3,469.00	3,469.00			
Shade Tree Grant	3,000.00	3,000.00	3,000.00			
Total Operations Excluded from "CAPS"	331,710.00	331,710.00	305,947.94	13,425.66	\$ 12,336.40	
Operations Excluded from "CAPS" (Continued):						
Detail:						
Other Expenses	331,710.00	331,710.00	305,947.94	13,425.66	12,336.40	

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled	Over- Expenditure
	Budget	Budget After Modification	Paid or Charged	Reserved		
Capital Improvements - Excluded from "CAPS":						
Capital Improvement Fund	\$ 68,000.00	\$ 68,000.00	\$ 68,000.00			
Total Capital Improvements - Excluded from "CAPS"	68,000.00	68,000.00	68,000.00			
Municipal Debt Service - Excluded from "CAPS":						
Payment of Bond Principal	30,000.00	30,000.00	30,000.00			
Payment of Bond Anticipation Notes	51,000.00	51,000.00	51,000.00			
Interest on Bonds	8,033.00	8,033.00	8,033.00			
Interest on Notes	13,034.00	13,034.00	13,033.50		\$ 0.50	
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	8,445.00	8,445.00	8,444.74		0.26	
Total Municipal Debt Service - Excluded from "CAPS"	110,512.00	110,512.00	110,511.24		0.76	
Total General Appropriations - Excluded from "CAPS"	510,222.00	510,222.00	484,459.18	\$ 13,425.66	12,337.16	
Subtotal General Appropriations	1,172,399.00	1,172,399.00	1,092,726.90	69,022.35	12,337.16	\$ 1,687.41
Reserve for Uncollected Taxes	115,439.00	115,439.00	115,439.00			
Total General Appropriations	\$ 1,287,838.00	\$ 1,287,838.00	\$ 1,208,165.90	\$ 69,022.35	\$ 12,337.16	\$ 1,687.41
Ref.				A		A

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010
(Continued)

	<u>Ref.</u>	Analysis of	
		Budget After Modification	Paid or Charged
Adopted Budget		\$ 1,287,838.00	
Reserve for Uncollected Taxes			\$ 115,439.00
Encumbrances	A		6,833.69
Due Federal and State Grant Fund			10,469.00
Due General Capital Fund			5,000.00
Cash Disbursed			1,093,882.48
			1,231,624.17
Less: Appropriation Refunds			23,458.27
			\$ 1,208,165.90

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

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2010
TRUST FUNDS

BOROUGH OF SUSSEX
TRUST FUNDS
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2010	2009
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 3,907.73	\$ 4,793.80
		<u>3,907.73</u>	<u>4,793.80</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	64,761.78	57,755.40
Small Cities Receivable			2,500.00
Due from Animal Control Fund	B	100.80	
		<u>64,862.58</u>	<u>60,255.40</u>
TOTAL ASSETS		<u><u>\$ 68,770.31</u></u>	<u><u>\$ 65,049.20</u></u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due State of New Jersey		\$ 5.20	\$ 5.20
Due Current Fund	A	3.93	723.80
Due Other Trust Fund	B	100.80	
Reserve for Animal Control Expenditures	B-6	3,797.80	4,064.80
		<u>3,907.73</u>	<u>4,793.80</u>
Other Trust Funds:			
Due Current Fund	A	8,240.96	
Due Water/Sewer Utility Operating Fund	D	15,500.00	
Reserve for:			
Planning and Zoning Deposits		30,934.54	37,420.20
Recreation Expenditures		3,547.45	4,593.45
Brookside Community Center		1,473.05	1,460.37
Nutrition			8,659.46
Small Cities Loans			2,081.34
Fire Inspection Fees		208.58	1,708.58
Parking Offense Adjudication Act		742.00	742.00
Public Defender		1,316.00	1,290.00
Tax Sale Premiums		2,900.00	2,300.00
		<u>64,862.58</u>	<u>60,255.40</u>
TOTAL LIABILITIES AND RESERVES		<u><u>\$ 68,770.31</u></u>	<u><u>\$ 65,049.20</u></u>

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

BOROUGH OF SUSSEX
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE
YEAR ENDED DECEMBER 31, 2010

B-1

NOT APPLICABLE

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

BOROUGH OF SUSSEX
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2010

B-2

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010

B-3

NOT APPLICABLE

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

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2010
GENERAL CAPITAL FUND

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2010	2009
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 139,470.67	\$ 45,139.74
Grants Receivable:			
New Jersey Department of Transportation		67,377.07	
Due Current Fund	A	5,000.00	
Due Water/Sewer Utility Operating Fund	D		107,619.67
Deferred Charges to Future Taxation:			
Funded		201,906.54	239,144.41
Unfunded	C-4	471,827.07	589,685.80
TOTAL ASSETS		\$ 885,581.35	\$ 981,589.62
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds Payable	C-8	\$ 147,000.00	\$ 177,000.00
Green Acres Loans Payable	C-9	54,906.54	62,144.41
Bond Anticipation Notes Payable	C-7	383,450.00	434,450.00
Improvement Authorizations:			
Funded	C-5	95,797.07	78,645.33
Unfunded	C-5	83,995.67	154,873.88
Capital Improvement Fund	C-6	53,055.00	74,476.00
Reserve for Grants Receivable		67,377.07	
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 885,581.35	\$ 981,589.62

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

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

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

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2010
WATER/SEWER UTILITY FUND

BOROUGH OF SUSSEX
WATER/SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2010	2009
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 272,765.54	\$ 66,874.68
Due Other Trust Fund	B	15,500.00	
Due Water Utility Capital Fund	D	274.38	
Refund Receivables			25,000.00
		<u>288,539.92</u>	<u>91,874.68</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	411,790.36	290,575.00
Other Receivables		49,500.00	
		<u>461,290.36</u>	<u>290,575.00</u>
Deferred Charges:			
Emergency Authorizations (40A:4-47)			25,000.00
Operating Deficit	D-1	183,019.12	37,609.03
Overexpenditure of Appropriations	D-3	931.82	
		<u>183,950.94</u>	<u>62,609.03</u>
Total Operating Fund		<u>933,781.22</u>	<u>445,058.71</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	43,784.93	9,400.00
Fixed Capital	D-7	15,633,963.90	10,294,158.83
Fixed Capital Authorized and Uncompleted	D-8	1,950,000.00	7,131,440.12
NJ Environmental Infrastructure Trust Receivable		1,175,366.00	
Total Capital Fund		<u>18,803,114.83</u>	<u>17,434,998.95</u>
TOTAL ASSETS		<u>\$ 19,736,896.05</u>	<u>\$ 17,880,057.66</u>

BOROUGH OF SUSSEX
WATER/SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
(Continued)

	Ref.	December 31,	
		2010	2009
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 64,780.47	\$ 19,367.95
Encumbered	D-3;D-9	28,711.51	25,447.61
		<u>93,491.98</u>	<u>44,815.56</u>
Due General Capital Fund	C		107,619.67
Revenue Anticipation Notes Payable	D-18	375,000.00	
Accrued Interest on:			
Bonds and Notes		85.50	
Loans		1,864.90	
		<u>470,442.38</u>	<u>152,435.23</u>
Reserve for Receivables	D	461,290.36	290,575.00
Fund Balance	D-1	2,048.48	2,048.48
		<u>933,781.22</u>	<u>445,058.71</u>
Total Operating Fund			
Capital Fund:			
Serial Bonds Payable	D-15	893,000.00	953,000.00
Farmers Home Administration Loan Payable	D-16	706,849.87	743,002.09
United States Department of Agriculture Loan Payable	D-16A	4,872,107.33	4,969,288.93
NJ Environmental Infrastructure Trust Loan Payable	D-16B	1,691,247.46	
Improvement Authorizations:			
Funded	D-10	1,198,876.55	
Unfunded	D-10	243,600.00	1,799,400.00
Capital Improvement Fund	D-11	20,000.00	10,000.00
Due Water Utility Operating Fund	D	274.38	
Reserve for Amortization	D-12	9,177,159.24	8,534,577.73
Deferred Reserve for Amortization	D-13		425,730.20
		<u>18,803,114.83</u>	<u>17,434,998.95</u>
Total Capital Fund			
		<u>\$ 19,736,896.05</u>	<u>\$ 17,880,057.66</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE			

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

BOROUGH OF SUSSEX
WATER/SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	Ref.	Year Ended December 31,	
		2010	2009
<u>Revenue and Other Income Realized</u>			
Rents		\$ 1,724,791.40	\$ 1,515,511.68
Miscellaneous		33,294.99	40,414.83
Connection Fees			56,340.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		2,404.70	1,929.43
Cancellation of Accrued Interest			25,231.49
		<u>1,760,491.09</u>	<u>1,639,427.43</u>
<u>Expenditures</u>			
Operating		1,322,750.00	1,153,713.00
Capital Improvements		20,000.00	15,000.00
Debt Service		517,214.00	500,674.00
Deferred Charges and Statutory Expenditures		74,978.03	32,649.46
Adjustment to Prior Year Receivable		9,500.00	
		<u>1,944,442.03</u>	<u>1,702,036.46</u>
Excess/(Deficit) in Revenue		(183,950.94)	(62,609.03)
Adjustments Before Fund Balance:			
Expenditures Included Above Which Are by Statute			
Deferred Charges to Budget of Succeeding Year		931.82	25,000.00
Operating Deficit to be Raised in Budget of Succeeding Year	D	<u>\$ 183,019.12</u>	<u>\$ 37,609.03</u>
<u>Fund Balance</u>			
Balance January 1		<u>\$ 2,048.48</u>	<u>2,048.48</u>
Balance December 31	D	<u>\$ 2,048.48</u>	<u>\$ 2,048.48</u>

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

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

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

BOROUGH OF SUSSEX
WATER/SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2010

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit*</u>
Water/Sewer Rents	\$ 1,515,513.00	\$ 1,515,513.00	
Water/Sewer Rents - Rate Increase	333,192.00	209,278.40	\$ 123,913.60 *
Miscellaneous	46,239.00	33,294.99	12,944.01 *
Settlement Clove Hill Manor	40,000.00		40,000.00 *
	<u>\$ 1,934,944.00</u>	<u>\$ 1,758,086.39</u>	<u>\$ 176,857.61 *</u>

Analysis of Water/Sewer Rents

Collector:		
Rents		<u>\$ 1,724,791.40</u>
Collections		<u>\$ 1,724,791.40</u>

Analysis of Miscellaneous Revenue:

Treasurer:		
Interest on Investments:		
Collected/Received by Treasurer	\$ 977.32	
Miscellaneous Reimbursements	<u>1,840.20</u>	
		\$ 2,817.52
Collector:		
Interest on Delinquent Rents	23,211.63	
Hydrants	3,750.00	
Water/Sewer On/Off Fees	2,528.86	
Final Reading	200.00	
Miscellaneous Fees	<u>786.98</u>	
		<u>30,477.47</u>
		<u>\$ 33,294.99</u>

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

BOROUGH OF SUSSEX
WATER/SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balance Canceled</u>	<u>Overexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
Operating:						
Salaries and Wages	\$ 51,420.00	\$ 56,420.00	\$ 55,729.31	\$ 690.69		
Other Expenses	1,273,930.00	1,266,330.00	1,204,409.13	61,920.87		
Capital Improvements:						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00			
Capital Outlay	10,000.00	10,000.00	8,364.95	1,635.05		
Debt Service:						
Payment of Bond Principal	60,000.00	60,000.00	60,000.00			
Interest on Bonds	42,885.00	45,485.00	45,485.00			
FHA/USDA Payment of Loan Principal	133,333.00	133,333.00	132,400.18		\$ 932.82	
FHA/USDA Payment of Loan Interest	259,242.00	259,242.00	260,173.82			\$ 931.82
NJEIT Payment of Loan Principal and Interest	19,155.00	19,155.00	19,155.00			
Deferred Charges:						
Emergency Authorizations	25,000.00	25,000.00	25,000.00			
Deficit in Operations in Prior Years	37,610.00	37,610.00	37,609.03		0.97	
Statutory Expenditures:						
Contribution to Public Employees' Retirement System	7,569.00	7,569.00	7,568.25	0.75		
Contribution to Social Security System (O.A.S.I.)	4,000.00	4,000.00	3,920.46	79.54		
Contribution to Unemployment Compensation Insurance	800.00	800.00	346.43	453.57		
	<u>\$ 1,934,944.00</u>	<u>\$ 1,934,944.00</u>	<u>\$ 1,870,161.56</u>	<u>\$ 64,780.47</u>	<u>\$ 933.79</u>	<u>\$ 931.82</u>

Ref.

D

D

BOROUGH OF SUSSEX
WATER/SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2010

	<u>Ref.</u>	<u>Budget After Modification</u>	<u>Analysis of Paid or Charged</u>
Adopted Budget		<u>\$ 1,934,944.00</u>	
Cash Disbursed			\$ 1,478,220.60
Accrued Interest on Bonds			45,485.00
Accrued Interest on Loans			264,176.28
Deferred Charges			62,609.03
Encumbrances Payable	D		<u>28,711.51</u>
			1,879,202.42
Less: Refunds			<u>9,040.86</u>
			<u>\$ 1,870,161.56</u>

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

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2010
SEWER UTILITY FUND

NOT APPLICABLE

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2010
PUBLIC ASSISTANCE FUND

BOROUGH OF SUSSEX
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		<u>2010</u>	<u>2009</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	F-1	\$ 18,947.54	\$ 18,947.54
TOTAL ASSETS		<u>\$ 18,947.54</u>	<u>\$ 18,947.54</u>
 <u>RESERVES AND LIABILITIES</u>			
Reserve for Public Assistance Expenditures		<u>\$ 18,947.54</u>	<u>\$ 18,947.54</u>
TOTAL RESERVES AND LIABILITIES		<u>\$ 18,947.54</u>	<u>\$ 18,947.54</u>

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

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2010
BOND AND INTEREST FUND

NOT APPLICABLE

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2010
GENERAL FIXED ASSETS ACCOUNT GROUP
(UNAUDITED)

BOROUGH OF SUSSEX
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET
(UNAUDITED)

	December 31,	
	2010	2009
<u>ASSETS</u>		
Land, Buildings and Improvements	\$ 2,135,700.00	\$ 2,135,700.00
Machinery and Equipment	2,074,896.00	2,083,947.00
TOTAL ASSETS	\$ 4,210,596.00	\$ 4,219,647.00
 <u>RESERVES</u>		
Reserve for Fixed Assets	\$ 4,210,596.00	\$ 4,219,647.00
TOTAL RESERVES	\$ 4,210,596.00	\$ 4,219,647.00

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

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

Note 1: Summary of Significant Accounting Policies

- Reporting Entity

Except as noted below, the financial statements of the Borough of Sussex include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Sussex, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Sussex do not include the operations of the volunteer fire and first aid squads.

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

- Description of Funds

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

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

Trust Funds – Receipt, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

Water/Sewer Operating and Capital Funds – Account for the operations and acquisition of capital facilities of the municipally owned Water/Sewer Utility.

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

- Description of Funds (Cont'd)

Public Assistance Fund – Receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. The Borough transferred administration of the general assistance program to the Sussex County Division of Social Services. The funds remaining in the Public Assistance Funds are used to assist certain residents who do not qualify for the General Assistance Program.

General Fixed Assets Account Group – Estimated values of land, buildings and certain fixed assets of the Borough as discussed in Note 1E – “Other significant accounting policies”.

C. Basis of Accounting

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

The accounting policies of the Borough of Sussex conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The following is a summary of the significant policies.

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

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

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

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

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

C. Basis of Accounting (Cont'd)

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

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

- D. Deferred Charges to Future Taxation – The Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded deferred charges represent improvement authorizations where permanent financing has been obtained. Unfunded means that debt has been authorized but not permanently financed. A municipality can permanently finance unfunded deferred charges through budget appropriation, grant funds, or by issuing bonds, loans or capital lease purchase agreements.

E. Other significant accounting policies include:

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

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

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

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

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

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

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

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

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

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

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

General Fixed Assets (Unaudited)

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

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

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

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	<u>December 31,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	\$ 585,357	\$ 673,594	\$ 742,990
Water/Sewer Utility:			
Bonds, Notes and Loans	8,538,204	6,665,291	6,852,653
Total Issued	<u>9,123,561</u>	<u>7,338,885</u>	<u>7,595,643</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	88,377	155,236	18,700
Water/Sewer Utility:			
Bonds and Notes	243,600	1,100,000	
Total Authorized but not Issued	<u>331,977</u>	<u>1,255,236</u>	<u>18,700</u>
Net Bonds, Notes, and Loans Issued and Authorized but not Issued	<u>\$ 9,455,538</u>	<u>\$ 8,594,121</u>	<u>\$ 7,614,343</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Revised Annual Debt Statement and indicates statutory net debt of 1.73 %.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 40,485	\$ 40,485	
Water/Sewer Utility Debt	8,781,804	6,896,872	\$ 1,884,932
General Debt	673,734		673,734
	<u>\$ 9,496,023</u>	<u>\$ 6,937,357</u>	<u>\$ 2,558,666</u>

Net Debt: \$2,558,666 divided by Average Equalized Valuations of \$147,935,852 of Real Property = 1.73%.

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

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

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

3-1/2% Average Equalized Valuation of Real Property	\$ 5,177,755
Net Debt	<u>2,558,666</u>
Remaining Borrowing Power	<u>\$ 2,619,089</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 1,758,086
Deductions:	
Operating and Maintenance Cost	\$ 1,335,119
Debt Service	<u>517,214</u>
Total Deductions	<u>1,852,333</u>
Deficit	<u>\$ (94,247)</u>

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

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

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

Summary of Municipal Debt Issued and Outstanding

	Balance 12/31/09	Additions	Retirements	Balance 12/31/10
Serial Bonds:				
General Capital Fund	\$ 177,000		\$ 30,000	\$ 147,000
Water/Sewer Utility	953,000		60,000	893,000
Bond Anticipation Notes:				
General Capital Fund	434,450	\$ 383,450	434,450	383,450
Revenue Anticipation Notes:				
Water/Sewer Utility		375,000		375,000
Loans Payable:				
General Capital Fund:				
Green Acres Loan	62,144		7,237	54,907
Water/Sewer Utility:				
FHA Loan	743,002		36,152	706,850
USDA Loans	4,969,289		97,182	4,872,107
NJFIT Loans		1,706,400	15,153	1,691,247
Total	<u>\$ 7,338,885</u>	<u>\$ 2,464,850</u>	<u>\$ 680,174</u>	<u>\$ 9,123,561</u>
	Balance	Additions	Retirements	Balance
	12/31/08			12/31/09
Serial Bonds:				
General Capital Fund	\$ 207,000		\$ 30,000	\$ 177,000
Water/Sewer Utility	1,013,000		60,000	953,000
Bond Anticipation Notes:				
General Capital Fund	466,750	\$ 434,450	466,750	434,450
Loans Payable:				
General Capital Fund:				
Green Acres Loan	69,240		7,096	62,144
Water/Sewer Utility:				
FHA Loan	777,412		34,410	743,002
USDA Loans	5,062,241		92,952	4,969,289
Total	<u>\$ 7,595,643</u>	<u>\$ 434,450</u>	<u>\$ 691,208</u>	<u>\$ 7,338,885</u>

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

The Borough's debt issued and outstanding on December 31, 2010 is described as follows:

General Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>
Improvements to Various Roads	02/18/10	02/18/11	1.34%	\$ 226,100
Purchase of Fire Apparatus	02/18/10	02/18/11	1.34%	157,350
				<u>\$ 383,450</u>

General Capital Serial Bonds

<u>Purpose</u>	<u>Outstanding Maturities</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>
	<u>Date</u>	<u>Amount</u>		
General Improvements	11/01/11-14	\$ 30,000	4.50%	\$ 147,000
	11/01/15	27,000	4.75%	

General Capital Green Acres Loan

<u>Purpose</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>
Clove Lake Dam Improvements	04/22/02	10/22/17	2.00%	\$ 54,906
Total General Debt Issued and Outstanding				<u>\$ 585,356</u>

Water/Sewer Capital Serial Bonds

<u>Purpose</u>	<u>Outstanding Maturities</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>
	<u>Date</u>	<u>Amount</u>		
Water and Sewer Improvements	11/01/11-14	\$ 60,000	4.50%	\$ 893,000
	11/01/15-19	60,000	4.75%	
	11/01/20-24	60,000	5.00%	
	11/01/25	53,000	5.00%	

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

Water/Sewer Capital FHA, USDA and NJEIT Loans

Purpose	Issue Date	Final Maturity	Interest Rate	Balance Dec. 31, 2010
FHA:				
Construct Water Line	01/09/84	01/09/24	5.00%	\$ 706,850
USDA:				
Upgrade Water Treatment Plant	03/22/96	03/22/36	4.50%	\$ 1,672,417
Upgrade Water Treatment Plant	03/22/96	03/22/36	4.50%	422,067
Construct Sewer Line	01/23/97	01/23/37	4.50%	2,027,377
Construct Sewer Line	01/23/97	01/23/37	4.50%	750,246
				<u>\$ 4,872,107</u>
NJEIT:				
Repair and Painting of Water Storage Tanks:				
Trust	02/17/10	08/01/29	0.62-4.15%	\$ 149,000
Fund	02/17/10	08/01/29	0.00%	431,847
Rehabilitation of Manholes:				
Trust	12/02/10	08/01/30	5.00%	535,000
Fund	12/02/10	08/01/30	0.00%	575,400
				<u>\$ 1,691,247</u>

Water/Sewer Operating Revenue Anticipation Notes Payable

Purpose	Issue Date	Final Maturity	Interest Rate	Balance Dec. 31, 2010
Revenue Anticipation Note	11/17/10	04/29/11	1.24%	\$ 375,000
Total Water/Sewer Utility Debt Issued and Outstanding				<u>\$ 8,538,204</u>

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

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

Calendar Year	General		Water/Sewer Utility		Total
	Principal	Interest	Principal	Interest	
2011	\$ 37,383	\$ 7,744	\$ 247,246	\$ 320,151	\$ 612,524
2012	37,532	6,245	284,585	317,627	645,989
2013	37,683	4,744	291,495	307,017	640,939
2014	37,838	3,240	298,747	296,066	635,891
2015	34,995	1,732	306,363	284,750	627,840
Thereafter:					
2016-2020	16,476	414	1,674,912	1,237,150	2,928,952
2021-2025			1,840,790	880,233	2,721,023
2026-2030			1,551,373	547,279	2,098,652
2031-2035			1,354,959	243,631	1,598,590
2036-2037			312,734	12,475	325,209
Total	<u>\$ 201,907</u>	<u>\$ 24,119</u>	<u>\$ 8,163,204</u>	<u>\$ 4,446,379</u>	<u>\$ 12,835,609</u>

Green Acres Loans Payable

On April 1, 2002, the Borough of Sussex entered into an agreement with the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection Fund (the "Fund"), in the aggregate amount of \$112,071, which represents a direct obligation of the Borough. The loan agreement was obtained to finance improvements to the Clove Lake Dam.

Principal payments on the Loan commenced on April 22, 2002, and will continue on an annual basis over 15 years at 2.00% interest. The Borough will be responsible for all such interest and principal payments.

Farmers Home Administration Loan Payable

On January 9, 1984, the Borough of Sussex entered into an agreement with the Farmers Home Administration, in the aggregate amount of \$1,234,000, which represents a direct obligation of the Borough. The loan was obtained to fund the construction of a water line within the Borough.

Principal payments on the loan commenced on January 9, 1985, and will continue on an annual basis over 40 years at 5.00% interest. The Borough will be responsible for all such interest and principal payments.

United States Department of Agriculture Loans Payable

On March 22, 1996, the Borough of Sussex entered into agreements with the United States Department of Agriculture, in the aggregate amounts of \$2,050,000 and \$517,400, which represents a direct obligation of the Borough. The loans were obtained to fund upgrades to the Borough water treatment plant.

Principal payments on the loan commenced on March 22, 1997, and will continue on an annual basis over 40 years at 4.50% interest. The Borough will be responsible for all such interest and principal payments.

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

United States Department of Agriculture Loans Payable (Cont'd)

On January 23, 1997, the Borough of Sussex entered into agreements with the United States Department of Agriculture, in the aggregate amounts of \$2,436,300 and \$901,600, which represents a direct obligation of the Borough. The loans were obtained to fund the construction of sewer lines within the Borough.

Principal payments on the Loans commenced on January 23, 1998, and will continue on an annual basis over 40 years at 4.50% interest. The Borough will be responsible for all such interest and principal payments.

NJ Environmental Infrastructure Loans Payable

On February 17, 2010 the Borough of Sussex entered into two loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Wastewater Treatment Trust (the "Trust"), in the revised aggregate amount of \$596,000, which represents direct obligations of the Borough. The loan agreements were obtained to finance the repair and painting of water storage tanks.

At December 31, 2010, the Borough has borrowed or "drawn down" \$531,034 for these projects. The difference or unexpended proceeds of the "Trust" loan will be retired by the NJ Wastewater Trust from funds on hand, and any unexpended proceeds of the "Fund" will be reduced from future debt service payments. Principal payments to the "Fund" commenced on August 1, 2010, and will continue on a semiannual basis over 20 years. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings thereon on the debt service reserve fund (as defined in the bond resolution) transferred to such capitalized interest account. The Borough will nonetheless be responsible for all such interest payments to the extent such trust bond proceeds and interest earnings are not available from the capitalized interest account.

On December 2, 2010 the Borough of Sussex entered into two loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Wastewater Treatment Trust (the "Trust"), in the revised aggregate amount of \$1,110,400, which represents direct obligations of the Borough. The loan agreements were obtained to finance the repair and painting of water storage tanks.

At December 31, 2010, the Borough has not borrowed or "drawn down" monies for these projects. The difference or unexpended proceeds of the "Trust" loan will be retired by the NJ Wastewater Trust from funds on hand, and any unexpended proceeds of the "Fund" will be reduced from future debt service payments. Principal payments to the "Fund" will commence on August 1, 2011, and will continue on a semiannual basis over 20 years. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings thereon on the debt service reserve fund (as defined in the bond resolution) transferred to such capitalized interest account. The Borough will nonetheless be responsible for all such interest payments to the extent such trust bond proceeds and interest earnings are not available from the capitalized interest account.

Also, an annual administrative fee of fifteen hundredths of one percent (.15%) of the initial principal amount of the loan or such lesser amount, if any, as the Trust may approve from time to time is payable on these loans.

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2010, which were appropriated and included as anticipated revenue in their own respective funds in the introduced budget for the year ending December 31, 2011 are as follows:

Current Fund	\$ 75,000
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Note 4: Local School District Taxes

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

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

Note 5: Pension Plans

Borough employees are enrolled in a cost sharing multiple-employer public employee retirement system: the Public Employees' Retirement System (PERS) of New Jersey. The State of New Jersey sponsors and administers this plan which covers substantially all Borough employees. As a general rule, all full-time employees are eligible to join this plan.

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

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

The contribution policy is set by laws of the New Jersey State Statutes 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. Employee contributions are based on percentages of 5.5% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

Borough contributions to PERS amounted to \$36,992, \$30,277 and \$17,146 for 2010, 2009 and 2008, respectively. The annual pension cost ("APC") for PERS differed from the net pension obligation ("NPO") due to the enactment of Chapter 114, P.L. 1997 for 2008 as the APC was \$21,433 and the NPO was \$17,146.

The Borough elected to defer \$13,465 of their \$30,277 regular pension liability in 2009. The amount will be repaid starting in April of 2012 over a 15 year period. The amount will fluctuate based on pension system investment earnings on the deferred amount. State law does not provide the authority for the Borough to issue debt to finance this obligation. The Borough is allowed to pay off the obligation at any time by contacting the Division of Pensions and Benefits for a payoff amount.

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

(Continued)

Note 6: Accrued Sick, Vacation and Compensatory Time

The Borough policy allows Borough employees to accrue sick and vacation time. The current cost of such unpaid compensation would be payable upon termination or separation from the Borough approximates \$5,074. This amount is not reported either as expenditure or a liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's operating budget in the year in which it is used.

Note 7: Post-Retirement Medical Benefits

In addition to the pension benefits described in Note 5, the Borough provides other post-retirement benefits to certain Borough employees after retirement, substantially similar in nature to the health benefits provided to employees presently working.

The Borough contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP.

In accordance with the Borough's resolution, Borough employees are entitled to the following benefits:

Upon retirement, full time employees with twenty-five (25) years in the State Pension Plan will receive full benefits (i.e., State of New Jersey Health Benefits Plan, prescription, dental, life insurance, vision and disability insurance plans) and reimbursement of Federal Medicare Program Part B premiums. The coverage applies to the employee and their dependents. In the event of an employee's death, coverage ceases.

Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to:

State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

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 SHBP are billed to the Borough on a monthly basis. The Borough's portion of post-retirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget.

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

Note 7: Post-Retirement Medical Benefits (Cont'd)

The Borough contributions to SHBP for the years ended December 31, 2010, 2009 and 2008, were approximately \$27,274, \$30,950, and \$37,153, respectively, which equaled the required contributions for each year. There were 3 retired participants (and 3 spouses) eligible at December 31, 2010, 2009 and 2008, respectively.

The Borough's portion of post-retirement dental benefits is funded on a pay-as-you-go basis from the Current Fund operating budget. The Borough contributions for post-retirement Federal Medicare Part B reimbursement benefits the years ended December 31, 2010, 2009 and 2008, were approximately \$5,596, \$5,784 and \$5,784, respectively, which equaled the required contributions for each year. There were 3 retired participants (and 2 spouses) eligible at December 31, 2010, 2009 and 2008, respectively.

Note 8: Deferred Compensation Plan

The Borough offers its employees a deferred compensation plan (the "plan") created in accordance with Section 457 of the Internal Revenue Code. The plan, which is administered by Nationwide Retirement Solutions, is available to all Borough employees and permits participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

Note 9: Selected Tax Information

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

Comparative Schedule of Tax Rate Information

	2010	2009	2008
<u>Tax Rate</u>	\$ 4.35	\$ 4.01	\$ 4.09
<u>Apportionment of Tax Rate</u>			
Municipal	0.91	0.77	0.75
County	0.82	0.71	0.74
Regional School	1.79	1.67	1.67
Regional High School	0.83	0.86	0.93
<u>Assessed Valuations</u>			
2010	\$ 79,634,895		
2009		\$ 79,737,649	
2008			\$ 79,675,912

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

Note 9: Selected Tax Information (Cont'd)

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>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2010	\$ 3,466,628	\$ 3,322,640	95.84%
2009	3,204,110	3,113,291	97.16%
2008	3,255,452	3,175,118	97.53%

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.

Note 10: Cash and Cash Equivalents and Investments

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

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

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

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

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

Deposits:

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

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

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

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

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

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

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

Investments (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2010, cash and cash equivalents of the Borough of Sussex consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>NJ Cash Management Fund</u>	<u>Total</u>
Current	\$ 100	\$ 249,253	\$ 11,909	\$ 261,262
Animal Control		3,908		3,908
Other Trust		64,762		64,762
General Capital		139,471		139,471
Water/Sewer Utility Operating		272,766		272,766
Water/Sewer Utility Capital		43,785		43,785
Public Assistance		18,948		18,948
	<u>\$ 100</u>	<u>\$ 792,893</u>	<u>\$ 11,909</u>	<u>\$ 804,902</u>

During the period ended December 31, 2010, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2010 was \$804,902 and the bank balance was \$943,407. The \$11,909 in the NJ Cash Management Fund is uninsured and/or unregistered.

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

Note 11: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2010:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 31,040	\$ 5,000
Federal and State Grant Fund		22,795
Animal Control Fund		105
Other Trust Funds	101	23,741
General Capital Fund	5,000	
Water/Sewer Utility Operating Fund	15,774	
Water/Sewer Utility Capital Fund		274
	<u>\$ 51,915</u>	<u>\$ 51,915</u>

The Current Fund interfund receivable represents the statutory excess due from the Animal Control Fund, Other Trust Fund balances that were canceled by Resolution and expenditures on behalf of the Federal and State Grant Fund. The interfund receivable in the Other Trust Fund represents a deposit that was made to the Animal Control Fund in error. The General Capital Fund receivable is comprised of a capital improvement fund balance that was not transferred during the year. The interfund receivable in the Water/Sewer Utility Operating Fund represents accrued interest charged to a Water/Sewer Utility Capital Fund ordinance and receipts deposited in Other Trust Fund for a receivable maintained in the utility.

Note 12: Risk Management

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

Property and Liability

The Borough is currently a member of the Statewide Insurance Fund (the "Fund"). The Fund provides its members with Liability, Property and Workers' Compensation and Employer Liability Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self administered group of governmental entities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

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

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

Note 12: Risk Management (Cont'd)

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

The December 31, 2010 audit report of the Statewide Insurance Fund has not been filed as of the date of this audit. Selected, summarized financial information for the Fund as of December 31, 2009, is as follows:

	Statewide Insurance Fund
Total Assets	\$ 30,161,287
Net Assets	\$ 4,165,758
Total Revenue	\$ 16,967,676
Total Expenses	\$ 17,168,049
Change in Net Assets	\$ (200,373)
Net Assets Distribution to Participating Members	\$ -0-

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

Statewide Insurance Fund
260 Columbia Turnpike
PO Box 678
Florham Park, New Jersey 07932-0678
(973) 549-1900

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Borough is required to remit employee withholdings to the State on a quarterly basis. All of the Borough's claims are paid by the State.

Note 13: Fixed Assets (Unaudited)

The following schedule is a summarization of general fixed assets for the fiscal year ended December 31, 2010:

	Balance Dec. 31, 2009	Disposals	Balance Dec. 31, 2010
Land, Buildings and Improvements	\$ 2,135,700		\$ 2,135,700
Machinery and Equipment	2,083,947	\$ 9,051	2,074,896
	\$ 4,219,647	\$ 9,051	\$ 4,210,596

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
(Continued)

Note 14: Economic Dependency

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

Note 15: Contingencies

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

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

Note 16: Deferred Charges

Certain expenditures are required to be deferred to budget of the succeeding years. At December 31, 2010, the following deferred charges are shown on the balance sheet of the following fund:

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>2011</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
Current Fund:			
Overexpenditure of Appropriations	\$ 1,687.41	\$ 1,687.41	
Water/Sewer Utility Operating Fund:			
Operating Deficit	183,019.12	183,019.12	
Overexpenditure of Appropriations	931.82	931.82	
	<u>\$ 185,638.35</u>	<u>\$ 185,638.35</u>	<u>\$ -0-</u>

The 2011 Budget Appropriations are not less than that required by statute.

BOROUGH OF SUSSEX

SUPPLEMENTARY DATA

BOROUGH OF SUSSEX
SCHEDULE OF OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2010

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

Name	Title	Amount of Bond
Christian Parrott	Mayor	
Frank Dykstra	Councilperson	
Katherine Little	Councilperson	
James Fransen	Councilperson	
Bruce LaBar	Councilperson	
Jonathan Rose	Councilperson	
Edward Meyer	Councilperson	
Catherine Gleason	Borough Clerk, Assessment Search Officer, Registrar	*
Grant W. Rome	Chief Financial Officer and Treasurer	*
Colleen Little	Deputy Borough Clerk, Deputy Treasurer, Deputy Registrar, Payroll Clerk	*
Terry Beshada	Tax Collector, Tax Search Officer	*
Maria Mascuch	Water/Sewer Collector, Alternate Deputy Registrar	*
Melissa Rockwell	Tax Assessor	*
Craig Dana	Municipal Judge	*
Cathy Nestel	Court Administrator	*
John Ursin	Municipal Attorney	
Harold Pellow	Municipal Engineer	
John Ruschke	Water/Sewer Engineer	

* - The Borough has blanket surety bond coverage for all employees in the amount of \$250,000 through the Statewide Insurance Fund. The bond was examined and appears to have been properly executed.

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2010
CURRENT FUND

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 267,902.86
Increased by Receipts:		
Tax Collector	\$ 3,426,010.08	
Revenue Accounts Receivable	355,132.60	
Miscellaneous Revenue Not Anticipated	51,852.20	
Due Federal and State Grant Fund:		
Current Year Grants Receivable	7,000.00	
Prior Year Grants Receivable	115,060.00	
Due Animal Control Fund:		
Interfund Returned	723.80	
Due State of New Jersey:		
Senior Citizens' and Veterans' Deductions	20,500.00	
Marriage License Fees Payable	175.00	
Burial Permit Fees Payable	70.00	
Deposit on Sale of Foreclosed Property	600.00	
Reserve for Revision of Master Plan - Refunds	5,500.00	
Appropriation Refunds	23,458.27	
	4,006,081.95	4,273,984.81
Decreased by Disbursements:		
2010 Appropriation Expenditures	1,093,882.48	
2009 Appropriation Reserve Expenditures	37,912.96	
Regional School Taxes	1,424,487.63	
Regional High School Taxes	657,668.64	
County Taxes	654,263.99	
Due Federal and State Grant Fund:		
Current Year Expenditures	144,107.49	
Due State of New Jersey:		
Marriage License Fees Payable	175.00	
Burial Permit Fees Payable	80.00	
Reserve for Revision of Master Plan	245.00	
	4,012,823.19	4,012,823.19
Balance December 31, 2010	A	\$ 261,161.62

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2010

Increased by Receipts:			
Taxes Receivable		\$ 3,374,939.30	
2011 Prepaid Taxes		29,182.34	
Miscellaneous Revenue Not Anticipated:			
Interest and Costs on Taxes		21,604.44	
Duplicate Bills		234.00	
Miscellaneous		50.00	
		<hr/>	
			<u>\$ 3,426,010.08</u>
Decreased by:			
Payments to Municipal Treasurer			<u>\$ 3,426,010.08</u>

SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

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

Year	Balance	2010 Levy	Collections		State of NJ Senior Citizens' and Veterans' Deductions	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2009		2009	2010				Dec. 31, 2010
2002	\$ 1,809.00							\$ 1,809.00
2003	2,079.88							2,079.88
2004	1,674.41							1,674.41
2009	88,797.71			\$ 86,086.95		\$ 2,670.66	\$ 40.10	
	94,361.00			86,086.95		2,670.66	40.10	5,563.29
2010		\$ 3,466,628.10	\$ 13,787.95	3,288,852.35	\$ 20,000.00	4,995.85	2,234.87	136,757.08
	\$ 94,361.00	\$ 3,466,628.10	\$ 13,787.95	\$ 3,374,939.30	\$ 20,000.00	\$ 7,666.51	\$ 2,274.97	\$ 142,320.37
Ref.	A							A

Analysis of 2010 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 3,425,237.03
Business Personal Property Taxes	37,288.23
Added and Omitted Taxes	4,102.84
	<u>\$ 3,466,628.10</u>

Tax Levy:

Regional School District Taxes	\$ 1,424,487.63
Regional High School District Taxes	657,668.64
County Taxes:	
General Tax	\$ 653,085.61
Due County for Added and Omitted Taxes	743.63
	<u>653,829.24</u>
	<u>2,735,985.51</u>
Local Tax for Municipal Purposes Levied	726,794.00
Add: Additional Tax Levied	3,848.59
	<u>730,642.59</u>
	<u>\$ 3,466,628.10</u>

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 11,582.35
Increased by:		
Transfer from Taxes Receivable		\$ 2,274.97
Interest and Costs		<u>20.55</u>
		<u>2,295.52</u>
		13,877.87
Decreased by:		
Transfers to Foreclosed Property		<u>10,025.04</u>
Balance December 31, 2010	A	<u><u>\$ 3,852.83</u></u>

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Accrued In</u> <u>2010</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Clerk:				
Alcoholic Beverage Licenses		\$ 4,600.00	\$ 4,600.00	
Fees and Permits:				
Uniform Construction Code Fees		42,663.60	42,663.60	
Other		12,696.00	12,696.00	
Consolidated Municipal Property				
Tax Relief Aid		41,097.00	41,097.00	
Energy Receipts Tax		146,376.00	146,376.00	
Transitional Aid		100,000.00	100,000.00	
Parking Meters		7,700.00	7,700.00	
	<u>\$ -0-</u>	<u>\$ 355,132.60</u>	<u>\$ 355,132.60</u>	<u>\$ -0-</u>

BOROUGH OF SUSSEX
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

Grant Description	Balance Dec. 31, 2009	Revenue Realized	Received	Balance Dec. 31, 2010
Clean Communities Program		\$ 4,000.00	\$ 4,000.00	
Recycling Tonnage Grant		3,469.00	3,469.00	
Shade Tree Grant		3,000.00	3,000.00	
Small Cities Grants:				
Maple Avenue & Cross Street	\$ 90,216.00		55,656.00	\$ 34,560.00
Rehab Housing	200,000.00		59,404.00	140,596.00
	<u>\$ 290,216.00</u>	<u>\$ 10,469.00</u>	<u>\$ 125,529.00</u>	<u>\$ 175,156.00</u>
	<u>Ref.</u>	A		A
Current Year Receivable			\$ 7,000.00	
Prior Year Receivable			115,060.00	
Transfer from Unappropriated Reserves			<u>3,469.00</u>	
			<u>\$ 125,529.00</u>	

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2010

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
GENERAL GOVERNMENT:				
General Administration:				
Salaries and Wages	\$ 622.94	\$ 622.94		\$ 622.94
Other Expenses	3,500.65	3,500.65	\$ 518.82	2,981.83
Municipal Clerk:				
Codification of Ordinances	190.45	190.45		190.45
Elections	575.96	575.96		575.96
Financial Administration:				
Salaries and Wages	9.86	9.86		9.86
Other Expenses	9,476.79	15,476.79	14,630.00	846.79
Revenue Administration (Tax Collection):				
Salaries and Wages	0.06	0.06		0.06
Other Expenses	446.00	446.00		446.00
Legal Services and Costs:				
Other Expenses	479.19	3,479.19	3,478.89	0.30
Engineering Services and Costs:				
Other Expenses	1,380.00	2,380.00	2,173.94	206.06
Municipal Land Use Law (NJSA 40:55D-1):				
Planning Board:				
Other Expenses	1,060.66	1,060.66	582.00	478.66
Insurance:				
General Liability	983.34	983.34		983.34
Surety Bonds	400.00	400.00	385.00	15.00
Worker's Compensation	1,177.70	177.70		177.70
Group Insurance Plan for Employees	857.14	857.14		857.14
PUBLIC SAFETY:				
Police:				
Salaries and Wages	17.74	17.74		17.74
Other Expenses	467.40	467.40		467.40
Emergency Management Services:				
Other Expenses	862.61	862.61	775.84	86.77
Garbage and Trash Removal:				
Other Expenses	2.00	2.00		2.00
Recycling:				
Other Expenses	68.13	68.13		68.13
STREETS AND ROADS:				
Road Repairs and Maintenance:				
Salaries and Wages	161.72	161.72		161.72
Other Expenses	4,449.24	4,449.24	38.55	4,410.69

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2010
(Continued)

	Balance Dec. 31, 2009	Balance After Modification	Paid or Charged	Balance Lapsed
STREETS AND ROADS: (Cont'd)				
Snow Removal:				
Salaries and Wages	\$ 6,611.32	\$ 1,611.32		\$ 1,611.32
Other Expenses	7,335.35	7,335.35	\$ 5,065.04	2,270.31
Public Buildings and Grounds:				
Salaries and Wages	585.42	585.42		585.42
Other Expenses	3,000.17	3,000.17	2,548.20	451.97
HEALTH AND WELFARE:				
Board of Health:				
Other Expenses	37.75	37.75		37.75
Mandated Inoculations:				
Hepatitis B Vaccine	350.00	350.00	46.02	303.98
Registrar:				
Other Expenses	116.84	116.84		116.84
Shade Tree:				
Other Expenses	41.00	41.00		41.00
RECREATION AND EDUCATION:				
Board of Recreation				
Commissioners - (NJSA 40:12-1 et seq.):				
Other Expenses	724.95	724.95	671.09	53.86
Celebration of Public Events, Anniversary or Holiday:				
Other Expenses	1,460.06	1,460.06	62.00	1,398.06
State Uniform Construction				
Code - (NJSA 52:27D-120 et seq.):				
Construction Official:				
Salaries and Wages	137.52	137.52		137.52
Other Expenses	287.75	287.75		287.75
UNCLASSIFIED:				
Utilities:				
Telephone	689.25	689.25	77.05	612.20
Gasoline and Diesel Fuel	3,110.75	3,110.75	1,946.87	1,163.88
Street Lighting	5,971.89	2,971.89	2,765.70	206.19
Reserve for Pending Tax Appeal:				
Other Expenses	203.00	203.00		203.00
Statutory Expenditures:				
Contribution to:				
Social Security System (OASI)	5,503.72	5,503.72	147.95	5,355.77
State Unemployment Insurance	1,324.90	324.90		324.90

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2010
(Continued)

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Contribution to:				
Public Employees Retirement System	\$ 1,391.00	\$ 1,391.00		\$ 1,391.00
Length of Service Awards Program (L.O.S.A.P.)	3,075.78	3,075.78	\$ 2,000.00	1,075.78
Construction Agreement:				
Other Expenses	30.00	30.00		30.00
	<u>\$ 69,178.00</u>	<u>\$ 69,178.00</u>	<u>\$ 37,912.96</u>	<u>\$ 31,265.04</u>

Analysis of Balance December 31, 2009

Unencumbered	A	\$ 67,607.88
Encumbered	A	<u>1,570.12</u>
		<u>\$ 69,178.00</u>

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2010

Increased by:

Levy - Calendar Year 2010

\$ 1,424,487.63

Decreased by:

Payments to Regional School District

\$ 1,424,487.63

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2010

Increased by:
 Levy - Calendar Year 2010 \$ 657,668.64

Decreased by:
 Payments to Regional High School District \$ 657,668.64

BOROUGH OF SUSSEX
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2009	Transferred from 2010 Budget Appropriations	Expended	Prior Year Encumbrance Cancelled	Balance Dec. 31, 2010
Clean Communities Program	\$ 3,873.49	\$ 4,000.00	\$ 1,502.00		\$ 6,371.49
Recycling Tonnage Grant	1,227.24	3,469.00	212.38		4,483.86
Municipal Stormwater Regulation Program	3,858.22		3,858.22		
Shade Tree Grant		3,000.00	3,000.00		
Small Cities - Maple Avenue and Cross Street	21,812.21		77,467.89	\$ 55,655.68	
Small Cities - Rehab Housing	199,572.50		58,067.00		141,505.50
	<u>\$ 230,343.66</u>	<u>\$ 10,469.00</u>	<u>\$ 144,107.49</u>	<u>\$ 55,655.68</u>	<u>\$ 152,360.85</u>

Ref.

A

A

BOROUGH OF SUSSEX
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2009	Received	Transferred to 2010 Budget	Canceled	Balance Dec. 31, 2010
Clean Communities Program		\$ 4,000.00	\$ 4,000.00		
Recycling Tonnage Grant	\$ 3,469.02		3,469.00	\$ 0.02	
Shade Tree Grant		3,000.00	3,000.00		
	<u>\$ 3,469.02</u>	<u>\$ 7,000.00</u>	<u>\$ 10,469.00</u>	<u>\$ 0.02</u>	<u>\$ -0-</u>
<u>Ref.</u>	A				A

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2010
TRUST FUNDS

BOROUGH OF SUSSEX
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2009	B	\$ 4,793.80	\$ 57,755.40
Increased by Receipts:			
Animal Control License Fees:			
Dog License Fees		\$ 1,686.40	
Cat License Fees		480.00	
State Dog License Fees		445.80	
Late Fees		726.00	
Due Current Fund:			
Interest Income		52.90	\$ 552.16
Due Other Trust Fund		100.80	
Due Water/Sewer Utility Operating Fund			15,500.00
Deposits and Interest:			
Planning and Zoning Deposits			16,536.50
Recreation Fees			100.00
Brookside Community Center			12.68
Fire Inspection Fees			130.00
Public Defender			26.00
Tax Sale Premiums			600.00
Outside Liens			15,155.59
		<u>3,491.90</u>	<u>48,612.93</u>
		8,285.70	106,368.33
Decreased by Disbursements:			
Administrative Expenses		3,155.47	
Due to State of New Jersey		445.80	
Due Current Fund:			
Interest Income		52.90	552.16
Interfund Returned		723.80	
Due Animal Control Fund			100.80
Planning and Zoning Deposits			23,022.00
Recreation Expenditures			1,146.00
Fire Inspection Fees			1,630.00
Outside Liens			15,155.59
		<u>4,377.97</u>	<u>41,606.55</u>
Balance December 31, 2010	B	<u>\$ 3,907.73</u>	<u>\$ 64,761.78</u>

BOROUGH OF SUSSEX
ANIMAL CONTROL TRUST FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

BOROUGH OF SUSSEX
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

BOROUGH OF SUSSEX
ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 4,064.80
Increased by:		
Animal Control Fees:		
Dog Licenses		\$ 1,686.40
Cat Licenses		480.00
Late Fees and Penalties		726.00
Due Current Fund:		
Interest Income		52.90
		2,945.30
		7,010.10
Decreased by:		
Expenditures Under R.S. 4:19-15.11		3,155.47
Due Current Fund:		
Interest Income		52.90
Statutory Excess Due Current Fund		3.93
		3,212.30
Balance December 31, 2010	B	\$ 3,797.80

License Fees Collected

<u>Year</u>	<u>Amount</u>
2009	\$ 1,810.20
2008	1,987.60
Maximum Allowable Reserve	\$ 3,797.80

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2010
GENERAL CAPITAL FUND

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 45,139.74
Increased by Receipts:		
Due Current Fund:		
Interest Income	\$ 393.07	
Due Water/Sewer Utility Operating Fund:		
Interfund Returned	107,619.67	
2010 Budget Appropriation:		
Capital Improvement Fund	63,000.00	
Grants Receivable:		
New Jersey Department of Transportation	66,858.73	
Improvement Authorization Refunds	<u>29,356.00</u>	
		<u>267,227.47</u>
		312,367.21
Decreased by:		
Improvement Authorizations	172,503.47	
Due Current Fund:		
Interest Income	<u>393.07</u>	
		<u>172,896.54</u>
Balance December 31, 2010	C	<u>\$ 139,470.67</u>

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

Ord. No.	Improvement Description	Balance Dec. 31, 2009	Funded by NJDOT Grants	Notes Paid by Budget Appropriation	Balance Dec. 31, 2010	Analysis of Balance Dec. 31, 2010		
						Funded by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
06-02; 06-09; 06-13	Improvements to Various Roads	\$ 258,400.00		\$ 32,300.00	\$ 226,100.00	\$ 226,100.00		
07-03	Purchase of Fire Apparatus	176,050.00		18,700.00	157,350.00	157,350.00		
09-17	Various Improvements to Newton Avenue	73,401.75	\$ 35,555.17		37,846.58		\$ 780.85	\$ 37,065.73
09-19	Various Improvements to Lakeview Terrace	81,834.05	31,303.56		50,530.49		18,863.24	31,667.25
		<u>\$ 589,685.80</u>	<u>\$ 66,858.73</u>	<u>\$ 51,000.00</u>	<u>\$ 471,827.07</u>	<u>\$ 383,450.00</u>	<u>\$ 19,644.09</u>	<u>\$ 68,732.98</u>
<u>Ref.</u>		<u>C</u>			<u>C</u>			
	Improvement Authorizations - Unfunded							\$ 83,995.67
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued:							
	Ordinance #06-02, 06-09, 06-13					\$ 7,953.49		
	Ordinance #07-03					7,309.20		
								<u>15,262.69</u>
								<u>\$ 68,732.98</u>

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2009		2010 Authorizations Capital Improvement Fund	Paid or Charged	Balance Dec. 31, 2010	
		Date	Amount	Funded	Unfunded	Fund		Funded	Unfunded
06-04	Municipal Improvements and Acquisition of a Street Sweeper	04/03/06	\$ 67,435.74	\$ 14,623.15			\$ 5,595.92	\$ 9,027.23	
06-02; 06-09; 06-13	Improvements to Various Roads	02/21/06; 12/04/06; 12/18/06	740,000.00		\$ 14,497.78		6,544.29		\$ 7,953.49
07-03	Purchase of Fire Apparatus	06/05/07	205,000.00		13,771.77		6,462.57		7,309.20
07-06	Improvements at Brookside Park	09/04/07	25,000.00	19,865.16			19,865.16		
07-08	Purchase of Fire Equipment	10/02/07	16,000.00	232.15				232.15	
07-10	Various Buildings and Grounds Improvements	11/20/07	30,000.00	13,256.37			4,500.00	8,756.37	
08-30	Varous Improvements & Capital Purchases	10/21/08	36,000.00	15,662.50			8,995.63	6,666.87	
08-34	Improvements to Maple and Cross Streets	12/02/08	40,000.00	15,006.00			15,006.00		
09-17	Various Improvements to Newton Avenue	06/16/09	180,000.00		46,204.20		9,138.47		37,065.73
09-19	Various Improvements to Lakeview Terrace	08/18/09	275,000.00		80,400.13		48,732.88		31,667.25
10-13	Improvements to Municipal Buildings	09/07/10	26,421.00			\$ 26,421.00		26,421.00	
10-15	Purchase of Office Equipment	09/21/10	15,000.00			15,000.00	14,001.96	998.04	
10-27	Various Capital Improvements and Purchases	12/07/10	48,000.00			48,000.00	4,304.59	43,695.41	
				<u>\$ 78,645.33</u>	<u>\$ 154,873.88</u>	<u>\$ 89,421.00</u>	<u>\$ 143,147.47</u>	<u>\$ 95,797.07</u>	<u>\$ 83,995.67</u>
		<u>Ref.</u>		C	C			C	C
							Cash Disbursed	\$ 172,503.47	
							Less: Improvement Authorization Refunds	29,356.00	
								<u>\$ 143,147.47</u>	

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 74,476.00
Increased by:		
2010 Budget Appropriation		<u>68,000.00</u>
		142,476.00
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>89,421.00</u>
Balance December 31, 2010	C	<u>\$ 53,055.00</u>

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2009	Issued	Matured	Balance Dec. 31, 2010
		Original Note	Issue	Maturity					
06-02;	Improvements to Various Roads	02/21/07	02/19/09	02/19/10	3.00%	\$ 258,400.00		\$ 258,400.00	
06-09;		02/21/07	02/18/10	02/18/11	1.34%		\$ 226,100.00		\$ 226,100.00
06-13									
07-03	Purchase of Fire Apparatus	08/16/07	02/19/09	02/19/10	3.00%	176,050.00		176,050.00	
		08/16/07	02/18/10	02/18/11	1.34%		157,350.00		157,350.00
						<u>\$ 434,450.00</u>	<u>\$ 383,450.00</u>	<u>\$ 434,450.00</u>	<u>\$ 383,450.00</u>
					<u>Ref.</u>	<u>C</u>			<u>C</u>
							\$ 383,450.00	\$ 383,450.00	
								51,000.00	
							<u>\$ 383,450.00</u>	<u>\$ 434,450.00</u>	

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2010		Interest Rate	Balance Dec. 31, 2009	Matured	Balance Dec. 31, 2010
			Date	Amount				
General Improvements	11/15/05	\$ 297,000.00	11/01/11-14	\$ 30,000.00	4.50%	\$ 177,000.00	\$ 30,000.00	\$ 147,000.00
			11/01/15	27,000.00	4.75%			
						<u>\$ 177,000.00</u>	<u>\$ 30,000.00</u>	<u>\$ 147,000.00</u>
					<u>Ref.</u>	C		C

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST PROGRAM LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 62,144.41
Decreased by:		
Principal Matured		<u>7,237.87</u>
Balance December 31, 2010	C	<u>\$ 54,906.54</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2010

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 54,906.54
19	04/22/11	\$ 3,673.30	\$ 549.07	51,233.24
20	10/22/11	3,710.04	512.33	47,523.20
21	04/22/12	3,747.14	475.23	43,776.06
22	10/22/12	3,784.61	437.76	39,991.45
23	04/22/13	3,822.46	399.91	36,168.99
24	10/22/13	3,860.68	361.69	32,308.31
25	04/22/14	3,899.29	323.08	28,409.02
26	10/22/14	3,938.28	284.09	24,470.74
27	04/22/15	3,977.66	244.71	20,493.08
28	10/22/15	4,017.44	204.93	16,475.64
29	04/22/16	4,057.61	164.76	12,418.03
30	10/22/16	4,098.19	124.18	8,319.84
31	04/22/17	4,139.17	83.20	4,180.67
32	10/22/17	4,180.67	41.81	-0-
		<u>\$ 54,906.54</u>	<u>\$ 4,206.75</u>	

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

<u>Ord. No.</u>	<u>Ord. Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2009</u>	<u>Funded by NJDOT Grants</u>	<u>Balance Dec. 31, 2010</u>
09-17	06/16/09	Various Improvements to Newton Avenue	\$ 73,401.75	\$ 35,555.17	\$ 37,846.58
09-19	08/18/09	Various Improvements to Lakeview Terrace	<u>81,834.05</u>	<u>31,303.56</u>	<u>50,530.49</u>
			<u>\$ 155,235.80</u>	<u>\$ 66,858.73</u>	<u>\$ 88,377.07</u>

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2010
WATER/SEWER UTILITY FUND

BOROUGH OF SUSSEX
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2009	D	\$ 66,874.68	\$ 9,400.00
Increased by Receipts:			
Water/Sewer Utility Collector		\$ 1,755,268.87	
Miscellaneous Revenue		2,817.52	
Due Water/Sewer Utility Operating Fund:			
Interest Income			\$ 129.85
Appropriation Refunds		9,040.86	
Revenue Notes Payable		375,000.00	
NJ Environmental Infrastructure Trust Receivable			531,034.00
Budget Appropriations:			
Capital Improvement Fund			10,000.00
		<u>2,142,127.25</u>	<u>541,163.85</u>
		2,209,001.93	550,563.85
Decreased by Disbursements:			
2010 Budget Appropriations		1,478,220.60	
2009 Appropriation Reserves		42,410.86	
Interest on:			
Bonds and Notes		45,399.50	
Loans		262,585.76	
Due General Capital Fund:			
Interfund Returned		107,619.67	
Due Water/Sewer Utility Operating Fund:			
Interest Income			129.85
Improvement Authorizations			506,649.07
		<u>1,936,236.39</u>	<u>506,778.92</u>
Balance December 31, 2010	D	<u>\$ 272,765.54</u>	<u>\$ 43,784.93</u>

BOROUGH OF SUSSEX
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2010

Increased by Receipts:

Consumer Accounts Receivable:

Rents	\$ 1,724,791.40	
Interest on Delinquent Rents	23,211.63	
Hydrants	3,750.00	
Water/Sewer On/Off Fees	2,528.86	
Final Reading	200.00	
Miscellaneous Fees	786.98	
Total Consumer Accounts Receivable	<hr/>	\$ 1,755,268.87

Decreased by Disbursements:

Paid to Treasurer		<hr/> <u>\$ 1,755,268.87</u>
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BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH

	Balance	Receipts		Disbursements		Transfers		Balance
	(Deficit)	Budget		Improvement	Miscellaneous	From	To	(Deficit)
	Dec. 31, 2009	Appropriation	Miscellaneous	Authorizations	Miscellaneous	From	To	Dec. 31, 2010
Capital Improvement Fund	\$ 10,000.00	\$ 10,000.00						\$ 20,000.00
Due Water/Sewer Utility Operating Fund			\$ 129.85		\$ 129.85		\$ 274.38	274.38
NJ Environmental Infrastructure Trust Receivable			531,034.00			\$ 1,706,400.00		(1,175,366.00)
<u>Improvement Authorizations</u>								
Ord.								
No.								
09-16 Repair and Painting of Water Storage Tanks	(600.00)			\$ 491,597.54		274.38	596,000.00	103,528.08
09-22;								
10-04 Rehabilitation of Manholes				15,051.53			1,110,400.00	1,095,348.47
	<u>\$ 9,400.00</u>	<u>\$ 10,000.00</u>	<u>\$ 531,163.85</u>	<u>\$ 506,649.07</u>	<u>\$ 129.85</u>	<u>\$ 1,706,674.38</u>	<u>\$ 1,706,674.38</u>	<u>\$ 43,784.93</u>

BOROUGH OF SUSSEX
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2009	D	\$ 290,575.00
Increased by:		
Rents, Fees and Other Charges Levied		<u>1,846,006.76</u>
		2,136,581.76
Decreased by:		
Collections		<u>1,724,791.40</u>
Balance December 31, 2010	D	<u><u>\$ 411,790.36</u></u>

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2009	D	\$ 10,294,158.83
Increased by:		
Additions by:		
Additions by Ordinance		\$ 5,331,440.12
Capital Outlay:		
Water/Sewer Utility Operating Budget		<u>8,364.95</u>
		<u>5,339,805.07</u>
Balance December 31, 2010	D	<u>\$ 15,633,963.90</u>

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Improvement Description	Ordinance		Balance	2010	Transferred to	Balance
	Date	Amount	Dec. 31, 2009	Authorizations	Fixed Capital	Dec. 31, 2010
Various Water/Sewer Improvements	08/15/05	\$ 42,730.20	\$ 42,730.20		\$ 42,730.20	
Various Water/Sewer Improvements	09/06/05	6,100,000.00	5,261,209.92		5,261,209.92	
Improvements to the Water/Sewer System	10/02/07	3,500.00	3,500.00		3,500.00	
Various Capital Improvements & Purchases	12/16/08	24,000.00	24,000.00		24,000.00	
Repair and Painting of Water Storage Tanks	06/16/09	700,000.00	700,000.00			\$ 700,000.00
Rehabilitation of Manholes	09/01/09; 04/20/10	1,100,000.00 150,000.00	<u>1,100,000.00</u>	<u>\$ 150,000.00</u>		<u>1,250,000.00</u>
			<u>\$ 7,131,440.12</u>	<u>\$ 150,000.00</u>	<u>\$ 5,331,440.12</u>	<u>\$ 1,950,000.00</u>
		<u>Ref.</u>	D			D

BOROUGH OF SUSSEX
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2010

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 688.71	\$ 688.71		\$ 688.71
Other Expenses	41,451.33	41,451.33	\$ 39,811.75	1,639.58
Capital Improvements:				
Capital Outlay	2,599.11	2,599.11	2,599.11	
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	72.26	72.26		72.26
Unemployment Compensation Insurance	4.15	4.15		4.15
	<u>\$ 44,815.56</u>	<u>\$ 44,815.56</u>	<u>\$ 42,410.86</u>	<u>\$ 2,404.70</u>

Ref.

Balance December 31, 2009:

Appropriation Reserves:				
Unencumbered	D	\$ 19,367.95		
Encumbered	D	25,447.61		
		<u>\$ 44,815.56</u>		

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Date	Ordinance		Balance Dec. 31, 2009 Unfunded	2010 Authorizations Deferred Charges to Future Revenue	Paid or Charged	Balance Dec. 31, 2010	
		No.	Amount				Funded	Unfunded
Repair and Painting of Water Storage Tanks	06/16/09	09-16	\$ 700,000.00	\$ 699,400.00		\$ 491,871.92	\$ 103,528.08	\$ 104,000.00
Rehabilitation of Manholes	09/01/09;	09-22	1,100,000.00					
	04/20/10	10-04	150,000.00	1,100,000.00	\$ 150,000.00	15,051.53	1,095,348.47	139,600.00
				<u>\$ 1,799,400.00</u>	<u>\$ 150,000.00</u>	<u>\$ 506,923.45</u>	<u>\$ 1,198,876.55</u>	<u>\$ 243,600.00</u>
				<u>Ref.</u>	D		D	D
				Cash Disbursed		\$ 506,649.07		
				Due to Water/Sewer Utility Operating Fund		274.38		
						<u>\$ 506,923.45</u>		

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2009	D	\$ 10,000.00
Increased by:		
2010 Budget Appropriation		<u>10,000.00</u>
Balance December 31, 2010	D	<u>\$ 20,000.00</u>

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2009	D	\$ 8,534,577.73
Increased by:		
Paid by Water Utility Operating Budget:		
Serial Bonds		\$ 60,000.00
Farmers Home Administration Loan		36,152.22
United States Department of Agriculture Loan		97,181.60
NJ Environmental Infrastructure Loan		15,152.54
Capital Outlay:		
Water/Sewer Utility Operating Budget		8,364.95
Transfer from Deferred Reserve for Amortization		425,730.20
		<u>642,581.51</u>
Balance December 31, 2010	D	<u>\$ 9,177,159.24</u>

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2009</u>	<u>Transferred to Reserve for Amortization</u>	<u>Balance Dec. 31, 2010</u>
Various Water/Sewer Improvements	08/15/05	\$ 42,730.20	\$ 42,730.20	
Various Water/Sewer Improvements	09/06/05	355,500.00	355,500.00	
Improvements to the Water/Sewer System	10/02/07	3,500.00	3,500.00	
Various Capital Improvements & Purchases	12/16/08	24,000.00	24,000.00	
		<u>\$ 425,730.20</u>	<u>\$ 425,730.20</u>	<u>\$ -0-</u>
	<u>Ref.</u>	D		D

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2010

NOT APPLICABLE

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Int. Rate	Balance Dec. 31, 2009	Matured	Balance Dec. 31, 2010
			Date	Amount				
General Obligation Bonds	11/01/05	\$ 1,193,000.00	11/01/11-14	\$ 60,000.00	4.50%			
			11/01/15-19	60,000.00	4.75%			
			11/01/20-24	60,000.00	5.00%			
			11/01/25	53,000.00	5.00%			
						\$ 953,000.00	\$ 60,000.00	\$ 893,000.00
						\$ 953,000.00	\$ 60,000.00	\$ 893,000.00
					<u>Ref.</u>	D		D

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE FARMERS HOME ADMINISTRATION (FHA) LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2009	D	\$ 743,002.09
Decreased by:		
Principal Matured		36,152.22
Balance December 31, 2010	D	\$ 706,849.87

Schedule of Principal and Interest Payments Outstanding December 31, 2010

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 706,849.87
27	01/09/11	\$ 18,756.75	\$ 17,671.25	688,093.12
28	07/09/11	19,225.67	17,202.33	668,867.45
29	01/09/12	19,706.31	16,721.69	649,161.14
30	07/09/12	20,198.97	16,229.03	628,962.17
31	01/09/13	20,703.95	15,724.05	608,258.22
32	07/09/13	21,221.54	15,206.46	587,036.68
33	01/09/14	21,752.08	14,675.92	565,284.60
34	07/09/14	22,295.88	14,132.12	542,988.72
35	01/09/15	22,853.28	13,574.72	520,135.44
36	07/09/15	23,424.61	13,003.39	496,710.83
37	01/09/16	24,010.23	12,417.77	472,700.60
38	07/09/16	24,610.49	11,817.51	448,090.11
39	01/09/17	25,225.75	11,202.25	422,864.36
40	07/09/17	25,856.39	10,571.61	397,007.97
41	01/09/18	26,502.80	9,925.20	370,505.17
42	07/09/18	27,165.37	9,262.63	343,339.80
43	01/09/19	27,844.50	8,583.50	315,495.30
44	07/09/19	28,540.62	7,887.38	286,954.68
45	01/09/20	29,254.13	7,173.87	257,700.55
46	07/09/20	29,985.49	6,442.51	227,715.06
47	01/09/21	30,735.12	5,692.88	196,979.94
48	07/09/21	31,503.50	4,924.50	165,476.44
49	01/09/22	32,291.09	4,136.91	133,185.35
50	07/09/22	33,098.37	3,329.63	100,086.98
51	01/09/23	33,925.83	2,502.17	66,161.15
52	07/09/23	34,773.97	1,654.03	31,387.18
53	01/09/24	31,387.18	784.68	-0-
		\$ 706,849.87	\$ 272,449.99	

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2009	D	\$ 4,969,288.93
Decreased by:		
Principal Matured		97,181.60
Balance December 31, 2010	D	\$ 4,872,107.33

Schedule of Principal and Interest Payments Outstanding December 31, 2010

Loan Issued January 23, 1997 in the amount of \$2,436,300.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 2,027,376.91
27	01/23/11	\$ 20,335.25	\$ 45,615.75	2,007,041.66
28	07/23/11	20,792.79	45,158.21	1,986,248.87
29	01/23/12	21,260.63	44,690.37	1,964,988.24
30	07/23/12	21,739.00	44,212.00	1,943,249.24
31	01/23/13	22,228.12	43,722.88	1,921,021.12
32	07/23/13	22,728.26	43,222.74	1,898,292.86
33	01/23/14	23,239.64	42,711.36	1,875,053.22
34	07/23/14	23,762.53	42,188.47	1,851,290.69
35	01/23/15	24,297.19	41,653.81	1,826,993.50
36	07/23/15	24,843.88	41,107.12	1,802,149.62
37	01/23/16	25,402.86	40,548.14	1,776,746.76
38	07/23/16	25,974.43	39,976.57	1,750,772.33
39	01/23/17	26,558.85	39,392.15	1,724,213.48
40	07/23/17	27,156.43	38,794.57	1,697,057.05
41	01/23/18	27,767.45	38,183.55	1,669,289.60
42	07/23/18	28,392.22	37,558.78	1,640,897.38
43	01/23/19	29,031.04	36,919.96	1,611,866.34
44	07/23/19	29,684.24	36,266.76	1,582,182.10
45	01/23/20	30,352.13	35,598.87	1,551,829.97

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2010

Loan Issued January 23, 1997 in the amount of \$2,436,300.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
46	07/23/20	\$ 31,035.06	\$ 34,915.94	\$ 1,520,794.91
47	01/23/21	31,733.35	34,217.65	1,489,061.56
48	07/23/21	32,447.35	33,503.65	1,456,614.21
49	01/23/22	33,177.41	32,773.59	1,423,436.80
50	07/23/22	33,923.90	32,027.10	1,389,512.90
51	01/23/23	34,687.19	31,263.81	1,354,825.71
52	07/23/23	35,467.65	30,483.35	1,319,358.06
53	01/23/24	36,265.67	29,685.33	1,283,092.39
54	07/23/24	37,081.65	28,869.35	1,246,010.74
55	01/23/25	37,915.99	28,035.01	1,208,094.75
56	07/23/25	38,769.10	27,181.90	1,169,325.65
57	01/23/26	39,641.40	26,309.60	1,129,684.25
58	07/23/26	40,533.34	25,417.66	1,089,150.91
59	01/23/27	41,445.34	24,505.66	1,047,705.57
60	07/23/27	42,377.86	23,573.14	1,005,327.71
61	01/23/28	43,331.36	22,619.64	961,996.35
62	07/23/28	44,306.31	21,644.69	917,690.04
63	01/23/29	45,303.21	20,647.79	872,386.83
64	07/23/29	46,322.53	19,628.47	826,064.30
65	01/23/30	47,364.78	18,586.22	778,699.52
66	07/23/30	48,430.49	17,520.51	730,269.03
67	01/23/31	49,520.18	16,430.82	680,748.85
68	07/23/31	50,634.38	15,316.62	630,114.47
69	01/23/32	51,773.66	14,177.34	578,340.81
70	07/23/32	52,938.56	13,012.44	525,402.25
71	01/23/33	54,129.68	11,821.32	471,272.57
72	07/23/33	55,347.60	10,603.40	415,924.97
73	01/23/34	56,592.92	9,358.08	359,332.05
74	07/23/34	57,866.26	8,084.74	301,465.79
75	01/23/35	59,168.25	6,782.75	242,297.54
76	07/23/35	60,499.54	5,451.46	181,798.00
77	01/23/36	61,860.78	4,090.22	119,937.22
78	07/23/36	63,252.64	2,698.36	56,684.58
79	01/23/37	56,684.58	1,275.17	-0-
		<u>\$ 2,027,376.91</u>	<u>\$ 1,460,034.84</u>	

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2010

Loan Issued January 23, 1997 in the amount of \$901,600.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 750,245.98
27	01/23/11	\$ 7,526.47	\$ 16,880.53	742,719.51
28	07/23/11	7,695.81	16,711.19	735,023.70
29	01/23/12	7,868.97	16,538.03	727,154.73
30	07/23/12	8,046.02	16,360.98	719,108.71
31	01/23/13	8,227.05	16,179.95	710,881.66
32	07/23/13	8,412.16	15,994.84	702,469.50
33	01/23/14	8,601.44	15,805.56	693,868.06
34	07/23/14	8,794.97	15,612.03	685,073.09
35	01/23/15	8,992.86	15,414.14	676,080.23
36	07/23/15	9,195.19	15,211.81	666,885.04
37	01/23/16	9,402.09	15,004.91	657,482.95
38	07/23/16	9,613.63	14,793.37	647,869.32
39	01/23/17	9,829.94	14,577.06	638,039.38
40	07/23/17	10,051.11	14,355.89	627,988.27
41	01/23/18	10,277.26	14,129.74	617,711.01
42	07/23/18	10,508.50	13,898.50	607,202.51
43	01/23/19	10,744.94	13,662.06	596,457.57
44	07/23/19	10,986.71	13,420.29	585,470.86
45	01/23/20	11,233.91	13,173.09	574,236.95
46	07/23/20	11,486.67	12,920.33	562,750.28
47	01/23/21	11,745.12	12,661.88	551,005.16
48	07/23/21	12,009.38	12,397.62	538,995.78
49	01/23/22	12,279.60	12,127.40	526,716.18
50	07/23/22	12,555.89	11,851.11	514,160.29
51	01/23/23	12,838.39	11,568.61	501,321.90
52	07/23/23	13,127.26	11,279.74	488,194.64
53	01/23/24	13,422.62	10,984.38	474,772.02
54	07/23/24	13,724.63	10,682.37	461,047.39
55	01/23/25	14,033.43	10,373.57	447,013.96
56	07/23/25	14,349.19	10,057.81	432,664.77
57	01/23/26	14,672.04	9,734.96	417,992.73
58	07/23/26	15,002.16	9,404.84	402,990.57

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2010

Loan Issued January 23, 1997 in the amount of \$901,600.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
59	01/23/27	\$ 15,339.71	\$ 9,067.29	\$ 387,650.86
60	07/23/27	15,684.86	8,722.14	371,966.00
61	01/23/28	16,037.77	8,369.23	355,928.23
62	07/23/28	16,398.61	8,008.39	339,529.62
63	01/23/29	16,767.58	7,639.42	322,762.04
64	07/23/29	17,144.85	7,262.15	305,617.19
65	01/23/30	17,530.61	6,876.39	288,086.58
66	07/23/30	17,925.05	6,481.95	270,161.53
67	01/23/31	18,328.37	6,078.63	251,833.16
68	07/23/31	18,740.75	5,666.25	233,092.41
69	01/23/32	19,162.42	5,244.58	213,929.99
70	07/23/32	19,593.58	4,813.42	194,336.41
71	01/23/33	20,034.43	4,372.57	174,301.98
72	07/23/33	20,485.21	3,921.79	153,816.77
73	01/23/34	20,946.12	3,460.88	132,870.65
74	07/23/34	21,417.41	2,989.59	111,453.24
75	01/23/35	21,899.30	2,507.70	89,553.94
76	07/23/35	22,392.04	2,014.96	67,161.90
77	01/23/36	22,895.86	1,511.14	44,266.04
78	07/23/36	23,411.01	995.99	20,855.03
79	01/23/37	20,855.03	469.24	-0-
		<u>\$ 750,245.98</u>	<u>\$ 540,242.29</u>	

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2010
Loan Issued March 22, 1996 in the amount of \$2,050,000.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 1,672,417.12
27	03/22/11	\$ 17,864.62	\$ 37,629.38	1,654,552.50
28	09/22/11	18,266.57	37,227.43	1,636,285.93
29	03/22/12	18,677.57	36,816.43	1,617,608.36
30	09/22/12	19,097.81	36,396.19	1,598,510.55
31	03/22/13	19,527.51	35,966.49	1,578,983.04
32	09/22/13	19,966.88	35,527.12	1,559,016.16
33	03/22/14	20,416.14	35,077.86	1,538,600.02
34	09/22/14	20,875.50	34,618.50	1,517,724.52
35	03/22/15	21,345.20	34,148.80	1,496,379.32
36	09/22/15	21,825.47	33,668.53	1,474,553.85
37	03/22/16	22,316.54	33,177.46	1,452,237.31
38	09/22/16	22,818.66	32,675.34	1,429,418.65
39	03/22/17	23,332.08	32,161.92	1,406,086.57
40	09/22/17	23,857.05	31,636.95	1,382,229.52
41	03/22/18	24,393.84	31,100.16	1,357,835.68
42	09/22/18	24,942.70	30,551.30	1,332,892.98
43	03/22/19	25,503.91	29,990.09	1,307,389.07
44	09/22/19	26,077.75	29,416.25	1,281,311.32
45	03/22/20	26,664.50	28,829.50	1,254,646.82
46	09/22/20	27,264.45	28,229.55	1,227,382.37
47	03/22/21	27,877.90	27,616.10	1,199,504.47
48	09/22/21	28,505.15	26,988.85	1,170,999.32
49	03/22/22	29,146.52	26,347.48	1,141,852.80
50	09/22/22	29,802.31	25,691.69	1,112,050.49
51	03/22/23	30,472.86	25,021.14	1,081,577.63
52	09/22/23	31,158.50	24,335.50	1,050,419.13
53	03/22/24	31,859.57	23,634.43	1,018,559.56
54	09/22/24	32,576.41	22,917.59	985,983.15
55	03/22/25	33,309.38	22,184.62	952,673.77
56	09/22/25	34,058.84	21,435.16	918,614.93
57	03/22/26	34,825.16	20,668.84	883,789.77
58	09/22/26	35,608.73	19,885.27	848,181.04

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2010

Loan Issued March 22, 1996 in the amount of \$2,050,000.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
59	03/22/27	\$ 36,409.93	\$ 19,084.07	\$ 811,771.11
60	09/22/27	37,229.15	18,264.85	774,541.96
61	03/22/28	38,066.81	17,427.19	736,475.15
62	09/22/28	38,923.31	16,570.69	697,551.84
63	03/22/29	39,799.08	15,694.92	657,752.76
64	09/22/29	40,694.56	14,799.44	617,058.20
65	03/22/30	41,610.19	13,883.81	575,448.01
66	09/22/30	42,546.42	12,947.58	532,901.59
67	03/22/31	43,503.71	11,990.29	489,397.88
68	09/22/31	44,482.55	11,011.45	444,915.33
69	03/22/32	45,483.40	10,010.60	399,431.93
70	09/22/32	46,506.78	8,987.22	352,925.15
71	03/22/33	47,553.18	7,940.82	305,371.97
72	09/22/33	48,623.13	6,870.87	256,748.84
73	03/22/34	49,717.15	5,776.85	207,031.69
74	09/22/34	50,835.79	4,658.21	156,195.90
75	03/22/35	51,979.59	3,514.41	104,216.31
76	09/22/35	53,149.13	2,344.87	51,067.18
77	03/22/36	51,067.18	1,149.01	-0-
		<u>\$ 1,672,417.12</u>	<u>\$ 1,154,499.07</u>	

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2010

Loan Issued March 22, 1996 in the amount of \$517,400.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 422,067.32
27	03/22/11	\$ 4,510.49	\$ 9,496.51	417,556.83
28	09/22/11	4,611.97	9,395.03	412,944.86
29	03/22/12	4,715.74	9,291.26	408,229.12
30	09/22/12	4,821.85	9,185.15	403,407.27
31	03/22/13	4,930.34	9,076.66	398,476.93
32	09/22/13	5,041.27	8,965.73	393,435.66
33	03/22/14	5,154.70	8,852.30	388,280.96
34	09/22/14	5,270.68	8,736.32	383,010.28
35	03/22/15	5,389.27	8,617.73	377,621.01
36	09/22/15	5,510.53	8,496.47	372,110.48
37	03/22/16	5,634.51	8,372.49	366,475.97
38	09/22/16	5,761.29	8,245.71	360,714.68
39	03/22/17	5,890.92	8,116.08	354,823.76
40	09/22/17	6,023.47	7,983.53	348,800.29
41	03/22/18	6,158.99	7,848.01	342,641.30
42	09/22/18	6,297.57	7,709.43	336,343.73
43	03/22/19	6,439.27	7,567.73	329,904.46
44	09/22/19	6,584.15	7,422.85	323,320.31
45	03/22/20	6,732.29	7,274.71	316,588.02
46	09/22/20	6,883.77	7,123.23	309,704.25
47	03/22/21	7,038.65	6,968.35	302,665.60
48	09/22/21	7,197.02	6,809.98	295,468.58
49	03/22/22	7,358.96	6,648.04	288,109.62
50	09/22/22	7,524.53	6,482.47	280,585.09
51	03/22/23	7,693.84	6,313.16	272,891.25
52	09/22/23	7,866.95	6,140.05	265,024.30
53	03/22/24	8,043.95	5,963.05	256,980.35
54	09/22/24	8,224.94	5,782.06	248,755.41
55	03/22/25	8,410.00	5,597.00	240,345.41
56	09/22/25	8,599.23	5,407.77	231,746.18

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2010

Loan Issued March 22, 1996 in the amount of \$517,400.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
57	03/22/26	\$ 8,792.71	\$ 5,214.29	\$ 222,953.47
58	09/22/26	8,990.55	5,016.45	213,962.92
59	03/22/27	9,192.83	4,814.17	204,770.09
60	09/22/27	9,399.67	4,607.33	195,370.42
61	03/22/28	9,611.17	4,395.83	185,759.25
62	09/22/28	9,827.42	4,179.58	175,931.83
63	03/22/29	10,048.53	3,958.47	165,883.30
64	09/22/29	10,274.63	3,732.37	155,608.67
65	03/22/30	10,505.81	3,501.19	145,102.86
66	09/22/30	10,742.19	3,264.81	134,360.67
67	03/22/31	10,983.89	3,023.11	123,376.78
68	09/22/31	11,231.02	2,775.98	112,145.76
69	03/22/32	11,483.72	2,523.28	100,662.04
70	09/22/32	11,742.10	2,264.90	88,919.94
71	03/22/33	12,006.30	2,000.70	76,913.64
72	09/22/33	12,276.44	1,730.56	64,637.20
73	03/22/34	12,552.66	1,454.34	52,084.54
74	09/22/34	12,835.10	1,171.90	39,249.44
75	03/22/35	13,123.89	883.11	26,125.55
76	09/22/35	13,419.18	587.82	12,706.37
77	03/22/36	12,706.37	285.89	-0-
		<u>\$ 422,067.32</u>	<u>\$ 291,274.94</u>	

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT) LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2010

Ref.

Increased by:		
Loans Issued		\$ 1,706,400.00
Decreased by:		
Principal Matured		<u>15,152.54</u>
Balance December 31, 2010	D	<u>\$ 1,691,247.46</u>

Schedule of Principal and Interest Payments Outstanding December 31, 2010
Trust Share February 17, 2010 in the amount of \$149,000

<u>Payment</u> <u>Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 149,000.00
2	02/01/11		\$ 2,237.88	149,000.00
3	08/01/11	\$ 5,426.31	2,237.88	143,573.69
4	02/01/12		2,217.96	149,000.00
5	08/01/12	6,466.15	2,217.96	137,107.54
6	02/01/13		2,190.15	149,000.00
7	08/01/13	6,521.76	2,190.15	130,585.78
8	02/01/14		2,152.65	149,000.00
9	08/01/14	6,596.76	2,152.65	123,989.02
10	02/01/15		2,101.53	149,000.00
11	08/01/15	6,699.01	2,101.53	117,290.01
12	02/01/16		2,036.55	149,000.00
13	08/01/16	6,828.97	2,036.55	110,461.04
14	02/01/17		1,958.70	149,000.00
15	08/01/17	6,984.67	1,958.70	103,476.37
16	02/01/18		1,868.94	149,000.00
17	08/01/18	7,164.18	1,868.94	96,312.19
18	02/01/19		1,770.44	149,000.00
19	08/01/19	7,361.19	1,770.44	88,951.00
20	02/01/20		1,661.86	149,000.00
21	08/01/20	7,578.35	1,661.86	81,372.65
22	02/01/21		1,542.88	149,000.00
23	08/01/21	7,816.31	1,542.88	73,556.34
24	02/01/22		1,415.08	149,000.00
25	08/01/22	8,071.90	1,415.08	65,484.44

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2010

Trust Share February 17, 2010 in the amount of \$149,000

(Continued)

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
26	02/01/23		\$ 1,275.44	\$ 65,484.44
27	08/01/23	\$ 8,351.19	1,275.44	57,133.25
28	02/01/24		1,125.12	57,133.25
29	08/01/24	8,651.83	1,125.12	48,481.42
30	02/01/25		965.49	48,481.42
31	08/01/25	8,971.09	965.49	39,510.33
32	02/01/26		795.49	39,510.33
33	08/01/26	9,311.09	795.49	30,199.24
34	02/01/27		614.39	30,199.24
35	08/01/27	9,673.29	614.39	20,525.95
36	02/01/28		421.89	20,525.95
37	08/01/28	10,058.29	421.89	10,467.66
38	02/01/29		217.20	10,467.66
39	08/01/29	10,467.66	217.20	
		<u>\$ 149,000.00</u>	<u>\$ 57,139.28</u>	

Schedule of Principal and Interest Payments Outstanding December 31, 2010

Fund Share dated February 17, 2010 in the amount of \$447,000

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Loan Balance</u>
			\$ 431,847.46
2	02/01/11	\$ 7,576.27	424,271.19
3	08/01/11	15,152.54	409,118.65
4	02/01/12	7,576.27	401,542.38
5	08/01/12	15,152.54	386,389.84
6	02/01/13	7,576.27	378,813.57
7	08/01/13	15,152.54	363,661.03
8	02/01/14	7,576.27	356,084.76
9	08/01/14	15,152.54	340,932.22
10	02/01/15	7,576.27	333,355.95
11	08/01/15	15,152.54	318,203.41
12	02/01/16	7,576.27	310,627.14

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST (NJET) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2010

Fund Share dated February 17, 2010 in the amount of \$447,000

(Continued)

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Loan Balance</u>
13	08/01/16	\$ 15,152.54	\$ 295,474.60
14	02/01/17	7,576.27	287,898.33
15	08/01/17	15,152.54	272,745.79
16	02/01/18	7,576.27	265,169.52
17	08/01/18	15,152.54	250,016.98
18	02/01/19	7,576.27	242,440.71
19	08/01/19	15,152.54	227,288.17
20	02/01/20	7,576.27	219,711.90
21	08/01/20	15,152.54	204,559.36
22	02/01/21	7,576.27	196,983.09
23	08/01/21	15,152.54	181,830.55
24	02/01/22	7,576.27	174,254.28
25	08/01/22	15,152.54	159,101.74
26	02/01/23	7,576.27	151,525.47
27	08/01/23	15,152.54	136,372.93
28	02/01/24	7,576.27	128,796.66
29	08/01/24	15,152.54	113,644.12
30	02/01/25	7,576.27	106,067.85
31	08/01/25	15,152.54	90,915.31
32	02/01/26	7,576.27	83,339.04
33	08/01/26	15,152.54	68,186.50
34	02/01/27	7,576.27	60,610.23
35	08/01/27	15,152.54	45,457.69
36	02/01/28	7,576.27	37,881.42
37	08/01/28	15,152.54	22,728.88
38	02/01/29	7,576.27	15,152.61
39	08/01/29	15,152.61	
		<u>\$ 431,847.46</u>	

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2010

Trust Share December 2, 2010 in the amount of \$535,000

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 535,000.00
1	08/01/11		\$ 19,988.19	535,000.00
2	02/01/12		13,375.00	535,000.00
3	08/01/12	\$ 20,000.00	13,375.00	515,000.00
4	02/01/13		12,875.00	515,000.00
5	08/01/13	20,000.00	12,875.00	495,000.00
6	02/01/14		12,375.00	495,000.00
7	08/01/14	20,000.00	12,375.00	475,000.00
8	02/01/15		11,875.00	475,000.00
9	08/01/15	20,000.00	11,875.00	455,000.00
10	02/01/16		11,375.00	455,000.00
11	08/01/16	20,000.00	11,375.00	435,000.00
12	02/01/17		10,875.00	435,000.00
13	08/01/17	20,000.00	10,875.00	415,000.00
14	02/01/18		10,375.00	415,000.00
15	08/01/18	25,000.00	10,375.00	390,000.00
16	02/01/19		9,750.00	390,000.00
17	08/01/19	25,000.00	9,750.00	365,000.00
18	02/01/20		9,125.00	365,000.00
19	08/01/20	25,000.00	9,125.00	340,000.00
20	02/01/21		8,500.00	340,000.00
21	08/01/21	25,000.00	8,500.00	315,000.00
22	02/01/22		7,875.00	315,000.00
23	08/01/22	30,000.00	7,875.00	285,000.00
24	02/01/23		7,125.00	285,000.00
25	08/01/23	30,000.00	7,125.00	255,000.00
26	02/01/24		6,375.00	255,000.00
27	08/01/24	30,000.00	6,375.00	225,000.00
28	02/01/25		5,625.00	225,000.00
29	08/01/25	35,000.00	5,625.00	190,000.00
30	02/01/26		4,750.00	190,000.00
31	08/01/26	35,000.00	4,750.00	155,000.00
32	02/01/27		3,875.00	155,000.00
33	08/01/27	35,000.00	3,875.00	120,000.00
34	02/01/28		3,000.00	120,000.00

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2010

Trust Share December 2, 2010 in the amount of \$535,000

(Continued)

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
35	08/01/28	\$ 40,000.00	\$ 3,000.00	\$ 80,000.00
36	02/01/29		2,000.00	80,000.00
37	08/01/29	40,000.00	2,000.00	40,000.00
38	02/01/30		1,000.00	40,000.00
39	08/01/30	40,000.00	1,000.00	
		<u>\$ 535,000.00</u>	<u>\$ 324,238.19</u>	

Schedule of Principal and Interest Payments Outstanding December 31, 2010

Fund Share dated December 2, 2010 in the amount of \$575,400

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Loan Balance</u>
			\$ 575,400.00
1	08/01/11	\$ 19,505.08	555,894.92
2	02/01/12	9,752.54	546,142.38
3	08/01/12	19,505.08	526,637.30
4	02/01/13	9,752.54	516,884.76
5	08/01/13	19,505.08	497,379.68
6	02/01/14	9,752.54	487,627.14
7	08/01/14	19,505.08	468,122.06
8	02/01/15	9,752.54	458,369.52
9	08/01/15	19,505.08	438,864.44
10	02/01/16	9,752.54	429,111.90
11	08/01/16	19,505.08	409,606.82
12	02/01/17	9,752.54	399,854.28
13	08/01/17	19,505.08	380,349.20
14	02/01/18	9,752.54	370,596.66
15	08/01/18	19,505.08	351,091.58
16	02/01/19	9,752.54	341,339.04
17	08/01/19	19,505.08	321,833.96
18	02/01/20	9,752.54	312,081.42
19	08/01/20	19,505.08	292,576.34
20	02/01/21	9,752.54	282,823.80

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2010

Fund Share dated December 2, 2010 in the amount of \$575,400

(Continued)

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Loan Balance</u>
21	08/01/21	\$ 19,505.08	\$ 263,318.72
22	02/01/22	9,752.54	253,566.18
23	08/01/22	19,505.08	234,061.10
24	02/01/23	9,752.54	224,308.56
25	08/01/23	19,505.08	204,803.48
26	02/01/24	9,752.54	195,050.94
27	08/01/24	19,505.08	175,545.86
28	02/01/25	9,752.54	165,793.32
29	08/01/25	19,505.08	146,288.24
30	02/01/26	9,752.54	136,535.70
31	08/01/26	19,505.08	117,030.62
32	02/01/27	9,752.54	107,278.08
33	08/01/27	19,505.08	87,773.00
34	02/01/28	9,752.54	78,020.46
35	08/01/28	19,505.08	58,515.38
36	02/01/29	9,752.54	48,762.84
37	08/01/29	19,505.08	29,257.76
38	02/01/30	9,752.54	19,505.22
39	08/01/30	19,505.22	
		<u>\$ 575,400.00</u>	

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2009</u>	<u>2010 Authorizations</u>	<u>NJ Environmental Infrastructure Trust Loans Issued</u>	<u>Balance Dec. 31, 2010</u>
06/16/09	Repair and Painting of Water Storage Tanks	\$ 700,000.00		\$ 596,000.00	\$ 104,000.00
09/01/09; 04/20/10	Rehabilitation of Manholes	<u>1,100,000.00</u>	<u>\$ 150,000.00</u>	<u>1,110,400.00</u>	<u>139,600.00</u>
		<u>\$ 1,800,000.00</u>	<u>\$ 150,000.00</u>	<u>\$ 1,706,400.00</u>	<u>\$ 243,600.00</u>

BOROUGH OF SUSSEX
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF REVENUE ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2010

Description	Date of			Interest Rate	Issued	Balance Dec. 31, 2010
	Issue of Original Note	Issue	Maturity			
Revenue Anticipation Note	11/17/10	11/17/10	04/29/11	1.24%	\$ 375,000.00	\$ 375,000.00
				<u>Ref.</u>		D

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2010
SEWER UTILITY FUND

NOT APPLICABLE

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2010
PUBLIC ASSISTANCE FUND

BOROUGH OF SUSSEX
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Total</u>	<u>P.A.T.F. I</u>
Balance December 31, 2009	F	\$ 18,947.54	\$ 18,947.54
Increased by Receipts:			
Due Current Fund:			
Interest Earned		<u>164.31</u>	<u>164.31</u>
		19,111.85	19,111.85
Decreased by Disbursements:			
Due Current Fund:			
Interest Earned		<u>164.31</u>	<u>164.31</u>
Balance December 31, 2010	F	<u><u>\$ 18,947.54</u></u>	<u><u>\$ 18,947.54</u></u>

BOROUGH OF SUSSEX

PART II

SINGLE AUDIT

BOROUGH OF SUSSEX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2010

Federal Department	Federal Program	C.F.D.A. Account Number	State Program Account Number	Grant Award	Grant Period		Grant Receipts	Expenditures	MEMO
					From	To			Cumulative Total Expenditures
Department of Transportation: Passed through NJ Department of Transportation	Highway Planning/Construction: Lakeview Terrace Newton Avenue	20.205	480-078-6320- TCAP-6010	\$ 250,000.00 150,000.00	01/01/09 01/01/09	12/31/10 12/31/10	\$ 31,303.56 35,555.17	\$ 48,732.88 9,138.47	\$ 218,332.75 112,934.27
Total Department of Transportation							66,858.73	57,871.35	331,267.02
Environmental Protection Agency: Passed through NJ Department of Environmental Protection	Stormwater Management - Municipalities	66.454	100-042-4840- 091-057500	5,000.00	01/01/06	12/31/10		3,858.22	5,000.00
Total Environmental Protection Agency							-0-	3,858.22	5,000.00
U.S. Department of Housing & Urban Development:	Community Development Block Grants - Small Cities Program: Improvements to Various Roads Maple Avenue & Cross Street Rehab Housing	14.228	N/A	400,000.00 400,000.00 200,000.00	01/01/06 01/01/08 01/01/08	12/31/11 12/31/11 12/31/10		6,544.29 21,812.21 58,067.00	392,046.51 400,000.00 58,494.50
Total U.S. Department of Housing and Urban Development							115,060.00	86,423.50	792,046.51
TOTAL FEDERAL AWARDS							\$ 181,918.73	\$ 148,153.07	\$ 1,128,313.53

N/A - Not Applicable.

BOROUGH OF SUSSEX
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2010

Name of State Agency or Department	Name of Program	State Program Account Number	Grant Award	Grant Period		Grant Receipts	Expenditures	MEMO
				From	To			Cumulative Total Expenditures
Department of Environmental Protection	Clean Communities Grant	765-042-4900-	\$ 4,000.00	01/01/09	12/31/11		\$ 1,502.00	\$ 1,628.51
		004-178900	4,000.00	01/01/09	12/31/11	\$ 4,000.00		
						4,000.00	1,502.00	1,628.51
	Recycling Tonnage Grant	752-042-4900- 004-178840	1,777.27	01/01/08	12/31/11		212.38	762.14
	Green Communities Grant - Shade Tree	100-042-4870 074-6120	3,000.00	01/01/10	12/31/10	3,000.00	3,000.00	3,000.00
	NJ Environmental Infrastructure Trust and Fund Loan Program:							
	Fund Loan	1921001-003	447,000.00	02/17/10	12/31/11	398,274.00	368,903.94	368,903.94
	Trust Loan	1921001-003	149,000.00	02/17/10	12/31/11	132,760.00	122,967.98	122,967.98
						531,034.00	491,871.92	491,871.92
	Total Department of Environmental Protection					538,034.00	496,586.30	497,262.57
	TOTAL STATE AWARDS					\$ 538,034.00	\$ 496,586.30	\$ 497,262.57

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

BOROUGH OF SUSSEX
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2010

A. GENERAL

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

B. BASIS OF ACCOUNTING

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

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

D. THRESHOLD FOR FEDERAL AND STATE AWARDS

The threshold for distinguishing federal and state Type A and B programs was \$300,000.

E. STATE LOANS OUTSTANDING

The Borough of Sussex has the following loans outstanding as of December 31, 2010:

General Capital Fund:	
Green Trust Program Loan	<u>\$ 54,906</u>
Water/Sewer Utility Capital Fund:	
Farmers Home Administration Loan	<u>\$ 706,850</u>
United States Department of Agriculture Loans	<u>\$ 4,872,107</u>
NJ Environmental Infrastructure Trust Loans	<u>\$ 1,691,247</u>

Currently, the Borough is in the process of drawing down the proceeds and repaying the loan balances on the NJ Environmental Infrastructure Trust loans only. There were loan receipts of \$531,034 and expenditures of \$491,872 in the current year on the NJ Environmental Infrastructure Trust loans only.



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

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

We have audited the financial statements of the Borough of Sussex, in the County of Sussex (the "Borough") as of, and for the years ended, December 31, 2010 and 2009 and have issued our report thereon dated May 24, 2011, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. That report also indicated that the scope of our audit did not include the general fixed assets account group. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2010-01 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

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

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

Mount Arlington, New Jersey
May 24, 2011



NISIVOCCIA LLP



David H. Evans
Registered Municipal Accountant No. 98
Certified Public Accountant

BOROUGH OF SUSSEX
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2010

Summary of Auditors' Results:

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

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

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

Finding 2010-1

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permits and license fees; and recording of collections. Also, the Deputy Treasurer deposits, disburses funds and posts the activity to the finance software. This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures. Accordingly, management and the Borough Council should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response

This finding was evaluated by the governing body and administration; however, due to budgetary constraints, the Borough does not have the resources to adequately segregate related duties and resolve this finding at this time.

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

BOROUGH OF SUSSEX
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2010

The Borough's prior year audit finding regarding segregation of duties has not been resolved and is included as current year Finding 2010-1.

BOROUGH OF SUSSEX

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

BOROUGH OF SUSSEX
COMMENTS AND RECOMMENDATIONS

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

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

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

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

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

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

Effective July 1, 2005 and thereafter, the bid threshold in accordance with N.J.S. 40A:11-3 and 40A:11-4 (as amended) is \$21,000 and with a qualified purchasing agent the bid threshold may be up to \$29,000.

Effective July 1, 2010 the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$26,000 and with a qualified purchasing agent the bid threshold may be up to \$36,000.

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

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

BOROUGH OF SUSSEX
COMMENTS AND RECOMMENDATIONS
(Continued)

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

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

Collection of Interest on Delinquent Taxes and Utility Rents

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

On January 5, 2010, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility rents:

BE IT RESOLVED by the Governing Body of the Borough of Sussex that the Tax Collector will collect interest on delinquent taxes/water and sewer. The following rates as set forth: N.J.S.A. 54:5-67, interest shall be charged for nonpayment of taxes at the rate of 8% per annum on the first \$1,500.00 and 18% per annum on any amount in excess of \$1,500.00 to be calculated from the date the tax was payable until the date of actual payment. No interest shall be charged if payment is made within the first ten days of each quarter.

BE IT FURTHER RESOLVED that the Governing Body hereby provides for charging an additional penalty of 6% of the amount of a delinquency in taxes and/or municipal charges on such delinquencies which exceed \$10,000.00 as set forth in N.J.S.A. 54:4-67.

It appears from an examination of the Collector's records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes, Tax Title Liens and Foreclosed Properties

The last tax sale was held October 21, 2010 and was complete. Inspection of tax sale certificates on a test basis revealed that 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>
2010	3
2009	5
2008	4

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

Although the tax collector made significant progress in eliminating prior year delinquent taxes and tax overpayment balances, the tax records continue to reflect delinquent taxes due from 2002, 2003 and 2004 and tax overpayments from 2004 and 2005.

BOROUGH OF SUSSEX
COMMENTS AND RECOMMENDATIONS
(Continued)

Delinquent Taxes, Tax Title Liens and Foreclosed Properties (Cont'd)

It is recommended that the tax collector continue to review and investigate the prior year delinquent balances and tax overpayments to determine their validity and take the appropriate action to dispose of them.

During the course of the audit it was noted that the tax collector does not maintain a foreclosure register identifying foreclosed properties within the Borough.

It is recommended that the tax collector maintains a foreclosure register to identify foreclosed properties within the Borough.

Management's Response

The Borough has will investigate all delinquent tax balances and tax overpayment balances for validity and will establish a foreclosure register.

Municipal Court

The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Borough's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2010.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

	Balance Dec. 31, 2009	Receipts	Disbursements	Balance Dec. 31, 2010
Municipal Treasurer:				
Fines and Costs	\$ 2,257.54	\$ 12,289.39	\$ 11,355.89	\$ 3,191.04
Interest:				
Regular Account	30.83	17.33	22.92	25.24
Bail Account	125.17	13.51	88.78	49.90
P.O.A.A. Fines	80.00	2.00	2.00	80.00
Public Defender	105.00			105.00
State Treasurer	147.48	2,709.61	2,797.09	60.00
County Treasurer	781.50	199.50	262.00	719.00
Restitution	884.75	241.45	241.45	884.75
Cash Bail	3,616.50	1,580.00	2,867.00	2,329.50
	<u>\$ 8,028.77</u>	<u>\$ 17,052.79</u>	<u>\$ 17,637.13</u>	<u>\$ 7,444.43</u>

The Borough entered into an interlocal agreement with the Township of Wantage to establish a Joint Municipal Court in 2008. As of December 31, 2010, the Court Administrator has not closed out the Borough of Sussex's ATS/ACS system account. As the Court Administrator is continuing to work to settle the Borough's old case files in order to close the Borough's ATS/ACS system account, no formal recommendation is deemed necessary at this time.

BOROUGH OF SUSSEX
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court (Cont'd)

During the course of the audit the following items were noted:

1. The regular and bail accounts bank reconciliations have numerous reconciling items.
2. The listing of bail held on account has numerous old bails listed.
3. Interest on the regular and bail accounts was not turned over to the Treasurer on a regular monthly basis.
4. Monies were not being turned over to the proper agencies by the 15th of the subsequent month.

It is recommended that:

1. All reconciling items on the bank reconciliations for the regular and bail accounts are investigated and resolved.
2. The older outstanding bail is investigated for validity.
3. Interest on the regular and bail accounts is turned over to the Treasurer on a regular monthly basis.
4. All monies be disbursed to the proper agencies by the 15th of the subsequent month

Management's Response

All reconciling items will be investigated and properly disposed, all outstanding bail will be investigated for validity, interest on the regular and bail accounts will be turned over to the Treasurer and all monies will be disbursed to the proper agencies by the 15th of the subsequent month.

Segregation of Duties

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permits and license fees; and recording of collections. Also, the Deputy Treasurer deposits, disburses funds and posts the activity to the finance software. This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures. Accordingly, management and the Borough Council should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

It is recommended that an adequate segregation of duties is maintained with respect to the recording and treasury functions.

Management's Response

Duties of personnel will be reviewed to determine where a more adequate segregation of duties can be provided.

BOROUGH OF SUSSEX
COMMENTS AND RECOMMENDATIONS
(Continued)

Water/Sewer Utility Operating Fund

During our review of the Water/Sewer Utility Operating Fund financial records it was noted that the principal and interest on FHA and USDA loans in the 2010 budget were not accurately appropriated which resulted in a \$933 unexpended balance in principal and a \$932 overexpenditure in interest.

Also, the utility has been experiencing financial difficulties for many years. Several years ago, the Division of Local Government Services allowed the Borough to cancel the accrual of interest on debt in order to minimize consumer utility charges (with the expectation that the Borough would phase in the accrual over time). The Borough has accrued \$1,950; however, the accrual should be \$105,937 as of December 31, 2010.

It is recommended that greater care is exercised to ensure the Water/Sewer Utility Operating Fund debt service appropriations are accurately budgeted between principal and interest and that provisions be made in future budgets to increase the accrual for interest on debt to the required level.

During the current year, the Water/Sewer Utility Operating Fund has an operating deficit of \$183,019.12. The operating deficit resulted from the late adoption of the utility rate ordinance. As the new utility rate has been adopted and the operating deficit will be raised in the subsequent year no formal recommendation is deemed necessary at this time.

Management's Response

Greater care will be exercised to ensure that principal and interest on debt is accurately segregated and budgeted and a plan will be established to bring the accrual for interest on debt to the required level.

Current Fund

During our review of the Current Fund financial records it was noted that the 2010 budget was not posted in the finance software to be in agreement with the adopted budget. This resulted in budget transfers in excess of the budget amount and an overexpenditure that will need to be raised in the subsequent year's budget.

It was also noted that the Chief Financial Officer posted a journal entry to cancel the remaining appropriation balance for the Interlocal Agreement with the Township of Wantage for Construction Services without getting Council approval.

It is recommended that the finance software be in agreement with the adopted budget to avoid excess transfers and overexpenditures and that the Chief Financial Officer obtain Council approval for cancellation of appropriation balances.

Management's Response

The Chief Financial Officer will ensure that more care is taken when posting the adopted budget to the finance software to ensure that there are no excess transfers and overexpenditures.

BOROUGH OF SUSSEX
COMMENTS AND RECOMMENDATIONS
(Continued)

Corrective Action Plan

The Borough has initiated a corrective action plan to resolve comments and recommendations from the 2009 audit report. The prior year recommendations have been repeated in the current year's audit with the exception of the following recommendations as they have been corrected during the year:

1. Municipal Court:
 - a. The tickets listed on the Tickets Assigned but Not Issued report are reviewed and investigated as to the appropriate disposition of the tickets.
 - b. The Sussex Borough ATS/ACS and bank accounts be closed and a Joint Municipal Court ATS/ACS and bank accounts be established.
2. The Clerk's Office maintains a detailed log book of licenses and permits issued to ensure accurate issuance of license/permit numbers.

BOROUGH OF SUSSEX
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Adequate segregation of duties is maintained with respect to the recording and treasury functions.
2. The tax collector continue to review and investigate the prior year delinquent balances and tax overpayments to determine their validity and take the appropriate action to dispose of them.
3. The tax collector maintains a foreclosure register to identify foreclosed properties within the Borough.
4. Municipal Court:
 - a. All reconciling items for the regular and bail accounts are investigated and resolved.
 - b. The older outstanding bail is investigated for validity.
 - c. Interest on the regular and bail accounts is turned over to the Treasurer on a regular monthly basis.
 - d. All monies be disbursed to the proper agencies by the 15th of the subsequent month
5. Greater care is exercised to ensure the Water/Sewer Utility Operating Fund debt service appropriations are accurately budgeted between principal and interest and that provisions be made in future budgets to increase the accrual for interest on debt to the required level.
6. The finance software is in agreement with the adopted budget to avoid excess transfers and overexpenditures and that the Chief Financial Officer obtain Council approval for cancellation of appropriation balances.

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