

TOWNSHIP OF UPPER DEERFIELD
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2005

INDEX

	<u>Page</u>
<u>PART I</u>	1
Independent Auditor's Report	2-3
Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	4-5
<u>CURRENT FUND</u>	6
A Comparative Balance Sheet	7-8
A-1 Comparative Statement of Operations and Change in Fund Balance	9
A-2 Statement of Revenues	10-11
A-3 Statement of Expenditures	12-19
<u>TRUST FUND</u>	20
B Comparative Balance Sheet	21-22
<u>GENERAL CAPITAL FUND</u>	23
C Comparative Balance Sheet	24
<u>WATER & SEWER UTILITY FUND</u>	25
D Comparative Balance Sheet	26-27
D-1 Comparative Statement of Operations and Change in Fund Balance	28
D-2 Statement of Revenues	29
D-3 Statement of Expenditures	30
<u>PUBLIC ASSISTANCE FUND</u>	31
E Comparative Balance Sheet	32
<u>GENERAL FIXED ASSETS</u>	33
F Statement of General Fixed Assets	34
<u>NOTES TO FINANCIAL STATEMENTS</u>	35-49
<u>SUPPLEMENTARY DATA</u>	50-56

INDEX
(CONTINUED)

	<u>Page</u>
<u>CURRENT FUND</u>	57
A-4 Schedule of Cash - Treasurer	58
A-5 Schedule of Current Fund Cash and Reconciliation per N.J.S.A. 40A:5-5 - Treasurer	59
A-6 Schedule of Cash - Collector	60
A-7 Schedule of Current Fund Cash and Reconciliation per N.J.S.A. 40A:5-5 - Collector	61
A-8 Schedule of Grants Receivable	62
A-9 Schedule of Taxes Receivable and Analysis of Property Tax Levy	63-64
A-10 Schedule of Tax Title Liens Receivable	65
A-11 Schedule of Property Acquired for Taxes	65
A-12 Schedule of Revenue Accounts Receivable	66
A-13 Schedule of 2004 Appropriation Reserves	67
A-14 Schedule of Encumbrances Payable	68
A-15 Schedule of Due State of New Jersey-Senior Citizen and Veterans Deductions	69
A-16 Schedule of Local District School Tax Payable	70
A-17 Schedule of Regional High School Tax Payable	70
A-18 Schedule of Reserve for Grants - Appropriated	71
A-19 Schedule of Reserve for Grants - Unappropriated	71
 <u>TRUST FUND</u>	 72
B-1 Schedule of Trust Fund Cash - Treasurer	73
B-2 Schedule of Trust Fund Cash and Reconciliation per N.J.S.A. 40A:5-5 - Treasurer	74
B-3 Schedule of Cash - Collector	75
B-4 Schedule of Cash and Reconciliation per N.J.S.A. 40A:5-5 - Collector	76
B-5 Schedule of Reserve for Dog Fund Expenditures	77
 <u>GENERAL CAPITAL FUND</u>	 78
C-1 Schedule of General Capital Cash - Treasurer	79
C-2 Schedule of General Capital Cash and Reconciliation per N.J.S.A. 40A:5-5 - Treasurer	80
C-3 Schedule of Investments - Bond Anticipation Note - Utility Capital Fund	80
C-4 Analysis of General Capital Cash	81
C-5 Schedule of Deferred Charges to Future Taxation - Unfunded	82
C-6 Schedule of Capital Improvement Fund	83
C-7 Schedule of Improvement Authorizations	84
C-8 Schedule of Loan Payable	85
C-9 Schedule of Bonds & Notes Authorized but not Issued	85

INDEX
(CONTINUED)

	<u>Page</u>
<u>WATER & SEWER UTILITY FUND</u>	86
D-4 Schedule of Water & Sewer Utility Cash - Treasurer	87
D-5 Schedule of Water & Sewer Utility Cash and Reconciliation per N.J.S.A. 40A:5-5 - Treasurer	88
D-6 Schedule of Water & Sewer Utility Cash - Collector	89
D-7 Schedule of Water & Sewer Utility Cash and Reconciliation per N.J.S.A. 40A:5-5 - Collector	90
D-8 Analysis of Water & Sewer Utility Capital Fund Cash	91
D-9 Schedule of Consumer Accounts Receivable	92
D-10 Schedule of Fixed Capital Authorized and Uncompleted	93
D-11 Schedule of 2004 Appropriation Reserves	94
D-12 Schedule of Encumbrances Payable	94
D-13 Schedule of Improvement Authorizations	95
D-14 Schedule of Capital Improvement Fund	96
D-15 Schedule of Deferred Reserve for Amortization	96
D-16 Schedule of Notes Payable - General Capital Fund	97
D-17 Schedule of Loan Payable	97
D-18 Schedule of Bond Anticipation Notes	98
 <u>PUBLIC ASSISTANCE FUND</u>	 99
E-1 Schedule of Cash - Treasurer	100
E-2 Schedule of Public Assistance Cash and Reconciliation per N.J.S.A. 40A:5-5 - Treasurer	100
 <u>PART II</u>	 101
General Comments	102-104
Other Comments	104-105
Findings and Recommendations	105

PART I

PETRONI & ASSOCIATES

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 – statutory basis of the various funds and account groups of the Township of Upper Deerfield as of December 31, 2005 and 2004, and the related statements of operations and changes in fund balance – statutory basis for the years then ended and the related statements of revenues – statutory basis, and statement of expenditures – statutory basis of the various funds, as listed in the table of contents for the year ended December 31, 2005. 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 is a comprehensive basis of accounting other than generally accepted accounting principles.

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, 2005, or the results of its operations for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position – statutory basis of the various funds and account groups of the Township of Upper Deerfield as of December 31, 2005 and 2004, and the results of operations and changes in fund balance – statutory basis of such funds for the years then ended and the statement of revenues – statutory basis and statement of expenditures – statutory basis of the various funds for the year ended December 31, 2005 on the modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2006 on our consideration of the Township of Upper Deerfield’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Township of Upper Deerfield taken as a whole. The accompanying supplemental schedules and information presented in the “Supplementary Data”, “General Comments” and “Findings and Recommendations” sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Upper Deerfield. Such information has been subjected to the auditing procedures applied in the audit 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.

PETRONI & ASSOCIATES

The image shows a handwritten signature in cursive script that reads "Petroni & Associates". The signature is written in dark ink and is positioned below the printed name of the firm.

June 8, 2006

PETRONI & ASSOCIATES

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 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 of the Township of Upper Deerfield as of and for the year ended December 31, 2005, and have issued our report thereon dated June 8, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

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 governing body, management 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

Petroni & Associates

June 8, 2006

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2005</u>	<u>Balance Dec. 31, 2004</u>
<u>Regular Fund</u>			
Cash - Treasurer	A-4	4,230,007.90	5,137,127.52
Cash - Collector	A-6	340,705.49	303,103.17
Change Fund		150.00	150.00
		<u>4,570,863.39</u>	<u>5,440,380.69</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	536,996.20	348,460.73
Tax Title Liens Receivable	A-10	33,233.74	33,042.58
Property Acquired for Taxes - Assessed Valuation	A-11	102,900.00	102,900.00
Revenue Accounts Receivable	A-12	123,636.61	21,128.50
Accounts Receivable - Tax Refunds			800.00
Due from Animal Control Trust Fund			10,488.22
Due from Tax Sale Premium Trust Fund	B	169.19	2.49
Due from Public Assistance Fund	E	514.58	180.89
Due from Accumulated Absence Trust Fund	B	359.10	
Due from Escrow Trust Fund	B	2,165.95	486.99
Due from Utility Operating Fund	D	19,546.12	19,658.52
Due from General Capital Fund			49,732.68
Due from Public Defender Trust			3,111.96
Due from Federal & State Grant Fund	A	145,074.41	
Due from Recreation Trust Fund	B	9.16	
Prepaid Local District School Tax	A-16	781,577.50	
Prepaid Regional High School Tax	A-17	255,517.18	
		<u>2,001,699.74</u>	<u>589,993.56</u>
Deferred Charges:			
Deficit in Operations	A-1	12,419.14	
		<u>6,584,982.27</u>	<u>6,030,374.25</u>
<u>Federal and State Grant Fund</u>			
Grants Receivable	A-8	1,047,149.42	568,962.72
Due from Current Fund			69,683.25
Due from Utility Operating Fund	D	25,314.00	
		<u>1,072,463.42</u>	<u>638,645.97</u>
		<u>7,657,445.69</u>	<u>6,669,020.22</u>

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

COMPARATIVE BALANCE SHEET - CURRENT FUND

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2005</u>	<u>Balance</u> <u>Dec. 31, 2004</u>
<u>Regular Fund</u>			
Liabilities:			
Appropriation Reserves	A-3:A-13	227,601.50	196,096.07
Encumbrances Payable	A-14	204,614.94	139,134.10
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-15	34,042.46	32,392.83
Prepaid Taxes		144,975.93	130,197.78
Tax Overpayments		26.85	1,119.30
Payroll Taxes Payable		18,524.04	24,946.57
Reserve for Sanitary Landfill		33,213.81	32,852.96
Reserve for Home Rehabilitation		4,730.00	
Due Federal and State Grant Fund			69,683.25
Due Animal Control Trust Fund	B	481.84	
Due Public Defender Trust Fund	B	1,011.27	
Due Accumulated Absence Trust Fund			100.00
Due General Capital Fund	C	144,244.01	
Due County for Added & Omitted Taxes		113,395.37	62,406.63
Regional High School Tax Payable			3,746.49
		<hr/>	<hr/>
		926,862.02	692,675.98
Reserve for Receivables		2,001,699.74	589,993.56
Fund Balance	A-1	3,656,420.51	4,747,704.71
		<hr/>	<hr/>
		6,584,982.27	6,030,374.25
		<hr/>	<hr/>
<u>Federal and State Grant Fund</u>			
Encumbrances Payable	A-14	67,403.67	369,669.00
Due Current Fund	A	145,074.41	
Reserve for Grants - Appropriated	A-18	843,933.02	253,766.88
Reserve for Grants - Unappropriated	A-19	16,052.32	15,210.09
		<hr/>	<hr/>
		1,072,463.42	638,645.97
		<hr/>	<hr/>
		7,657,445.69	6,669,020.22
		<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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2005</u>	<u>Year 2004</u>
Fund Balance Utilized	A-2	1,091,284.20	921,807.15
Miscellaneous Revenue Anticipated	A-2	2,635,679.53	2,598,564.76
Receipts from Delinquent Taxes	A-2	381,203.91	453,881.05
Receipts from Current Taxes	A-2	12,571,089.26	11,026,799.68
Non-Budget Revenue	A-2	646,541.28	450,246.78
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	166,931.79	70,551.56
Encumbrances Payable - Canceled	A-14	4,870.75	23,963.02
Interfund Loan Returned		80,893.28	14,538.72
Tax Overpayments Canceled			1,079.49
Total Income		<u>17,578,494.00</u>	<u>15,561,432.21</u>
<u>Expenditures</u>			
Budget Appropriations :			
Operations:			
Salaries and Wages	A-3	867,303.70	801,267.15
Other Expenses	A-3	1,892,046.79	2,212,222.85
Capital Improvements	A-3	569,000.00	259,000.00
Debt Service	A-3	59,350.50	59,350.50
Statutory Expenditures	A-3	73,400.00	66,949.25
County Taxes	A-9	4,827,542.32	4,006,562.96
Due County for Added Taxes	A-9	113,395.37	62,406.63
Local District School Tax	A-9	5,417,313.50	4,914,077.50
Regional High School Tax	A-9	2,582,479.02	2,324,169.56
Prior Year Deductions Disallowed			3,952.05
Interfund Loan Advanced		1,182,426.94	50,671.12
Prior Period Adjustment - Home Rehabilitation		6,655.00	
Total Expenditures		<u>17,590,913.14</u>	<u>14,760,629.57</u>
Statutory Excess to Fund Balance			800,802.64
Deficit in Operations to be Raised in Budget of Succeeding Year	A	<u>12,419.14</u>	
<u>Fund Balance</u>			
Balance January 1	A	4,747,704.71	4,868,709.22
		4,747,704.71	5,669,511.86
Decreased by:			
Utilization as Anticipated Revenue	A-1	1,091,284.20	921,807.15
Balance December 31	A	<u>3,656,420.51</u>	<u>4,747,704.71</u>

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

STATEMENT OF REVENUES

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget 2005	Special 40A:4-87		
Fund Balance Anticipated	A-1	1,091,284.20		1,091,284.20	
Miscellaneous Revenues:					
Fines and Costs:					
Municipal Court	A-12	128,000.00		150,650.87	22,650.87
Legislative Initiative Municipal Block Grant	A-12	30,310.00		30,310.00	
Consolidated Municipal Property Tax Relief Act	A-12	334,659.00		334,659.00	
Energy Receipts Tax	A-12	1,475,167.00		1,475,167.00	
Uniform Construction Code Fees	A-12	105,920.70		236,940.28	131,019.58
NJ Transportation Trust Fund	A-8	145,000.00		145,000.00	
Recycling Tonnage Grant	A-8	8,260.47		8,260.47	
Clean Communities Program	A-8	793.90	11,578.76	12,372.66	
Municipal Alliance on Alcoholism and Drug Abuse	A-8	37,700.00		37,700.00	
Handicapped Recreation Opportunities Grant	A-8	8,000.00		8,000.00	
Older Americans Act Title IIIB	A-8	4,656.00		4,656.00	
NJ Statewide Liveable Communities	A-8		42,900.00	42,900.00	
Stormwater Grant	A-8	5,000.00		5,000.00	
Neighborhood Preservation	A-8	125,000.00		125,000.00	
NJ State Police SLAEHOP	A-8	2,405.72		2,405.72	
Uniform Fire Safety Act	A-12	17,665.24		16,657.53	(1,007.71)
Total Miscellaneous Revenues		2,428,538.03	54,478.76	2,635,679.53	152,662.74
Receipts from Delinquent Taxes	A-2	325,000.00		381,203.91	56,203.91
Budget Totals		3,844,822.23	54,478.76	4,108,167.64	208,866.65
Non-Budget Revenues:					
From "Allocation of Current Tax Collections"	A-2			68,559.05	
Other Non-Budget Revenue	A-2			646,541.28	
		3,844,822.23	54,478.76	4,823,267.97	
Ref.		A-3	A-3		

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

STATEMENT OF REVENUES

<u>Analysis of Realized Revenue</u>	<u>Ref.</u>	
Allocation of Current Tax Collections:		
Revenue from Collections	A-9	12,571,089.26
Allocated to:		
School and County Taxes		12,940,730.21
Balance for Support of Municipal Budget Appropriation		<u>(369,640.95)</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	438,200.00
Amount for Support of Municipal Budget Appropriation	A-2	<u>68,559.05</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-9	377,873.22
Tax Title Liens Receivable	A-10	3,330.69
	A-2	<u>381,203.91</u>
 <u>Analysis of Non-Budget Revenue</u>		
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Interest on Investments	A-12	169,991.88
Tax Searches	A-12	362.00
Interest & Costs on Taxes	A-12	84,763.26
Fees & Permits	A-12	68,681.56
Payments in Lieu of Taxes	A-12	260,306.37
Cable Franchise	A-12	19,007.01
Insurance Dividend	A-12	32,600.00
Miscellaneous	A-12	10,829.20
	A-2	<u>646,541.28</u>

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

STATEMENT OF EXPENDITURES

	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	58,000.00	61,000.00	59,488.13		1,511.87
Other Expenses	23,500.00	23,500.00	17,410.28	5,371.38	718.34
Mayor and Township Committee					
Salaries and Wages	46,151.00	46,151.00	46,151.00		
Other Expenses	16,750.00	16,750.00	3,866.28	5,448.20	7,435.52
Municipal Clerk					
Salaries and Wages	26,079.00	26,079.00	20,028.49		6,050.51
Other Expenses:	32,000.00	32,000.00	28,735.47	2,635.82	628.71
Financial Administration					
Salaries and Wages	38,526.00	41,026.00	40,750.92		275.08
Other Expenses	14,500.00	14,500.00	10,354.31	1,033.48	3,112.21
Audit Services					
Other Expenses	18,500.00	18,500.00	4,970.00	13,530.00	
Revenue Administration					
Salaries and Wages	32,574.40	32,574.40	29,281.28		3,293.12
Other Expenses:	10,000.00	10,000.00	6,142.35	1,784.82	2,072.83
Tax Assessment					
Salaries and Wages	22,183.50	31,683.50	30,932.80		750.70
Other Expenses	12,500.00	12,500.00	11,198.89	59.69	1,241.42
Legal Services and Costs					
Salaries and Wages	6,668.00	6,668.00	6,668.00		
Other Expenses	35,000.00	35,000.00	33,103.49		1,896.51
Engineering Services and Costs					
Salaries and Wages	3,750.00	3,750.00	3,750.00		
Other Expenses	10,000.00	4,000.00			4,000.00
Economic Development					
Salaries and Wages	600.00	660.00	660.00		
Other Expenses	24,900.00	24,900.00	24,300.66	19.80	579.54

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

STATEMENT OF EXPENDITURES

	<u>Appropriations</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>
Historic Commission					
Salaries and Wages	300.00	300.00	300.00		
Other Expenses	2,500.00	2,500.00	1,201.50		1,298.50
<u>LAND USE ADMINISTRATION</u>					
Municipal Land Use Law (NJSA40:55D-1)					
Planning Board					
Salaries and Wages	25,844.00	29,644.00	27,637.75		2,006.25
Other Expenses	27,500.00	27,500.00	26,894.73	142.77	462.50
Zoning Board of Adjustment					
Salaries and Wages	7,829.90	8,429.90	7,509.30		920.60
Other Expenses	1,200.00	1,200.00	494.51		705.49
Zoning Officer					
Salaries and Wages	28,624.40	28,624.40	26,462.28		2,162.12
Other Expenses	5,000.00	5,000.00	2,042.48	1,030.63	1,926.89
<u>CODE ENFORCEMENT & ADMINISTRATION</u>					
Housing Official					
Salaries and Wages	31,061.10	31,061.10	27,688.27		3,372.83
Other Expenses	1,000.00	1,000.00	908.51		91.49
<u>PUBLIC SAFETY FUNCTIONS</u>					
Emergency Management					
Salaries and Wages	4,800.00	4,800.00	4,482.05		317.95
Other Expenses	8,900.00	8,900.00	5,388.62	3,304.00	207.38
Neighborhood Watch					
Other Expenses	1,000.00	1,000.00			1,000.00
Aid to Volunteer Fire Companies	80,500.00	80,500.00	51,695.45	13,377.39	15,427.16
Ambulance					
Salaries and Wages	26,000.00	9,600.00			9,600.00
First Aid Organization - Contribution	61,950.00	78,350.00	76,625.90	1,211.96	512.14
Fire Safety Official					
Salaries and Wages	7,927.00	7,927.00	7,927.00		
Other Expenses	10,000.00	10,000.00	7,817.59		2,182.41

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

STATEMENT OF EXPENDITURES

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
Municipal Prosecutor					
Salaries and Wages	17,878.00	17,878.00	13,178.00		4,700.00
Other Expenses	700.00	700.00			700.00
<u>PUBLIC WORKS FUNCTIONS</u>					
Streets and Roads					
Salaries and Wages	85,874.00	85,874.00	69,442.62		16,431.38
Other Expenses	75,000.00	67,500.00	59,897.98	4,655.03	2,946.99
Snow Removal					
Salaries and Wages	9,000.00	9,000.00	9,000.00		
Other Expenses	24,000.00	24,000.00	24,000.00		
Shade Tree Committee					
Salaries and Wages	420.00	420.00			420.00
Other Expenses	10,000.00	10,000.00	750.00	2,970.00	6,280.00
Solid Waste Convenience Center					
Salaries and Wages	36,525.60	38,025.60	37,721.08		304.52
Other Expenses	87,500.00	87,500.00	71,445.12	11,088.70	4,966.18
Buildings and Grounds					
Salaries and Wages	76,559.70	76,559.70	72,129.10		4,430.60
Other Expenses	50,000.00	58,000.00	34,272.90	23,704.10	23.00
<u>HEALTH AND HUMAN SERVICES</u>					
Board of Health					
Salaries and Wages	5,453.00	5,453.00	4,053.86		1,399.14
Other Expenses	1,800.00	1,800.00	1,263.27	399.48	137.25
Environmental Committee					
Other Expenses	12,000.00	12,000.00		10,000.00	2,000.00
Animal Control					
Salaries and Wages	4,873.40	4,873.40	4,636.56		236.84
Other Expenses	23,800.00	23,800.00	23,018.61		781.39
<u>PARK AND RECREATION FUNCTIONS</u>					
Community Pride & Relations Committee					
Salaries and Wages	420.00	420.00			420.00
Other Expenses	2,000.00	2,000.00	321.70		1,678.30

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

STATEMENT OF EXPENDITURES

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
Senior Center					
Salaries and Wages	20,033.00	20,033.00	15,900.15		4,132.85
Other Expenses	2,000.00	2,500.00	2,151.55	182.69	165.76
Maintenance of Parks					
Salaries and Wages	44,157.00	44,157.00	39,592.15		4,564.85
Other Expenses	57,500.00	57,500.00	27,700.96	24,222.50	5,576.54
Bostwick Lake Commission					
Other Expenses	3,000.00	3,000.00		3,000.00	
<u>OTHER OPERATING FUNCTIONS</u>					
Accumulated Leave Compensation	101.25	7,601.25	7,601.25		
<u>UTILITY EXPENSES & BULK PURCHASES</u>					
Electricity	52,000.00	56,540.00	52,807.47		3,732.53
Street Lighting	112,720.00	92,720.00	90,362.58		2,357.42
Telephone and Telegraph	20,000.00	20,000.00	16,081.06		3,918.94
Water	1,750.00	1,750.00	1,088.26	518.85	142.89
Natural Gas	20,000.00	20,000.00	14,558.70		5,441.30
Fuel Oil	10,500.00	10,500.00	6,044.39	1,442.15	3,013.46
Sewage Disposal	1,890.00	2,890.00	2,536.25		353.75
Gasoline	13,000.00	4,000.00	2,154.11	76.09	1,769.80
<u>SOLID WASTE DISPOSAL COSTS</u>					
Landfill Disposal Costs					
Other Expenses	140,000.00	140,000.00	111,459.09	10,772.52	17,768.39
<u>MUNICIPAL COURT</u>					
Municipal Court					
Salaries and Wages	106,179.00	106,179.00	106,050.34		128.66
Other Expenses	7,500.00	7,500.00	7,283.85	91.44	124.71
Public Defender					
Salaries and Wages	3,307.00	3,307.00			3,307.00
Other Expenses	7,200.00	7,200.00	3,822.40		3,377.60

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

STATEMENT OF EXPENDITURES

	<u>Appropriations</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>
<u>UNIFORM CONSTRUCTION CODE</u>					
Construction Code					
Salaries and Wages	63,769.70	63,769.70	52,917.33		10,852.37
Other Expenses	20,775.00	20,775.00	8,695.25	3,205.08	8,874.67
Electrical Subcode					
Salaries and Wages	8,842.00	8,842.00	8,133.50		708.50
Plumbing Subcode					
Salaries and Wages	8,112.00	8,112.00	7,462.00		650.00
Fire Subcode					
Salaries and Wages	4,422.00	4,422.00	4,067.67		354.33
Total Operations Within "CAPS"	<u>2,016,679.95</u>	<u>2,016,679.95</u>	<u>1,666,469.40</u>	<u>145,278.57</u>	<u>204,931.98</u>
Detail:					
Salaries and Wages	862,743.70	867,303.70	784,001.63		83,302.07
Other Expenses	1,153,936.25	1,149,376.25	882,467.77	145,278.57	121,629.91
<u>DEFERRED CHARGES & STATUTORY</u>					
<u>EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Social Security System	69,000.00	69,000.00	62,278.31		6,721.69
Unemployment Compensation	4,400.00	4,400.00	1,265.65		3,134.35
Total Deferred Charges & Statutory Expenditures	<u>73,400.00</u>	<u>73,400.00</u>	<u>63,543.96</u>		<u>9,856.04</u>
Total Appropriations Within "CAPS"	<u>2,090,079.95</u>	<u>2,090,079.95</u>	<u>1,730,013.36</u>	<u>145,278.57</u>	<u>214,788.02</u>

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

STATEMENT OF EXPENDITURES

	<u>Appropriations</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
<u>INSURANCE</u>					
Liability Insurance	45,519.76	45,519.76	45,519.76		
Worker Compensation	53,437.24	53,437.24	53,437.24		
Employee Group Insurance	354,000.00	354,000.00	323,926.23	27,525.96	2,547.81
<u>PUBLIC WORKS FUNCTIONS</u>					
Snow Removal					
Salaries and Wages	1,991.09	1,991.09	1,991.09		
Other Expenses	10,931.60	10,931.60	10,931.60		
<u>STATUTORY EXPENDITURES</u>					
Public Employees' Retirement System	5,896.00	5,896.00	5,896.00		
Total Operations	<u>471,775.69</u>	<u>471,775.69</u>	<u>441,701.92</u>	<u>27,525.96</u>	<u>2,547.81</u>
<u>PUBLIC AND PRIVATE PROGRAMS</u>					
<u>OFFSET BY REVENUES</u>					
Matching Funds for Grants	3,000.00	3,000.00			3,000.00
Clean Communities Program	793.90	12,372.66	12,372.66		
Alliance for Substance Abuse					
Prevention Program	37,700.00	37,700.00	37,700.00		
Handicapped Recreation Opportunities	9,600.00	9,600.00	9,600.00		
Older Americans Act	4,656.00	4,656.00	4,656.00		
Statewide Liveable Communities Grant		42,900.00	42,900.00		
Recycling Tonnage	8,260.47	8,260.47	8,260.47		
Neighborhood Preservation	145,000.00	145,000.00	145,000.00		
NJ Stormwater	5,000.00	5,000.00	5,000.00		
NJ State Police SLAEHOP	2,405.72	2,405.72	2,405.72		
Total Public and Private Programs	<u>216,416.09</u>	<u>270,894.85</u>	<u>267,894.85</u>		<u>3,000.00</u>
Total Operations Excluded from "CAPS"	<u>688,191.78</u>	<u>742,670.54</u>	<u>709,596.77</u>	<u>27,525.96</u>	<u>5,547.81</u>

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

STATEMENT OF EXPENDITURES

	Appropriations		Expended		
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
<u>CAPITAL IMPROVEMENTS</u>					
Capital Improvement Fund	150,000.00	150,000.00	150,000.00		
Purchase of Emergency & Fire Vehicles	175,000.00	175,000.00	175,000.00		
Improvements to Municipal Buildings & Facilities	10,000.00	10,000.00	10,000.00		
Improvements to Roads	25,000.00	25,000.00	3,463.92	18,411.58	3,124.50
Purchase of Public Works Vehicle	39,000.00	39,000.00	39,000.00		
Purchase of Court Video Conference Equipment	10,000.00	10,000.00	10,000.00		
Improvements to Senior Center	15,000.00	15,000.00	4,908.18	5,950.65	4,141.17
New Jersey Transportation Trust Fund Authority Act	145,000.00	145,000.00	145,000.00		
Total Capital Improvements	<u>569,000.00</u>	<u>569,000.00</u>	<u>537,372.10</u>	<u>24,362.23</u>	<u>7,265.67</u>
<u>DEBT SERVICE</u>					
Green Trust Loan Program Loan Repayments for Principal and Interest	<u>59,350.50</u>	<u>59,350.50</u>	<u>59,350.50</u>		
Total Appropriations Excluded from "CAPS"	<u>1,316,542.28</u>	<u>1,371,021.04</u>	<u>1,306,319.37</u>	<u>51,888.19</u>	<u>12,813.48</u>
Total General Appropriations for Municipal Purposes	3,406,622.23	3,461,100.99	3,036,332.73	197,166.76	227,601.50
RESERVE FOR UNCOLLECTED TAXES	<u>438,200.00</u>	<u>438,200.00</u>	<u>438,200.00</u>		
TOTAL GENERAL APPROPRIATIONS	<u><u>3,844,822.23</u></u>	<u><u>3,899,300.99</u></u>	<u><u>3,474,532.73</u></u>	<u><u>197,166.76</u></u>	<u><u>227,601.50</u></u>
Ref.	A-2	A-3		A-14	A

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

STATEMENT OF EXPENDITURES

	Appropriations		Expended	
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved
	<u>Ref.</u>			
Appropriation by 40A:4-87	A-2	54,478.76		
Budget	A-3	3,844,822.23		
		<u>3,899,300.99</u>		
		<u>Ref.</u>		
Reserve for Grants	A-18		412,894.85	
Reserve for Uncollected Taxes	A-2		438,200.00	
Due General Capital Fund			198,870.00	
Due Accumulated Absence Trust			1.25	
Payroll Taxes Withheld			1,030,025.11	
Disbursed	A-4		1,394,541.52	
			<u>3,474,532.73</u>	

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

TRUST FUND

COMPARATIVE BALANCE SHEET - TRUST FUND

<u>ASSETS</u>	<u>Ref.</u>	Balance <u>Dec. 31, 2005</u>	Balance <u>Dec. 31, 2004</u>
<u>Animal Control Trust Fund</u>			
Cash - Treasurer	B-1	19,230.46	28,587.02
Due from Current Fund	A	481.84	
		<u>19,712.30</u>	<u>28,587.02</u>
<u>Escrow Trust Fund</u>			
Cash - Treasurer	B-1	117,242.75	47,148.95
<u>Tax Sale Premium Fund</u>			
Cash - Collector	B-3	60,908.90	12,903.52
<u>Municipal Alliance Trust Fund</u>			
Cash - Treasurer	B-1	463.78	1,863.18
<u>Public Defender Trust Fund</u>			
Cash - Treasurer	B-1	316.48	8,490.58
Due from Current Fund	A	1,011.27	
		<u>1,327.75</u>	<u>8,490.58</u>
<u>Accumulated Absence Trust Fund</u>			
Cash - Treasurer	B-1	23,160.35	15,100.00
Due from Current Fund			100.00
		<u>23,160.35</u>	<u>15,200.00</u>
<u>Recreation Trust Fund</u>			
Cash	B-1	59.16	
<u>Snow Removal Trust Fund</u>			
Cash	B-1	10,790.20	
		<u>233,665.19</u>	<u>114,193.25</u>

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

COMPARATIVE BALANCE SHEET - TRUST FUND

<u>LIABILITIES AND RESERVES</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2005</u>	<u>Balance</u> <u>Dec. 31, 2004</u>
<u>Animal Control Trust Fund</u>			
Due Current Fund			10,488.22
Due State of New Jersey		7.20	7.20
Reserve for Dog Fund Expenditures	B-5	19,705.10	18,091.60
		19,712.30	28,587.02
<u>Escrow Trust Fund</u>			
Due Current Fund	A	2,165.95	486.99
Reserve for Escrow Fees		115,076.80	46,661.96
		117,242.75	47,148.95
<u>Tax Sale Premium Fund</u>			
Due Current Fund	A	169.19	2.49
Deposits for Redemption of Tax Sale Certificates		9,039.71	12,901.03
Premiums Received at Tax Sale		51,700.00	
		60,908.90	12,903.52
<u>Municipal Alliance Trust Fund</u>			
Reserve for Municipal Alliance		463.78	1,863.18
<u>Public Defender Trust Fund</u>			
Due State of New Jersey		1,327.75	1,327.75
Due Current Fund			3,111.96
Reserve for Public Defender Fees			4,050.87
		1,327.75	8,490.58
<u>Accumulated Absence Trust Fund</u>			
Due Current Fund	A	359.10	
Reserve for Accumulated Absences		22,801.25	15,200.00
		23,160.35	15,200.00
<u>Recreation Trust Fund</u>			
Due Current Fund	A	9.16	
Reserve for Recreation		50.00	
		59.16	
<u>Snow Removal Trust Fund</u>			
Reserve for Snow Removal		10,790.20	
		233,665.19	114,193.25

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

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL

<u>ASSETS</u>	<u>Ref.</u>	Balance <u>Dec. 31, 2005</u>	Balance <u>Dec. 31, 2004</u>
Cash - Treasurer	C-1	731,576.69	574,818.93
Investment - Bond Anticipation Notes - Utility Capital Fund	C-3	275,000.00	295,000.00
Due from Current Fund	A	144,244.01	
Due from Utility Operating Fund	D	20,000.00	20,000.00
Deferred Charges to Future Taxation:			
Funded		28,951.45	84,753.20
Unfunded	C-5	104,611.71	104,611.71
		<u>1,304,383.86</u>	<u>1,079,183.84</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Loan Payable	C-8	28,951.45	84,753.20
Improvement Authorizations:			
Funded	C-7	66,363.90	66,363.90
Unfunded	C-7	104,611.71	104,611.71
Capital Improvement Fund	C-6	208,642.98	58,642.98
Due Current Fund			49,732.68
Reserve for Sanitary Landfill Closure		429,649.50	438,640.50
Reserve for Improvement to Sewerage Collection System		6,323.13	6,323.13
Reserve for Street Overlay Program		155,439.32	155,439.32
Reserve for Improvements to Municipal Building		9,337.56	18,482.11
Reserve for Expansion of Facilities for Township Parks		45,815.94	45,815.94
Reserve for Purchase of Emergency Vehicles		15,656.00	15,656.00
Reserve for Purchase of Vehicles		53.00	53.00
Reserve for Improvements to Convenience Center		3,125.00	3,125.00
Reserve for Construction of a Senior Center		6,544.37	6,544.37
Reserve for Improvements top Roads		25,000.00	25,000.00
Reserve for Improvements to Municipal Buildings and Facilities		4,800.00	
Reserve for Purchase of Emergency and Fire Vehicles		175,000.00	
Reserve for Purchase of Court Video Conference Equipment		10,000.00	
Reserve for Purchase of Public Works Vehicle		9,070.00	
		<u>1,304,383.86</u>	<u>1,079,183.84</u>

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

WATER & SEWER UTILITY FUND

COMPARATIVE BALANCE SHEET - WATER & SEWER UTILITY FUND

<u>ASSETS</u>	<u>Ref.</u>	Balance <u>Dec. 31, 2005</u>	Balance <u>Dec. 31, 2004</u>
<u>Operating Fund</u>			
Cash - Treasurer	D-4	1,850,564.79	1,733,942.84
Cash - Collector	D-6	16,164.38	14,088.02
Due from Utility Capital Fund			6,432.83
		<u>1,866,729.17</u>	<u>1,754,463.69</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable - Water	D-9	79,857.24	45,230.31
Consumer Accounts Receivable - Sewer	D-9	40,080.06	33,372.49
		<u>119,937.30</u>	<u>78,602.80</u>
Deferred Charges:			
Overexpenditure of Appropriation			2.57
Total Operating Fund		<u>1,986,666.47</u>	<u>1,833,069.06</u>
<u>Capital Fund</u>			
Cash - Treasurer	D-4	476,307.97	493,312.12
Due from Utility Operating Fund	D	32,542.12	
Fixed Capital Authorized and Uncompleted	D-10	3,925,000.00	3,925,000.00
Total Capital Fund		<u>4,433,850.09</u>	<u>4,418,312.12</u>
		<u>6,420,516.56</u>	<u>6,251,381.18</u>

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

COMPARATIVE BALANCE SHEET - WATER & SEWER UTILITY FUND

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2005</u>	<u>Balance Dec. 31, 2004</u>
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves	D-3:D-11	124,113.15	5,217.64
Encumbrances Payable	D-12	17,600.31	6,327.00
Water Rent Overpayments		538.87	400.10
Sewer Rent Overpayments		7,646.60	1,467.57
Due Current Fund	A	19,546.12	19,658.52
Due General Capital Fund	C	20,000.00	20,000.00
Due Federal & State Grant Fund	A	25,314.00	
Due Utility Capital Fund	D	32,542.12	
		<hr/>	<hr/>
		247,301.17	53,070.83
Reserve for Receivables		119,937.30	78,602.80
Fund Balance	D-1	1,619,428.00	1,701,395.43
		<hr/>	<hr/>
Total Operating Fund		1,986,666.47	1,833,069.06
<u>Capital Fund</u>			
Loan Payable	D-17	2,053,906.60	2,089,042.57
Notes Payable - General Capital Fund	D-16	275,000.00	295,000.00
Bond Anticipation Notes Payable	D-18	790,000.00	831,900.00
Encumbrances Payable			36,900.00
Improvement Authorizations:			
Funded	D-13	79,549.65	79,549.65
Unfunded	D-13	53,936.58	53,936.58
Capital Improvement Fund	D-14	70,687.60	57,687.60
Due Utility Operating Fund			6,432.83
Reserve for Preliminary Expenses - Construction of a Water Tower		64,046.05	64,046.05
Reserve for:			
Purchase of Land - Pumping Station		1,223.00	1,223.00
Water Tower Repairs		7,599.67	7,595.87
Centerton Road Water Main Project		65,940.54	65,940.54
Love Lane Tower Improvements		131,732.00	120,000.00
Purchase of Truck		4,135.00	
Seabrook Tower Improvements		30,000.00	
Reserve for Deferred Amortization	D-15	806,093.40	709,057.43
		<hr/>	<hr/>
Total Capital Fund		4,433,850.09	4,418,312.12
		<hr/>	<hr/>
		6,420,516.56	6,251,381.18
		<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 - WATER & SEWER UTILITY FUND

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2005</u>	<u>Year 2004</u>
Fund Balance Utilized	D-2	416,471.53	215,858.31
Sewer Rents	D-2	585,014.40	607,809.00
Water Rents	D-2	268,081.48	241,326.98
Small Cities Grant - Water Utility	A-8	400,000.00	
Miscellaneous Revenue Not Anticipated	D-2	252,559.02	89,058.31
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-11	5,217.64	2,671.27
Encumbrances Payable Canceled	D-12	570.23	4,741.61
Total Income		<u>1,927,914.30</u>	<u>1,161,465.48</u>
<u>Expenditures</u>			
Operating	D-3	1,271,631.00	653,450.57
Capital Improvements	D-3	102,000.00	55,000.00
Debt Service	D-3	205,376.63	218,863.17
Deferred Charges and Statutory Expenditures	D-3	14,402.57	8,500.00
Total Expenditures		<u>1,593,410.20</u>	<u>935,813.74</u>
Excess in Revenue		334,504.10	225,651.74
Adjustments to Income Before Fund Balance:			
Expenditures included above which are by			
Statute Deferred Charges to Budget of			
Succeeding Year			2.57
Statutory Excess to Fund Balance		334,504.10	225,654.31
<u>Fund Balance</u>			
Balance January 1	D	1,701,395.43	1,691,599.43
		<u>2,035,899.53</u>	<u>1,917,253.74</u>
Decreased by:			
Utilization as Anticipated Revenue	D-1	416,471.53	215,858.31
Balance December 31	D	<u><u>1,619,428.00</u></u>	<u><u>1,701,395.43</u></u>

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

STATEMENT OF REVENUES

	<u>Ref.</u>	<u>Anticipated Budget 2005</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	416,471.53	416,471.53	
Sewer Rents	D-2	549,500.00	585,014.40	35,514.40
Water Rents	D-2	227,500.00	268,081.48	40,581.48
Small Cities Grant - Water Utility	A-8	400,000.00	400,000.00	
Non-Budget Revenue	D-2		252,559.02	252,559.02
		<u>1,593,471.53</u>	<u>1,922,126.43</u>	<u>328,654.90</u>
	Ref.	D-3		

Analysis of Realized Revenue

	<u>Ref.</u>	<u>Sewer</u>	<u>Water</u>
Rents:			
Consumer Accounts Receivable:			
Collected	D-9	583,546.83	267,681.38
Overpayments Applied	D-9	1,467.57	400.10
	D-2	<u>585,014.40</u>	<u>268,081.48</u>

Analysis of Non-Budget Revenue

	<u>Ref.</u>	
Interest on Investments	D-4:D-6	77,522.40
Interest on Delinquent Accounts	D-6	9,237.86
Lease	D-4	39,600.00
Sewer Connection Fees	D-6	120,401.08
Miscellaneous	D-4:D-6	5,797.68
	D-2	<u>252,559.02</u>

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

STATEMENT OF EXPENDITURES

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Operating:						
Salaries and Wages	149,900.00	149,900.00	135,730.89		14,169.11	
Other Expenses	310,700.00	281,700.00	159,765.56	17,600.31	104,334.13	
Sewerage Treatment Contract - Cumberland County Utility Authority	375,031.00	400,031.00	399,448.00		583.00	
Small Cities Grant - Water Utility	440,000.00	440,000.00	440,000.00			
Capital Improvements:						
Capital Improvement Fund	13,000.00	13,000.00	13,000.00			
Love Lane Tower Improvements	20,000.00	20,000.00	20,000.00			
Seabrook Tower Improvements	30,000.00	30,000.00	30,000.00			
Purchase of Truck	39,000.00	39,000.00	39,000.00			
Debt Service:						
Payment of Bond Principal	35,135.97	35,135.97	35,135.97			
Payment of Bond Anticipation Notes and Capital Notes	61,900.00	61,900.00	61,900.00			
Interest on Bonds	93,676.99	93,676.99	93,616.03			60.96
Interest on Notes	14,725.00	14,725.00	14,724.63			0.37
Deferred Charges & Statutory Expenditures:						
Deferred Charges:						
Overexpenditure of Appropriation	2.57	2.57	2.57			
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	8,900.00	12,900.00	9,363.39		3,536.61	
Unemployment Compensation Insurance	1,500.00	1,500.00	9.70		1,490.30	
	<u>1,593,471.53</u>	<u>1,593,471.53</u>	<u>1,451,696.74</u>	<u>17,600.31</u>	<u>124,113.15</u>	<u>61.33</u>
Ref.	D-2	D-3		D-12	D	
		<u>Ref.</u>				
Due Utility Capital Fund			54,135.00			
Due Federal & State Grant Fund		A-18	440,000.00			
Deferred Charges			2.57			
Disbursed		D-4	957,559.17			
			<u>1,451,696.74</u>			

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

PUBLIC ASSISTANCE FUND

COMPARATIVE BALANCE SHEET - PUBLIC ASSISTANCE FUND

<u>ASSETS</u>	<u>Ref.</u>	Balance <u>Dec. 31, 2005</u>	Balance <u>Dec. 31, 2004</u>
Cash - Treasurer	E-1	<u>10,363.34</u>	<u>10,029.65</u>
 <u>LIABILITIES AND RESERVES</u>			
Due Current Fund	A	514.58	180.89
Reserve for Public Assistance		<u>9,848.76</u>	<u>9,848.76</u>
		<u>10,363.34</u>	<u>10,029.65</u>

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

GENERAL FIXED ASSETS

EXHIBIT FSTATEMENT OF GENERAL FIXED ASSETS

	Balance Dec. 31, 2005	Balance Dec. 31, 2004
General Fixed Assets:		
Land	287,578.00	287,578.00
Buildings	1,247,937.19	1,247,937.19
Improvements	414,486.00	414,486.00
Equipment	2,864,842.90	2,800,047.90
	<u>4,814,844.09</u>	<u>4,750,049.09</u>
Investment in General Fixed Assets	<u>4,814,844.09</u>	<u>4,750,049.09</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, 2005

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

B. Description of Funds and Account Groups

The accounting policies of the Township of Upper Deerfield 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 of Upper Deerfield 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.

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

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

General Fixed Assets – To account for fixed assets used in governmental operations.

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting

A modified accrual basis of accounting is followed. The more significant accounting principles are as follows:

Budget – The Township adopts an annual budget in accordance with N.J.S.A. 40:4. Once approved, the Township may make emergency appropriations for purposes which are not foreseen at the time the budget was adopted per N.J.S.A. 40A:4-46. After approval from the Director the Township may also make amendments for any special item of revenue made available by any public or private funding source per N.J.S.A. 40A:4-87.

Authorized budget amendments were approved as follows:

Special Items of Revenue:

Clean Communities Program	11,578.76
NJ Statewide Liveable Communities	42,900.00

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.

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, whereas interest on utility indebtedness is on the accrual basis.

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting (Cont'd)

Property Taxes – Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied annually and are payable in quarterly installments on February 1, May 1, August 1, and November 1 of each year. All unpaid taxes levied become delinquent January 1 of the following year. Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided.

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

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

Insurance – Cost of insurance for all funds are recorded as expenditures at the time of payment. Insurance costs chargeable to future periods are not carried as prepayments.

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.

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 Technical Accounting Directive No. 85-2, 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.

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, in accordance with the State of New Jersey's Technical Accounting Directive 85-2. However, land and improvements are recorded at its assessed value which is a departure from the aforementioned directive.

No depreciation has been provided for in the financial statements.

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting (Cont'd)

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.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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.

Departures from Generally Accepted Accounting Principles – The accounting principles and practices followed by the Township of Upper Deerfield differ in some respects, which in some instances may be material, from generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

Taxes and other receivables are fully reserved.

Interfund receivables in the Current Fund are fully reserved and recognized as revenue in the year of liquidation.

Unexpended and uncommitted appropriations are reflected as expenditures.

Overexpended appropriations and emergency appropriations are deferred to the succeeding year's operations.

No provision is made for accumulated vested vacation and sick leave.

Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting (Cont'd)

Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Depreciation expense is not calculated on fixed assets.

Encumbrances are reported as a liability in the financial statement.

It was not practicable to determine the effect of such differences.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Township of Upper Deerfield has defined cash and cash equivalents to consist primarily of petty cash, change funds, cash on deposit, certificates of deposit, money market accounts, and short term investments with original maturities of three months or less.

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

Deposits

New Jersey statutes require that municipalities deposit public funds in contracted depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds, under the Governmental Unit Deposit Protection Act (G.U.D.P.A.) N.J.S.A. 17:9-41, that exceed depository insurance limits as follows:

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

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

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Deposits (Cont'd)

Although the pledged securities are not in the name of the municipality, the deposits are deemed collateralized under New Jersey law, and certificates to eligibility are issued every six months by the public depository under the provisions of G.U.D.P.A.

The carrying amount of the Township's cash and cash equivalents at December 31, 2005, was \$7,888,012.64 and the bank balance was \$8,175,321.11. Of the bank balance, \$279,499.80 was covered by federal depository insurance (including public and custodial funds) and \$7,895,821.30 was covered by a collateral pool maintained by the bank as required by New Jersey statutes.

Category 1 are deposits insured, registered or collateralized with securities held by the Township, or its agent, in the Township's name.

Category 2 are deposits uninsured, unregistered or collateralized with securities held by the pledging public depository or by its trust department, or by its agent, in the Township's name.

Category 3 are deposits uninsured, unregistered or uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository or by its trust department, or its agent but not in the Township's name. Investments in the New Jersey Cash Management Fund are included in this category.

	Categories		
	1	2	3
Current Fund	4,857,611.30		
Trust Funds	231,831.19		
General Capital Fund	731,576.69		
Utility Operating Fund	1,867,630.62		
Utility Capital Fund	476,307.97		
Public Assistance Fund	10,363.34		
	8,175,321.11		

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than 397 days from the date of purchase.
- c. Bonds or other obligations of the Township or bonds or other obligations of the Township school district.
- d. 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.
- e. Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- f. Repurchase agreements (repos) of fully collateralized securities, subject to conditions, as indicated in NJSA 40A:5-15.1(a).
- g. Certificates of deposit at federally insured banks.

During the period ended December 31, 2005, the Township held an investment in bond anticipation notes with the Township Utility Capital Fund.

NOTE 3: FUND BALANCES APPROPRIATED

Of the \$3,656,420.51 Current Fund balance at December 31, 2005, \$1,589,705.50 was appropriated and included as anticipated revenue in the introduced budget for the year ending December 31, 2006.

Of the \$1,619,428.00 Utility Operating Fund balance at December 31, 2005, \$442,441.00 was appropriated and included as anticipated revenue in the introduced budget for the year ending December 31, 2006.

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 4: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2005.

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Tax Sale Premium Fund	169.19	
Public Assistance	514.58	
Accumulated Absence Trust Fund	359.10	
Escrow Trust Fund	2,165.95	
Utility Operating Fund	19,546.12	
Federal and State Grant Fund	145,074.41	
Recreation Trust Fund	9.16	
Animal Control Trust Fund		481.84
Public Defender Trust Fund		1,011.27
General Capital Fund		144,244.01
Federal and State Grant		
Utility Operating Fund	25,314.00	
Current Fund		145,074.41
Animal Control Trust Fund		
Current Fund	481.84	
Escrow Trust Fund		
Current Fund		2,165.95
Tax Sale Premium Fund		
Current Fund		169.19
Public Defender Trust Fund		
Current Fund	1,011.27	
Accumulated Absence Trust Fund		
Current Fund		359.10
Recreation Trust Fund		
Current Fund		9.16
General Capital Fund		
Utility Operating Fund	20,000.00	
Current Fund	144,244.01	
Utility Operating Fund		
Utility Capital Fund		32,542.12
Current Fund		19,546.12
Federal and State Grant Fund		25,314.00
General Capital Fund		20,000.00
Utility Capital Fund		
Utility Operating Fund	32,542.12	
Public Assistance Fund		
Current Fund		514.58
	<u>391,431.75</u>	<u>391,431.75</u>

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 5: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2005.

	Balance Dec. 31, 2004	Additions	Balance Dec. 31, 2005
Land	287,578.00		287,578.00
Building	1,247,937.19		1,247,937.19
Improvements	414,486.00		414,486.00
Equipment	2,800,047.90	64,795.00	2,864,842.90
	<u>4,750,049.09</u>	<u>64,795.00</u>	<u>4,814,844.09</u>

NOTE 6: LONG-TERM DEBT

Summary of Municipal Debt Service

During the calendar year 2005, the following changes occurred in the municipal debt of the Township.

	Balance Dec. 31, 2004	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2005
<u>ISSUED:</u>				
General:				
Loan	84,753.20		55,801.75	28,951.45
Water & Sewer Utility:				
Loan	2,089,042.57		35,135.97	2,053,906.60
Notes	1,126,900.00		61,900.00	1,065,000.00
Net Debt Issued	<u>3,300,695.77</u>		<u>152,837.72</u>	<u>3,147,858.05</u>
<u>AUTHORIZED BUT NOT ISSUED:</u>				
General:				
Bonds & Notes	104,611.71			104,611.71
Authorized but not Issued	<u>104,611.71</u>			<u>104,611.71</u>
Total Debt Issued and Authorized but Not Issued	<u>3,405,307.48</u>		<u>152,837.72</u>	<u>3,252,469.76</u>

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 6: LONG-TERM DEBT (CONT'D)

Summary of Municipal Debt Service (Cont'd)

Permanently funded debt as of December 31, 2005, consists of a Water Conservation Fund Loan and a Farmers Home Administration Loan as follows:

	<u>Date of Issue</u>	<u>Maturities</u>	<u>Interest Rate</u>	<u>Amount</u>
Construction of a Water Supply System	3/2/1988	2006	5.00%	28,951.45
Various Sewer & Water System Capital Improvements	5/10/1994	2006-2034	4.50%	2,053,906.60
				<u>2,082,858.05</u>

Temporary unfunded debt as of December 31, 2005, consists of one year maturity or less of bond anticipation notes as follows:

	<u>Interest Rates</u>	<u>Amount</u>
Water & Sewer Utility Capital Fund:		
Various Water & Sewer System Capital Improvements	0.00%	10,000.00
Various Water & Sewer System Capital Improvements	0.00%	265,000.00
Various Water & Sewer System Capital Improvements	3.00%	75,000.00
Various Water & Sewer System Capital Improvements	3.00%	350,000.00
Various Water System Capital Improvements	3.00%	365,000.00
		<u>1,065,000.00</u>

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 6: LONG-TERM DEBT (CONT'D)

Summary of Municipal Debt Service (Cont'd)

As of December 31, 2005, debt service requirements on long-term debt in future years are:

Year Ended December 31	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Water Conservation Loan 2006	28,951.45	723.80	29,675.25
Farmers Home Administration Loan			
2006	36,734.87	92,017.13	128,752.00
2007	38,406.54	90,345.46	128,752.00
2008	40,154.28	88,597.72	128,752.00
2009	41,981.54	86,770.46	128,752.00
2010	43,891.97	84,860.03	128,752.00
2011-2015	251,301.26	392,458.74	643,760.00
2016-2020	313,926.40	329,833.60	643,760.00
2021-2025	392,157.93	251,602.07	643,760.00
2026-2030	489,885.02	153,874.98	643,760.00
2031-2034	405,466.79	36,752.21	442,219.00
	<u>2,053,906.60</u>	<u>1,607,112.40</u>	<u>3,661,019.00</u>

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 6: LONG-TERM DEBT (CONT'D)

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 .03%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School Debt	3,345,870.72	3,345,870.72	
Local School Debt	5,970,767.48	2,970,767.48	
Utility Debt	3,118,906.60	3,118,906.60	
General Debt	133,563.16		133,563.16
	<u>12,569,107.96</u>	<u>9,435,544.80</u>	<u>133,563.16</u>

Net Debt \$133,563.16/Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended
\$444,877,673.67 = .03%

Borrowing Power under N.J.S.A. 40:A2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	15,570,718.58
Net Debt	<u>133,563.16</u>
Remaining Borrowing Power	<u>15,437,155.42</u>

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

Cash Receipts from fees, rents, or other charges	1,522,126.43
Deductions:	
Operating and Maintenance Costs	710,074.31
Debt Service	<u>205,376.63</u>
	915,450.94
Excess in Revenue	<u>606,675.49</u>

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 7: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2005, the following deferred charges are shown on the balance sheets of the various funds.

	Balance Dec. 31, 2005	2006 Budget Appropriation
Current Fund		
Deficit in Operations	12,419.14	12,419.14

NOTE 8: PENSION FUNDS

Description of Plan – All required employees of the Township are covered by the Public Employees’ Retirement System which has been established by state statute and is administered by the New Jersey Department of Pension and Benefits. 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 System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the retirement system. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Public Employees’ Retirement System (PERS) – The Public Employees’ Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees Retirement System is a cost-sharing multiple-employer plan. Membership is generally required for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system. Members are eligible for retirement at age 60 with an annual benefit generally determined to be the number of years of service divided by 55, times the final average salary. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years’ compensation if other than the final three years). Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The system provides for employee contributions of 5% of employees’ annual base salary. Funding by the State and the Township are determined by the annual actuarial valuation. The State’s annual contribution approximates the actuarially determined pension cost for the year. Significant actuarial assumptions used to compute the pension contribution requirements are the same as those used to determine the pension benefit obligation.

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 8: PENSION FUNDS (CONT'D)

Trend Information

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Total Payroll	950,274.21	920,585.80	833,797.84
PERS Covered Payroll	798,549.00	760,270.00	728,975.00
Employer Required Contribution	5,896.00	None	None
Percentage of PERS Covered Payroll	0.74%	0.00%	0.00%

NOTE 9: 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, 2005 was \$65,165.43. The Township has established a trust to fund a reserve for accumulated absences. As of December 31, 2005 the fund had a reserve balance of \$22,801.25.

NOTE 10: POSTRETIREMENT BENEFITS

In addition to the pension benefits described in Note 8, the State provides postretirement healthcare benefits, in accordance with State statutes, to all employees who retire and are already covered by the State Health Benefits Program (SHBP) through their employer. If a member of the Public Employees' Retirement System (PERS) is not eligible for employer-paid coverage, they may continue the coverage by paying the appropriate premium. The cost of these benefits are actuarially determined and advance funded through contributions by the State. As of December 31, 2005, there were 4 employees who met the requirements for postretirement healthcare benefits.

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

NOTE 11: 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 12: 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.

NOTE 13: 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

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

	Year 2005		Year 2004	
	Amount	%	Amount	%
<u>Revenue & Other Income Realized</u>				
Fund Balance Utilized	1,091,284.20	6.21%	921,807.15	5.92%
Miscellaneous - From Other Than Local Property Tax Levies	3,454,023.35	19.65%	3,144,405.61	20.21%
Collection of Delinquent Taxes and Tax Title Liens	381,203.91	2.17%	453,881.05	2.92%
Collection of Current Tax Levy	12,571,089.26	71.51%	11,026,799.68	70.86%
Interfund Loans Returned	80,893.28	0.46%	14,538.72	0.09%
Total Income	<u>17,578,494.00</u>	<u>100.00%</u>	<u>15,561,432.21</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Appropriations:				
Municipal Purposes	3,461,100.99	19.68%	3,398,789.75	23.03%
County Taxes	4,940,937.69	28.08%	4,068,969.59	27.56%
Local and Regional School Taxes	7,999,792.52	45.48%	7,238,247.06	49.04%
Other Expenditures	1,189,081.94	6.76%	54,623.17	0.37%
Total Expenditures	<u>17,590,913.14</u>	<u>100.00%</u>	<u>14,760,629.57</u>	<u>100.00%</u>
Statutory Excess to Fund Balance			800,802.64	
Deficit in Operations	<u>12,419.14</u>			
Fund Balance January 1	4,747,704.71		4,868,709.22	
	<u>4,747,704.71</u>		<u>5,669,511.86</u>	
Decreased by:				
Utilization as Anticipated Revenue	1,091,284.20		921,807.15	
Fund Balance December 31	<u>3,656,420.51</u>		<u>4,747,704.71</u>	

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

	Year 2005		Year 2004	
	Amount	%	Amount	%
<u>Revenue & Other Income Realized</u>				
Fund Balance Utilized	416,471.53	21.60%	215,858.31	18.58%
Miscellaneous - From Other Than Water & Sewer Rents	658,346.92	34.15%	96,471.19	8.31%
Collection of Water and Sewer Rents	853,095.85	44.25%	849,135.98	73.11%
Total Income	<u>1,927,914.30</u>	<u>100.00%</u>	<u>1,161,465.48</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Appropriations:				
Operating	1,271,631.00	79.81%	653,450.57	69.82%
Capital Improvements	102,000.00	6.40%	55,000.00	5.88%
Debt Service	205,376.63	12.89%	218,863.17	23.39%
Deferred Charges and Statutory Expenditures	14,402.57	0.90%	8,500.00	0.91%
Total Expenditures	<u>1,593,410.20</u>	<u>100.00%</u>	<u>935,813.74</u>	<u>100.00%</u>
Less: Expenditures to be Raised by Future Taxes			2.57	
Total Adjusted Expenditures	<u>1,593,410.20</u>		<u>935,811.17</u>	
Excess in Revenue	334,504.10		225,654.31	
Fund Balance January 1	1,701,395.43		1,691,599.43	
	<u>2,035,899.53</u>		<u>1,917,253.74</u>	
Decreased by:				
Utilization as Anticipated Revenue	416,471.53		215,858.31	
Fund Balance December 31	<u>1,619,428.00</u>		<u>1,701,395.43</u>	

COMPARATIVE STATEMENT OF TAX RATE INFORMATION

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Tax Rate</u>	3.214	2.878	2.696
<u>Apportionment of Tax Rate</u>			
County	1.149	0.970	0.941
Local Health Service	0.049	0.045	0.044
County Open Space			
Preservation	0.012	0.011	0.011
Local School	1.357	1.257	1.127
Regional High School	0.065	0.595	0.573

Assessed Valuation

2005	399,407,924		
2004		391,223,338	
2003			384,445,670

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2005	13,060,155.31	12,571,089.26	96.26%
2004	11,376,211.28	11,025,563.42	96.92%
2003	10,462,103.17	10,070,038.19	96.25%

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>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Amount of Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2005	33,233.74	536,996.20	570,229.94	4.37%
2004	33,042.58	348,460.73	381,503.31	3.35%
2003	37,487.16	386,714.86	424,202.02	4.05%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2005	102,900.00
2004	102,900.00
2003	124,900.00

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>
2005	302,708.41	268,081.48
2004	280,971.72	241,326.98
2003	149,922.99	147,208.59

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>
2005	591,721.97	585,014.40
2004	610,593.13	607,809.00
2003	598,327.41	584,393.38

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2005	3,656,420.51	1,589,705.50
	2004	4,747,704.71	1,091,284.20
	2003	4,868,709.22	921,807.15
	2002	4,871,703.93	730,935.37
	2001	4,321,463.27	762,022.59
Water and Sewer Operating Fund	2005	1,619,428.00	442,441.00
	2004	1,701,395.43	416,471.53
	2003	1,691,599.43	215,858.31
	2002	1,598,896.80	74,766.73
	2001	1,351,141.66	33,741.10

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
C. Kenneth Hill	Chairman	
Ralph A. Cocove, Sr.	Vice Chairman	
James P. Crilley	Committeeman	
George E. Joyce, Jr.	Committeeman	
Douglas M. Rainear	Committeeman	
Theodore E. Baker, Esq.	Solicitor	
Brian J. Murphy	Engineer	
Roy Spoltore	Township Administrator	
	Township Clerk (from 7/21)	
Ruth Moynihan	Chief Financial Officer, Treasurer	162,000
William F. Sray	Township Clerk (to 6/30)	
Andrea Penney	Tax Collector, Tax Search Officer & Utility Collector	251,000
Lucy Sparacio	Court Administrator (A)	50,000
A. Paul Kienzle, Jr., Esq.	Magistrate (A)	50,000

All of the bonds were examined and were properly executed.

Bonds were written with the Traveler's Casualty and Surety Company and the Western Surety Company.

(A) A blanket fidelity bond covers municipal court personnel.

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2004	A		5,137,127.52
Increased by Receipts:			
Transfer from Tax Collector	A-6	13,187,588.90	
Grants Receivable	A-8	297,898.06	
Revenue Accounts Receivable	A-12	2,519,360.71	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-15	158,957.80	
Reserve for Grants - Unappropriated	A-19	16,052.32	
Accounts Receivable - Tax Refunds		800.00	
Due from Animal Control Trust Fund		19,705.10	
Due from Utility Operating Account		506.39	
Due from Public Defender Trust		7,763.35	
Reserve for Home Rehabilitations		12,785.00	
Reserve for Sanitary Landfill		360.85	
		<hr/>	16,221,778.48
			<hr/>
			21,358,906.00
Decreased by Disbursements:			
2005 Budget Appropriations	A-3	1,394,541.52	
2004 Appropriation Reserves	A-13	29,164.28	
Encumbrances Payable	A-14	456,014.65	
Reserve for Grants - Appropriated	A-18	221,108.56	
Tax Overpayments Refunded		44,955.27	
Payroll Taxes Payable		1,036,447.64	
County Taxes		4,827,542.32	
Due County for Added and Omitted Taxes		62,406.63	
Local District School Tax	A-16	6,198,891.00	
Regional High School Tax	A-17	2,841,742.69	
Due Utility Operating Fund		393.99	
Due General Capital Fund		979.55	
Reserve for Home Rehabilitations		14,710.00	
		<hr/>	17,128,898.10
			<hr/>
Balance December 31, 2005	A		<hr/> <hr/> 4,230,007.90

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

Balance December 31, 2005	<u>Ref.</u> A-4	4,230,007.90
Increased by Receipts:		
Cash Receipts Record		4,397,274.44
		<hr/> 8,627,282.34
Decreased by Disbursements:		
Cash Disbursements Record		5,525,549.43
Balance April 28, 2006	A-5	<hr/> <hr/> 3,101,732.91
<u>Cash Reconciliation - April 28, 2006</u>		
Balance per Statement		
Bank of America		1,873,315.34
The Bank		1,500,000.00
Colonial Bank		33,654.02
		<hr/> 3,406,969.36
Less: Outstanding Checks		305,236.45
Balance April 28, 2006	A-5	<hr/> <hr/> 3,101,732.91

SCHEDULE OF CASH - COLLECTOR

Balance December 31, 2004	<u>Ref.</u> A		303,103.17
Increased by Receipts:			
Taxes Receivable	A-9	12,660,337.23	
Tax Title Liens	A-10	3,330.69	
Revenue Accounts Receivable	A-12	371,565.25	
Prepaid Taxes		144,975.93	
Tax Overpayments		44,982.12	
		<hr/>	13,225,191.22
			<hr/>
			13,528,294.39
Decreased by Disbursements:			
Paid to Treasurer	A-4		13,187,588.90
			<hr/>
Balance December 31, 2005	A		<hr/> <hr/> 340,705.49

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

	<u>Ref.</u>	
Balance December 31, 2005	A-6	340,705.49
Increased by Receipts:		
Cash Receipts Record		4,265,594.43
		4,606,299.92
Decreased by Disbursements:		
Cash Disbursements Record		3,701,223.49
Balance April 28, 2006	A-7	905,076.43
<u>Cash Reconciliation - April 28, 2006</u>		
Balance per Statement		
Bank of America		863,043.11
Add: Deposit in Transit		42,033.32
Balance April 28, 2006	A-7	905,076.43

SCHEDULE OF GRANTS RECEIVABLE

<u>Grant</u>	<u>Balance Dec. 31, 2004</u>	<u>2005 Budget Revenue Realized</u>	<u>Received</u>	<u>Transfer from Unappropriated Reserves</u>	<u>Balance Dec. 31, 2005</u>
Federal:					
Small Cities Community Development Block Grant	480,322.91		93,808.00		386,514.91
Older Americans Title IIIB	852.66	4,656.00	3,864.00		1,644.66
Older Americans Title IIIF	1,260.69				1,260.69
Small Cities Grant - Water Utility		400,000.00			400,000.00
State:					
NJ Transportation Trust Fund Authority Act	55,677.46	145,000.00	102,907.90		97,769.56
Alliance for Substance Abuse Prevention Program	18,899.00	37,700.00	40,039.40		16,559.60
Handicapped Persons Recreational Opportunity Act	6,150.00	8,000.00	2,800.00		11,350.00
Clean Communities Program		12,372.66	11,578.76	793.90	
Green Communities Program	2,000.00				2,000.00
Statewide Liveable Communities Grant		42,900.00	42,900.00		
Recycling Tonnage Grant		8,260.47		8,260.47	
NJ Preparedness Grant	3,800.00				3,800.00
Stormwater Grant		5,000.00		3,750.00	1,250.00
Neighborhood Preservation		125,000.00			125,000.00
NJ State Police SLAEHOP		2,405.72		2,405.72	
	<u>568,962.72</u>	<u>791,294.85</u>	<u>297,898.06</u>	<u>15,210.09</u>	<u>1,047,149.42</u>
Ref.	A		A-4	A-19	A
	<u>Ref.</u>				
Current Fund Budget	A-2	391,294.85			
Utility Fund Budget	D-2	400,000.00			
		<u>791,294.85</u>			

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2005 Levy	Added Taxes	Collected		Overpayments Applied	Transferred to Tax Title Liens	Balance
	Dec. 31, 2004			2004	2005			Dec. 31, 2005
2001	525.33				525.33			
2002	1,073.84		2,693.13		3,766.97			
2003	3,185.00		37,199.42		15,866.79			24,517.63
2004	343,676.56		40,971.94		357,714.13			26,934.37
	348,460.73		80,864.49		377,873.22			51,452.00
2005		13,060,155.31		130,197.78	12,439,772.18	1,119.30	3,521.85	485,544.20
	348,460.73	13,060,155.31	80,864.49	130,197.78	12,817,645.40	1,119.30	3,521.85	536,996.20
Ref.	A						A-10	A
				Ref.				
		Cash		A-6	12,660,337.23			
		Due State of New Jersey		A-15	157,308.17			
					12,817,645.40			

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

<u>Tax Yield</u>			
General Purpose Tax:			
Business Personalty Tax		12,787,117.44	
General Property Tax		49,853.13	
		12,836,970.57	
Added Taxes (54:4-63.1 et seq.)		223,184.74	
		13,060,155.31	
<u>Ref.</u>			
<u>Tax Levied</u>			
Local District School Tax (Abstract)	A-16	5,417,313.50	
Regional High School Tax (Abstract)	A-17	2,582,479.02	
County Taxes:			
County Tax (Abstract)		4,585,872.02	
Local Health Services Tax (Abstract)		195,238.75	
County Open Space Preservation			
Trust Fund Tax (Abstract)		46,431.55	
Due County for Added & Omitted Taxes		113,395.37	
		4,940,937.69	
Total County Taxes		4,940,937.69	
Local Tax for Municipal Purposes		0.00	
Add: Additional Taxes Levied		119,425.10	
		119,425.10	
			13,060,155.31

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2004	A	33,042.58
Increased by:		
Transfers from Taxes Receivable	A-9	3,521.85
		<hr/>
		36,564.43
Decreased by:		
Collections	A-6	3,330.69
		<hr/>
Balance December 31, 2005	A	<u>33,233.74</u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	<u>Ref.</u>	
Balance December 31, 2004	A	102,900.00
Balance December 31, 2005	A	<hr/>
		102,900.00
		<hr/>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued	Collected by		Balance
	Dec. 31, 2004	in 2005	Treasurer	Collector	Dec. 31, 2005
<u>Miscellaneous Revenue Anticipated</u>					
Fines and Costs:					
Municipal Court	14,408.95	144,941.50	150,650.87		8,699.58
Legislative Initiative Municipal Block Grant		30,310.00	30,310.00		
Consolidated Municipal Property Tax Relief		334,659.00	334,659.00		
Energy Receipts Tax		1,475,167.00	1,475,167.00		
Uniform Construction Code Fees	3,790.28	341,686.00	236,940.28		108,536.00
Uniform Fire Safety Act		16,657.53	16,657.53		
<u>Miscellaneous Revenue Not Anticipated</u>					
Interest on Investments	119.77	170,020.64	152,952.68	17,039.20	148.53
Tax Searches		362.00		362.00	
Interest & Costs on Taxes		84,763.26		84,763.26	
Fees & Permits	2,809.50	72,124.56	68,681.56		6,252.50
Payments in Lieu of Taxes		260,306.37		260,306.37	
Cable Franchise		19,007.01	19,007.01		
Sale of Municipal Assets			32,600.00		
Miscellaneous		10,829.20	1,734.78	9,094.42	
	<u>21,128.50</u>	<u>2,960,834.07</u>	<u>2,519,360.71</u>	<u>371,565.25</u>	<u>123,636.61</u>
Ref.	A		A-4	A-6	A

SCHEDULE OF 2004 APPROPRIATION RESERVES

	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Other Expenses			
Mayor & Township Committee	26.56	26.56	
Municipal Clerk	5,937.04	148.00	5,789.04
Financial Administration	11,179.18	762.69	10,416.49
Audit Services	1,080.00	1,080.00	
Revenue Administration	3,765.62	10.00	3,755.62
Housing Official	709.21	73.45	635.76
Aid to Volunteer Fire Companies	9,435.46	3,732.85	5,702.61
Fire Safety Official	55.08	55.08	
Prosecutor	2,050.00	2,050.00	
Streets & Roads	31,845.53	9,843.87	22,001.66
Maintenance of Parks	16,122.90	6,983.62	9,139.28
Telephone	2,721.58	345.52	2,376.06
Social Security	2,868.50	2,033.93	834.57
Construction Code	10,375.37	2,018.71	8,356.66
Other Accounts - No Change	97,924.04		97,924.04
	<u>196,096.07</u>	<u>29,164.28</u>	<u>166,931.79</u>
Ref.	A	A-4	A-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal & State Grant Fund</u>
Balance December 31, 2004	A	139,134.10	369,669.00
Increased by:			
Charges to 2005 Appropriations	A-3	197,166.76	
Charges to Reserve for Grants	A-18		26,934.15
		<u>336,300.86</u>	<u>396,603.15</u>
Decreased by:			
Payments	A-4	126,815.17	329,199.48
Canceled	A-1	4,870.75	
		<u>131,685.92</u>	<u>329,199.48</u>
Balance December 31, 2005	A	<u>204,614.94</u>	<u>67,403.67</u>

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

	<u>Ref.</u>	
Balance December 31, 2004	A	32,392.83
Increased by:		
Receipts	A-4	158,957.80
		<hr/> 191,350.63
Decreased by:		
2005 Deductions Per Tax Duplicate		153,000.00
2005 Deductions Allowed by Collector		5,750.00
2005 Deductions Disallowed by Collector		(1,441.83)
	A-9	<hr/> 157,308.17
Balance December 31, 2005	A	<hr/> <hr/> 34,042.46

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>Ref.</u>	
Increased by:		
2005 Calendar Year School Levy	A-9	5,417,313.50
Decreased by:		
Payments	A-4	6,198,891.00
Balance December 31, 2005	A	<u>(781,577.50)</u>

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

	<u>Ref.</u>	
Balance December 31, 2004	<u>A</u>	3,746.49
Increased by:		
2005 Calendar Year School Levy	A-9	2,582,479.02
		<u>2,586,225.51</u>
Decreased by:		
Payments	A-4	2,841,742.69
Balance December 31, 2005	A	<u>(255,517.18)</u>

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2004	Transferred from 2005 Budget Appropriation	Paid or Charged	Balance Dec. 31, 2005
Federal Grants:				
Small Cities Community Development Block Grant	142,944.61		2,050.55	140,894.06
Older Americans Title IIIB	461.84	4,656.00	4,656.00	461.84
Older Americans Title IIIF	892.97			892.97
Small Cities Block Grant - Water Utility		440,000.00	36,000.00	404,000.00
State Grants:				
NJ Transportation Trust Fund	58,452.52	145,000.00	145,000.00	58,452.52
Alliance for Substance Abuse Prevention Program		37,700.00	37,700.00	
Clean Communities Program	889.93	12,372.66	363.60	12,898.99
Handicapped Persons Recreational Opportunity Act	11,601.57	9,600.00		21,201.57
Special Legislative Grant	605.00			605.00
Recycling Tonnage Grant	35,918.44	8,260.47	5,211.97	38,966.94
Statewide Liveable Communities Grant	2,000.00	42,900.00	10,048.00	34,852.00
Neighborhood Preservation		145,000.00	21,698.59	123,301.41
Stormwater Grant		5,000.00		5,000.00
NJ State Police SLAEHOP		2,405.72		2,405.72
	<u>253,766.88</u>	<u>852,894.85</u>	<u>262,728.71</u>	<u>843,933.02</u>
Ref. A				A
	<u>Ref.</u>			
Current Fund Budget Appropriations	A-3	412,894.85		
Utility Fund Budget Appropriations	D-3	440,000.00		
		<u>852,894.85</u>		
		<u>Ref.</u>		
Cash		A-4:D-4	235,794.56	
Encumbered		A-14	26,934.15	
			<u>262,728.71</u>	

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2004	Received	Appropriated in 2005	Balance Dec. 31, 2005
State Grants:				
Recycling Tonnage Grant	8,260.47	11,805.82	8,260.47	11,805.82
NJ State Police SLAEHOP	2,405.72	3,800.00	2,405.72	3,800.00
Clean Communities	793.90	446.50	793.90	446.50
Stormwater Grant	3,750.00		3,750.00	
	<u>15,210.09</u>	<u>16,052.32</u>	<u>15,210.09</u>	<u>16,052.32</u>
	A	A-4	A-8	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	
		Registrar	Treasurer							
Balance December 31, 2004	B		28,587.02	47,148.95	1,863.18	8,490.58	15,100.00			
Increased by Receipts:										
Dog License Fees:										
Municipal Share	B-5	10,245.10								
State Share		2,343.00								
Interest Earned		31.79	351.66	2,123.11	44.23	189.78	460.35	9.16		
Transfer from Registrar	B-1		10,252.29							
Escrow Deposits				88,570.69						
Program Income					4,719.28					
Public Defender Fees						4,976.00				
Accumulated Absence Reserve							7,600.00			
Recreation Fees								3,144.00		
Transfer from Current Fund										10,790.20
		12,619.89	10,603.95	90,693.80	4,763.51	5,165.78	8,060.35	3,153.16		10,790.20
		12,619.89	39,190.97	137,842.75	6,626.69	13,656.36	23,160.35	3,153.16		10,790.20
Decreased by Disbursements:										
Paid to State of New Jersey		2,343.00								
Transfer to Treasurer	B-1	10,252.29								
Transfer to Current Fund		24.60	19,960.51							
Escrow Charges				20,600.00						
Municipal Alliance Expenses					6,162.91					
Public Defender Expenses						13,339.88				
Recreation Expenses								3,094.00		
		12,619.89	19,960.51	20,600.00	6,162.91	13,339.88		3,094.00		
Balance December 31, 2005	B		19,230.46	117,242.75	463.78	316.48	23,160.35	59.16		10,790.20

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

	Ref.	<u>Animal Control Trust Fund</u>		Escrow Trust Fund	Municipal Alliance Trust Fund	Public Defender Trust Fund	Accumulated Absence Trust Fund	Recreation Trust Fund	Snow Removal Trust Fund
		Registrar	Treasurer						
Balance December 31, 2005	B-1		19,230.46	117,242.75	463.78	316.48	23,160.35	59.16	10,790.20
Increased by Receipts:									
Cash Receipts Record		7,562.51	4,906.87	55,787.92	2,232.92	1,352.54	290.35	4,620.00	34.87
		<u>7,562.51</u>	<u>24,137.33</u>	<u>173,030.67</u>	<u>2,696.70</u>	<u>1,669.02</u>	<u>23,450.70</u>	<u>4,679.16</u>	<u>10,825.07</u>
Decreased by Disbursements:									
Cash Disbursements Record		6,088.30	147.22	10,493.90	662.41			2,500.00	
		<u>6,088.30</u>	<u>147.22</u>	<u>10,493.90</u>	<u>662.41</u>			<u>2,500.00</u>	
Balance April 28, 2006	B-2	<u>1,474.21</u>	<u>23,990.11</u>	<u>162,536.77</u>	<u>2,034.29</u>	<u>1,669.02</u>	<u>23,450.70</u>	<u>2,179.16</u>	<u>10,825.07</u>
<u>Cash Reconciliation - April 28, 2006</u>									
Balance per Statement									
Colonial Bank			23,990.11						10,825.07
Bank of America		1,474.21		155,390.68	2,056.37	1,669.02	23,450.70	2,134.76	
Hudson United Bank				8,666.09					
Add: Deposit in Transit								44.40	
		<u>1,474.21</u>	<u>23,990.11</u>	<u>164,056.77</u>	<u>2,056.37</u>	<u>1,669.02</u>	<u>23,450.70</u>	<u>2,179.16</u>	<u>10,825.07</u>
Less: Outstanding Checks				1,520.00	22.08				
Balance April 28, 2006	B-2	<u>1,474.21</u>	<u>23,990.11</u>	<u>162,536.77</u>	<u>2,034.29</u>	<u>1,669.02</u>	<u>23,450.70</u>	<u>2,179.16</u>	<u>10,825.07</u>

SCHEDULE OF TRUST FUND CASH - COLLECTOR

Balance December 31, 2004	<u>Ref.</u> B		12,903.52
Increased by:			
Deposits for Redemption of Tax Sale Certificates		202,799.30	
Interest Earned		1,054.28	
		<hr/>	203,853.58
			<hr/>
			216,757.10
Decreased by:			
Refunds Upon Redemption		154,960.62	
Due Current Fund		887.58	
		<hr/>	155,848.20
			<hr/>
Balance December 31, 2005	B		<hr/> <hr/>

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

	<u>Ref.</u>	
Balance December 31, 2005	B-3	60,908.90
Increased by:		
Cash Receipts Record		14,382.13
		75,291.03
Decreased by:		
Cash Disbursements Record		20,133.35
Balance April 28, 2006	B-4	55,157.68
<u>Cash Reconciliation - April 28, 2006</u>		
Balance per Statement		
Bank of America	B-4	55,157.68

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2004	<u>Ref.</u> B	18,091.60
Increased by:		
Municipal Share of Dog License Fees	B-1	10,245.10
		<hr/>
		28,336.70
Decreased by:		
Statutory Excess Due Current Fund		8,631.60
		<hr/>
Balance December 31, 2005	B	<u><u>19,705.10</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2003	8,856.40
2004	10,848.70
	<hr/>
	<u><u>19,705.10</u></u>

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2004	C		574,818.93
Increased by:			
Interest Earned		3,913.76	
Budget Appropriation:			
Capital Improvement Fund	C-6	150,000.00	
Due from Utility Operating Fund		20,000.00	
		<hr/>	173,913.76
			<hr/>
			748,732.69
Decreased by:			
Reserve for Improvements to Municipal Building		8,165.00	
Reserve for Sanitary Landfill Closure		8,991.00	
		<hr/>	17,156.00
Balance December 31, 2005	C		<hr/> <hr/>
			731,576.69

EXHIBIT C-2

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

	<u>Ref.</u>	
Balance December 31, 2005	C-1	731,576.69
Increased by:		
Cash Receipts Record		203,495.91
		<hr/>
		935,072.60
Decreased by:		
Cash Disbursements Record		7,350.00
		<hr/>
Balance April 28, 2006	C-2	<u>927,722.60</u>

Cash Reconciliation - April 28, 2006

Balance per Statement		
Bank of America		427,722.60
The Bank		500,000.00
		<hr/>
Balance April 28, 2006	C-2	<u>927,722.60</u>

EXHIBIT C-3

SCHEDULE OF INVESTMENTS - BOND ANTICIPATION NOTES
UTILITY CAPITAL FUND

	<u>Ref.</u>	
Balance December 31, 2004	C	295,000.00
Decreased by:		
Due from Utility Operating Fund		20,000.00
		<hr/>
Balance December 31, 2005	C	<u>275,000.00</u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2004	Receipts		Disbursements Miscellaneous	Transfers	Balance Dec. 31, 2005
		Budget Appropriation	Miscellaneous			
Capital Improvement Fund	58,642.98	150,000.00				208,642.98
Reserve for Sanitary Landfill Closure	438,640.50			8,991.00		429,649.50
Reserve for Improvements to Sewerage Collection System	6,323.13					6,323.13
Reserve for Street Overlay Program	155,439.32					155,439.32
Reserve for Improvements to Municipal Building	18,482.11			8,165.00	(979.55)	9,337.56
Reserve for Expansion of Facilities for Township Parks	45,815.94					45,815.94
Reserve for Purchase of Emergency Vehicles	15,656.00					15,656.00
Reserve for Purchase of Vehicles	53.00					53.00
Reserve for Improvements to Convenience Center	3,125.00					3,125.00
Reserve for Construction of a Senior Center	6,544.37					6,544.37
Reserve for Improvements to Roads	25,000.00					25,000.00
Reserve for Purchase of Emergency and Fire Vehicles					175,000.00	175,000.00
Reserve for Purchase of Public Works Vehicle					9,070.00	9,070.00
Reserve for Purchase of Court Video Conference Equipment					10,000.00	10,000.00
Reserve for Improvements to Municipal Buildings and Facilities					4,800.00	4,800.00
Due Current Fund	49,732.68		3,913.76		(197,890.45)	(144,244.01)
Due Utility Operating Fund	(20,000.00)					(20,000.00)
Improvement Authorizations:						
<u>Ordinance #</u>						
363 Construction of a Sanitary Sewer System and Water Supply System	45,028.25					45,028.25
446 Refurbishment of a 1979 Fire Pumper	1,293.00					1,293.00
509 Purchase of an Emergency Vehicle	42.65					42.65
531 Reconstruction of Bostwick Lake Dam	20,000.00					20,000.00
	<u>869,818.93</u>	<u>150,000.00</u>	<u>3,913.76</u>	<u>17,156.00</u>		<u>1,006,576.69</u>
Ref.	C	C-6	C-1	C-1		C

SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION - UNFUNDED

<u>Ordinance #</u>	<u>Purpose</u>	<u>Balance Dec. 31, 2004</u>	<u>Balance Dec. 31, 2005</u>	<u>Analysis of Balance Dec. 31, 2005 Unexpended Improvement Authorizations</u>
259,266	Construction of Water Supply System	104,611.71	104,611.71	104,611.71
	Ref.	C	C	C-7

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2004	C	58,642.98
Increased by:		
2005 Budget Appropriation	C-1	<u>150,000.00</u>
Balance December 31, 2005	C	<u><u>208,642.98</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>Purpose</u>	<u>Ordinance</u>		<u>Balance Dec. 31, 2004</u>		<u>Balance Dec. 31, 2005</u>	
	<u>Number</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Unfunded</u>
Construction of Water Supply System	259,266	838,000.00		104,611.71		104,611.71
Construction of a Sanitary Sewer System and a Water Supply System	363	45,028.25	45,028.25		45,028.25	
Refurbishment of a 1979 Fire Pumper Truck	446	35,000.00	1,293.00		1,293.00	
Purchase of Emergency Vehicle	509	295,000.00	42.65		42.65	
Reconstruction of Bostwick Lake Dam	531	70,000.00	20,000.00		20,000.00	
			<u>66,363.90</u>	<u>104,611.71</u>	<u>66,363.90</u>	<u>104,611.71</u>
		Ref.	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>

SCHEDULE OF LOAN PAYABLE

Balance December 31, 2004	<u>Ref.</u> C	84,753.20
Decreased by:		
Payments		55,801.75
Balance December 31, 2005	C	<u>28,951.45</u>

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance</u> <u>Number</u>	<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2005</u>	<u>Balance</u> <u>Dec. 31, 2004</u>
259,266	Construction of a Water Supply System	<u>104,611.71</u>	<u>104,611.71</u>

WATER & SEWER UTILITY FUND

SCHEDULE OF WATER & SEWER UTILITY CASH - TREASURER

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2004	D	1,733,942.84	493,312.12
Increased by:			
Transfer from Collector	D-6	995,336.40	
Interest on Investments	D-2	59,690.54	15,160.05
Lease	D-2	39,600.00	
Miscellaneous	D-2	109.35	
Due Current Fund		393.99	
Budget Appropriation:			
Capital Improvement Fund	D-14		13,000.00
Reserve for Water Tower Repairs			3.80
		<u>1,095,130.28</u>	<u>28,163.85</u>
		<u>2,829,073.12</u>	<u>521,475.97</u>
Decreased by:			
2005 Appropriations	D-3	957,559.17	
Encumbrances Payable	D-12	5,756.77	36,900.00
Due Current Fund		506.39	
Due Federal & State Grant Fund	A-18	14,686.00	
Reserve for Love Lane Tower Improvements			8,268.00
		<u>978,508.33</u>	<u>45,168.00</u>
Balance December 31, 2005	D	<u><u>1,850,564.79</u></u>	<u><u>476,307.97</u></u>

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, 2005	D-4	1,850,564.79	476,307.97
Increased by:			
Cash Receipts Record		310,901.86	60,736.90
		<u>2,161,466.65</u>	<u>537,044.87</u>
Decreased by:			
Cash Disbursements Record		305,587.06	
Balance April 28, 2006	D-5	<u>1,855,879.59</u>	<u>537,044.87</u>
<u>Cash Reconciliation - April 28, 2006</u>			
Balance per Statement			
Bank of America		1,055,904.59	529,443.95
The Bank		800,000.00	
Hudson United Bank			7,600.92
		<u>1,855,904.59</u>	<u>537,044.87</u>
Less: Outstanding Checks		25.00	
Balance April 28, 2006	D-5	<u>1,855,879.59</u>	<u>537,044.87</u>

SCHEDULE OF WATER & SEWER UTILITY CASH - COLLECTOR

Balance December 31, 2004	<u>Ref.</u> D		14,088.02
Increased by Receipts:			
Consumer Accounts Receivable - Water	D-9	267,681.38	
Consumer Accounts Receivable - Sewer	D-9	583,546.83	
Rent Overpayments		8,185.47	
Sewer Connection Fees	D-2	120,401.08	
Interest on Delinquent Accounts	D-2	9,237.86	
Interest on Investments	D-2	2,671.81	
Miscellaneous	D-2	5,688.33	
		<hr/>	997,412.76
			<hr/>
			1,011,500.78
Decreased by Disbursements:			
Transfer to Treasurer	D-4		995,336.40
			<hr/>
Balance December 31, 2005	D		<u><u>16,164.38</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2005	D-6	16,164.38
Increased by:		
Cash Receipts Record		418,032.46
		<hr/> 434,196.84
Decreased by:		
Cash Disbursements Record		277,445.37
		<hr/> 156,751.47
Balance April 28, 2006	D-7	<hr/> <hr/> 156,751.47
		<u>Cash Reconciliation - April 28, 2006</u>
Balance per Statement		
Bank of America	D-7	<hr/> <hr/> 156,751.47

ANALYSIS OF WATER & SEWER UTILITY CAPITAL FUND CASH

	Balance Dec. 31, 2004	Receipts Miscellaneous	Disbursements Miscellaneous	Transfers	Balance Dec. 31, 2005
Capital Improvement Fund	57,687.60	13,000.00			70,687.60
Due Utility Operating Fund	6,432.83	15,160.05		(54,135.00)	(32,542.12)
Reserve for Preliminary Expenses - Construction of a Water Tower	64,046.05				64,046.05
Reserve for Purchase of Land - Pumping Station	1,223.00				1,223.00
Reserve for Water Tower Repairs	7,595.87	3.80			7,599.67
Reserve for Centerton Road Water Main Project	65,940.54				65,940.54
Reserve for Love Lane Tower Improvements	120,000.00		8,268.00	20,000.00	131,732.00
Reserve for Seabrook Tower Improvements				30,000.00	30,000.00
Reserve for Purchase of Truck				4,135.00	4,135.00
Improvement Authorizations:					
<u>Ordinance #</u>					
361 Various Sewer and Water System Capital Improvements	11,278.47				11,278.47
484 Various Sewer and Water Capital Improvements	39,248.11				39,248.11
Reappropriation of Unexpended Balance of Ordinance					
Various Sewer and Water Capital Improvements	79,549.65				79,549.65
523 Various Water System Capital Improvements	3,410.00				3,410.00
Encumbrances Payable	36,900.00		36,900.00		
	<u>493,312.12</u>	<u>28,163.85</u>	<u>45,168.00</u>		<u>476,307.97</u>
Ref.	D	D-4	D-4		D

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Water</u>	<u>Sewer</u>
Balance December 31, 2004	D	45,230.31	33,372.49
Increased by:			
Utility Rents Levied		302,708.41	591,721.97
		<u>347,938.72</u>	<u>625,094.46</u>
Decreased by:			
Collections	D-6	267,681.38	583,546.83
Overpayments Applied		400.10	1,467.57
		<u>268,081.48</u>	<u>585,014.40</u>
Balance December 31, 2005	D	<u>79,857.24</u>	<u>40,080.06</u>

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Ordinance</u>		<u>Balance</u>	<u>Balance</u>
		<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2004</u>	<u>Dec. 31, 2005</u>
361	Various Sewer and Water System Capital Improvements	8/30/90	2,900,000.00	2,900,000.00	2,900,000.00
393	Expenses Associated with Conveyance of Land and Easements	7/2/92	30,000.00	30,000.00	30,000.00
405	Various Sewer and Water System Capital Improvements	3/4/93	200,000.00	200,000.00	200,000.00
484	Various Sewer and Water System Capital Improvements	10/5/98	390,000.00	390,000.00	390,000.00
523	Various Water System Capital Improvements	7/2/02	405,000.00	405,000.00	405,000.00
				<u>3,925,000.00</u>	<u>3,925,000.00</u>
			Ref.	<u>D</u>	<u>D</u>

EXHIBIT D-11

SCHEDULE OF 2004 APPROPRIATION RESERVES

		<u>Balance Dec. 31, 2004</u>	<u>Balance Lapsed</u>
Operating:			
Other Expenses		5,217.64	5,217.64
	Ref.	<u> D</u>	<u> D-1</u>

EXHIBIT D-12

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2004	D	6,327.00	36,900.00
Increased by:			
Charges to 2005 Appropriations	D-3	17,600.31	
		<u>23,927.31</u>	<u>36,900.00</u>
Decreased by:			
Payments	D-4	5,756.77	36,900.00
Canceled	D-1	570.23	
		<u>6,327.00</u>	<u>36,900.00</u>
Balance December 31, 2005	D	<u>17,600.31</u>	

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>Ordinance #</u>	<u>Purpose</u>	<u>Ordinance</u>		<u>Balance Dec. 31, 2004</u>		<u>Balance Dec. 31, 2005</u>	
		<u>Date</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Unfunded</u>
361	Various Sewer and Water System Capital Improvements	08/30/90	2,900,000.00		11,278.47		11,278.47
484	Various Sewer and Water System Capital Improvements	10/15/98	390,000.00		39,248.11		39,248.11
	Reappropriation of Unexpended Balance of Ordinance:						
	Various Sewer and Water System Capital Improvements	08/15/02	116,449.65	79,549.65		79,549.65	
523	Various Water System Capital Improvements	07/02/02	405,000.00		3,410.00		3,410.00
				79,549.65	53,936.58	79,549.65	53,936.58
			Ref.	D	D	D	D

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2004	D	57,687.60
Increased by:		
2005 Budget Appropriation	D-4	13,000.00
Balance December 31, 2005	D	<u>70,687.60</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2004</u>	<u>Paid from Operating Budget</u>	<u>Balance Dec. 31, 2005</u>
361	Various Sewer and Water System Capital Improvements	8/30/90	615,932.84	54,225.09	670,157.93
393	Expenses Associated with Conveyance of Land and Easements	7/2/92	30,000.00		30,000.00
405	Various Sewer and Water System Capital Improvements	3/4/93	23,124.59	2,810.88	25,935.47
484	Various Sewer and Water System Capital Improvements	10/15/98	20,000.00	20,000.00	40,000.00
523	Various Water System Capital Improvements	7/2/02	20,000.00	20,000.00	40,000.00
			<u>709,057.43</u>	<u>97,035.97</u>	<u>806,093.40</u>
		Ref.	D	D-16:D-17:D-18	D

EXHIBIT D-16

SCHEDULE OF NOTES PAYABLE - GENERAL CAPITAL FUND

	<u>Ref.</u>	
Balance December 31, 2004	D	295,000.00
Decreased by:		
Payments	D-15	20,000.00
Balance December 31, 2005	D	<u>275,000.00</u>

EXHIBIT D-17

SCHEDULE OF LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2004	D	2,089,042.57
Decreased by:		
Payments	D-15	35,135.97
Balance December 31, 2005	D	<u>2,053,906.60</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, 2004</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2005</u>
361	Various Sewer and Water System Capital Improvements	10/18/02	10/14/05	10/13/06	3.00%	76,900.00	1,900.00	75,000.00
484	Various Sewer and Water System Capital Improvements	10/18/02	10/14/05	10/13/06	3.00%	370,000.00	20,000.00	350,000.00
523	Various Water System Capital Improvements	10/18/02	10/14/05	10/13/06	3.00%	385,000.00	20,000.00	365,000.00
						<u>831,900.00</u>	<u>41,900.00</u>	<u>790,000.00</u>
					Ref.	<u>D</u>	<u>D-15</u>	<u>D</u>

PUBLIC ASSISTANCE TRUST FUND

EXHIBIT E-1

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2004	E	10,029.65
Increased by:		
Interest Earned		333.69
Balance December 31, 2005	E	<u>10,363.34</u>

EXHIBIT E-2

STATEMENT OF PUBLIC ASSISTANCE CASH AND RECONCILIATION

PER N.J.S.A. 40a:5-5 - TREASURER

	<u>Ref.</u>	
Balance December 31, 2005	E-1	10,363.34
Increased by:		
Cash Receipts Record		137.50
Balance April 28, 2006	E-2	<u>10,500.84</u>

Cash Reconciliation - April 28, 2006

Balance per Statement Bank of America	E-2	<u>10,500.84</u>
--	-----	------------------

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 the following items:

- Water Test of Hopewell Nursery Irrigation Well
- Repair & Maintenance Work on #1 & 2 Filters at Water Treatment Plant
- Water Test of Seabrook Irrigation Well 1A
- Four Wheel Drive Pickup Truck with Snow Plow & Tail Gate Spreader
- Overlay of DuBois Road

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 payments, contracts or agreements 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 6, 2005, 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 1st, the second installment on May 1st, the third installment due on August 1st and the fourth installment due on November 1st, 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 22, 2005 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>
2005	13
2004	15
2003	16

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

Chief Financial Officer

The records maintained by the Chief Financial Officer were found to be in good condition.

A general ledger has been established as required by the Division of Local Government Services Technical Directive 85-03. The general ledger is the official permanent financial record of the Borough, which provides a summary of all financial transactions as they have been recorded in the books of original entry utilizing a “double entry” accounting system.

An encumbrance accounting system has been established as required by the Division of Local Government Services Technical Directive 85-1. An encumbrance accounting system must be designed to record charges against amounts appropriated for other expenses as financial obligations are entered into, as opposed to when bills are actually rendered or paid.

There are interfund loans existing as of year end. Generally, they were the result of December interest earned. These interfunds are routinely cleared in the subsequent year.

There was a deficit in operations in the Current Fund of \$12,419.14. This resulted from prepaying both the Local District and Regional School taxes in December. The deferred charge is being raised in the year 2006 budget.

Tax Collector

The records maintained by the Tax Collector were found to be in good condition with the exception that the annual report required by NJS 54:4-91 and list of uncollectibles required by NJS 54:4-91-1 was not filed by the statutory due dates. The reports were filed prior to the completion of the audit field work.

Township Clerk

The records maintained by the Township Clerk were found to be in good condition.

Water and Sewer Utility Collector

The records maintained by the Water& Sewer Utility Collector were found to be in good condition.

Municipal Court

The records maintained by the Court Administrator were found to be in good condition.

Housing and Zoning Official

The records maintained by the Housing and Zoning Official were found to be in good condition.

Construction Code Official

The records maintained by the Construction Code Official were found to be in good condition.

Planning Board

The records maintained by the Planning Board Secretary were found to be in good condition.

Corrective Action Plan

A corrective action plan was filed for the year 2004.

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

Petroni & Associates