

**TOWNSHIP OF UPPER DEERFIELD**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2009**

## INDEX

	<u>Page</u>
<u>PART I</u>	1
Independent Auditor's Report	2-3
<u>CURRENT FUND</u>	4
A Comparative Balance Sheet - Regulatory Basis	5-6
A-1 Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	7-8
A-2 Statement of Revenues - Regulatory Basis	9-10
A-3 Statement of Expenditures - Regulatory Basis	11-18
<u>TRUST FUND</u>	19
B Comparative Balance Sheet - Regulatory Basis	20-22
<u>GENERAL CAPITAL FUND</u>	23
C Comparative Balance Sheet - Regulatory Basis	24
C-1 Statement of Fund Balance - Regulatory Basis	25
<u>WATER &amp; SEWER UTILITY FUND</u>	26
D Comparative Balance Sheet - Regulatory Basis	27-28
D-1 Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	29
D-2 Statement of Fund Balance - Water & Sewer Capital Fund - Regulatory Basis	30
D-3 Statement of Revenues - Regulatory Basis	30
D-4 Statement of Expenditures - Regulatory Basis	31
<u>GENERAL FIXED ASSETS</u>	32
E Statement of General Fixed Assets - Regulatory Basis	33
<u>NOTES TO FINANCIAL STATEMENTS</u>	34-48
<u>SUPPLEMENTARY DATA</u>	49
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	50-51
Schedule of Expenditures of State Awards - Schedule 1	52

INDEX  
(CONTINUED)

	<u>Page</u>
<u>CURRENT FUND</u>	53
A-4 Schedule of Cash - Treasurer	54
A-5 Schedule of Current Fund Cash and Reconciliation per N.J.S.A. 40A:5-5 - Treasurer	55
A-6 Schedule of Cash - Collector	56
A-7 Schedule of Current Fund Cash and Reconciliation per N.J.S.A. 40A:5-5 - Collector	56
A-8 Schedule of Investments - Bond Anticipation Notes- Utility Capital Fund	56
A-9 Schedule of Grants Receivable	57
A-10 Schedule of Taxes Receivable and Analysis of Property Tax Levy	58-59
A-11 Schedule of Tax Title Liens Receivable	60
A-12 Schedule of Property Acquired for Taxes	60
A-13 Schedule of Revenue Accounts Receivable	61
A-14 Schedule of Deferred Charges - Special Emergency	62
A-15 Schedule of 2008 Appropriation Reserves	63
A-16 Schedule of Encumbrances Payable	64
A-17 Schedule of Due State of New Jersey-Senior Citizen and Veterans Deductions	65
A-18 Schedule of Local District School Tax Payable	66
A-19 Schedule of Regional High School Tax Payable	66
A-20 Schedule of Reserve for Grants - Appropriated	67
A-21 Schedule of Reserve for Grants - Unappropriated	68
<u>TRUST FUND</u>	69
B-1 Schedule of Trust Fund Cash - Treasurer	70
B-2 Schedule of Trust Fund Cash and Reconciliation per N.J.S.A. 40A:5-5 - Treasurer	71
B-3 Schedule of Trust Fund Cash - Collector	72
B-4 Schedule of Trust Fund Cash and Reconciliation per N.J.S.A. 40A:5-5 - Collector	73
B-5 Schedule of Reserve for Dog Fund Expenditures	74
<u>GENERAL CAPITAL FUND</u>	75
C-2 Schedule of General Capital Cash - Treasurer	76
C-3 Schedule of General Capital Cash and Reconciliation per N.J.S.A. 40A:5-5 - Treasurer	77
C-4 Schedule of Investments - Bond Anticipation Notes - Utility Capital Fund	77
C-5 Analysis of General Capital Fund Cash	78
C-6 Schedule of Capital Improvement Fund	79
C-7 Schedule of Improvement Authorizations	80
C-8 Schedule of Encumbrances Payable	81

INDEX  
(CONTINUED)

	<u>Page</u>
<u>WATER &amp; SEWER UTILITY FUND</u>	82
D-5 Schedule of Utility Cash - Treasurer	83
D-6 Schedule of Utility Cash and Reconciliation per N.J.S.A. 40A:5-5 - Treasurer	84
D-7 Schedule of Utility Cash - Collector	85
D-8 Schedule of Utility Cash and Reconciliation per N.J.S.A. 40A:5-5 - Collector	85
D-9 Analysis of Utility Capital Fund Cash	86
D-10 Schedule of Consumer Accounts Receivable	87
D-11 Schedule of Connection Fees Receivable	87
D-12 Schedule of Utility Liens Receivable	87
D-13 Schedule of Fixed Capital	88
D-14 Schedule of Fixed Capital Authorized and Uncompleted	89
D-15 Schedule of 2008 Appropriation Reserves	90
D-16 Schedule of Encumbrances Payable	90
D-17 Schedule of Improvement Authorizations	91
D-18 Schedule of Capital Improvement Fund	92
D-19 Schedule of Reserve for Amortization	92
D-20 Schedule of Notes Payable - General Capital Fund	93
D-21 Schedule of Loan Payable	93
D-22 Schedule of Bond Anticipation Notes	94
D-23 Schedule of Bonds & Notes Authorized but not Issued	95
<u>PART II</u>	96
General Comments	97-99
Other Comments	99
Findings and Recommendations	99

**PART I**

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
21 W. High Street • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members  
of the Township Committee  
Township of Upper Deerfield  
County of Cumberland, New Jersey

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Township of Upper Deerfield as of December 31, 2009 and 2008, and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statements of revenues – regulatory basis, and statement of expenditures – regulatory basis of the various funds, as listed in the table of contents for the year ended December 31, 2009. These financial statements are the responsibility of the Township of Upper Deerfield's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the Township of Upper Deerfield prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

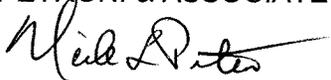
In our opinion, because of the effects of preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Upper Deerfield as of December 31, 2009 and 2008, or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Township of Upper Deerfield as of December 31, 2009 and 2008, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2009 on the modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2010 on our consideration of the Township of Upper Deerfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Township of Upper Deerfield taken as a whole. The supplemental schedules listed in the table of contents are not a required part of the financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by New Jersey Treasurer Circular Letter 04-04 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and is also not a required part of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252

July 23, 2010

**CURRENT FUND**

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
<u>Regular Fund</u>				
	Cash - Treasurer	A-4	4,929,775.29	5,198,378.05
	Cash - Collector	A-6	348,621.79	447,044.56
	Change Fund		400.00	150.00
	Investment - Bond Anticipation Notes - Utility Capital Fund	A-8	597,702.00	620,000.00
			<u>5,876,499.08</u>	<u>6,265,572.61</u>
Receivables and Other Assets with Full Reserves:				
	Delinquent Property Taxes Receivable	A-10	620,439.03	547,865.96
	Tax Title Liens Receivable	A-11	19,734.33	12,121.09
	Property Acquired for Taxes - Assessed Valuation	A-12	82,800.00	82,800.00
	Revenue Accounts Receivable	A-13	39,455.80	15,917.41
	Due from Animal Control Trust Fund	B	13,597.98	10,140.62
	Due from Tax Sale Premium Trust Fund			2.49
	Due from Fire Safety Penalty Fund	B	19.67	
	Due from Accumulated Absence Trust Fund			965.90
	Due from Escrow Trust Fund			258.02
	Due from General Capital Fund			5,762.62
	Due from Recreation Trust Fund	B	571.58	488.10
	Due from Snow Removal Trust Fund	B	50.38	49.88
	Due from Utility Operating Fund	D	8,196.84	20,927.35
	Prepaid Regional School Tax			1,318.83
			<u>784,865.61</u>	<u>698,618.27</u>
Deferred Charges:				
	Special Emergency Appropriation	A-14	24,462.00	36,693.00
			<u>6,685,826.69</u>	<u>7,000,883.88</u>
<u>Federal and State Grant Fund</u>				
	Grants Receivable	A-9	1,620,859.39	977,250.33
	Due from Current Fund	A	289,392.71	145,131.08
	Due from Utility Operating Fund			18,218.03
			<u>1,910,252.10</u>	<u>1,140,599.44</u>
			<u>8,596,078.79</u>	<u>8,141,483.32</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2008</u>
<u>Regular Fund</u>			
Liabilities:			
Appropriation Reserves	A-3:A-15	542,221.75	524,161.99
Encumbrances Payable	A-16	227,791.28	416,770.22
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-17	35,063.46	35,385.78
Prepaid Taxes		174,186.90	154,129.22
Tax Overpayments		156,517.76	31,673.97
Payroll Taxes Payable		24,223.12	19,803.18
Reserve for Home Rehabilitation		28,787.09	25,455.00
Reserve for Garden State Trust		201.54	201.54
Reserve for Tax Appeals Pending		350,000.00	350,000.00
Due Federal and State Grant Fund	A	289,392.71	145,131.08
Due Public Defender Trust Fund	B	846.27	861.65
Due Tax Sale Premium Fund	B	2,681.94	
Due General Capital Fund	C	3,804.94	
Due County for Added & Omitted Taxes		75,151.39	50,401.62
		<hr/>	<hr/>
		1,910,870.15	1,753,975.25
Reserve for Receivables		784,865.61	698,618.27
Fund Balance	A-1	3,990,090.93	4,548,290.36
		<hr/>	<hr/>
		6,685,826.69	7,000,883.88
<u>Federal and State Grant Fund</u>			
Encumbrances Payable	A-16	161,940.00	194,372.63
Due Utility Operating Fund	D	5,960.08	
Reserve for Grants - Appropriated	A-20	1,686,061.76	925,466.20
Reserve for Grants - Unappropriated	A-21	56,290.26	20,760.61
		<hr/>	<hr/>
		1,910,252.10	1,140,599.44
		<hr/>	<hr/>
		8,596,078.79	8,141,483.32
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes to the financial statements are an integral part of this statement.

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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2009</u>	<u>Year 2008</u>
Fund Balance Utilized	A-2	1,818,090.00	1,950,564.76
Miscellaneous Revenue Anticipated	A-2	2,837,192.27	2,536,944.32
Receipts from Delinquent Taxes	A-2	625,226.68	542,086.22
Receipts from Current Taxes	A-2	15,680,006.32	15,767,777.55
Non-Budget Revenue	A-2	791,438.18	959,301.44
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-15	469,060.59	258,238.38
Encumbrances Payable - Canceled	A-16	16,772.11	26,991.03
Interfund Loan Returned		36,500.90	31,347.33
Increase in Change Fund		250.00	
Tax Overpayments Canceled			79,743.88
Total Income		<u>22,274,537.05</u>	<u>22,152,994.91</u>
<u>Expenditures</u>			
Budget Appropriations :			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	1,018,020.00	1,039,225.00
Other Expenses	A-3	1,905,968.00	1,786,496.97
Deferred Charges and Statutory Expenditures	A-3	179,499.00	90,700.00
Appropriations Excluded from "CAPS":			
Operations:			
Salaries and Wages	A-3	136,500.00	117,053.00
Other Expenses	A-3	542,705.33	374,544.69
Capital Improvements	A-3	717,000.00	834,000.00
Deferred Charges	A-3	12,231.00	12,231.00
County Taxes	A-10	6,798,929.45	6,930,537.68
Due County for Added Taxes	A	75,151.39	50,401.62
Local District School Tax	A-10	6,423,541.00	6,245,733.00
Regional High School Tax	A-10	3,192,654.47	3,196,906.66
Prior Year Deductions Disallowed	A-17	4,250.00	3,959.88
Interfund Loan Advanced		8,196.84	23,954.61
Total Expenditures		<u>21,014,646.48</u>	<u>20,705,744.11</u>

The accompanying notes to the financial statements are an integral part of this statement.



STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated Budget 2009	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	1,818,090.00	1,818,090.00	
Miscellaneous Revenues:				
Fines and Costs:				
Municipal Court	A-13	99,000.00	96,993.59	(2,006.41)
Energy Receipts Tax	A-13	1,713,456.00	1,713,456.00	
Garden State Trust	A	202.00	201.54	(0.46)
Uniform Construction Code Fees	A-13	75,000.00	72,809.00	(2,191.00)
Deerfield Township - Uniform Construction Code	A-13	36,500.00	37,390.80	890.80
Emergency Medical Services Billings	A-13	175,650.00	254,210.21	78,560.21
Small Cities Grant	A-9	200,000.00	200,000.00	
NJ Transportation Trust Fund	A-9	267,000.00	267,000.00	
Recycling Tonnage Grant	A-9	17,923.25	17,923.25	
Clean Communities Program	A-9	9,976.08	9,976.08	
Municipal Alliance on Alcoholism and Drug Abuse	A-9	39,000.00	39,000.00	
Older Americans Act Title IIIB	A-9	4,656.00	4,656.00	
Neighborhood Preservation	A-9	100,000.00	100,000.00	
Uniform Fire Safety Act	A-13	25,000.00	23,575.80	(1,424.20)
Total Miscellaneous Revenues		2,763,363.33	2,837,192.27	73,828.94
Receipts from Delinquent Taxes	A-2	500,000.00	625,226.68	125,226.68
Budget Totals		5,081,453.33	5,280,508.95	199,055.62
Non-Budget Revenues:				
From "Allocation of Current Tax Collections"	A-2		(240,739.99)	
Other Non-Budget Revenue	A-2		791,438.18	
		5,081,453.33	5,831,207.14	
Ref.		A-3		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - REGULATORY BASIS

<u>Analysis of Realized Revenue</u>	<u>Ref.</u>	
Allocation of Current Tax Collections:		
Revenue from Collections	A-10	15,680,006.32
Allocated to:		
School and County Taxes		16,490,276.31
Deficiency Supported by Municipal Revenue		(810,269.99)
Decreased by: Appropriation "Reserve for Uncollected Taxes"	A-3	569,530.00
Amount Deducted from Non-Budget Revenue	A-2	(240,739.99)
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-10	622,402.82
Tax Title Liens	A-11	2,823.86
	A-2	625,226.68

Analysis of Non-Budget Revenue

	<u>Ref.</u>	
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Interest on Investments	A-13	105,204.12
Tax Searches	A-13	130.00
Interest & Costs on Taxes	A-13	108,073.88
Fees & Permits	A-13	114,273.09
Payments in Lieu of Taxes	A-13	417,115.62
Sale of Municipal Assets	A-13	12,281.00
Judgements	A-13	25,000.00
Miscellaneous	A-13	9,360.47
	A-2	791,438.18

The accompanying notes to the financial statements are an integral part of this statement.

## STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<u>OPERATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT FUNCTIONS</u>					
General Administration					
Salaries and Wages	72,500.00	72,500.00	71,111.19		1,388.81
Other Expenses	25,000.00	25,000.00	17,292.77	1,439.64	6,267.59
Mayor and Township Committee					
Salaries and Wages	59,700.00	59,700.00	59,376.60		323.40
Other Expenses	17,500.00	17,500.00	12,758.31	1,606.98	3,134.71
Municipal Clerk					
Salaries and Wages	27,500.00	27,500.00	26,470.87		1,029.13
Other Expenses	34,000.00	34,000.00	25,073.50	2,252.87	6,673.63
Financial Administration					
Salaries and Wages	47,000.00	47,000.00	45,228.87		1,771.13
Other Expenses	12,500.00	12,500.00	7,697.11	1,211.00	3,591.89
Audit Services					
Other Expenses	19,800.00	19,800.00	3,400.00	16,400.00	
Revenue Administration					
Salaries and Wages	35,000.00	35,000.00	34,397.78		602.22
Other Expenses:	9,500.00	9,500.00	4,545.73	2,500.00	2,454.27
Tax Assessment					
Salaries and Wages	20,900.00	20,900.00	20,072.78		827.22
Other Expenses	60,000.00	60,000.00	17,677.10	12,041.05	30,281.85
Legal Services and Costs					
Other Expenses	50,000.00	65,000.00	63,596.73		1,403.27
Engineering Services and Costs					
Other Expenses	15,000.00	15,000.00	14,230.03		769.97
Economic Development					
Salaries and Wages	780.00	780.00	445.00		335.00
Other Expenses	27,500.00	27,500.00	17,162.94		10,337.06
Historic Commission					
Salaries and Wages	780.00	780.00	505.00		275.00
Other Expenses	3,000.00	3,000.00	1,937.00		1,063.00

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<u>LAND USE ADMINISTRATION</u>					
Municipal Land Use Law (N.J.S.A.40:55D-1)					
Planning Board					
Salaries and Wages	7,100.00	7,100.00	6,946.53		153.47
Other Expenses	65,000.00	50,000.00	30,254.22	8,851.00	10,894.78
Zoning Board of Adjustment					
Salaries and Wages	3,000.00	3,000.00	2,867.15		132.85
Other Expenses	8,000.00	8,000.00	6,744.50	23.80	1,231.70
Zoning Officer					
Salaries and Wages	46,000.00	46,000.00	44,073.68		1,926.32
Other Expenses	7,000.00	7,000.00	4,932.34	186.62	1,881.04
<u>CODE ENFORCEMENT &amp; ADMINISTRATION</u>					
Housing Official					
Salaries and Wages	40,500.00	40,500.00	38,242.02		2,257.98
<u>INSURANCE</u>					
Liability Insurance	44,697.00	44,697.00	42,111.98		2,585.02
Worker Compensation	92,871.00	92,871.00	78,878.02		13,992.98
Employee Group Insurance	359,000.00	359,000.00	278,487.84		80,512.16
Payments in Lieu of Benefits	48,000.00	48,000.00	47,590.21		409.79
<u>PUBLIC SAFETY FUNCTIONS</u>					
Neighborhood Watch					
Other Expenses	1,000.00	1,000.00			1,000.00
Emergency Management					
Salaries and Wages	5,300.00	5,300.00	5,167.03		132.97
Other Expenses	8,500.00	8,500.00	4,358.49	3,947.00	194.51
Aid to Volunteer Fire Companies					
Other Expenses	69,500.00	69,500.00	49,381.65	16,998.27	3,120.08
Utilities	46,500.00	46,500.00	36,245.89	2,403.14	7,850.97
Ambulance					
Utilities	18,000.00	18,000.00	14,924.08	1,680.86	1,395.06
First Aid Organization - Contribution	12,500.00	12,500.00	5,465.81		7,034.19

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
Fire Safety Official					
Salaries and Wages	10,750.00	10,750.00	10,251.32		498.68
Other Expenses	10,000.00	10,000.00	5,792.93		4,207.07
Municipal Prosecutor					
Salaries and Wages	13,600.00	13,600.00	13,600.00		
Other Expenses	2,500.00	2,500.00	400.00		2,100.00
<u>PUBLIC WORKS FUNCTIONS</u>					
Streets and Roads					
Salaries and Wages	121,000.00	121,000.00	111,826.07		9,173.93
Other Expenses	85,000.00	85,000.00	73,371.63	11,249.38	378.99
Utilities	38,000.00	38,000.00	29,887.94	39.46	8,072.60
Snow Removal					
Salaries and Wages	6,000.00	6,000.00	5,674.57		325.43
Other Expenses	25,000.00	25,000.00	9,105.35	15,629.96	264.69
Shade Tree Committee					
Salaries and Wages	650.00	650.00	420.00		230.00
Other Expenses	10,000.00	10,000.00	228.95	3,895.00	5,876.05
Solid Waste Convenience Center					
Salaries and Wages	62,000.00	62,000.00	59,468.05		2,531.95
Other Expenses	120,000.00	106,500.00	82,751.81	2,505.00	21,243.19
Utilities	4,000.00	4,000.00	3,038.63	414.23	547.14
Buildings and Grounds					
Salaries and Wages	89,500.00	89,500.00	63,213.16		26,286.84
Other Expenses	46,500.00	46,500.00	39,712.67	5,295.85	1,491.48
Utilities	42,500.00	42,500.00	35,988.09	2,636.89	3,875.02
<u>HEALTH AND HUMAN SERVICES</u>					
Board of Health					
Salaries and Wages	6,000.00	6,000.00	5,895.74		104.26
Other Expenses	2,000.00	2,000.00	777.21	265.16	957.63
Environmental Committee					
Salaries and Wages	780.00	780.00	759.13		20.87
Other Expenses	12,000.00	12,000.00	571.09	5,500.00	5,928.91

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
Animal Control					
Salaries and Wages	5,400.00	5,400.00	4,732.38		667.62
Other Expenses	27,500.00	27,500.00	25,562.00		1,938.00
<u>PARK AND RECREATION FUNCTIONS</u>					
Community Pride & Relations Committee					
Salaries and Wages	300.00	300.00			300.00
Other Expenses	2,000.00	2,000.00	406.77		1,593.23
Senior Center					
Salaries and Wages	33,000.00	33,000.00	28,163.18		4,836.82
Other Expenses	7,000.00	7,000.00	3,430.74	757.31	2,811.95
Utilities	14,500.00	14,500.00	11,348.66	1,176.57	1,974.77
Maintenance of Parks					
Salaries and Wages	60,000.00	60,000.00	50,076.18		9,923.82
Other Expenses	59,500.00	59,500.00	32,533.50	8,067.75	18,898.75
Utilities	4,000.00	4,000.00	3,038.49	91.84	869.67
Bostwick Lake Commission					
Other Expenses	3,000.00	3,000.00			3,000.00
<u>OTHER OPERATING FUNCTIONS</u>					
Accumulated Leave Compensation	100.00	7,600.00	7,500.00		100.00
<u>UTILITY EXPENSES &amp; BULK PURCHASES</u>					
Street Lighting	124,000.00	124,000.00	100,558.25	9,935.82	13,505.93
<u>SOLID WASTE DISPOSAL COSTS</u>					
Landfill Disposal Costs					
Other Expenses	163,000.00	163,000.00	131,235.28		31,764.72
<u>MUNICIPAL COURT</u>					
Municipal Court					
Salaries and Wages	116,500.00	116,500.00	105,110.14		11,389.86
Other Expenses	12,000.00	12,000.00	9,269.85	2,274.99	455.16
Public Defender					
Salaries and Wages	6,000.00	6,000.00	6,000.00		
Other Expenses	5,000.00	5,000.00	3,900.00		1,100.00

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<u>UNIFORM CONSTRUCTION CODE</u>					
Construction Code					
Salaries and Wages	106,000.00	106,000.00	77,288.86		28,711.14
Other Expenses	38,500.00	38,500.00	15,719.09	4,742.87	18,038.04
Electrical Subcode					
Salaries and Wages	1,500.00	1,500.00	1,375.00		125.00
Plumbing Subcode					
Salaries and Wages	12,480.00	12,480.00	12,480.00		
Fire Subcode					
Salaries and Wages	500.00	500.00	458.37		41.63
Total Operations Within "CAPS"	<u>2,929,988.00</u>	<u>2,923,988.00</u>	<u>2,322,571.83</u>	<u>146,020.31</u>	<u>455,395.86</u>
Detail:					
Salaries and Wages	1,018,020.00	1,018,020.00	911,696.65		106,323.35
Other Expenses	1,911,968.00	1,905,968.00	1,410,875.18	146,020.31	349,072.51
<u>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	87,999.00	87,999.00	87,999.00		
Social Security System	85,000.00	85,000.00	84,269.79		730.21
Unemployment Compensation	5,000.00	5,000.00	898.26		4,101.74
Defined Contribution Retirement Program	1,500.00	1,500.00			1,500.00
Total Deferred Charges & Statutory Expenditures	<u>179,499.00</u>	<u>179,499.00</u>	<u>173,167.05</u>		<u>6,331.95</u>
Total Appropriations Within "CAPS"	<u>3,109,487.00</u>	<u>3,103,487.00</u>	<u>2,495,738.88</u>	<u>146,020.31</u>	<u>461,727.81</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
<u>SOLID WASTE DISPOSAL COSTS</u>					
Recycling Tax	7,000.00	7,000.00			7,000.00
Total Other Operations Excluded From "CAPS"	7,000.00	7,000.00			7,000.00
<u>INTERLOCAL MUNICIPAL SERVICES AGREEMENTS</u>					
Construction Code					
Salaries and Wages	36,500.00	36,500.00	25,960.64		10,539.36
Elk Township - Office of Tax Assessor	37,500.00	37,500.00	17,062.92		20,437.08
Total Interlocal Municipal Service Agreements	74,000.00	74,000.00	43,023.56		30,976.44
<u>ADDITIONAL APPROPRIATIONS OFFSET</u>					
<u>BY REVENUES</u>					
Ambulance					
Salaries and Wages	100,000.00	100,000.00	81,566.68		18,433.32
Other Expenses	65,650.00	71,650.00	52,713.93	4,239.63	14,696.44
Utilities	10,000.00	10,000.00	5,612.26		4,387.74
Total Additional Appropriations Offset by Revenues	175,650.00	181,650.00	139,892.87	4,239.63	37,517.50

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<u>PUBLIC AND PRIVATE PROGRAMS</u>					
<u>OFFSET BY REVENUES</u>					
Matching Funds for Grants	5,000.00	5,000.00			5,000.00
Clean Communities Program Alliance for Substance Abuse Prevention Program	9,976.08	9,976.08	9,976.08		
Older Americans Act	39,000.00	39,000.00	39,000.00		
Recycling Tonnage	4,656.00	4,656.00	4,656.00		
Neighborhood Preservation	17,923.25	17,923.25	17,923.25		
Small Cities Grant	120,000.00	120,000.00	120,000.00		
	220,000.00	220,000.00	220,000.00		
Total Public and Private Programs	<u>416,555.33</u>	<u>416,555.33</u>	<u>411,555.33</u>		<u>5,000.00</u>
Total Operations Excluded from "CAPS"	<u>673,205.33</u>	<u>679,205.33</u>	<u>594,471.76</u>	<u>4,239.63</u>	<u>80,493.94</u>
Detail:					
Salaries and Wages	136,500.00	136,500.00	107,527.32		28,972.68
Other Expenses	536,705.33	542,705.33	486,944.44	4,239.63	51,521.26
<u>CAPITAL IMPROVEMENTS</u>					
Purchase of Emergency & Fire Vehicles	50,000.00	50,000.00	46,650.00	3,350.00	
Improvements to Municipal Buildings & Facilities	50,000.00	50,000.00	50,000.00		
Improvements to Roads	50,000.00	50,000.00	43,400.00	6,600.00	
Purchase of Public Works Vehicle	230,000.00	230,000.00	230,000.00		
Improvements to Convenience Center	20,000.00	20,000.00	20,000.00		
Purchase of Land - Open Space/ Farmland Preservation	50,000.00	50,000.00	50,000.00		
New Jersey Transportation Trust Fund Authority Act	267,000.00	267,000.00	267,000.00		
Total Capital Improvements	<u>717,000.00</u>	<u>717,000.00</u>	<u>707,050.00</u>	<u>9,950.00</u>	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended	
	Budget	Budget After Modifications		Encumbered	Reserved
<u>DEFERRED CHARGES</u>					
Special Emergency Authorization - 5 Years	12,231.00	12,231.00	12,231.00		
Total Appropriations Excluded from "CAPS"	1,402,436.33	1,408,436.33	1,313,752.76	14,189.63	80,493.94
Total General Appropriations for Municipal Purposes	4,511,923.33	4,511,923.33	3,809,491.64	160,209.94	542,221.75
RESERVE FOR UNCOLLECTED TAXES	569,530.00	569,530.00	569,530.00		
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>5,081,453.33</u>	<u>5,081,453.33</u>	<u>4,379,021.64</u>	<u>160,209.94</u>	<u>542,221.75</u>
Ref.	A-2	A-3		A-16	A
		<u>Ref.</u>			
Reserve for Grants		A-20	678,555.33		
Reserve for Uncollected Taxes		A-2	569,530.00		
Deferred Charges		A-14	12,231.00		
Payroll Taxes Withheld			1,366,407.49		
Disbursed		A-4	1,752,297.82		
			<u>4,379,021.64</u>		

The accompanying notes to the financial statements are an integral part of this statement.

**TRUST FUND**

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2008</u>
<u>Animal Control Trust Fund</u>			
Cash - Treasurer	B-1	31,513.87	28,634.19
Cash - Registrar	B-1	0.01	19.43
		<u>31,513.88</u>	<u>28,653.62</u>
<u>Escrow Trust Fund</u>			
Cash - Treasurer	B-1	300,446.83	300,814.11
<u>Tax Sale Premium Fund</u>			
Cash - Collector	B-3	9,339.26	225.17
Due from Current Fund	A	2,681.94	
		<u>12,021.20</u>	<u>225.17</u>
<u>Municipal Alliance Trust Fund</u>			
Cash - Treasurer	B-1	1,932.90	2,146.21
<u>Public Defender Trust Fund</u>			
Cash - Treasurer	B-1	2,684.24	466.10
Due from Current Fund	A	846.27	861.65
		<u>3,530.51</u>	<u>1,327.75</u>
<u>Accumulated Absence Trust Fund</u>			
Cash - Treasurer	B-1	46,771.64	40,203.43
<u>Recreation Trust Fund</u>			
Cash - Treasurer	B-1	8,868.18	8,513.45
<u>Snow Removal Trust Fund</u>			
Cash - Treasurer	B-1	59,040.58	59,040.08
<u>Affordable Housing Trust Fund</u>			
Cash - Treasurer	B-1	73,127.53	72,547.73
<u>Landfill Closure Fund</u>			
Cash - Treasurer	B-1	37,701.67	37,403.16
<u>Uniform Fire Safety Penalty Monies</u>			
Cash - Treasurer	B-1	2,482.35	
		<u>577,437.27</u>	<u>550,874.71</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<u>LIABILITIES AND RESERVES</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
<u>Animal Control Trust Fund</u>			
Due Current Fund	A	13,597.98	10,140.62
Due State of New Jersey			5.40
Reserve for Dog Fund Expenditures	B-5	17,915.90	18,507.60
		<u>31,513.88</u>	<u>28,653.62</u>
<u>Escrow Trust Fund</u>			
Due Current Fund			258.02
Reserve for Escrow Fees		300,446.83	300,556.09
		<u>300,446.83</u>	<u>300,814.11</u>
<u>Tax Sale Premium Fund</u>			
Due Current Fund			2.49
Deposits for Redemption of Tax Sale Certificates		12,021.20	222.68
		<u>12,021.20</u>	<u>225.17</u>
<u>Municipal Alliance Trust Fund</u>			
Reserve for Municipal Alliance		1,932.90	2,146.21
<u>Public Defender Trust Fund</u>			
Due State of New Jersey		1,327.75	1,327.75
Reserve for Public Defender Fees		2,202.76	
		<u>3,530.51</u>	<u>1,327.75</u>
<u>Accumulated Absence Trust Fund</u>			
Due Current Fund			965.90
Reserve for Accumulated Absences		46,771.64	39,237.53
		<u>46,771.64</u>	<u>40,203.43</u>
<u>Recreation Trust Fund</u>			
Due Current Fund	A	571.58	488.10
Reserve for Recreation		8,296.60	8,025.35
		<u>8,868.18</u>	<u>8,513.45</u>
<u>Snow Removal Trust Fund</u>			
Due Current Fund	A	50.38	49.88
Reserve for Snow Removal		58,990.20	58,990.20
		<u>59,040.58</u>	<u>59,040.08</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<u>LIABILITIES AND RESERVES</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2008</u>
Affordable Housing Trust Fund			
Reserve for Affordable Housing		<u>73,127.53</u>	<u>72,547.73</u>
<u>Landfill Closure Fund</u>			
Reserve for Landfill Closure		<u>37,701.67</u>	<u>37,403.16</u>
<u>Uniform Fire Safety Penalty Fund</u>			
Due Current Fund	A	19.67	
Reserve for Uniform Fire Safety		<u>2,462.68</u>	
		<u>2,482.35</u>	
		<u>577,437.27</u>	<u>550,874.71</u>

The accompanying notes to the financial statements are an integral part of this statement.

**GENERAL CAPITAL FUND**

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2008</u>
Cash - Treasurer	C-2	1,824,268.33	1,856,804.40
Investment - Bond Anticipation Notes - Utility Capital Fund			215,000.00
Due from Current Fund	A	3,804.94	
Due from Utility Operating Fund	D	20,000.00	20,000.00
		<u>1,848,073.27</u>	<u>2,091,804.40</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Encumbrances Payable	C-8	41,420.00	321,159.00
Improvement Authorizations:			
Funded	C-7	124,458.53	277,787.47
Capital Improvement Fund	C-6	386,434.52	385,464.23
Due Current Fund			5,762.62
Reserve for Sanitary Landfill Closure		420,980.50	429,649.50
Reserve for Improvement to Sewerage Collection System		6,323.13	6,323.13
Reserve for Expansion of Facilities for Township Parks		18,667.94	18,667.94
Reserve for Purchase of Land - Farmland Preservation		150,000.00	100,000.00
Reserve for Improvements to Convenience Center		138,125.00	118,125.00
Reserve for Improvements to Senior Center		10,000.00	10,000.00
Reserve for Improvements to Roads		175,414.32	169,639.32
Reserve for Improvements to Municipal Buildings and Facilities		107,143.43	67,143.43
Reserve for Purchase of Emergency and Fire Vehicles		84,634.31	53,184.31
Reserve for Purchase of Court Video Conference Equipment		5,869.51	5,869.51
Reserve for Purchase of Public Works Vehicle		175,080.00	37,056.00
Reserve for Document Imaging		2,520.43	4,527.29
Reserve for Purchase of Salt Shed			75,000.00
Fund Balance	C-1	1,001.65	6,445.65
		<u>1,848,073.27</u>	<u>2,091,804.40</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2008	C	6,445.65
Decreased by:		
Appropriation to Finance Improvement Authorization	C-7	<u>5,444.00</u>
Balance December 31, 2009	C	<u><u>1,001.65</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

**WATER & SEWER UTILITY FUND**

COMPARATIVE BLANCE SHEET - WATER & SEWER UTILITY FUND - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2008</u>
<u>Operating Fund</u>			
Cash - Treasurer	D-5	1,226,194.93	1,414,619.82
Cash - Collector	D-7	21,592.26	22,760.16
Due from Utility Capital Fund	D	78,892.90	88,459.26
Due from Federal and State Grant Fund	A	5,960.08	
		<u>1,332,640.17</u>	<u>1,525,839.24</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable - Water	D-10	6,391.57	6,822.31
Consumer Accounts Receivable - Seabrook Water	D-10	7,098.59	10,650.77
Consumer Accounts Receivable - Sewer	D-10	23,644.43	32,386.73
Connection Fees Receivable	D-11	44,782.37	50,395.71
Liens Receivable - Water			454.68
Liens Receivable - Sewer			236.44
		<u>81,916.96</u>	<u>100,946.64</u>
Total Operating Fund		<u>1,414,557.13</u>	<u>1,626,785.88</u>
<u>Capital Fund</u>			
Cash - Treasurer	D-5	33,934.72	598,644.96
Fixed Capital	D-13	4,066,500.00	4,066,500.00
Fixed Capital Authorized and Uncompleted	D-14	6,299,000.00	3,000,000.00
Total Capital Fund		<u>10,399,434.72</u>	<u>7,665,144.96</u>
		<u>11,813,991.85</u>	<u>9,291,930.84</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - WATER & SEWER UTILITY FUND - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves	D-4:D-15	69,349.06	136,601.99
Encumbrances Payable	D-16	40,563.72	23,467.13
Water Rent Overpayments		868.56	973.80
Sewer Rent Overpayments		1,828.18	3,030.59
Accrued Interest on Notes		747.13	775.00
Accrued Interest on Loan		7,112.36	7,269.79
Due General Capital Fund	C	20,000.00	20,000.00
Due Current Fund	A	8,196.84	20,927.35
Due Federal and State Grant Fund			18,218.03
		<u>148,665.85</u>	<u>231,263.68</u>
Reserve for Receivables		81,916.96	100,946.64
Fund Balance	D-1	1,183,974.32	1,294,575.56
Total Operating Fund		<u>1,414,557.13</u>	<u>1,626,785.88</u>
<u>Capital Fund</u>			
Loan Payable	D-21	1,896,629.37	1,938,610.92
Notes Payable - General Capital Fund			215,000.00
Bond Anticipation Notes Payable	D-22	597,702.00	620,000.00
Encumbrances Payable	D-16	1,495,409.58	199,686.46
Improvement Authorizations:			
Unfunded	D-17	4,129,347.25	2,703,431.45
Capital Improvement Fund	D-18	440,187.60	440,187.60
Due Utility Operating Fund	D	78,892.90	88,459.26
Reserve for:			
Water Tower Repairs		7,912.34	7,873.60
Love Lane Tower Improvements		141,732.00	141,732.00
Seabrook Tower Improvements		36,358.46	14,180.00
Reserve for Amortization	D-19	1,572,168.63	1,292,889.08
Fund Balance	D-2	3,094.59	3,094.59
Total Capital Fund		<u>10,399,434.72</u>	<u>7,665,144.96</u>
		<u>11,813,991.85</u>	<u>9,291,930.84</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
IN FUND BALANCE - WATER & SEWER UTILITY FUND - REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2009</u>	<u>Year 2008</u>
Fund Balance Utilized	D-3	336,092.00	437,825.19
Sewer Rents	D-3	623,769.12	635,052.21
Water Rents	D-3	240,792.58	227,018.22
Seabrook Water	D-3	129,516.30	164,511.12
Small Cities Grant	D-3	395,825.00	379,625.00
Miscellaneous Revenue Not Anticipated	D-3	105,733.31	145,107.38
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-15	133,510.16	54,557.98
Encumbrances Canceled	D-16	989.73	27,937.02
Total Income		<u>1,966,228.20</u>	<u>2,071,634.12</u>
<u>Expenditures</u>			
Operating	D-4	1,339,807.50	1,392,743.50
Capital Improvements			100,000.00
Debt Service	D-4	383,394.94	237,196.79
Deferred Charges and Statutory Expenditures	D-4	17,535.00	17,800.00
Total Expenditures		<u>1,740,737.44</u>	<u>1,747,740.29</u>
Statutory Excess to Fund Balance		225,490.76	323,893.83
<u>Fund Balance</u>			
Balance January 1	D	1,294,575.56	1,408,506.92
		<u>1,520,066.32</u>	<u>1,732,400.75</u>
Decreased by:			
Utilization as Anticipated Revenue	D-1	336,092.00	437,825.19
Balance December 31	D	<u><u>1,183,974.32</u></u>	<u><u>1,294,575.56</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF FUND BALANCE - UTILITY CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2008	<u>Ref.</u> D	3,094.59
Balance December 31, 2009	D	<u>3,094.59</u>

## EXHIBIT D-3

STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated Budget 2009</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	336,092.00	336,092.00	
Sewer Rents	D-3	625,000.00	623,769.12	(1,230.88)
Water Rents	D-3	225,000.00	240,792.58	15,792.58
Seabrook Water	D-3	160,000.00	129,516.30	(30,483.70)
Small Cities Grant	A-9	395,825.00	395,825.00	
Non-Budget Revenue	D-3		105,733.31	105,733.31
		<u>1,741,917.00</u>	<u>1,831,728.31</u>	<u>89,811.31</u>
	Ref.	D-4		

Analysis of Realized Revenue

	<u>Ref.</u>	<u>Sewer</u>	<u>Water</u>	<u>Seabrook Water</u>
Rents:				
Consumer Accounts Receivable:				
Collected	D-10	620,283.85	239,582.34	129,516.30
Overpayments Applied	D-10	3,030.59	973.80	
Lien Receivable	D-11	454.68	236.44	
	D-3	<u>623,769.12</u>	<u>240,792.58</u>	<u>129,516.30</u>

Analysis of Non-Budget Revenue

Interest on Investments	<u>Ref.</u> D-5:D-7	25,738.19
Interest on Delinquent Accounts	D-7	4,700.06
Lease	D-5	47,520.00
Sewer Connection Fees	D-7	25,213.34
Miscellaneous	D-5:D-7	2,561.72
	D-3	<u>105,733.31</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended			Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Operating:						
Salaries and Wages	190,000.00	190,000.00	170,928.56		19,071.44	
Other Expenses	344,400.00	344,400.00	261,834.42	40,563.72	42,001.86	
Sewerage Treatment Contract - Cumberland County Utility Authority	370,000.00	370,000.00	366,428.00		3,572.00	
Small Cities Grant	435,407.50	435,407.50	435,407.50			
Debt Service:						
Payment of Bond Principal	41,981.54	41,981.54	41,981.54			
Payment of Bond Anticipation Notes and Capital Notes	237,297.50	237,298.50	237,298.00			0.50
Interest on Bonds	86,770.46	86,770.46	86,613.03			157.43
Interest on Notes	18,525.00	18,524.00	17,502.37			1,021.63
Deferred Charges & Statutory Expenditures:						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	14,535.00	14,535.00	12,738.76		1,796.24	
Unemployment Compensation Insurance	3,000.00	3,000.00	92.48		2,907.52	
	<u>1,741,917.00</u>	<u>1,741,917.00</u>	<u>1,630,824.66</u>	<u>40,563.72</u>	<u>69,349.06</u>	<u>1,179.56</u>
Ref.	D-3	D-4		D-16	D	
	<u>Ref.</u>					
Due Federal and State Grant Fund	A-20		435,407.50			
Due Current Fund			8,398.49			
Interest on Loans & Notes			104,115.40			
Disbursed	D-5		1,082,903.27			
			<u>1,630,824.66</u>			

The accompanying notes to the financial statements are an integral part of this statement.

**GENERAL FIXED ASSETS**

EXHIBIT E

STATEMENT OF GENERAL FIXED ASSETS

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
General Fixed Assets:		
Land, Buildings and Improvements	5,441,860.00	5,219,360.00
Equipment	2,753,153.52	2,643,542.00
Vehicles	2,339,664.98	1,829,673.99
Furniture and Fixtures	120,503.96	119,953.61
	<u>10,655,182.46</u>	<u>9,812,529.60</u>
Investment in General Fixed Assets	<u>10,655,182.46</u>	<u>9,812,529.60</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

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

**A. Reporting Entity**

The Township of Upper Deerfield was incorporated in 1922 and is located in Cumberland County, New Jersey.

The Township is governed by an elected five member committee. The members appoint a chairman from amongst themselves to serve for a one year term. The Township is managed daily by the Township Administrator.

The financial statements of the Township included every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by N.J.S.A. 40A:5-5.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Township is obligated for debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of the taxes. The Township has no component units.

**B. Description of Funds and Account Groups**

The accounting policies of the Township 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. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its transactions through the following separate funds and accounts as presented below. This presentation differs from the three fund, two account group presentation as required by GAAP.

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

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

General Capital Fund – Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

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

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

General Fixed Assets – All fixed assets used in governmental fund type operations are accounted for in the general fixed asset account group, rather than in governmental funds.

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities in the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow.

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

Revenues – are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. Fund balance utilized to balance the budget is recorded as revenue and budgeted transfers from other funds are also recorded as revenue when anticipated in the budget. This method of revenue recognition differs from accounting principles generally accepted in the United States of America which recognizes revenue in the accounting period in which it is earned net of allowances for doubtful accounts.

Expenditures – are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's 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 canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. Appropriations for principal payments on outstanding general capital and utility capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis while interest on utility capital indebtedness is on the accrual basis. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received.

TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

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

Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

Property Taxes – The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August and November. Any taxes that have not been paid by the 11<sup>th</sup> day of the 11<sup>th</sup> month in the year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with N.J.S.A. 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county. The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Township’s annual budget protects the Township from those taxes not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year, and is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a “Reserve for Uncollected Taxes” would not be an appropriation.

Interest on Delinquent Taxes – It is the policy of the Township to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31<sup>st</sup>, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Foreclosed Property – Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Under accounting principles generally accepted in the United States of America, foreclosed property would be recorded at historical cost and no reserve would be provided.

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. Under accounting principles generally accepted in the United States of America, interfunds are not reserved.

Insurance – Cost of insurance for all funds are recorded as expenditures at the time of payment. Under accounting principles generally accepted in the United States of America, insurance costs chargeable to future periods would be recorded as prepayments on the balance sheet.

TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

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

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. Under accounting principles generally accepted in the United States of America, inventory would be recorded as an asset on the balance sheet.

Proprietary Fund – Cash Flows Statement - In accordance with the reporting requirements of the Division of Local Government Services, the utility fund's financial statements do not include a statement of cash flows.

General Fixed Assets – In accordance with N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township has developed a fixed asset accounting and reporting system.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Township capitalizes fixed assets with an original cost in excess of \$1,000.

No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the Water and Sewer Utility Fund are recorded in the respective capital account at cost and are adjusted for dispositions and abandonment. Contributions in aid of construction are not capitalized. The balances in Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represent charges to operations for the costs of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

General Long Term Debt – General Long Term Debt is accounted for in the General Capital and Utility Capital Fund. Accounting principles generally accepted in the United States of America require General Long Term Debt to be accounted for in the General Long Term Debt Account Group.

TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

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

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Appeals and Other Contingent Losses – Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

**D. Comparative Data**

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Township's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues – regulatory basis and the statement of expenditures – regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

**NOTE 2: BUDGETARY INFORMATION**

The Township must adopt an annual budget in accordance with N.J.S.A. 40A:4 et. al. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. This protects the Township from taxes not paid currently. Once approved, the Township may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per N.J.S.A. 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Township can also make amendments for any special item of revenue made available by any public or private funding source as per N.J.S.A. 40A:4-87. There were no budget amendments made during the year.

TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**NOTE 3: CASH**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (G.U.D.P.A.) or in qualified investments established in New Jersey Statutes N.J.S.A. 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2009 and 2008, the carrying amount of the Township's deposits was \$8,958,696.49 and \$10,088,415.01 respectively. As of December 31, 2009 and 2008, \$0 of the municipality's bank balance of \$9,256,739.69 and \$10,115,904.56, respectively, was exposed to custodial credit risk.

**NOTE 4: INVESTMENTS**

As of December 31, 2009, the Township held an investment in bond anticipation notes with the Township Utility Operating Fund in the amount of \$597,702.

Interest rate risk: The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes N.J.S.A. 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit risk: New Jersey Statutes N.J.S.A. 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Township or bonds or other obligations of the Township school district, 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 Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk: The Township places no limit on the amount the Township may invest in any one issuer.

TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**NOTE 5: FUND BALANCES APPROPRIATED**

Fund balances which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31 were as follows:

	<u>Year</u>	<u>Balance December 31</u>	<u>Budget of Succeeding Year</u>
	2009	3,990,090.93	2,499,470.09
	2008	4,548,290.36	1,818,090.00
Current Fund	2007	5,051,604.32	1,950,564.76
	2006	5,147,625.85	1,439,053.87
	2005	3,656,420.51	1,589,705.50
	2009	1,183,974.32	390,419.00
Water and Sewer	2008	1,294,575.56	336,092.00
Operating Fund	2007	1,408,506.92	437,825.19
	2006	1,549,121.82	476,436.00
	2005	1,619,428.00	442,441.00

**NOTE 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2009, the following deferred charges are shown on the balance sheets of the various funds.

	<u>Balance Dec. 31, 2009</u>	<u>2010 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Special Emergency Appropriation	<u>24,462.00</u>	<u>12,231.00</u>	<u>12,231.00</u>

TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**NOTE 7: INTERFUND RECEIVABLES AND PAYABLES**

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2009:

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Animal Control Trust	13,597.98	
Fire Safety Penalty Fund	19.67	
Snow Removal Trust	50.38	
Utility Operating Fund	8,196.84	
Recreation Trust	571.58	
Federal and State Grant Fund		289,392.71
Public Defender Trust Fund		846.27
Tax Sale Premium Fund		2,681.94
General Capital Fund		3,804.94
Federal and State Grant Fund		
Current Fund	289,392.71	
Utility Operating Fund		5,960.08
Animal Control Trust		
Current Fund		13,597.98
Tax Sale Premium Fund		
Current Fund	2,681.94	
Public Defender Trust		
Current Fund	846.27	
Recreation Trust		
Current Fund		571.58
Uniform Fire Safety Penalty Trust		
Current Fund		19.67
Snow Removal Trust		
Current Fund		50.38
General Capital Fund		
Current Fund	3,804.94	
Utility Operating Fund	20,000.00	
Utility Operating Fund		
Utility Capital Fund	78,892.90	
Federal and State Grant Fund	5,960.08	
General Capital Fund		20,000.00
Current Fund		8,196.84
Utility Capital Fund		
Utility Operating Fund		78,892.90
	<u>424,015.29</u>	<u>424,015.29</u>

The amount due to the Federal and State Grant Fund from the Current Fund is due to the fact that there is no grant fund bank account.

TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**NOTE 8: FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2009.

	Balance <u>Dec. 31, 2008</u>	Additions	Deletions	Balance <u>Dec. 31, 2009</u>
Land, Building & Improvements	5,219,360.00	222,500.00		5,441,860.00
Equipment	2,643,542.00	114,611.52	5,000.00	2,753,153.52
Vehicles	1,829,673.99	512,410.99	2,420.00	2,339,664.98
Furniture & Fixtures	119,953.61	550.35		120,503.96
	<u>9,812,529.60</u>	<u>850,072.86</u>	<u>7,420.00</u>	<u>10,655,182.46</u>

**NOTE 9: LONG-TERM DEBT**

During the calendar year 2009, the following changes occurred in the municipal debt of the Township:

	Balance <u>Dec. 31, 2008</u>	Issued/ Authorized	Retired/ Reduction	Balance <u>Dec. 31, 2009</u>
<u>ISSUED:</u>				
Water & Sewer Utility:				
Loans	1,938,610.92		41,981.55	1,896,629.37
Bond Anticipation Notes	835,000.00		237,298.00	597,702.00
Net Debt Issued	<u>2,773,610.92</u>		<u>279,279.55</u>	<u>2,494,331.37</u>
<u>AUTHORIZED BUT NOT ISSUED:</u>				
Water & Sewer Utility:				
Bonds & Notes	3,000,000.00	3,299,000.00		6,299,000.00
Authorized but not Issued	<u>3,000,000.00</u>	<u>3,299,000.00</u>		<u>6,299,000.00</u>
Total Debt Issued and Authorized but Not Issued	<u>5,773,610.92</u>	<u>3,299,000.00</u>	<u>279,279.55</u>	<u>8,793,331.37</u>

Permanently funded debt as of December 31, 2009, consisted of the following:

\$2,378,100 Farmers Home Administration Loan dated 5/10/94 payable in semi-annual installments through 5/10/34. Interest is paid semi-annually at a rate of 4.5% per annum. The balance remaining at December 31, 2009 was \$1,896,629.37.

TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**NOTE 9: LONG-TERM DEBT (CONTINUED)**

Schedule of Annual Debt Service for Principal and Interest  
For Bonded Debt Issued and Outstanding

Year Ended <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Farmers Home Administration Loan			
2010	43,891.97	84,860.03	128,752.00
2011	45,889.33	82,862.67	128,752.00
2012	47,977.58	80,774.42	128,752.00
2013	50,160.86	78,591.14	128,752.00
2014	52,443.49	76,308.51	128,752.00
2015-2019	300,262.57	343,497.43	643,760.00
2020-2024	375,089.04	268,670.96	643,760.00
2025-2029	468,562.50	175,197.50	643,760.00
2030-2034	512,352.03	67,031.97	579,384.00
	<u>1,896,629.37</u>	<u>1,257,794.63</u>	<u>3,154,424.00</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 Annual Debt Statement and indicates a statutory net debt of 0%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	7,747,615.17	7,747,615.17	None
Water & Sewer Debt	8,793,331.37	8,793,331.37	None
General Debt	None		None
	<u>16,540,946.54</u>	<u>16,540,946.54</u>	<u>None</u>

Net Debt \$0/Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$703,518,464.67 = 0%

Borrowing Power Under N.J.S.A. 40:A2-6 As Amended

3 1/2% of Equalized Valuation Basis (Municipal)	24,623,146.26
Net Debt	None
Remaining Borrowing Power	<u>24,623,146.26</u>

TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**NOTE 9: LONG-TERM DEBT (CONTINUED)**

Calculation of "Self-Liquidating Purpose" Water & Sewer Utility per N.J.S.A.40:2-45

Cash receipts from fees, rents, or other charges		1,435,913.31
Deductions:		
Operating and Maintenance Costs	921,935.00	
Debt Service per Water & Sewer Account	383,394.94	
		1,305,329.94
Excess in Revenue		130,583.37

**NOTE 10: NOTES PAYABLE**

The Township had a Utility Capital bond anticipation note outstanding as of December 31, 2009 in the amount of \$597,702 that will mature on December 10, 2010 at an interest rate of 3%.

**NOTE 11: PENSION FUNDS**

Description of Plans - All eligible employees of the Township are covered by the Public Employees' Retirement System, (P.E.R.S.), a cost-sharing multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the P.E.R.S. The reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625 or can be accessed on the internet at [http://www.state.nj.us/treasury/pensions/annrpts\\_archieve.htm](http://www.state.nj.us/treasury/pensions/annrpts_archieve.htm).

Public Employees' Retirement System (P.E.R.S.) - The Public Employees' Retirement System (P.E.R.S.) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death disability and medical benefits to certain qualified members. P.E.R.S. is a cost-sharing multiple-employer plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

Funding Policy - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. P.E.R.S. provides for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in P.E.R.S. The P.E.R.S. rate in effect for 2009 is 8.05% of covered payroll as reported on June 30, 2007. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Township's contributions to P.E.R.S for the years ending December 31, 2009, 2008 and 2007 were \$87,999, \$59,376 and \$27,517 respectively, equal to the required contributions for each year.

TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**NOTE 12: ACCUMULATED ABSENCE BENEFITS**

Township employees are granted vacation benefits in varying amounts depending on their length of service with the Township. Employees are granted sick leave on the basis of one and one quarter working day for each full month of employment. The Township permits employees to accrue unused sick time. All sick leave terminates as of the date of separation, except for qualified retirement. Upon retirement, the employee will be paid for one half of the unused leave at the employee's final rate of pay up to a maximum of \$7,500. The Township allows employees to carry over four vacation days to the following year.

The Township has adopted an ordinance in regards to accumulated absence benefits.

The total value of compensated absences owed to employees as of December 31, 2009 was \$75,716.56. The Township has established a trust to fund a reserve for accumulated absences. As of December 31, 2009, the fund had a reserve balance of \$46,771.64.

**NOTE 13: POST-RETIREMENT BENEFITS**

**Plan Description.** The Township of Upper Deerfield 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. 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 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 2004, Upper Deerfield Township authorized participation in the SHBP's post-retirement benefit program through resolution number 04-103. Upon retirement, with a minimum of 25 years of employment or service credit with the Township, the employee will be entitled to continuation of current health benefits from the Township, at the expense of the Township. The health benefits will cease, when the employee/retiree reaches the age to enroll in the federal Medicare program, or after five (5) years, whichever is first to occur.

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 or by visiting their website at [www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf](http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf)

**Funding Policy:** 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.

TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**NOTE 13: POST-RETIREMENT BENEFITS (CONTINUED)**

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis.

The Township contributions to SHBP for the years ended December 31, 2009, 2008 and 2007, were \$13,321.92, \$12,687.60 and \$11,656.36, respectively, which equaled the required contributions for each year. There was one (1) retired participant eligible at December 31, 2009, 2008, and 2007.

**NOTE 14: DEFERRED COMPENSATION PLAN**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the plan are held by an independent administrator, Variable Annuity Life Insurance Company (VALIC).

**NOTE 15: TAXES COLLECTED IN ADVANCE**

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

	Balance <u>Dec. 31, 2009</u>	Balance <u>Dec. 31, 2008</u>
Prepaid Taxes - Cash liability	<u>174,186.90</u>	<u>154,129.22</u>

**NOTE 16: ECONOMIC DEPENDENCY**

The Township is not economically dependent on any one business or industry within the Township.

**NOTE 17: RISK MANAGEMENT**

The Township is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Township maintains commercial insurance coverage for property, liability and surety bonds. The Township is a member of the Atlantic County Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have been no claims in excess of coverage and no reduction in coverage during the year 2009.

TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**NOTE 18: PROPERTY TAX INFORMATION**

COMPARISON OF TAX RATE INFORMATION

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax Rate:	3.780	3.783	3.532
Apportionment of Tax Rate:			
County	1.478	1.513	1.303
Local Health Service	0.070	0.071	0.059
County Open Space Preservation	0.018	0.017	0.014
Local School	1.479	1.443	1.410
Regional High School	0.735	0.074	0.746
Assessed Valuation	434,564,399	433,113,262	421,881,678

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 collections could be an indication of probable increase in future tax levies.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax Levy	16,489,375.89	16,451,075.33	15,120,621.41
Cash Collections	15,680,006.32	15,897,777.55	14,622,318.74
Percentage of Collections	95.09%	96.64%	96.70%

DELINQUENT TAXES AND TAX TITLE LIENS

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Amount of Tax Title Liens	19,734.33	12,121.09	10,121.38
Delinquent Taxes	620,439.03	547,865.96	488,273.23
Total Delinquent	640,173.36	559,987.05	498,394.61
Percentage of Tax Levy	3.88%	3.40%	3.30%

TOWNSHIP OF UPPER DEERFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**NOTE 18: PROPERTY TAX INFORMATION (CONTINUED)**

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Property Acquired for Taxes (Assessed Valuation)	82,800.00	82,800.00	82,800.00

**NOTE 19: LITIGATION**

It is the Township of Upper Deerfield Counsel's opinion there exists no litigation or contingent liability that may be pending against the Township of Upper Deerfield that would have an adverse effect on the financial position in the future.

**SUPPLEMENTARY DATA**

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
21 W. High Street • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

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

Honorable Chairman and Members  
of the Township Committee  
Township of Upper Deerfield  
County of Cumberland, New Jersey

We have audited the financial statements – regulatory basis of the Township of Upper Deerfield as of and for the year ended December 31, 2009, and have issued our report thereon dated July 23, 2010. Our report disclosed that, as describe in Note 1 to the financial statements – regulatory basis, the Township of Upper Deerfield prepares its financial statements on a basis of accounting prescribed by Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township of Upper Deerfield'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 an opinion on the effectiveness of the Township of Upper Deerfield's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Upper Deerfield'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

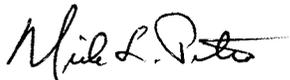
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Upper Deerfield'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*.

This report is intended solely for the information and use of the management, the governing body, federal and state awarding agencies and pass-through entities and the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252

July 23, 2010

TOWNSHIP OF UPPER DEERFIELD  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2009

State Funding Department/Program	State Grant Number	Program Amount	Matching Funds	Funds Received	Grant Period		Amount of Expenditures	Cumulative Expenditures
					From	To		
Department of Community Affairs Municipal Alliance on Alcoholism & Drug Abuse	N/A	39,000.00		39,000.00	01/01/09	N/A	39,000.00	39,000.00
Clean Communities	4900-765-042-4900-004-VCMC-6020	9,976.08		9,976.08	01/01/09	N/A	2,495.00	2,495.00
Department of Housing and Urban Development Neighborhood Preservation	8020-100-022-8020-092-F301-6020	120,000.00	20,000.00	100,000.00	01/01/07	N/A	34,645.65	120,000.00
		120,000.00	20,000.00	81,757.10	01/01/08	N/A	90,517.22	90,517.22
				<u>230,733.18</u>			<u>166,657.87</u>	<u>252,012.22</u>

**CURRENT FUND**

SCHEDULE OF CASH - TREASURER

Balance December 31, 2008	<u>Ref.</u> A		5,198,378.05
Increased by Receipts:			
Transfer from Tax Collector	A-6	17,129,600.52	
Grants Receivable	A-9	370,011.23	
Revenue Accounts Receivable	A-13	2,449,461.38	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-17	135,562.32	
Reserve for Grants - Unappropriated	A-21	56,289.69	
Investment - Utility Capital Fund	A-8	22,298.00	
Due from General Capital Fund		5,762.62	
Due from Tax Sale Premium Fund		1,070.11	
Due from Animal Control Trust		10,140.62	
Due from Accumulated Absence Trust		965.90	
Due from Snow Removal Trust		49.88	
Due from Escrow Fund		258.02	
Due from Utility Operating Fund		21,129.00	
Due from Utility Operating Fund - Federal and State Grant Fund		63,760.61	
Reserve for Home Rehabilitation		3,332.09	
Reserve for Garden State Trust		201.54	
			<u>20,269,893.53</u>
			25,468,271.58
Decreased by Disbursements:			
2009 Budget Appropriations	A-3	1,752,297.82	
2008 Appropriation Reserves	A-15	55,101.40	
Encumbrances Payable	A-16	519,041.41	
Reserve for Grants - Appropriated	A-20	199,175.26	322,039.29
Tax Overpayments Refunded		177,049.24	122,864.03
Payroll Taxes Payable		1,361,987.55	63,760.61
County Taxes		6,798,929.45	
Due County for Added and Omitted Taxes		50,401.62	
Local District School Tax	A-18	6,423,541.00	
Regional High School Tax	A-19	3,191,335.64	
Due Tax Sale Premium Fund		1,986.77	
Due Utility Operating Fund		7,649.13	
			<u>20,538,496.29</u>
Balance December 31, 2009	A		<u><u>4,929,775.29</u></u>

SCHEDULE OF CURRENT FUND CASH AND RECONCILIATION  
PER N.J.S.A. 40A:5-5 - TREASURER

Balance December 31, 2009	<u>Ref.</u> A-4	4,929,775.29
Increased by Receipts:		
Cash Receipts Record		10,525,441.52
		<u>15,455,216.81</u>
Decreased by Disbursements:		
Cash Disbursements Record		12,136,704.35
Balance June 30, 2010	A-5	<u><u>3,318,512.46</u></u>
		<u>Cash Reconciliation - June 30, 2010</u>
Balance per Statement		
Colonial Bank		2,003,919.71
Century Savings Bank		1,500,000.00
Add: Deposit in Transit		9,667.93
		<u>3,513,587.64</u>
Less: Outstanding Checks		195,075.18
Balance June 30, 2010	A-5	<u><u>3,318,512.46</u></u>

SCHEDULE OF CASH - COLLECTOR

Balance December 31, 2008	<u>Ref.</u> A		447,044.56
Increased by Receipts:			
Taxes Receivable	A-10	16,007,784.90	
Tax Title Liens	A-11	2,823.86	
Revenue Accounts Receivable	A-13	540,412.20	
Prepaid Taxes		174,186.90	
Tax Overpayments		302,253.41	
Due Tax Sale Premium Fund		3,716.48	
			<u>17,031,177.75</u>
			17,478,222.31
Decreased by Disbursements:			
Paid to Treasurer	A-4		17,129,600.52
Balance December 31, 2009	A		<u><u>348,621.79</u></u>

EXHIBIT A-7SCHEDULE OF CURRENT FUND CASH AND RECONCILIATION  
PER N.J.S.A. 40A:5-5 - COLLECTOR

Balance December 31, 2009	<u>Ref.</u> A-6		348,621.79
Decreased by Disbursements:			
Cash Disbursements Record			<u>348,621.79</u>

EXHIBIT A-8SCHEDULE OF INVESTMENTS - BOND ANTICIPATION NOTES  
UTILITY CAPITAL FUND

Balance December 31, 2008	<u>Ref.</u> A		620,000.00
Decreased by:			
Receipts	A-4		<u>22,298.00</u>
Balance December 31, 2009	A		<u><u>597,702.00</u></u>

SCHEDULE OF GRANTS RECEIVABLE

<u>Grant</u>	<u>Balance Dec. 31, 2008</u>	<u>2009 Budget Revenue Realized</u>	<u>Received</u>	<u>Transfer from Unappropriated Reserves</u>	<u>Balance Dec. 31, 2009</u>
Federal:					
Small Cities Community Development Block Grant	104,121.56	200,000.00			304,121.56
Older Americans Title IIIB	3,276.66	4,656.00	5,530.00		2,402.66
Older Americans Title IIIF	1,260.69				1,260.69
Small Cities Grant - Water Utility	379,625.00	395,825.00			775,450.00
State:					
NJ Transportation Trust Fund Authority Act	285,627.52	267,000.00	161,419.94		391,207.58
Alliance for Substance Abuse Prevention Program	21,046.00	39,000.00	39,922.00		20,124.00
Handicapped Persons Recreational Opportunity Act	2,250.00				2,250.00
Clean Communities Program		9,976.08	7,139.29	2,836.79	
Green Communities Program	2,000.00				2,000.00
Recycling Tonnage Grant		17,923.25		17,923.25	
NJ Preparedness Grant	3,800.00				3,800.00
Neighborhood Preservation	174,242.90	100,000.00	156,000.00		118,242.90
	<u>977,250.33</u>	<u>1,034,380.33</u>	<u>370,011.23</u>	<u>20,760.04</u>	<u>1,620,859.39</u>
Ref.	A	A-2:D-3	A-4	A-21	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2009 Levy	Added Taxes	Collected		Overpayments Applied	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2008			2008	2009				Dec. 31, 2009
2005	443.53				443.53				
2006	472.65		8,535.15		1,743.33				7,264.47
2007	4,717.66		8,801.73		4,733.18				8,786.21
2008	542,232.12		104,398.03		615,482.78			3,284.34	27,863.03
	547,865.96		121,734.91		622,402.82			3,284.34	43,913.71
2009		16,489,375.89		154,129.22	15,525,516.72	360.38	226,109.91	6,734.34	576,525.32
	547,865.96	16,489,375.89	121,734.91	154,129.22	16,147,919.54	360.38	226,109.91	10,018.68	620,439.03
Ref.	A							A-11	A
				Ref.					
		Cash		A-6	16,007,784.90				
		Due State of New Jersey		A-17	140,134.64				
					16,147,919.54				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of 2009 Property Tax Levy

Tax Yield

General Purpose Tax:			
Business Personalty Tax	46,505.30		
General Property Tax	16,380,028.98		
		<hr/>	
		16,426,534.28	
Added Taxes (54:4-63.1 et seq.)		62,841.61	
		<hr/>	
			16,489,375.89
			<hr/> <hr/>

<u>Tax Levied</u>	<u>Ref.</u>		
Local District School Tax (Abstract)	A-18	6,423,541.00	
Regional High School Tax (Abstract)	A-19	3,192,654.47	
County Taxes:			
County Tax (Abstract)		6,419,381.80	
Local Health Services Tax (Abstract)		303,822.94	
County Open Space Preservation			
Trust Fund Tax (Abstract)		75,724.71	
Due County for Added & Omitted Taxes		26,034.38	
		<hr/>	
Total County Taxes			6,824,963.83
Local Tax for Municipal Purposes		0.00	
Add: Additional Taxes Levied		48,216.59	
		<hr/>	
			48,216.59
			<hr/> <hr/>
			16,489,375.89
			<hr/> <hr/>

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2008	A		12,121.09
Increased by:			
Transfers from Taxes Receivable	A-10	10,018.68	
Interest and Costs Accrued by Sale of June 30, 2009		<u>418.42</u>	
			<u>10,437.10</u>
			22,558.19
Decreased by:			
Collected	A-6		<u>2,823.86</u>
Balance December 31, 2009	A		<u><u>19,734.33</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

	<u>Ref.</u>		
Balance December 31, 2008	A		<u>82,800.00</u>
Balance December 31, 2009	A		<u><u>82,800.00</u></u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued	Collected by		Balance
	Dec. 31, 2008	in 2009	Treasurer	Collector	Dec. 31, 2009
<u>Miscellaneous Revenue Anticipated</u>					
Fines and Costs:					
Municipal Court	10,701.69	109,076.90	96,993.59		22,785.00
Emergency Medical Services Billings		254,210.21	254,210.21		
Energy Receipts Tax		1,713,456.00	1,713,456.00		
Uniform Construction Code Fees	2,144.00	85,477.00	72,809.00		14,812.00
Deerfield Township - Uniform					
Construction Code		37,390.80	37,390.80		
Uniform Fire Safety Act		23,575.80	23,575.80		
<u>Miscellaneous Revenue Not Anticipated</u>					
Interest on Investments	60.47	105,190.37	96,937.09	8,267.03	46.72
Tax Searches		130.00		130.00	
Interest & Costs on Taxes		108,073.88		108,073.88	
Fees & Permits	3,011.25	113,073.92	107,447.42	6,825.67	1,812.08
Payments in Lieu of Taxes		417,115.62		417,115.62	
Sale of Municipal Assets		12,281.00	12,281.00		
Judgements		25,000.00	25,000.00		
Miscellaneous		9,360.47	9,360.47		
	<u>15,917.41</u>	<u>3,013,411.97</u>	<u>2,449,461.38</u>	<u>540,412.20</u>	<u>39,455.80</u>
Ref.	A		A-4	A-6	A

SCHEDULE OF DEFERRED CHARGES  
N.J.S.A. 40A:4-53 SPECIAL EMERGENCY

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2008</u>	<u>Raised in 2009 Budget</u>	<u>Balance Dec. 31, 2009</u>
5/18/06	Revision and Codification of Ordinances	21,655.00	4,331.00	12,993.00	4,331.00	8,662.00
7/6/06	Master Plan Studies	39,500.00	7,900.00	23,700.00	7,900.00	15,800.00
		<u>61,155.00</u>	<u>12,231.00</u>	<u>36,693.00</u>	<u>12,231.00</u>	<u>24,462.00</u>
	Ref.			A	A-3	A

SCHEDULE OF 2008 APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2009</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages			
General Administration	5,960.08	1,275.65	4,684.43
Municipal Clerk	801.67	557.04	244.63
Financial Administration	1,347.50	1,103.18	244.32
Revenue Administration	1,596.77	650.30	946.47
Tax Assessment	426.78	121.81	304.97
Planning Board	294.49	132.38	162.11
Zoning Board of Adjustment	130.22	56.85	73.37
Zoning Officer	1,411.63	849.13	562.50
Housing Official	1,521.97	736.92	785.05
Emergency Management	336.95	42.42	294.53
Ambulance	6,478.64	1,242.00	5,236.64
Fire Official	145.84	22.44	123.40
Streets & Roads	36,203.56	1,877.60	34,325.96
Solid Waste Convenience Center	21,631.48	881.14	20,750.34
Buildings and Grounds	23,122.69	1,285.04	21,837.65
Board of Health	233.97	114.61	119.36
Environmental Commission	44.57	14.69	29.88
Animal Control	121.76	97.45	24.31
Senior Center	3,999.70	307.25	3,692.45
Maintenance of Parks	19,160.70	902.49	18,258.21
Municipal Court	6,903.01	2,053.38	4,849.63
Construction Code	16,440.76	1,977.08	14,463.68
Other Expenses			
General Administration	3,863.53	49.73	3,813.80
Financial Administration	6,526.93	5,497.46	1,029.47
Engineering Services and Costs	5,932.50	630.00	5,302.50
Planning Board	18,108.53	47.00	18,061.53
Employee Group Insurance	82,578.86	24,034.18	58,544.68
Payment in Lieu of Benefits	2,763.86	715.80	2,048.06
Emergency Management	836.11	167.02	669.09
Aid to Volunteer Fire Companies	4,197.65	386.62	3,811.03
Ambulance	18,703.90	3,005.65	15,698.25
Streets & Roads	30,349.80	1,986.67	28,363.13
Buildings and Grounds	15,768.50	308.76	15,459.74
Maintenance of Parks	12,971.30	758.68	12,212.62
Municipal Court	3,436.55	394.68	3,041.87
Construction Code	3,184.82	818.30	2,366.52
Other Accounts - No Change	166,624.41		166,624.41
	<u>524,161.99</u>	<u>55,101.40</u>	<u>469,060.59</u>
Ref.	A	A-4	A-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal &amp; State Grant Fund</u>
Balance December 31, 2008	A	416,770.22	194,372.63
Increased by:			
Charges to 2009 Appropriations	A-3	160,209.94	
Charges to Reserve for Grants	A-20		161,940.00
		<u>576,980.16</u>	<u>356,312.63</u>
Decreased by:			
Payments	A-4	332,416.77	186,624.64
Canceled	A-1:A-20	16,772.11	7,747.99
		<u>349,188.88</u>	<u>194,372.63</u>
Balance December 31, 2009	A	<u>227,791.28</u>	<u>161,940.00</u>

SCHEDULE OF DUE TO STATE OF NEW JERSEY  
SENIOR CITIZEN AND VETERANS DEDUCTIONS

	<u>Ref.</u>	
Balance December 31, 2008	A	35,385.78
Increased by:		
Receipts	A-4	135,562.32
		<hr/> 170,948.10
Decreased by:		
2009 Deductions Per Tax Duplicate		138,750.00
2009 Deductions Allowed by Collector		3,750.00
2009 Deductions Disallowed by Collector		(2,365.36)
		<hr/> 140,134.64
Prior Year Deduction Disallowed	A-10 A-1	(4,250.00)
		<hr/> 135,884.64
Balance December 31, 2009	A	<hr/> <hr/> 35,063.46

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>Ref.</u>	
Increased by:		
2009 Calendar Year School Levy	A-10	6,423,541.00
Decreased by:		
Payments	A-4	<u>6,423,541.00</u>

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

	<u>Ref.</u>	
Balance December 31, 2008	A	(1,318.83)
Increased by:		
2009 Calendar Year School Levy	A-10	<u>3,192,654.47</u>
		3,191,335.64
Decreased by:		
Payments	A-4	<u>3,191,335.64</u>

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2008	Transferred from 2009 Budget Appropriation	Paid or Charged	Encumbrance Canceled	Balance Dec. 31, 2009
<b>Federal Grants:</b>					
Small Cities Community Development Block Grant	160,181.06	220,000.00	138,613.90		241,567.16
Older Americans Title IIIB	1,425.04	4,656.00	4,662.88		1,418.16
Older Americans Title IIIF	892.97				892.97
Small Cities Block Grant - Water Utility	402,044.03	435,407.50	51,180.61		786,270.92
<b>State Grants:</b>					
NJ Transportation Trust Fund	82,956.67	267,000.00		101.99	350,058.66
Alliance for Substance Abuse Prevention Program	400.00	39,000.00	39,000.00		400.00
Clean Communities Program	21,634.85	9,976.08	2,495.00	250.00	29,365.93
Handicapped Persons Recreational Opportunity Act	34,513.17				34,513.17
Special Legislative Grant	605.00				605.00
Recycling Tonnage Grant	52,962.04	17,923.25		7,396.00	78,281.29
Neighborhood Preservation	154,645.65	120,000.00	125,162.87		149,482.78
Stormwater Grant	7,000.00				7,000.00
NJ State Police SLAEHOP	6,205.72				6,205.72
	<u>925,466.20</u>	<u>1,113,962.83</u>	<u>361,115.26</u>	<u>7,747.99</u>	<u>1,686,061.76</u>
Ref.	A	A-3:-D-4		A-16	A
		<u>Ref.</u>			
Cash		A-4	199,175.26		
Encumbered		A-16	161,940.00		
			<u>361,115.26</u>		

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	<u>Balance Dec. 31, 2008</u>	<u>Received</u>	<u>Appropriated in 2009</u>	<u>Balance Dec. 31, 2009</u>
State Grants:				
Recycling Tonnage Grant	17,923.82	50,701.36	17,923.25	50,701.93
Clean Communities	2,836.79	5,588.33	2,836.79	5,588.33
	<u>20,760.61</u>	<u>56,289.69</u>	<u>20,760.04</u>	<u>56,290.26</u>
	A	A-4	A-9	A

**TRUST FUND**

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Animal Control Trust Fund		Escrow Trust Fund	Municipal Alliance Trust Fund	Public Defender Trust Fund	Accumulated Absence Trust Fund	Recreation Trust Fund	Snow Removal Trust	Affordable Housing Trust	Landfill Closure Fund	Uniform Fire Safety Penalty
		Registrar	Treasurer									
Balance December 31, 2008	B	19.43	28,634.19	300,814.11	2,146.21	466.10	40,203.43	8,513.45	59,040.08	72,547.73	37,403.16	
Increased by Receipts:												
Dog License Fees:												
Municipal Share	B-5	12,999.20										
State Share		2,662.80										
Interest Earned		7.08		2,299.12	12.12	15.38	320.57	83.48	471.03	579.80	298.51	19.67
Transfer from Registrar	B-1		13,020.30									
Escrow Deposits				39,388.75								
Program Income					3,930.00							
Public Defender Fees						2,525.00						
Accumulated Absence Reserve							7,500.00					
Recreation Fees								14,408.25				
Penalty Monies												2,462.68
		15,669.08	13,020.30	41,687.87	3,942.12	2,540.38	7,820.57	14,491.73	471.03	579.80	298.51	2,482.35
		15,688.51	41,654.49	342,501.98	6,088.33	3,006.48	48,024.00	23,005.18	59,511.11	73,127.53	37,701.67	2,482.35
Decreased by Disbursements:												
Paid to State of New Jersey		2,668.20										
Transfer to Treasurer	B-1	13,020.30										
Transfer to Current Fund			10,140.62				1,252.36		470.53			
Escrow Charges				42,055.15								
Municipal Alliance Expenses					4,155.43							
Public Defender Expenses						322.24						
Recreation Expenses								14,137.00				
		15,688.50	10,140.62	42,055.15	4,155.43	322.24	1,252.36	14,137.00	470.53			
Balance December 31, 2009	B	0.01	31,513.87	300,446.83	1,932.90	2,684.24	46,771.64	8,868.18	59,040.58	73,127.53	37,701.67	2,482.35

SCHEDULE OF TRUST FUND CASH AND RECONCILIATION  
PER N.J.S.A. 40A:5-5 - TREASURER

	<u>Ref.</u>	<u>Animal Control Trust Fund Registrar</u>	<u>Trust Fund Treasurer</u>	<u>Escrow Trust Fund</u>	<u>Municipal Alliance Trust Fund</u>	<u>Public Defender Trust Fund</u>	<u>Accumulated Absence Trust Fund</u>	<u>Recreation Trust Fund</u>	<u>Snow Removal Trust Fund</u>	<u>Affordable Housing Trust Fund</u>	<u>Landfill Closure Fund</u>	<u>Uniform Fire Safety Penalty</u>
Balance December 31, 2009	B-1	0.01	31,513.87	300,446.83	1,932.90	2,684.24	46,771.64	8,868.18	59,040.58	73,127.53	37,701.67	2,482.35
Increased by Receipts:												
Cash Receipts Record		3,200.69	11,909.46	30,721.15	2,400.97	525.80	231.80	18,385.24	293.39	340.13	187.35	12.35
		3,200.70	43,423.33	331,167.98	4,333.87	3,210.04	47,003.44	27,253.42	59,333.97	73,467.66	37,889.02	2,494.70
Decreased by Disbursements:												
Cash Disbursements Record		3,200.70	4,294.60	14,084.50	2,238.04			10,816.00		23,581.90		
Balance June 30, 2010	B-2		<u>39,128.73</u>	<u>317,083.48</u>	<u>2,095.83</u>	<u>3,210.04</u>	<u>47,003.44</u>	<u>16,437.42</u>	<u>59,333.97</u>	<u>49,885.76</u>	<u>37,889.02</u>	<u>2,494.70</u>
<u>Cash Reconciliation - June 30, 2010</u>												
Balance per Statement												
Colonial Bank			39,228.93	317,083.48	2,648.33	3,210.04	47,003.44		59,333.97	49,885.76	37,889.02	2,494.70
Bank of America								16,437.42				
			<u>39,228.93</u>	<u>317,083.48</u>	<u>2,648.33</u>	<u>3,210.04</u>	<u>47,003.44</u>	<u>16,437.42</u>	<u>59,333.97</u>	<u>49,885.76</u>	<u>37,889.02</u>	<u>2,494.70</u>
Less: Outstanding Checks			100.20		552.50							
Balance June 30, 2010	B-2		<u>39,128.73</u>	<u>317,083.48</u>	<u>2,095.83</u>	<u>3,210.04</u>	<u>47,003.44</u>	<u>16,437.42</u>	<u>59,333.97</u>	<u>49,885.76</u>	<u>37,889.02</u>	<u>2,494.70</u>

SCHEDULE OF TRUST FUND CASH - COLLECTOR

Balance December 31, 2008	<u>Ref.</u> B		225.17
Increased by:			
Deposits for Redemption of Tax Sale Certificates		206,241.56	
Interest Earned		117.88	
		<hr/>	<hr/>
			206,359.44
			<hr/>
			206,584.61
Decreased by:			
Refunds Upon Redemption		197,242.86	
Due Current Fund		2.49	
		<hr/>	<hr/>
			197,245.35
Balance December 31, 2009	B		<hr/> <hr/>
			9,339.26

SCHEDULE OF TRUST FUND CASH AND RECONCILIATION  
PER N.J.S.A. 40A:5-5 - COLLECTOR

	<u>Ref.</u>	
Balance December 31, 2009	B-3	9,339.26
Increased by:		
Cash Receipts Record		136,667.43
		<u>146,006.69</u>
Decreased by:		
Cash Disbursements Record		89,897.86
Balance June 30, 2010	B-4	<u>56,108.83</u>

Cash Reconciliation - June 30, 2010

Balance per Statement Colonial Bank		57,369.33
Less: Outstanding Checks		1,260.50
Balance June 30, 2010	B-4	<u>56,108.83</u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2008	<u>Ref.</u> B	18,507.60
Increased by:		
Municipal Share of Dog License Fees	B-1	12,999.20
		<u>31,506.80</u>
Decreased by:		
Statutory Excess Due Current Fund		13,590.90
Balance December 31, 2009	B	<u><u>17,915.90</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2007	9,023.60
2008	8,892.30
	<u>17,915.90</u>

**GENERAL CAPITAL FUND**

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2008	<u>Ref.</u> C		1,856,804.40
Increased by:			
Interest Earned		13,960.13	
Due from Utility Operating Fund	C-4	215,000.00	
Budget Refund - Prior Year	C-6	970.29	
Budget Appropriation:			
Improvements to Roads		5,775.00	
Improvements to Convenience Center		20,000.00	
Purchase of Land - Farmland Preservation		50,000.00	
Improvements to Municipal Building and Facilities		50,000.00	
Purchase of Emergency and Fire Vehicles		31,450.00	
Purchase of Public Works Vehicles		175,080.00	
		<hr/>	562,235.42
			<hr/> 2,419,039.82
Decreased by:			
Improvement Authorizations	C-7	244,000.00	
Encumbrances Payable	C-8	316,567.94	
Reserve for Document Imaging		2,006.86	
Reserve for Sanitary Landfill Closure		8,669.00	
Due Current Fund		23,527.69	
		<hr/>	594,771.49
Balance December 31, 2009	C		<hr/> <hr/> 1,824,268.33

EXHIBIT C-3

SCHEDULE OF GENERAL CAPITAL CASH AND RECONCILIATION  
PER N.J.S.A. 40A:5-5 -- TREASURER

	<u>Ref.</u>	
Balance December 31, 2009	C-2	1,824,268.33
Increased by:		
Cash Receipts Record		47,324.93
		<u>1,871,593.26</u>
Decreased by:		
Cash Disbursements Record		94,687.31
Balance June 30, 2010	C-3	<u><u>1,776,905.95</u></u>

Cash Reconciliation - June 30, 2010

Balance per Statement		
Colonial Bank		1,276,905.95
Century Savings Bank		500,000.00
Balance June 30, 2010	C-3	<u><u>1,776,905.95</u></u>

EXHIBIT C-4

SCHEDULE OF INVESTMENTS - BOND ANTICIPATION NOTES  
UTILITY CAPITAL FUND

	<u>Ref.</u>	
Balance December 31, 2008	C	215,000.00
Decreased by:		
Due from Utility Operating Fund	C-2	<u>215,000.00</u>

## ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance	Receipts		Disbursements		Transfers	Balance
	Dec. 31, 2008	Miscellaneous	Improvement Authorizations	Miscellaneous			Dec. 31, 2009
Capital Improvement Fund	385,464.23	970.29					386,434.52
Fund Balance	6,445.65				(5,444.00)		1,001.65
Reserve for Sanitary Landfill Closure	429,649.50			8,669.00			420,980.50
Reserve for Improvements to Sewerage Collection System	6,323.13						6,323.13
Reserve for Expansion of Facilities for Township Parks	18,667.94						18,667.94
Reserve for Purchase of Land - Farmland Preservation	100,000.00	50,000.00					150,000.00
Reserve for Improvements to Convenience Center	118,125.00	20,000.00					138,125.00
Reserve for Construction of a Senior Center	10,000.00						10,000.00
Reserve for Improvements to Roads	169,639.32	5,775.00					175,414.32
Reserve for Purchase of Emergency and Fire Vehicles	53,184.31	31,450.00					84,634.31
Reserve for Purchase of Public Works Vehicle	37,056.00	175,080.00			(37,056.00)		175,080.00
Reserve for Purchase of Court Video Conference Equipment	5,869.51						5,869.51
Reserve for Improvements to Municipal Buildings and Facilities	67,143.43	50,000.00			(10,000.00)		107,143.43
Reserve for Document Imaging	4,527.29			2,006.86			2,520.43
Reserve for Purchase of Salt Shed	75,000.00				(75,000.00)		
Encumbrances Payable	321,159.00			316,567.94	36,828.94		41,420.00
Due Current Fund	5,762.62	13,960.13		23,527.69			(3,804.94)
Due Utility Operating Fund	(20,000.00)						(20,000.00)
Improvement Authorizations:							
Ordinance							
Number							
363 Construction of a Sanitary Sewer System and Water Supply System	2,000.00						2,000.00
531 Reconstruction of Bostwick Lake Dam	20,000.00		11,500.00				8,500.00
584 Purchase of Ambulance	1,695.47						1,695.47
612 Purchase of Land, Block 1901 Lot 15.02	237,500.00		232,500.00				5,000.00
615 Overlay & Drainage Improvements for Holly Ave., Olaf Rd. & Horton Ave.	16,592.00				3,618.56		20,210.56
640 Purchase of Municipal Trucks					2,052.50		2,052.50
641 Construction of a Salt Shed					85,000.00		85,000.00
	<u>2,071,804.40</u>	<u>347,235.42</u>	<u>244,000.00</u>	<u>350,771.49</u>			<u>1,824,268.33</u>
Ref.	C	C-2:C-6	C-7	C-2			C

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2008	C	385,464.23
Increased by:		
Budget Refund - Prior Year	C-2	970.29
Balance December 31, 2009	C	<u>386,434.52</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Purpose	Ordinance		Balance Dec. 31, 2008 Funded	2009 Authorization			Encumbrance Canceled	Balance Dec. 31, 2009 Funded
	Number	Amount		Fund Balance	Reserve for Various Improvements	Paid or Charged		
Construction of Water Supply System	259,266	838,000.00						
Construction of a Sanitary Sewer System and a Water Supply System	363	45,028.25	2,000.00					2,000.00
Refurbishment of a 1979 Fire Pumper Truck	446	35,000.00						
Purchase of Emergency Vehicle	509	295,000.00						
Reconstruction of Bostwick Lake Dam	531	70,000.00	20,000.00			11,500.00		8,500.00
Purchase of Emergency Transport Vehicle	567	45,000.00						
Purchase of Ambulance	584	155,500.00	1,695.47					1,695.47
Purchase of Land, Block 1901 Lot 15.02	612	242,500.00	237,500.00			232,500.00		5,000.00
Purchase of a Rescue Truck	614	297,751.00						
Overlay & Drainage Improvements for Holly Ave., Olaf Rd. & Horton Ave.	615	40,000.00	16,592.00				3,618.56	20,210.56
Purchase of Municipal Trucks	640	42,500.00		5,444.00	37,056.00	40,447.50		2,052.50
Construction of a Salt Shed	641	85,000.00			85,000.00			85,000.00
			<u>277,787.47</u>	<u>5,444.00</u>	<u>122,056.00</u>	<u>284,447.50</u>	<u>3,618.56</u>	<u>124,458.53</u>
	Ref.		C	C-1	Ref.		C-8	C
				Disbursed	C-2	244,000.00		
				Encumbered	C-8	40,447.50		
						<u>284,447.50</u>		

SCHEDULE OF ENCUMBRANCE PAYABLE

Balance December 31, 2008	<u>Ref.</u> C		321,159.00
Increased by:			
2009 Improvement Authorizations	C-7		<u>40,447.50</u>
			361,606.50
Decreased by:			
Disbursed	C-2	316,567.94	
Encumbrance Canceled	C-7	<u>3,618.56</u>	
			<u>320,186.50</u>
Balance December 31, 2009	C		<u><u>41,420.00</u></u>

**WATER & SEWER UTILITY FUND**

SCHEDULE OF WATER & SEWER UTILITY CASH - TREASURER

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2008	D	1,414,619.82	598,644.96
Increased by:			
Transfer from Collector	D-7	1,026,832.15	
Interest on Investments	D-3	22,216.62	3,077.79
Lease	D-3	47,520.00	
Miscellaneous	D-3	25.00	
Reserve for Water Tower Repairs			38.74
Due from Utility Capital Fund	D-5	12,644.15	
		1,109,237.92	3,116.53
		2,523,857.74	601,761.49
Decreased by:			
2009 Appropriations	D-4	1,082,903.27	
2008 Appropriation Reserves	D-15	3,091.83	
Encumbrances Payable	D-16	22,477.40	177,508.00
Improvement Authorizations	D-17		377,674.62
Due Utility Operating Fund	D-5		12,644.15
Due Current Fund		21,129.00	
Due Federal & State Grant Fund		63,760.61	
Interest on Loans and Notes		104,300.70	
		1,297,662.81	567,826.77
Balance December 31, 2009	D	1,226,194.93	33,934.72

SCHEDULE OF WATER & SEWER UTILITY CASH AND RECONCILIATION  
PER N.J.S.A. 40A:5-5 - TREASURER

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2009	D-5	1,226,194.93	33,934.72
Increased by:			
Cash Receipts Record		1,278,100.19	3,425,460.83
		2,504,295.12	3,459,395.55
Decreased by:			
Cash Disbursements Record		1,347,628.59	1,342,321.43
Balance June 30, 2010	D-6	<u>1,156,666.53</u>	<u>2,117,074.12</u>
<u>Cash Reconciliation - June 30, 2010</u>			
Balance per Statement			
Colonial Bank		236,371.38	2,324,881.71
Century Savings Bank		800,000.00	
TD Bank North			7,951.65
Add: Deposit in Transit		121,470.76	
		<u>1,157,842.14</u>	<u>2,332,833.36</u>
Less: Outstanding Checks		1,175.61	215,759.24
Balance June 30, 2010	D-6	<u>1,156,666.53</u>	<u>2,117,074.12</u>

SCHEDULE OF WATER & SEWER UTILITY CASH - COLLECTOR

Balance December 31, 2008	<u>Ref.</u> D		22,760.16
Increased by Receipts:			
Consumer Accounts Receivable - Water	D-10	239,582.34	
Consumer Accounts Receivable - Seabrook Water	D-10	129,516.30	
Consumer Accounts Receivable - Sewer	D-10	620,283.85	
Connection Fees Receivable	D-11	5,613.34	
Liens Receivable	D-12	691.12	
Rent Overpayments		2,696.74	
Sewer Connection Fees	D-3	19,600.00	
Interest on Delinquent Accounts	D-3	4,700.06	
Interest on Investments	D-3	443.78	
Miscellaneous	D-3	2,536.72	
			<u>1,025,664.25</u>
			1,048,424.41
Decreased by Disbursements:			
Transfer to Treasurer	D-5		1,026,832.15
Balance December 31, 2009	D		<u><u>21,592.26</u></u>

EXHIBIT D-8SCHEDULE OF WATER & SEWER UTILITY CASH AND RECONCILIATION  
PER N.J.S.A. 40A:5-5 - COLLECTOR

Balance December 31, 2009	<u>Ref.</u> D-7		21,592.26
Decreased by:			
Cash Disbursements Record			<u>21,592.26</u>

ANALYSIS OF WATER & SEWER UTILITY CAPITAL FUND CASH

	Balance Dec. 31, 2008	Receipts	Disbursements		Transfers		Balance Dec. 31, 2009
		Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Capital Improvement Fund	440,187.60						440,187.60
Fund Balance	3,094.59	3,077.79					6,172.38
Due Utility Operating Fund	88,459.26			12,644.15			75,815.11
Reserve for Water Tower Repairs	7,873.60	38.74					7,912.34
Reserve for Love Lane Tower Improvements	141,732.00						141,732.00
Reserve for Seabrook Tower Improvements	14,180.00					22,178.46	36,358.46
Encumbrances Payable	199,686.46			177,508.00		1,473,231.12	1,495,409.58
Improvement Authorizations:							
Ordinance							
Number							
602 Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System	(296,568.55)		354,135.12		1,304,422.88		(1,955,126.55)
602 Construction of Seabrook Water Treatment Project			23,539.50		190,986.70		(214,526.20)
	<u>598,644.96</u>	<u>3,116.53</u>	<u>377,674.62</u>	<u>190,152.15</u>	<u>1,495,409.58</u>	<u>1,495,409.58</u>	<u>33,934.72</u>
Ref.	D	D-5	D-17	D-5			D

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Water</u>	<u>Seabrook Water</u>	<u>Sewer</u>
Balance December 31, 2008	D	6,822.31	10,650.77	32,386.73
Increased by:				
Utility Rents Levied		240,125.40	125,964.12	614,572.14
		<u>246,947.71</u>	<u>136,614.89</u>	<u>646,958.87</u>
Decreased by:				
Collections	D-7	239,582.34	129,516.30	620,283.85
Overpayments Applied		973.80		3,030.59
		<u>240,556.14</u>	<u>129,516.30</u>	<u>623,314.44</u>
Balance December 31, 2009	D	<u>6,391.57</u>	<u>7,098.59</u>	<u>23,644.43</u>

SCHEDULE OF CONNECTION FEES RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2008	D	50,395.71
Decreased by:		
Collections	D-7	5,613.34
Balance December 31, 2009	D	<u>44,782.37</u>

SCHEDULE OF LIENS RECEIVABLE

	<u>Ref.</u>	<u>Water</u>	<u>Sewer</u>
Balance December 31, 2008	D	236.44	454.68
Decreased by:			
Receipts	D-7	236.44	454.68

SCHEDULE OF FIXED CAPITAL

<u>Purpose</u>	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Various Sewer and Water System Capital Improvements	3,490,000.00	3,490,000.00
Expenses Associated with Conveyance of Land and Easements	30,000.00	30,000.00
Various Water System Capital Improvements	405,000.00	405,000.00
Purchase of Seabrook Water Company	141,500.00	141,500.00
	<u>4,066,500.00</u>	<u>4,066,500.00</u>
Ref.	D	D

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Ordinance</u>		<u>Balance Dec. 31, 2008</u>	<u>2009 Authorization</u>	<u>Balance Dec. 31, 2009</u>
		<u>Date</u>	<u>Amount</u>		<u>Deferred Charges to Future Revenue</u>	
602	Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System	12/6/07	3,000,000.00	3,000,000.00		3,000,000.00
629	Construction of Seabrook Water Treatment Plant	5/7/09	3,299,000.00		3,299,000.00	3,299,000.00
				<u>3,000,000.00</u>	<u>3,299,000.00</u>	<u>6,299,000.00</u>
			Ref.	D	D-17	D

SCHEDULE OF 2008 APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2008</u>	<u>Disbursed</u>	<u>Balance Lapsed</u>
Operating:			
Salaries and Wages	52,396.41	3,091.83	49,304.58
Other Expenses	79,857.24		79,857.24
Social Security System Contribution	3,966.45		3,966.45
Unemployment	381.89		381.89
	<u>136,601.99</u>	<u>3,091.83</u>	<u>133,510.16</u>
Ref.	D	D-5	D-1

EXHIBIT D-16

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2008	D	23,467.13	199,686.46
Increased by:			
Charges to 2009 Appropriations	D-4	40,563.72	
Improvement Authorizations	D-17		1,495,409.58
		<u>64,030.85</u>	<u>1,695,096.04</u>
Decreased by:			
Payments	D-5	22,477.40	177,508.00
Canceled	D-1	989.73	
Canceled - Reserve for Seabrook Tower Improvement			22,178.46
		<u>23,467.13</u>	<u>199,686.46</u>
Balance December 31, 2009	D	<u>40,563.72</u>	<u>1,495,409.58</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Ordinance		Balance Dec. 31, 2008 Unfunded	2009 Authorization	Paid or Charged	Balance Dec. 31, 2009 Unfunded
		Date	Amount		Deferred Charges to Future Revenue		
602	Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System	12/6/07	3,000,000.00	2,703,431.45		1,658,558.00	1,044,873.45
629	Construction of Seabrook Water Treatment Plant	5/7/09	3,299,000.00		3,299,000.00	214,526.20	3,084,473.80
				<u>2,703,431.45</u>	<u>3,299,000.00</u>	<u>1,873,084.20</u>	<u>4,129,347.25</u>
			Ref.	D	D-14 Ref.		D
				Disbursed	D-5	377,674.62	
				Encumbered	D-16	1,495,409.58	
						<u>1,873,084.20</u>	

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2008	<u>Ref.</u> D	440,187.60
Balance December 31, 2009	D	<u>440,187.60</u>

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2008	<u>Ref.</u> D	1,292,889.08
Increased by:		
Notes Paid by Operating Budget	D-20:D-22	237,298.00
Loan Paid by Operating Budget	D-21	<u>41,981.55</u>
		279,279.55
Balance December 31, 2009	D	<u>1,572,168.63</u>

SCHEDULE OF NOTES PAYABLE - GENERAL CAPITAL FUND

Balance December 31, 2008	<u>Ref.</u> D	215,000.00
Decreased by: Payments	D-19	<u>215,000.00</u>

SCHEDULE OF LOAN PAYABLE

Balance December 31, 2008	<u>Ref.</u> D	1,938,610.92
Decreased by: Payments	D-19	<u>41,981.55</u>
Balance December 31, 2009	D	<u><u>1,896,629.37</u></u>

SCHEDULE OF BOND ANTICIPATION NOTES

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Date of Original Issue of Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2008</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2009</u>
361	Various Sewer and Water System Capital Improvements	10/18/02	12/9/09	12/9/10	3.00%	25,000.00	2,423.00	22,577.00
484	Various Sewer and Water System Capital Improvements	10/18/02	12/9/09	12/9/10	3.00%	290,000.00	9,750.00	280,250.00
523	Various Water System Capital Improvements	10/18/02	12/9/09	12/9/10	3.00%	305,000.00	10,125.00	294,875.00
						<u>620,000.00</u>	<u>22,298.00</u>	<u>597,702.00</u>
					Ref.	D	D-19	D

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2008</u>	<u>2009 Authorizations</u>	<u>Balance Dec. 31, 2009</u>
602	Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System	3,000,000.00		3,000,000.00
629	Construction of Seabrook Water Treatment Plant		3,299,000.00	3,299,000.00
		<u>3,000,000.00</u>	<u>3,299,000.00</u>	<u>6,299,000.00</u>
	Ref.		D-17	

**PART II**

## GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states "Every contract or agreement 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 the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertisement for various items.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11.5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal any individual payment, contract or agreement in excess of the bid threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

N.J.S.A. 40A:11-6.1 requires that at least two competitive quotations be obtained for all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount.

### Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 7, 2009, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, under the provisions of N.J.S.A. 54:4-67 the governing body is authorized to fix the rate of discount for prepayment of property taxes or assessments and to fix the rate of interest for non-payment of property taxes or assessments on or before the date when they would become delinquent; and

WHEREAS, the aforesaid statute was amended to provide for the assessing of a penalty to be charged to a taxpayer with a delinquency in excess of Ten Thousand (\$10,000.00) Dollars; and

WHEREAS, pursuant to N.J.S.A. 54:4-66, it is provided that property taxes shall be payable in quarterly annual installments with the first installment due on February 1<sup>st</sup>, the second installment on May 1<sup>st</sup>, the third installment due on August 1<sup>st</sup> and the fourth installment due on November 1<sup>st</sup>, after which dates, if unpaid, they shall become delinquent, which statute also provides for the manner in which quarterly installments or property taxes shall be determined and received;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWNSHIP COMMITTEE OF THE TOWNSHIP OF UPPER DEERFIELD:

- A. That no discount be allowed for prepayment of property taxes or assessments;
- B. That the rate of interest to be charged for the non-payment of property taxes or assessments on or before the date they would become delinquent, as fixed by statute, shall be eight (8%) Percent per annum on the first ONE THOUSAND FIVE HUNDRED (\$1,500.00) DOLLARS of the delinquency, and Eighteen (18%) Percent per annum on any amount in excess of ONE THOUSAND FIVE HUNDRED (\$1,500.00) DOLLARS, to be calculated from the date the tax was payable to the date of actual payment, provided no interest shall be charged if payment of any installment is made on the due date; provided, however, that no interest shall be charged if payment of any installment is made within the tenth calendar day following the date upon which the same become payable; and
- C. In the event there is a delinquency in excess of TEN THOUSAND (\$10,000.00) DOLLARS at the end of the calendar year, then the Tax Collector is authorized to charge a penalty of Six (6%) percent of the amount of the delinquency. The delinquency shall mean the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters or years.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on June 30, 2009 and was complete.

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>
2009	13
2008	5
2007	4

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

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services. All notices returned were reviewed and no discrepancies were noted. A separate report will be rendered if any irregularities develop after the date of the audit.

OTHER COMMENTS

Accounting Procedures

The records maintained by the Chief Financial Officer were found to be in compliance with requirements prescribed by the Division of Local Government Services, state statutes, and administrative code requirements as follows:

1. The general ledger has been established as required by N.J.A.C. 5:30-5.7.
2. An encumbrance accounting and reporting system has been established as required by N.J.A.C. 5:30-5.2.
3. A fixed asset accounting and reporting system has been established as required by N.J.A.C. 5:30-5.6.

There are interfund loans existing as of year end. Generally, they were the result of December interest earned and the absence of a bank account for the Federal and State grant funds. These interfunds are routinely cleared in the subsequent year.

Corrective Action Plan

A corrective action plan was not required for the year 2008.

FINDINGS AND RECOMMENDATIONS

None

\*\*\*\*\*

We received the complete cooperation of all the officials of the Township and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252