

TOWNSHIP OF UPPER DEERFIELD
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2008

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PART I

PETRONI & ASSOCIATES

Certified Public Accountants • Registered Municipal Accountants
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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, 2008 and 2007, 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, 2008. 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, 2008, 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, 2008 and 2007, 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, 2008 on the modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2009 on our consideration of the Township of Upper Deerfield’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Township of Upper Deerfield taken as a whole. The 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. 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

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May 14, 2009

PETRONI & ASSOCIATES

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

Honorable 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, 2008, and have issued our report thereon dated May 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Upper Deerfield's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township of Upper Deerfield's financial statements that is more than inconsequential will not be prevented or detected by the Township of Upper Deerfield's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Upper Deerfield's internal control.

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

Compliance

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

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

May 14, 2009

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND

<u>ASSETS</u>	<u>Ref.</u>	Balance <u>Dec. 31, 2008</u>	Balance <u>Dec. 31, 2007</u>
<u>Regular Fund</u>			
Cash - Treasurer	A-4	5,198,378.05	6,363,114.26
Cash - Collector	A-6	447,044.56	338,825.30
Change Fund		150.00	150.00
Investment - Bond Anticipation Notes - Utility Capital Fund	A-8	620,000.00	
		<u>6,265,572.61</u>	<u>6,702,089.56</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-10	547,865.96	488,273.23
Tax Title Liens Receivable	A-11	12,121.09	10,121.38
Property Acquired for Taxes - Assessed Valuation	A-12	82,800.00	82,800.00
Revenue Accounts Receivable	A-13	15,917.41	13,741.11
Due from Animal Control Trust Fund	B	10,140.62	18,027.32
Due from Tax Sale Premium Trust Fund	B	2.49	6.76
Due from Public Assistance Fund			43.98
Due from Accumulated Absence Trust Fund	B	965.90	130.81
Due from Escrow Trust Fund	B	258.02	
Due from General Capital Fund	C	5,762.62	2,729.74
Due from Recreation Trust Fund	B	488.10	289.09
Due from Snow Removal Trust Fund	B	49.88	136.59
Due from Utility Operating Fund	D	20,927.35	
Prepaid Regional School Tax	A-19	1,318.83	
		<u>698,618.27</u>	<u>616,300.01</u>
Deferred Charges:			
Special Emergency Appropriation	A-14	36,693.00	48,924.00
		<u>7,000,883.88</u>	<u>7,367,313.57</u>
<u>Federal and State Grant Fund</u>			
Grants Receivable	A-9	977,250.33	553,596.89
Due from Current Fund	A	145,131.08	105,355.07
Due from Utility Operating Fund	D	18,218.03	
		<u>1,140,599.44</u>	<u>658,951.96</u>
		<u>8,141,483.32</u>	<u>8,026,265.53</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, 2008</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
<u>Regular Fund</u>			
Liabilities:			
Appropriation Reserves	A-3:A-15	524,161.99	289,078.80
Encumbrances Payable	A-16	416,770.22	619,188.58
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-17	35,385.78	33,219.22
Prepaid Taxes		154,129.22	154,233.16
Tax Overpayments		31,673.97	82,781.15
Payroll Taxes Payable		19,803.18	15,788.60
Reserve for Sanitary Landfill			36,491.69
Reserve for Home Rehabilitation		25,455.00	15,956.00
Reserve for Garden State Trust		201.54	201.54
Reserve for Tax Appeals Pending		350,000.00	220,000.00
Due Federal and State Grant Fund	A	145,131.08	105,355.07
Due Public Defender Trust Fund	B	861.65	946.38
Due Utility Operating Fund			21,483.99
Due County for Added & Omitted Taxes		50,401.62	93,465.14
Regional High School Tax Payable	A-19		11,219.92
		<u>1,753,975.25</u>	<u>1,699,409.24</u>
Reserve for Receivables		698,618.27	616,300.01
Fund Balance	A-1	4,548,290.36	5,051,604.32
		<u>7,000,883.88</u>	<u>7,367,313.57</u>
<u>Federal and State Grant Fund</u>			
Encumbrances Payable	A-16	194,372.63	173,175.92
Due Utility Operating Fund			14,510.77
Reserve for Grants - Appropriated	A-20	925,466.20	448,138.85
Reserve for Grants - Unappropriated	A-21	20,760.61	23,126.42
		<u>1,140,599.44</u>	<u>658,951.96</u>
		<u>8,141,483.32</u>	<u>8,026,265.53</u>

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 2008</u>	<u>Year 2007</u>
Fund Balance Utilized	A-2	1,950,564.76	1,439,053.87
Miscellaneous Revenue Anticipated	A-2	2,536,944.32	2,767,508.49
Receipts from Delinquent Taxes	A-2	542,086.22	370,223.31
Receipts from Current Taxes	A-2	15,767,777.55	14,402,318.74
Non-Budget Revenue	A-2	959,301.44	876,378.21
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-15	258,238.38	295,424.64
Encumbrances Payable - Canceled	A-16	26,991.03	317.00
Interfund Loan Returned		31,347.33	65,938.49
Tax Overpayments Canceled		79,743.88	
Total Income		22,152,994.91	20,217,162.75
<u>Expenditures</u>			
Budget Appropriations :			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	1,039,225.00	997,890.17
Other Expenses	A-3	1,786,496.97	1,737,166.00
Deferred Charges and Statutory Expenditures	A-3	90,700.00	84,523.00
Appropriations Excluded from "CAPS":			
Operations:			
Salaries and Wages	A-3	117,053.00	29,000.00
Other Expenses	A-3	374,544.69	264,154.54
Capital Improvements	A-3	834,000.00	754,000.00
Deferred Charges	A-3	12,231.00	12,231.00
County Taxes	A-10	6,930,537.68	5,802,287.67
Due County for Added Taxes	A-10	50,401.62	93,465.14
Local District School Tax	A-10	6,245,733.00	5,947,810.00
Regional High School Tax	A-10	3,196,906.66	3,146,102.89
Prior Year Deductions Disallowed	A-17	3,959.88	5,500.00
Interfund Loan Advanced		23,954.61	
Total Expenditures		20,705,744.11	18,874,130.41

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>Ref.</u>	<u>Year 2008</u>	<u>Year 2007</u>
Statutory Excess to Fund Balance		1,447,250.80	1,343,032.34
		<u>Fund Balance</u>	
Balance January 1	A	5,051,604.32	5,147,625.85
		6,498,855.12	6,490,658.19
Decreased by:			
Utilization as Anticipated Revenue	A-1	1,950,564.76	1,439,053.87
Balance December 31	A	<u>4,548,290.36</u>	<u>5,051,604.32</u>

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

STATEMENT OF REVENUES

	<u>Ref.</u>	<u>Anticipated Budget 2008</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	1,950,564.76	1,950,564.76	
Miscellaneous Revenues:				
Fines and Costs:				
Municipal Court	A-13	105,000.00	99,598.73	(5,401.27)
Consolidated Municipal				
Property Tax Relief Act	A-13	74,927.00	74,927.00	
Energy Receipts Tax	A-13	1,709,923.00	1,709,923.00	
Garden State Trust	A	202.00	201.54	(0.46)
Uniform Construction Code				
Fees	A-13	138,500.00	75,581.00	(62,919.00)
Deerfield Township - Uniform				
Construction Code	A-13	37,053.00	36,710.83	(342.17)
Emergency Medical Services				
Billings	A-13	155,600.00	197,812.36	42,212.36
NJ Transportation Trust Fund	A-9	144,000.00	144,000.00	
Recycling Tonnage Grant	A-9	21,392.96	21,392.96	
Clean Communities Program	A-9	8,809.73	8,809.73	
Municipal Alliance on Alcoholism				
and Drug Abuse	A-9	37,700.00	37,700.00	
Older Americans Act Title IIIB	A-9	4,656.00	4,656.00	
Neighborhood Preservation	A-9	100,000.00	100,000.00	
Uniform Fire Safety Act	A-13	20,682.97	25,631.17	4,948.20
Total Miscellaneous Revenues		2,558,446.66	2,536,944.32	(21,502.34)
Receipts from Delinquent Taxes	A-2	400,000.00	542,086.22	142,086.22
Budget Totals		4,909,011.42	5,029,595.30	120,583.88
Non-Budget Revenues:				
From "Allocation of Current				
Tax Collections"	A-2		(1,040.65)	
Other Non-Budget Revenue	A-2		959,301.44	
		4,909,011.42	5,987,856.09	
	Ref.	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-10	15,897,777.55
Less: Reserve for Tax Appeals Pending		130,000.00
		15,767,777.55
Allocated to:		
School and County Taxes		16,423,578.96
Deficiency Supported by Municipal Revenue		(655,801.41)
Decreased by: Appropriation "Reserve for Uncollected Taxes"	A-3	654,760.76
Amount Added to Non-Budget Revenue	A-2	(1,040.65)
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-2:A-10	542,086.22

Analysis of Non-Budget Revenue

	<u>Ref.</u>	
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Interest on Investments	A-13	225,013.77
Tax Searches	A-13	188.00
Interest & Costs on Taxes	A-13	98,717.53
Fees & Permits	A-13	115,969.02
Payments in Lieu of Taxes	A-13	489,370.40
Miscellaneous	A-13	30,042.72
	A-2	959,301.44

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	73,600.00	73,600.00	67,639.92		5,960.08
Other Expenses	23,200.00	23,200.00	18,294.41	1,042.06	3,863.53
Mayor and Township Committee					
Salaries and Wages	57,400.00	57,400.00	56,399.52		1,000.48
Other Expenses	17,500.00	10,500.00	6,693.72	663.58	3,142.70
Municipal Clerk					
Salaries and Wages	28,500.00	28,500.00	27,698.33		801.67
Other Expenses	32,000.00	32,000.00	26,318.32	902.84	4,778.84
Financial Administration					
Salaries and Wages	40,000.00	41,000.00	39,652.50		1,347.50
Other Expenses	12,500.00	12,500.00	5,944.89	28.18	6,526.93
Audit Services					
Other Expenses	19,800.00	19,800.00	3,400.00	16,400.00	
Revenue Administration					
Salaries and Wages	33,200.00	34,200.00	32,603.23		1,596.77
Other Expenses:	9,500.00	9,500.00	4,166.43	196.98	5,136.59
Tax Assessment					
Salaries and Wages	6,500.00	6,500.00	6,073.22		426.78
Other Expenses	45,000.00	20,000.00	8,753.10	43.59	11,203.31
Legal Services and Costs					
Salaries and Wages	7,500.00	7,500.00	7,500.00		
Other Expenses	35,000.00	45,000.00	40,454.39	235.50	4,310.11
Engineering Services and Costs					
Salaries and Wages	4,225.00	4,225.00	4,218.25		6.75
Other Expenses	10,000.00	10,000.00	3,894.31	173.19	5,932.50
Economic Development					
Salaries and Wages	750.00	750.00	540.00		210.00
Other Expenses	27,500.00	27,500.00	16,680.12		10,819.88

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
Historic Commission					
Salaries and Wages	750.00	750.00	540.00		210.00
Other Expenses	3,000.00	3,000.00			3,000.00
<u>LAND USE ADMINISTRATION</u>					
Municipal Land Use Law (N.J.S.A.40:55D-1)					
Planning Board					
Salaries and Wages	23,400.00	23,400.00	23,105.51		294.49
Other Expenses	50,000.00	50,000.00	4,649.99	27,241.48	18,108.53
Zoning Board of Adjustment					
Salaries and Wages	8,800.00	8,800.00	8,669.68		130.32
Other Expenses	1,600.00	1,600.00	570.23		1,029.77
Zoning Officer					
Salaries and Wages	43,700.00	43,700.00	42,288.37		1,411.63
Other Expenses	7,000.00	7,000.00	4,402.84	306.14	2,291.02
<u>CODE ENFORCEMENT & ADMINISTRATION</u>					
Housing Official					
Salaries and Wages	38,200.00	38,200.00	36,678.03		1,521.97
<u>INSURANCE</u>					
Liability Insurance	41,659.00	41,659.00	39,465.60		2,193.40
Worker Compensation	88,525.00	80,025.00	75,245.40		4,779.60
Employee Group Insurance	384,500.00	358,500.00	275,921.14		82,578.86
Payments in Lieu of Benefits	25,000.00	34,000.00	31,236.14		2,763.86
<u>PUBLIC SAFETY FUNCTIONS</u>					
Neighborhood Watch					
Other Expenses	1,000.00	1,000.00			1,000.00
Emergency Management					
Salaries and Wages	5,100.00	5,100.00	4,763.05		336.95
Other Expenses	8,500.00	8,500.00	4,525.70	3,138.19	836.11
Aid to Volunteer Fire Companies					
Other Expenses	69,500.00	69,500.00	30,116.43	28,984.97	10,398.60
Utilities	43,000.00	47,500.00	42,895.93	406.42	4,197.65

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
Ambulance					
Utilities	17,000.00	19,500.00	17,052.51	122.52	2,324.97
First Aid Organization - Contribution	20,000.00	20,000.00	4,800.00		15,200.00
Fire Safety Official					
Salaries and Wages	10,000.00	10,000.00	9,854.16		145.84
Other Expenses	9,000.00	9,000.00	6,447.54	1,241.20	1,311.26
Municipal Prosecutor					
Salaries and Wages	19,600.00	19,600.00	19,413.00		187.00
Other Expenses	250.00	250.00			250.00
<u>PUBLIC WORKS FUNCTIONS</u>					
Streets and Roads					
Salaries and Wages	115,000.00	115,000.00	78,796.44		36,203.56
Other Expenses	85,062.97	85,062.97	43,606.28	15,037.33	26,419.36
Utilities	36,000.00	38,000.00	34,044.69	24.87	3,930.44
Snow Removal					
Salaries and Wages	6,000.00	1,000.00	696.38		303.62
Other Expenses	25,000.00	30,000.00	29,626.52		373.48
Shade Tree Committee					
Salaries and Wages	750.00	750.00	360.00		390.00
Other Expenses	10,000.00	10,000.00	155.00	5,005.00	4,840.00
Solid Waste Convenience Center					
Salaries and Wages	62,500.00	62,500.00	40,868.52		21,631.48
Other Expenses	90,000.00	100,000.00	82,492.12	7,710.26	9,797.62
Utilities	4,000.00	4,000.00	3,034.72		965.28
Buildings and Grounds					
Salaries and Wages	95,000.00	95,000.00	71,877.31		23,122.69
Other Expenses	46,500.00	46,500.00	28,229.71	11,327.77	6,942.52
Utilities	42,500.00	42,500.00	33,674.02		8,825.98

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>HEALTH AND HUMAN SERVICES</u>					
Board of Health					
Salaries and Wages	5,700.00	5,700.00	5,466.03		233.97
Other Expenses	1,800.00	1,800.00	1,760.37		39.63
Environmental Committee					
Salaries and Wages	750.00	750.00	705.43		44.57
Other Expenses	12,000.00	14,500.00	615.17	13,369.37	515.46
Animal Control					
Salaries and Wages	5,000.00	5,000.00	4,878.24		121.76
Other Expenses	30,500.00	30,500.00	24,040.00	5,978.00	482.00
<u>PARK AND RECREATION FUNCTIONS</u>					
Community Pride & Relations Committee					
Salaries and Wages	300.00	300.00			300.00
Other Expenses	2,000.00	2,000.00			2,000.00
Senior Center					
Salaries and Wages	30,000.00	30,000.00	26,000.30		3,999.70
Other Expenses	6,500.00	6,500.00	4,658.38	507.46	1,334.16
Utilities	14,500.00	14,500.00	11,634.44		2,865.56
Maintenance of Parks					
Salaries and Wages	63,000.00	63,000.00	43,839.30		19,160.70
Other Expenses	59,500.00	59,500.00	36,776.65	10,588.49	12,134.86
Utilities	4,000.00	4,000.00	3,163.56		836.44
Bostwick Lake Commission					
Other Expenses	3,000.00	3,000.00			3,000.00
<u>OTHER OPERATING FUNCTIONS</u>					
Accumulated Leave Compensation	100.00	10,100.00	10,000.00		100.00
<u>UTILITY EXPENSES & BULK PURCHASES</u>					
Street Lighting	121,000.00	121,000.00	98,676.35	9,137.64	13,186.01
<u>SOLID WASTE DISPOSAL COSTS</u>					
Landfill Disposal Costs					
Other Expenses	163,500.00	163,500.00	120,005.44	20,357.92	23,136.64

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>MUNICIPAL COURT</u>					
Municipal Court					
Salaries and Wages	126,500.00	134,000.00	127,096.99		6,903.01
Other Expenses	12,000.00	12,000.00	6,438.90	2,124.55	3,436.55
Public Defender					
Salaries and Wages	6,000.00	6,000.00	5,500.00		500.00
Other Expenses	5,000.00	5,000.00	3,300.00		1,700.00
<u>UNIFORM CONSTRUCTION CODE</u>					
Construction Code					
Salaries and Wages	103,000.00	103,000.00	98,560.18		4,439.82
Other Expenses	21,500.00	21,500.00	12,382.29	5,932.89	3,184.82
Electrical Subcode					
Salaries and Wages	1,500.00	1,500.00	1,500.00		
Plumbing Subcode					
Salaries and Wages	12,000.00	12,000.00	12,000.00		
Fire Subcode					
Salaries and Wages	500.00	500.00	500.00		
Total Operations Within "CAPS"	<u>2,832,221.97</u>	<u>2,825,721.97</u>	<u>2,166,525.64</u>	<u>188,228.39</u>	<u>470,967.94</u>
Detail:					
Salaries and Wages	1,034,725.00	1,039,225.00	906,281.89		132,943.11
Other Expenses	1,797,496.97	1,786,496.97	1,260,243.75	188,228.39	338,024.83

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>DEFERRED CHARGES & STATUTORY</u>					
<u>EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Social Security System	81,000.00	87,500.00	83,829.94	573.75	3,096.31
Unemployment Compensation	3,200.00	3,200.00	933.60		2,266.40
Total Deferred Charges & Statutory Expenditures	84,200.00	90,700.00	84,763.54	573.75	5,362.71
Total Appropriations Within "CAPS"	2,916,421.97	2,916,421.97	2,251,289.18	188,802.14	476,330.65
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
SOLID WASTE DISPOSAL COSTS					
Recycling Tax	8,010.00	8,010.00			8,010.00
STATUTORY EXPENDITURES					
Public Employees' Retirement System	59,376.00	59,376.00	59,376.00		
Total Other Operations Excluded From "CAPS"	67,386.00	67,386.00	59,376.00		8,010.00
<u>INTERLOCAL MUNICIPAL SERVICES AGREEMENTS</u>					
Construction Code					
Salaries and Wages	37,053.00	37,053.00	25,052.06		12,000.94
Elk Township - Office of Tax Assessor	36,000.00	36,000.00	34,247.51		1,752.49
Total Interlocal Municipal Service Agreements	73,053.00	73,053.00	59,299.57		13,753.43
<u>ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES</u>					
Ambulance					
Salaries and Wages	80,000.00	80,000.00	73,521.36		6,478.64
Other Expenses	68,600.00	68,600.00	38,865.95	13,355.12	16,378.93
Utilities	7,000.00	7,000.00	6,789.66		210.34
Total Additional Appropriations Offset by Revenues	155,600.00	155,600.00	119,176.97	13,355.12	23,067.91

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>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	8,809.73	8,809.73	8,809.73		
Alliance for Substance Abuse Prevention Program	37,700.00	37,700.00	37,700.00		
Older Americans Act	4,656.00	4,656.00	4,656.00		
Recycling Tonnage	21,392.96	21,392.96	21,392.96		
Neighborhood Preservation	120,000.00	120,000.00	120,000.00		
Total Public and Private Programs	<u>195,558.69</u>	<u>195,558.69</u>	<u>192,558.69</u>		<u>3,000.00</u>
Total Operations Excluded from "CAPS"	<u>491,597.69</u>	<u>491,597.69</u>	<u>430,411.23</u>	<u>13,355.12</u>	<u>47,831.34</u>
Detail:					
Salaries and Wages	117,053.00	117,053.00	98,573.42		18,479.58
Other Expenses	374,544.69	374,544.69	331,837.81	13,355.12	29,351.76
<u>CAPITAL IMPROVEMENTS</u>					
Capital Improvement Fund	100,000.00	100,000.00	100,000.00		
Purchase of Emergency & Fire Vehicles	280,000.00	280,000.00	118,426.81	161,573.19	
Improvements to Municipal Buildings & Facilities	25,000.00	25,000.00	25,000.00		
Improvements to Roads	50,000.00	50,000.00	47,120.00	2,880.00	
Purchase of Public Works Vehicle	35,000.00	35,000.00	35,000.00		
Purchase of Salt Storage	75,000.00	75,000.00	75,000.00		
Improvements to Convenience Center	75,000.00	75,000.00	75,000.00		
Purchase of Land - Open Space/ Farmland Preservation	50,000.00	50,000.00	50,000.00		
New Jersey Transportation Trust Fund Authority Act	144,000.00	144,000.00	144,000.00		
Total Capital Improvements	<u>834,000.00</u>	<u>834,000.00</u>	<u>669,546.81</u>	<u>164,453.19</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>DEFERRED CHARGES</u>					
Special Emergency Authorization - 5 Years	12,231.00	12,231.00	12,231.00		
Total Appropriations Excluded from "CAPS"	<u>1,337,828.69</u>	<u>1,337,828.69</u>	<u>1,112,189.04</u>	<u>177,808.31</u>	<u>47,831.34</u>
Total General Appropriations for Municipal Purposes	4,254,250.66	4,254,250.66	3,363,478.22	366,610.45	524,161.99
RESERVE FOR UNCOLLECTED TAXES	654,760.76	654,760.76	654,760.76		
TOTAL GENERAL APPROPRIATIONS	<u>4,909,011.42</u>	<u>4,909,011.42</u>	<u>4,018,238.98</u>	<u>366,610.45</u>	<u>524,161.99</u>
Ref.	A-2	A-3		A-16	A
		<u>Ref.</u>			
Reserve for Grants		A-20	336,558.69		
Reserve for Uncollected Taxes		A-2	654,760.76		
Deferred Charges		A-14	12,231.00		
Payroll Taxes Withheld			1,369,143.64		
Disbursed		A-4	1,645,544.89		
			<u>4,018,238.98</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, 2008</u>	Balance <u>Dec. 31, 2007</u>
<u>Animal Control Trust Fund</u>			
Cash - Treasurer	B-1	28,634.19	37,756.36
Cash - Registrar	B-1	19.43	0.06
		<u>28,653.62</u>	<u>37,756.42</u>
<u>Escrow Trust Fund</u>			
Cash - Treasurer	B-1	300,814.11	269,121.16
<u>Tax Sale Premium Fund</u>			
Cash - Collector	B-3	225.17	1,020.62
<u>Municipal Alliance Trust Fund</u>			
Cash - Treasurer	B-1	2,146.21	1,608.19
<u>Public Defender Trust Fund</u>			
Cash - Treasurer	B-1	466.10	3,148.96
Due from Current Fund	A	861.65	946.38
		<u>1,327.75</u>	<u>4,095.34</u>
<u>Accumulated Absence Trust Fund</u>			
Cash - Treasurer	B-1	40,203.43	37,932.06
<u>Recreation Trust Fund</u>			
Cash - Treasurer	B-1	8,513.45	6,860.43
<u>Snow Removal Trust Fund</u>			
Cash - Treasurer	B-1	59,040.08	40,126.79
<u>Affordable Housing Trust Fund</u>			
Cash - Treasurer	B-1	72,547.73	70,779.83
<u>Landfill Closure Fund</u>			
Cash - Treasurer	B-1	37,403.16	
		<u>550,874.71</u>	<u>469,300.84</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, 2008</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
<u>Animal Control Trust Fund</u>			
Due Current Fund	A	10,140.62	18,027.32
Due State of New Jersey		5.40	
Reserve for Dog Fund Expenditures	B-5	18,507.60	19,729.10
		<u>28,653.62</u>	<u>37,756.42</u>
<u>Escrow Trust Fund</u>			
Due Current Fund	A	258.02	
Reserve for Escrow Fees		300,556.09	269,121.16
		<u>300,814.11</u>	<u>269,121.16</u>
<u>Tax Sale Premium Fund</u>			
Due Current Fund	A	2.49	6.76
Deposits for Redemption of Tax Sale Certificates		222.68	1,013.86
		<u>225.17</u>	<u>1,020.62</u>
<u>Municipal Alliance Trust Fund</u>			
Reserve for Municipal Alliance		2,146.21	1,608.19
<u>Public Defender Trust Fund</u>			
Due State of New Jersey		1,327.75	1,327.75
Reserve for Public Defender Fees			2,767.59
		<u>1,327.75</u>	<u>4,095.34</u>
<u>Accumulated Absence Trust Fund</u>			
Due Current Fund	A	965.90	130.81
Reserve for Accumulated Absences		39,237.53	37,801.25
		<u>40,203.43</u>	<u>37,932.06</u>
<u>Recreation Trust Fund</u>			
Due Current Fund	A	488.10	289.09
Reserve for Recreation		8,025.35	6,571.34
		<u>8,513.45</u>	<u>6,860.43</u>
<u>Snow Removal Trust Fund</u>			
Due Current Fund	A	49.88	136.59
Reserve for Snow Removal		58,990.20	39,990.20
		<u>59,040.08</u>	<u>40,126.79</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>	Balance <u>Dec. 31, 2008</u>	Balance <u>Dec. 31, 2007</u>
<u>Affordable Housing Trust Fund</u>			
Reserve for Affordable Housing		72,547.73	70,779.83
<u>Landfill Closure Fund</u>			
Reserve for Landfill Closure		37,403.16	
		<u>550,874.71</u>	<u>469,300.84</u>

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, 2008</u>	Balance <u>Dec. 31, 2007</u>
Cash - Treasurer	C-2	1,856,804.40	1,361,603.61
Investment - Bond Anticipation Notes - Utility Capital Fund	C-4	215,000.00	235,000.00
Due from Utility Operating Fund	D	20,000.00	20,000.00
Deferred Charges to Future Taxation: Unfunded			104,611.71
		<u>2,091,804.40</u>	<u>1,721,215.32</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Encumbrances Payable	C-9	321,159.00	2,432.50
Improvement Authorizations:			
Funded	C-8	277,787.47	79,699.40
Unfunded			104,611.71
Capital Improvement Fund	C-7	385,464.23	483,642.98
Due Current Fund	A	5,762.62	2,729.74
Reserve for Sanitary Landfill Closure		429,649.50	429,649.50
Reserve for Improvement to Sewerage Collection System		6,323.13	6,323.13
Reserve for Street Overlay Program		115,439.32	155,439.32
Reserve for Improvements to Municipal Building		38,336.81	38,336.81
Reserve for Expansion of Facilities for Township Parks		18,667.94	18,222.94
Reserve for Purchase of Land - Farmland Preservation		100,000.00	50,000.00
Reserve for Improvements to Convenience Center		118,125.00	43,125.00
Reserve for Improvements to Senior Center		10,000.00	10,000.00
Reserve for Improvements to Roads		54,200.00	33,000.00
Reserve for Improvements to Municipal Buildings and Facilities		28,806.62	4,800.00
Reserve for Purchase of Emergency and Fire Vehicles		53,184.31	242,619.00
Reserve for Purchase of Court Video Conference Equipment		5,869.51	10,000.00
Reserve for Purchase of Public Works Vehicle		37,056.00	2,056.00
Reserve for Document Imaging		4,527.29	4,527.29
Reserve for Purchase of Salt Shed		75,000.00	
Fund Balance	C-1	6,445.65	
		<u>2,091,804.40</u>	<u>1,721,215.32</u>

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

STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Increased by:		
Permanently Funded Improvement Authorization Canceled	C-8	<u>6,445.65</u>
Balance December 31, 2008	C	<u><u>6,445.65</u></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, 2008</u>	Balance <u>Dec. 31, 2007</u>
<u>Operating Fund</u>			
Cash - Treasurer	D-5	1,414,619.82	1,431,271.06
Cash - Collector	D-7	22,760.16	6,881.79
Due from Utility Capital Fund	D	88,459.26	75,815.11
Due from Federal and State Grant Fund			14,510.77
Due from Current Fund			21,483.99
		<u>1,525,839.24</u>	<u>1,549,962.72</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable - Water	D-10	6,822.31	6,238.48
Consumer Accounts Receivable - Seabrook Water	D-10	10,650.77	7,580.25
Consumer Accounts Receivable - Sewer	D-10	32,386.73	28,538.53
Connection Fees Receivable	D-11	50,395.71	
Liens Receivable - Water	D-12	454.68	
Liens Receivable - Sewer	D-12	236.44	
		<u>100,946.64</u>	<u>42,357.26</u>
Total Operating Fund		<u>1,626,785.88</u>	<u>1,592,319.98</u>
<u>Capital Fund</u>			
Cash - Treasurer	D-5	598,644.96	637,383.26
Fixed Capital	D-13	4,066,500.00	4,066,500.00
Fixed Capital Authorized and Uncompleted	D-14	3,000,000.00	3,000,000.00
Total Capital Fund		<u>7,665,144.96</u>	<u>7,703,883.26</u>
		<u>9,291,930.84</u>	<u>9,296,203.24</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</u> <u>Dec. 31, 2008</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves	D-4:D-15	136,601.99	59,153.09
Encumbrances Payable	D-16	23,467.13	57,812.94
Water Rent Overpayments		973.80	202.00
Sewer Rent Overpayments		3,030.59	207.77
Accrued Interest on Notes		775.00	4,080.00
Accrued Interest on Loan		7,269.79	
Due General Capital Fund	C	20,000.00	20,000.00
Due Current Fund	A	20,927.35	
Due Federal and State Grant Fund	A	18,218.03	
		<hr/>	<hr/>
		231,263.68	141,455.80
Reserve for Receivables		100,946.64	42,357.26
Fund Balance	D-1	1,294,575.56	1,408,506.92
		<hr/>	<hr/>
Total Operating Fund		1,626,785.88	1,592,319.98
<u>Capital Fund</u>			
Loan Payable	D-21	1,938,610.92	1,978,765.19
Notes Payable - General Capital Fund	D-20	215,000.00	235,000.00
Bond Anticipation Notes Payable	D-22	620,000.00	680,000.00
Encumbrances Payable	D-16	199,686.46	50,347.50
Improvement Authorizations:			
Unfunded	D-17	2,703,431.45	3,000,000.00
Capital Improvement Fund	D-18	440,187.60	340,187.60
Due Utility Operating Fund	D	88,459.26	75,815.11
Reserve for:			
Water Tower Repairs		7,873.60	7,776.46
Love Lane Tower Improvements		141,732.00	141,732.00
Seabrook Tower Improvements		14,180.00	21,180.00
Reserve for Amortization	D-19	1,292,889.08	1,172,734.81
Fund Balance	D-2	3,094.59	344.59
		<hr/>	<hr/>
Total Capital Fund		7,665,144.96	7,703,883.26
		<hr/>	<hr/>
		9,291,930.84	9,296,203.24
		<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 - WATER & SEWER UTILITY FUND

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2008</u>	<u>Year 2007</u>
Fund Balance Utilized	D-3	437,825.19	476,436.00
Sewer Rents	D-3	635,052.21	594,949.83
Water Rents	D-3	227,018.22	251,575.31
Seabrook Water	D-3	164,511.12	50,876.61
Small Cities Grant	D-3	379,625.00	
Miscellaneous Revenue Not Anticipated	D-3	145,107.38	217,407.98
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-15	54,557.98	118,761.87
Encumbrances Canceled	D-16	27,937.02	
Total Income		<u>2,071,634.12</u>	<u>1,710,007.60</u>
<u>Expenditures</u>			
Operating	D-4	1,392,743.50	929,384.00
Capital Improvements	D-4	100,000.00	125,000.00
Debt Service	D-4	237,196.79	225,279.50
Deferred Charges and Statutory Expenditures	D-4	17,800.00	90,700.00
Prior Year Grant Adjustment			3,823.00
Total Expenditures		<u>1,747,740.29</u>	<u>1,374,186.50</u>
Statutory Excess to Fund Balance		323,893.83	335,821.10
<u>Fund Balance</u>			
Balance January 1	D	1,408,506.92	1,549,121.82
		<u>1,732,400.75</u>	<u>1,884,942.92</u>
Decreased by:			
Utilization as Anticipated Revenue	D-1	437,825.19	476,436.00
Balance December 31	D	<u><u>1,294,575.56</u></u>	<u><u>1,408,506.92</u></u>

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

STATEMENT OF FUND BALANCE - UTILITY CAPITAL FUND

	<u>Ref.</u>	
Balance December 31, 2007	D	344.59
Increased by:		
Reimbursement to Funded Ordinance	D-5	2,750.00
Balance December 31, 2008	D	<u>3,094.59</u>

EXHIBIT D-3STATEMENT OF REVENUES

	<u>Ref.</u>	<u>Anticipated Budget 2008</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	437,825.19	437,825.19	
Sewer Rents	D-3	595,000.00	635,052.21	40,052.21
Water Rents	D-3	250,000.00	227,018.22	(22,981.78)
Seabrook Water	D-3	90,000.00	164,511.12	74,511.12
Small Cities Grant	A-9	379,625.00	379,625.00	
Non-Budget Revenue	D-3		145,107.38	145,107.38
		<u>1,752,450.19</u>	<u>1,989,139.12</u>	<u>236,688.93</u>
	Ref.	D-4		

Analysis of Realized Revenue

	<u>Ref.</u>	<u>Sewer</u>	<u>Water</u>	<u>Seabrook Water</u>
Rents:				
Consumer Accounts Receivable:				
Collected	D-10	634,844.44	226,816.22	164,511.12
Overpayments Applied	D-10	207.77	202.00	
	D-3	<u>635,052.21</u>	<u>227,018.22</u>	<u>164,511.12</u>

Analysis of Non-Budget Revenue

	<u>Ref.</u>	
Interest on Investments	D-5:D-7	63,307.69
Interest on Delinquent Accounts	D-7	4,649.74
Lease	D-5	43,235.21
Sewer Connection Fees	D-7	26,773.72
Miscellaneous	D-5:D-7	7,141.02
	D-3	<u>145,107.38</u>

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

STATEMENT OF EXPENDITURES

	<u>Appropriations</u> <u>Budget</u>	<u>Expended</u>			<u>Canceled</u>
		<u>Paid or</u> <u>Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	221,000.00	168,603.59		52,396.41	
Other Expenses	330,900.00	230,465.63	20,577.13	79,857.24	
Sewerage Treatment Contract -					
Cumberland County Utility Authority	423,256.00	423,256.00			
Small Cities Grant	417,587.50	417,587.50			
Capital Improvements:					
Capital Improvement Fund	100,000.00	100,000.00			
Debt Service:					
Payment of Bond Principal	40,154.27	40,154.27			
Payment of Bond Anticipation Notes and Capital Notes	80,000.00	80,000.00			
Interest on Bonds	97,402.42	95,997.52			1,404.90
Interest on Notes	24,350.00	21,045.00			3,305.00
Deferred Charges & Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	16,800.00	12,833.55		3,966.45	
Unemployment Compensation					
Insurance	1,000.00	618.11		381.89	
	<u>1,752,450.19</u>	<u>1,590,561.17</u>	<u>20,577.13</u>	<u>136,601.99</u>	<u>4,709.90</u>
Ref.	D-3		D-16	D	
	<u>Ref.</u>				
Due Federal and State Grant Fund	A-20	417,587.50			
Interest on Loans & Notes		117,042.52			
Disbursed	D-5	<u>1,055,931.15</u>			
		<u>1,590,561.17</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>	<u>Balance Dec. 31, 2008</u>	<u>Balance Dec. 31, 2007</u>
Cash - Treasurer			<u>9,892.74</u>
 <u>LIABILITIES AND RESERVES</u>			
Due Current Fund			43.98
Reserve for Public Assistance			<u>9,848.76</u>
			<u>9,892.74</u>

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

GENERAL FIXED ASSETS

STATEMENT OF GENERAL FIXED ASSETS

	Balance Dec. 31, 2008	Balance Dec. 31, 2007
General Fixed Assets:		
Land, Buildings and Improvements	5,219,359.99	1,950,001.19
Equipment	2,643,542.01	3,090,019.90
Vehicles	1,829,673.99	
Furniture and Fixtures	119,953.61	
	<u>9,812,529.60</u>	<u>5,040,021.09</u>
Investment in General Fixed Assets	<u>9,812,529.60</u>	<u>5,040,021.09</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, 2008

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.A. 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, 2008

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.

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.

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.

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

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

C. Basis of Accounting (Cont'd)

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

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 N.J.A.C. 5:30-5.6. 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.

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.

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

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

C. Basis of Accounting (Cont'd)

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.

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.

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

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

C. Basis of Accounting (Cont'd)

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.

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.

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

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

Deposits (Cont'd)

On October 3, 2008, the Emergency Economic Stabilization Act of 2008 was enacted, which temporarily raises the basic limit on federal deposit insurance coverage from \$100,000 to \$250,000 per depositor. The legislation provides that the basic deposit insurance limit will return to \$100,000 after December 31, 2009.

The carrying amount of the Township's cash and cash equivalents at December 31, 2008, was \$10,088,415.01 and the bank balance was \$10,115,904.56. Of the bank balance, \$571,363.03 was covered by federal depository insurance (including public and custodial funds) and \$9,544,541.53 was covered by a collateral pool maintained by the bank as required by New Jersey statutes.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned or the Township will not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2008, all of the Township's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The Township does not have a policy for custodial credit risk.

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.

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

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

Investments (Cont'd)

- f. Repurchase agreements (repos) of fully collateralized securities, subject to conditions, as indicated in N.J.S.A. 40A:5-15.1(a).
- g. Certificates of deposit at federally insured banks.

During the period ended December 31, 2008, the Township held an investment in bond anticipation notes with the Township Utility Capital Fund in the amount of \$835,000.

Credit risk: The Township does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U. S. government.

Interest rate risk: The Township does not have a policy to limit interest rate risk.

Foreign currency risk: The Township does not have a policy for foreign currency risk since statutes preclude municipalities from investing in these types of securities.

NOTE 3: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2008, the following deferred charges are shown on the balance sheets of the various funds.

	Balance Dec. 31, 2008	2009 Budget Appropriation	To be Raised in Succeeding Year
Current Fund			
Special Emergency Authorization	36,693.00	12,231.00	24,462.00

NOTE 4: FUND BALANCES APPROPRIATED

Of the \$4,548,290.36 Current Fund balance at December 31, 2008, \$1,818,090.00 was appropriated and included as anticipated revenue in the introduced budget for the year ending December 31, 2009.

Of the \$1,294,575.56 Utility Operating Fund balance at December 31, 2008, \$336,092.00 was appropriated and included as anticipated revenue in the introduced budget for the year ending December 31, 2009.

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2008.

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Animal Control Trust Fund	10,140.62	
Tax Sale Premium Fund	2.49	
Accumulated Absence Trust	965.90	
Escrow Trust	258.02	
General Capital Fund	5,762.62	
Recreation Trust	488.10	
Snow Removal Trust	49.88	
Utility Operating Fund	20,927.35	
Federal and State Grant Fund		145,131.08
Public Defender Trust Fund		861.65
Federal and State Grant		
Current Fund	145,131.08	
Utility Operating Fund	18,218.03	
Animal Control Trust Fund		
Current Fund		10,140.62
Escrow Trust Fund		
Current Fund		258.02
Tax Sale Premium Fund		
Current Fund		2.49
Public Defender Trust Fund		
Current Fund	861.65	
Accumulated Absence Trust Fund		
Current Fund		965.90
Recreation Trust Fund		
Current Fund		488.10
Snow Removal Trust Fund		
Current Fund		49.88
General Capital Fund		
Utility Operating Fund	20,000.00	
Current Fund		5,762.62
Utility Operating Fund		
Utility Capital Fund	88,459.26	
General Capital Fund		20,000.00
Current Fund		20,927.35
Federal and State Grant Fund		18,218.03
Utility Capital Fund		
Utility Operating Fund		88,459.26
	<u>311,265.00</u>	<u>311,265.00</u>

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

NOTE 6: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2008.

	Balance Dec. 31, 2007	Additions	Reclassification	Balance Dec. 31, 2008
Land, Building & Improvements	1,950,001.19		3,269,358.80	5,219,359.99
Equipment	3,090,019.90	14,015.08	(460,492.97)	2,643,542.01
Vehicles		324,987.00	1,504,686.99	1,829,673.99
Furniture & Fixtures			119,953.61	119,953.61
	<u>5,040,021.09</u>	<u>339,002.08</u>	<u>4,433,506.43</u>	<u>9,812,529.60</u>

NOTE 7: LONG-TERM DEBT

Summary of Municipal Debt Service

During the calendar year 2008, the following changes occurred in the municipal debt of the Township.

	Balance Dec. 31, 2007	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2008
<u>ISSUED:</u>				
Water & Sewer Utility:				
Loan	1,978,765.19		40,154.27	1,938,610.92
Notes	915,000.00		80,000.00	835,000.00
Net Debt Issued	<u>2,893,765.19</u>		<u>120,154.27</u>	<u>2,773,610.92</u>
<u>AUTHORIZED BUT NOT ISSUED:</u>				
General:				
Bonds & Notes	104,611.71		104,611.71	
Water & Sewer Utility:				
Bonds & Notes	<u>3,000,000.00</u>			<u>3,000,000.00</u>
Authorized but not Issued	<u>3,104,611.71</u>		<u>104,611.71</u>	<u>3,000,000.00</u>
Total Debt Issued and Authorized but Not Issued	<u>5,998,376.90</u>		<u>224,765.98</u>	<u>5,773,610.92</u>

Permanently funded debt as of December 31, 2008, consists of a Farmers Home Administration Loan as follows:

	Date of Issue	Maturities	Interest Rate	Amount
Capital Improvements	5/10/1994	2009-2034	4.50%	<u>1,938,610.92</u>

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

NOTE 7: LONG-TERM DEBT (CONT'D)

Summary of Municipal Debt Service (Cont'd)

Temporary unfunded debt as of December 31, 2008, consists of one year maturity or less of bond anticipation notes as follows:

	Interest Rates	Amount
Water & Sewer Utility Capital Fund:		
Various Water & Sewer System Capital Improvements	0.00%	215,000.00
Various Water & Sewer System Capital Improvements	3.00%	25,000.00
Various Water & Sewer System Capital Improvements	3.00%	290,000.00
Various Water System Capital Improvements	3.00%	305,000.00
		835,000.00

As of December 31, 2008, debt service requirements on long-term debt in future years are:

Year Ended December 31	Principal	Interest	Total
Farmers Home Administration Loan			
2009	41,981.54	86,770.46	128,752.00
2010	43,891.97	84,860.03	128,752.00
2011	45,889.33	82,862.67	128,752.00
2012	47,977.58	80,774.42	128,752.00
2013	50,160.86	78,591.14	128,752.00
2014-2018	287,193.48	356,566.52	643,760.00
2019-2023	358,763.06	284,996.94	643,760.00
2024-2028	448,168.06	195,591.94	643,760.00
2029-2033	559,853.09	83,906.92	643,760.01
2034	54,731.95	1,231.47	55,963.42
	1,938,610.92	1,336,152.51	3,274,763.43

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

NOTE 7: 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 .00%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School Debt	2,686,912.49	2,686,912.49	
Local School Debt	5,271,249.28	5,271,249.28	
Utility Debt	5,773,610.92	5,773,610.92	
General Debt	None		None
	<u>13,731,772.69</u>	<u>13,731,772.69</u>	<u>None</u>

Net Debt \$None/Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended
 \$663,928,699.67 = .00%

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

3 1/2% of Equalized Valuation Basis (Municipal)	23,237,504.49
Net Debt	None
Remaining Borrowing Power	<u>23,237,504.49</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	1,609,514.12
Deductions:	
Operating and Maintenance Costs	992,956.00
Debt Service	<u>237,196.79</u>
	<u>1,230,152.79</u>
Excess in Revenue	<u>379,361.33</u>

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

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, P.O. 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 5.5% 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.

Trend Information

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total Payroll	1,271,712.49	1,226,738.06	1,128,808.49
PERS Covered Payroll	1,070,438.00	1,073,715.00	910,062.00
Employer Required Contribution	59,376.00	27,517.20	15,629.00
Percentage of PERS Covered Payroll	5.55%	2.56%	1.72%

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

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, 2008 was \$72,962.01. The Township has established a trust to fund a reserve for accumulated absences. As of December 31, 2008, the fund had a reserve balance of \$39,237.53.

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, 2008, there was 1 employee who met the requirements for postretirement healthcare benefits.

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.

TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

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 2008		Year 2007	
	Amount	%	Amount	%
<u>Revenue & Other Income Realized</u>				
Fund Balance Utilized	1,950,564.76	8.80%	1,439,053.87	7.12%
Miscellaneous - From Other Than Local Property Tax Levies	3,861,219.05	17.43%	3,939,628.34	19.49%
Collection of Delinquent Taxes and Tax Title Liens	542,086.22	2.45%	370,223.31	1.83%
Collection of Current Tax Levy	15,767,777.55	71.18%	14,402,318.74	71.23%
Interfund Loans Returned	31,347.33	0.14%	65,938.49	0.33%
Total Income	22,152,994.91	100.00%	20,217,162.75	100.00%
<u>Expenditures</u>				
Budget Appropriations:				
Municipal Purposes	4,254,250.66	20.55%	3,878,964.71	20.55%
County Taxes	6,980,939.30	33.72%	5,895,752.81	31.24%
Local and Regional School Taxes	9,442,639.66	45.60%	9,093,912.89	48.18%
Other Expenditures	27,914.49	0.13%	5,500.00	0.03%
Total Expenditures	20,705,744.11	100.00%	18,874,130.41	100.00%
Excess in Revenue	1,447,250.80		1,343,032.34	
Fund Balance January 1	5,051,604.32		5,147,625.85	
	6,498,855.12		6,490,658.19	
Decreased by:				
Utilization as Anticipated Revenue	1,950,564.76		1,439,053.87	
Fund Balance December 31	4,548,290.36		5,051,604.32	

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

	Year 2008		Year 2007	
	Amount	%	Amount	%
<u>Revenue & Other Income Realized</u>				
Fund Balance Utilized	437,825.19	21.13%	476,436.00	27.86%
Miscellaneous - From Other Than Water & Sewer Rents	607,227.38	29.31%	336,169.85	19.66%
Collection of Water and Sewer Rents	1,026,581.55	49.56%	897,401.75	52.48%
Total Income	<u>2,071,634.12</u>	<u>100.00%</u>	<u>1,710,007.60</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Appropriations:				
Operating	1,392,743.50	79.69%	929,384.00	67.63%
Capital Improvements	100,000.00	5.72%	125,000.00	9.10%
Debt Service	237,196.79	13.57%	225,279.50	16.39%
Deferred Charges and Statutory Expenditures	17,800.00	1.02%	90,700.00	6.60%
Prior Year Adjustment			3,823.00	0.28%
Total Expenditures	<u>1,747,740.29</u>	<u>100.00%</u>	<u>1,374,186.50</u>	<u>100.00%</u>
Excess in Revenue	323,893.83		335,821.10	
Fund Balance January 1	1,408,506.92		1,549,121.82	
	<u>1,732,400.75</u>		<u>1,884,942.92</u>	
Decreased by:				
Utilization as Anticipated Revenue	437,825.19		476,436.00	
Fund Balance December 31	<u>1,294,575.56</u>		<u>1,408,506.92</u>	

COMPARATIVE STATEMENT OF TAX RATE INFORMATION

	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Tax Rate</u>	3.783	3.532	3.425
<u>Apportionment of Tax Rate</u>			
County	1.513	1.303	1.259
Local Health Service	0.071	0.059	0.054
County Open Space Preservation	0.017	0.014	0.013
Local School	1.443	1.410	1.389
Regional High School	0.074	0.746	0.714

Assessed Valuation

2008	433,113,262		
2007		421,881,678	
2006			414,074,483

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>
2008	16,451,075.33	15,897,777.55	96.64%
2007	15,120,621.41	14,622,318.74	96.70%
2006	14,854,691.52	14,476,694.94	97.46%

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>
2008	12,121.09	547,865.96	559,987.05	3.40%
2007	10,121.38	488,273.23	498,394.61	3.30%
2006	8,337.72	369,254.60	377,592.32	2.54%

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>
2008	82,800.00
2007	82,800.00
2006	82,800.00

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>
2008	395,402.85	391,529.34
2007	353,558.23	302,451.92
2006	295,664.63	252,049.81

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>
2008	639,350.41	635,052.21
2007	618,798.11	594,949.83
2006	587,288.26	615,350.07

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2008	4,548,290.36	1,818,090.00 a
	2007	5,051,604.32	1,950,564.76
	2006	5,147,625.85	1,439,053.87
	2005	3,656,420.51	1,589,705.50
	2004	4,747,704.71	1,091,284.20
Water and Sewer Operating Fund	2008	1,294,575.56	336,092.00 a
	2007	1,408,506.92	437,825.19
	2006	1,549,121.82	476,436.00
	2005	1,619,428.00	442,441.00
	2004	1,701,395.43	416,471.53

a = Introduced budget.

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Ralph A. Cocove, Sr.	Chairman (to 7/24)	
Douglas M. Rainear	Chairman (from 9/18)	
Douglas M. Rainear	Vice Chairman (to 9/18)	
Bruce Peterson	Vice Chairman (from 9/18)	
James P. Crilley	Committeeman	
John Daddario	Committeeman	
George E. Joyce, Jr.	Committeeman	
Theodore E. Baker, Esq.	Solicitor	
Brian J. Murphy	Engineer	
Roy Spoltore	Township Administrator	
	Township Clerk	
Ruth Moynihan	Chief Financial Officer, Treasurer	1,000,000
Andrea Penney	Tax Collector, Tax Search Officer & Utility Collector	1,000,000
Lucy Sparacio	Court Administrator	1,000,000
A. Paul Kienzle, Jr., Esq.	Magistrate	

Bonds were written with the JIF/MEL Joint Insurance Fund.

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2007	A		6,363,114.26
Increased by Receipts:			
Transfer from Tax Collector	A-6	16,852,609.51	
Grants Receivable	A-9	249,404.40	
Revenue Accounts Receivable	A-13	2,561,637.38	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-17	140,769.00	
Reserve for Grants - Unappropriated	A-21	20,760.04	
Due from General Capital Fund		2,729.74	
Due from Tax Sale Premium Fund		6.76	
Due from Animal Control Trust		18,486.13	
Due from Accumulated Absence Trust		7,761.62	
Due from Snow Removal Trust		136.59	
Due from Public Assistance Fund		9,903.38	
Due from Utility Operating Fund - Federal and State Grant Fund		5,233.70	
Reserve for Home Rehabilitation		9,499.00	
Reserve for Garden State Trust		201.54	
		<hr/>	19,879,138.79
			<hr/>
			26,242,253.05
Decreased by Disbursements:			
2008 Budget Appropriations	A-3	1,645,544.89	
2007 Appropriation Reserves	A-15	28,582.15	
Encumbrances Payable	A-16	690,382.55	
Reserve for Grants - Appropriated	A-21	109,535.63	
Tax Overpayments Refunded		17,146.41	
Payroll Taxes Payable		1,365,129.06	
County Taxes		6,930,537.68	
Due County for Added and Omitted Taxes		93,465.14	
Local District School Tax	A-18	6,245,733.00	
Regional High School Tax	A-19	3,209,445.41	
Investment - Utility Capital Fund	A-8	620,000.00	
Due Landfill Closure Fund		36,491.69	
Due Utility Operating Fund		42,411.24	
Due Accumulated Absence Trust		9,470.15	
		<hr/>	21,043,875.00
			<hr/>
Balance December 31, 2008	A		<hr/> <hr/> 5,198,378.05

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

Balance December 31, 2008	<u>Ref.</u> A-4	5,198,378.05
Increased by Receipts:		
Cash Receipts Record		5,385,842.40
		<hr/> 10,584,220.45
Decreased by Disbursements:		
Cash Disbursements Record		7,651,206.18
		<hr/> 2,933,014.27
Balance April 30, 2009	A-5	<hr/> <hr/> 2,933,014.27
<u>Cash Reconciliation - April 30, 2009</u>		
Balance per Statement		
Colonial Bank		2,425,220.53
Century Savings Bank		1,500,000.00
		<hr/> 3,925,220.53
Less: Outstanding Checks		992,206.26
		<hr/> 2,933,014.27
Balance April 30, 2009	A-5	<hr/> <hr/> 2,933,014.27

SCHEDULE OF CASH - COLLECTOR

	<u>Ref.</u>		
Balance December 31, 2007	A		338,825.30
Increased by Receipts:			
Taxes Receivable	A-10	16,143,068.29	
Revenue Accounts Receivable	A-13	617,848.15	
Prepaid Taxes		154,129.22	
Tax Overpayments		45,783.11	
		<hr/>	16,960,828.77
			<hr/>
			17,299,654.07
Decreased by Disbursements:			
Paid to Treasurer	A-4		16,852,609.51
			<hr/>
Balance December 31, 2008	A		<hr/> <hr/> 447,044.56

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

	<u>Ref.</u>	
Balance December 31, 2008	A-6	447,044.56
Increased by Receipts:		
Cash Receipts Record		5,440,323.10
		5,887,367.66
Decreased by Disbursements:		
Cash Disbursements Record		4,553,173.03
		1,334,194.63
Balance April 30, 2009	A-7	1,334,194.63
<u>Cash Reconciliation - April 30, 2009</u>		
Balance per Statement		
Colonial Bank		1,061,875.16
Add: Deposit in Transit		272,319.47
		1,334,194.63
Balance April 30, 2009	A-7	1,334,194.63

SCHEDULE OF INVESTMENTS - BOND ANTICIPATION NOTES
UTILITY CAPITAL FUND

	<u>Ref.</u>	
Increased by:		
Disbursements	A-4	620,000.00
		620,000.00
Balance December 31, 2008	A	620,000.00

SCHEDULE OF GRANTS RECEIVABLE

<u>Grant</u>	Balance Dec. 31, 2007	2008 Budget Revenue Realized	Received	Transfer from Unappropriated Reserves	Balance Dec. 31, 2008
Federal:					
Small Cities Community Development Block Grant	240,288.91		136,167.35		104,121.56
Older Americans Title IIIB	852.66	4,656.00	2,232.00		3,276.66
Older Americans Title IIIF	1,260.69				1,260.69
Small Cities Grant - Water Utility		379,625.00			379,625.00
State:					
NJ Transportation Trust Fund Authority Act	145,683.73	144,000.00	4,056.21		285,627.52
Alliance for Substance Abuse Prevention Program	19,035.00	37,700.00	35,689.00		21,046.00
Handicapped Persons Recreational Opportunity Act	7,733.00		5,483.00		2,250.00
Clean Communities Program		8,809.73	7,076.84	1,732.89	
Green Communities Program	2,000.00				2,000.00
Recycling Tonnage Grant		21,392.96		21,392.96	
NJ Preparedness Grant	3,800.00				3,800.00
Stormwater Grant	2,500.00		2,500.00		
Neighborhood Preservation	130,442.90	100,000.00	56,200.00		174,242.90
	<u>553,596.89</u>	<u>696,183.69</u>	<u>249,404.40</u>	<u>23,125.85</u>	<u>977,250.33</u>
Ref.	A	A-2:D-3	A-4	A-21	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2008 Levy	Added Taxes	Collected		Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2007			2007	2008			Dec. 31, 2008
2005			2,911.88		2,468.35			443.53
2006	15,963.97		16,933.20		32,424.52			472.65
2007	472,309.26		41,562.15		507,193.35	1,936.75	23.65	4,717.66
	488,273.23		61,407.23		542,086.22	1,936.75	23.65	5,633.84
2008		16,451,075.33		154,233.16	15,743,544.39	9,106.06	1,959.60	542,232.12
	488,273.23	16,451,075.33	61,407.23	154,233.16	16,285,630.61	11,042.81	1,983.25	547,865.96
Ref.	A						A-11	A
				<u>Ref.</u>				
		Cash		A-6	16,143,068.29			
		Due State of New Jersey		A-17	142,562.32			
					16,285,630.61			

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVYAnalysis of Property Tax LevyTax Yield

General Purpose Tax:			
Business Personalty Tax		43,813.27	
General Property Tax		16,340,863.53	
		<hr/>	
			16,384,676.80
Added Taxes (54:4-63.1 et seq.)			66,398.53
			<hr/>
			<u>16,451,075.33</u>

	<u>Ref.</u>		
<u>Tax Levied</u>			
Local District School Tax (Abstract)	A-18		6,245,733.00
Regional High School Tax (Abstract)	A-19		3,196,906.66
County Taxes:			
County Tax (Abstract)		6,551,385.50	
Local Health Services Tax (Abstract)		306,274.79	
County Open Space Preservation			
Trust Fund Tax (Abstract)		72,877.39	
Due County for Added & Omitted Taxes		50,401.62	
		<hr/>	
Total County Taxes			6,980,939.30
Local Tax for Municipal Purposes		0.00	
Add: Additional Taxes Levied		27,496.37	
		<hr/>	
			27,496.37
			<hr/>
			<u>16,451,075.33</u>

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2007	A		10,121.38
Increased by:			
Transfers from Taxes Receivable	A-10	1,983.25	
Interest and Costs Accrued by Sale of June 25, 2008		<u>16.46</u>	
			<u>1,999.71</u>
Balance December 31, 2008	A		<u><u>12,121.09</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	<u>Ref.</u>	
Balance December 31, 2007	A	<u>82,800.00</u>
Balance December 31, 2008	A	<u><u>82,800.00</u></u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance	Accrued	Collected by		Balance
	Dec. 31, 2007	in 2008	Treasurer	Collector	Dec. 31, 2008
<u>Miscellaneous Revenue Anticipated</u>					
Fines and Costs:					
Municipal Court	8,518.82	101,781.60	99,598.73		10,701.69
Emergency Medical Services Billings		197,812.36	197,812.36		
Consolidated Municipal Property Tax Relief		74,927.00	74,927.00		
Energy Receipts Tax		1,709,923.00	1,709,923.00		
Uniform Construction Code Fees	2,183.00	75,542.00	75,581.00		2,144.00
Deerfield Township - Uniform					
Construction Code		36,710.83	36,710.83		
Uniform Fire Safety Act		25,631.17	25,631.17		
<u>Miscellaneous Revenue Not Anticipated</u>					
Interest on Investments	192.04	224,882.20	199,554.53	25,459.24	60.47
Tax Searches		188.00		188.00	
Interest & Costs on Taxes		98,717.53		98,717.53	
Fees & Permits	2,847.25	116,133.02	115,969.02		3,011.25
Payments in Lieu of Taxes		489,370.40		489,370.40	
Miscellaneous		30,042.72	25,929.74	4,112.98	
	<u>13,741.11</u>	<u>3,181,661.83</u>	<u>2,561,637.38</u>	<u>617,848.15</u>	<u>15,917.41</u>
Ref.	A		A-4	A-6	A

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

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2007</u>	<u>Raised in 2008 Budget</u>	<u>Balance Dec. 31, 2008</u>
5/18/06	Revision and Codification of Ordinances	21,655.00	4,331.00	17,324.00	4,331.00	12,993.00
7/6/06	Master Plan Studies	39,500.00	7,900.00	31,600.00	7,900.00	23,700.00
		<u>61,155.00</u>	<u>12,231.00</u>	<u>48,924.00</u>	<u>12,231.00</u>	<u>36,693.00</u>
	Ref.			A	A-3	A

SCHEDULE OF 2007 APPROPRIATION RESERVES

	Balance Dec. 31, 2007	Paid or Charged	Balance Lapsed
Salaries and Wages			
General Administration	5,469.88	1,302.55	4,167.33
Municipal Clerk	1,172.33	426.15	746.18
Financial Administration	5,387.44	639.34	4,748.10
Revenue Administration	611.16	611.16	
Tax Assessment	1,858.20	90.87	1,767.33
Planning Board	160.69	125.00	35.69
Zoning Board of Adjustment	659.18	18.46	640.72
Zoning Officer	2,190.92	713.08	1,477.84
Housing Official	921.96	607.30	314.66
Emergency Management	91.66	60.15	31.51
Ambulance	3,734.57	1,362.00	2,372.57
Fire Official	3,041.03	17.31	3,023.72
Municipal Prosecutor	110.00	90.00	20.00
Streets & Roads	7,030.86	2,526.69	4,504.17
Solid Waste Convenience Center	7,058.35	678.58	6,379.77
Buildings and Grounds	10,924.44	1,101.21	9,823.23
Board of Health	1,095.56	57.31	1,038.25
Animal Control	761.86	92.31	669.55
Municipal Court	2,009.93	1,827.27	182.66
Construction Code	2,096.09	1,604.77	491.32
Other Expenses			
General Administration	3,270.31	363.26	2,907.05
Mayor and Township Committee	34.84	25.00	9.84
Financial Administration	4,985.86	2,801.22	2,184.64
Legal Services and Costs	7,981.55	3,507.61	4,473.94
Economic Development	7,175.31	4.00	7,171.31
Historic Commission	666.06	226.00	440.06
Planning Board	1,600.91	272.75	1,328.16
Employee Group Insurance	45,698.38	187.00	45,511.38
Payment in Lieu of Benefits	5,551.88	463.77	5,088.11
Aid to Volunteer Fire Companies	3,603.12	25.00	3,578.12
Ambulance	5,167.53	3,338.41	1,829.12
First Aid Organization Contribution	15,390.00	4,050.00	11,340.00
Streets & Roads	1,935.93	917.84	1,018.09
Buildings and Grounds	9,076.21	118.08	8,958.13
Construction Code	3,499.79	588.97	2,910.82
Other Accounts - No Change	117,055.01		117,055.01
	<u>289,078.80</u>	<u>30,840.42</u>	<u>258,238.38</u>
Ref.	A		A-1
	<u>Ref.</u>		
Disbursed	A-4	28,582.15	
Encumbered	A-16	2,258.27	
		<u>30,840.42</u>	

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal & State Grant Fund</u>
Balance December 31, 2007	A	619,188.58	173,175.92
Increased by:			
Charges to 2008 Appropriations	A-3	366,610.45	
Charges to 2007 Reserves	A-15	2,258.27	
Charges to Reserve for Grants	A-20		178,025.37
		<u>988,057.30</u>	<u>351,201.29</u>
Decreased by:			
Payments	A-4	544,296.05	146,086.50
Canceled	A-1:A-20	26,991.03	10,742.16
		<u>571,287.08</u>	<u>156,828.66</u>
Balance December 31, 2008	A	<u><u>416,770.22</u></u>	<u><u>194,372.63</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2007	A	33,219.22
Increased by:		
Receipts	A-4	140,769.00
		173,988.22
Decreased by:		
2008 Deductions Per Tax Duplicate		142,250.00
2008 Deductions Allowed by Collector		3,000.00
2008 Deductions Disallowed by Collector		(2,687.68)
		142,562.32
Prior Year Deduction Disallowed	A-1	(3,959.88)
		138,602.44
Balance December 31, 2008	A	35,385.78

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>Ref.</u>	
Increased by:		
2008 Calendar Year School Levy	A-10	6,245,733.00
Decreased by:		
Payments	A-4	6,245,733.00
		<hr/>

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

	<u>Ref.</u>	
Balance December 31, 2007	<u>A</u>	11,219.92
Increased by:		
2008 Calendar Year School Levy	A-9	3,196,906.66
		<hr/>
		3,208,126.58
Decreased by:		
Payments	A-4	3,209,445.41
		<hr/>
Balance December 31, 2008	A	<u><u>(1,318.83)</u></u>

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2007	Transferred from 2008 Budget Appropriation	Paid or Charged	Encumbrance Canceled	Balance Dec. 31, 2008
Federal Grants:					
Small Cities Community Development Block Grant	151,376.06			8,805.00	160,181.06
Older Americans Title IIIB	461.84	4,656.00	3,692.80		1,425.04
Older Americans Title IIIF	892.97				892.97
Small Cities Block Grant - Water Utility	2,056.23	417,587.50	17,599.70		402,044.03
State Grants:					
NJ Transportation Trust Fund	81,019.51	144,000.00	144,000.00	1,937.16	82,956.67
Alliance for Substance Abuse Prevention Program	400.00	37,700.00	37,700.00		400.00
Clean Communities Program	14,855.39	8,809.73	2,030.27		21,634.85
Handicapped Persons Recreational Opportunity Act	34,513.17				34,513.17
Special Legislative Grant	605.00				605.00
Recycling Tonnage Grant	59,669.26	21,392.96	28,099.68		52,962.54
Neighborhood Preservation	89,083.70	120,000.00	54,438.05		154,645.65
Stormwater Grant	7,000.00				7,000.00
NJ State Police SLAEHOP	6,205.72				6,205.72
	<u>448,138.85</u>	<u>754,146.19</u>	<u>287,560.50</u>	<u>10,742.16</u>	<u>925,466.70</u>
Ref.	A	A-3:-D-4		A-16	A
		<u>Ref.</u>			
Cash		A-4	109,535.63		
Encumbered		A-16	178,025.37		
			<u>287,561.00</u>		

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2007	Received	Appropriated in 2008	Balance Dec. 31, 2008
State Grants:				
Recycling Tonnage Grant	21,393.53	17,923.25	21,392.96	17,923.82
Clean Communities	1,732.89	2,836.79	1,732.89	2,836.79
	<u>23,126.42</u>	<u>20,760.04</u>	<u>23,125.85</u>	<u>20,760.61</u>
	A	A-4	A-9	A

TRUST FUND

SCHEDULE OF TRUST FUND CASH - TREASURER

Ref.	Animal Control Trust Fund		Escrow Trust Fund	Municipal Alliance Trust Fund	Public Defender Trust Fund	Accumulated Absence Trust Fund	Recreation Trust Fund	Snow Removal Trust	Affordable Housing Trust	Landfill Closure Fund
	Registrar	Treasurer								
Balance December 31, 2007	B	0.06	37,756.36	269,121.16	1,608.19	3,148.96	37,932.06	6,860.43	40,126.79	70,779.83
Increased by Receipts:										
Dog License Fees:										
Municipal Share	B-5	8,892.30								
State Share		1,990.20								
Interest Earned		26.82	888.03	5,577.27	30.32	101.74	835.09	199.01	1,009.92	911.47
Transfer from Registrar	B-1		8,905.15							
Escrow Deposits				57,694.25						
Program Income				4,983.98						
Public Defender Fees					2,313.15					
Accumulated Absence Reserve						10,204.49				
Recreation Fees							17,620.50			
Transfer from Current Fund								19,000.00		36,491.69
		10,909.32	9,793.18	63,271.52	5,014.30	2,414.89	11,039.58	17,819.51	20,009.92	37,403.16
		10,909.38	47,549.54	332,392.68	6,622.49	5,563.85	48,971.64	24,679.94	60,136.71	37,403.16
Decreased by Disbursements:										
Paid to State of New Jersey		1,984.80								
Transfer to Treasurer	B-1	8,905.15								
Transfer to Current Fund			18,915.35	5,188.12				1,096.63		
Escrow Charges				26,390.45						
Municipal Alliance Expenses				4,476.28						
Public Defender Expenses					5,097.75					
Accumulated Absence						8,768.21				
Recreation Expenses							16,166.49			
		10,889.95	18,915.35	31,578.57	4,476.28	5,097.75	8,768.21	16,166.49	1,096.63	
Balance December 31, 2008	B	19.43	28,634.19	300,814.11	2,146.21	466.10	40,203.43	8,513.45	59,040.08	37,403.16

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

	<u>Animal Control Trust Fund</u>		<u>Escrow Trust</u>	<u>Municipal Alliance Trust Fund</u>	<u>Public Defender Trust Fund</u>	<u>Accumulated Absence Trust Fund</u>	<u>Recreation Trust Fund</u>	<u>Snow Removal Trust Fund</u>	<u>Affordable Housing Trust Fund</u>	<u>Landfill Closure Fund</u>	
<u>Ref.</u>	<u>Registrar</u>	<u>Treasurer</u>	<u>Fund</u>	<u>Trust Fund</u>	<u>Trust Fund</u>	<u>Trust Fund</u>	<u>Trust Fund</u>	<u>Trust Fund</u>	<u>Trust Fund</u>	<u>Trust Fund</u>	
Balance December 31, 2008	B-1	19.43	28,634.19	300,814.11	2,146.21	466.10	40,203.43	8,513.45	59,040.08	72,547.73	37,403.16
Increased by Receipts:											
Cash Receipts Record		11,637.08	5,791.39	72,241.25	316.39	1,186.43	66.96	12,915.87	98.32	120.82	62.29
		11,656.51	34,425.58	373,055.36	2,462.60	1,652.53	40,270.39	21,429.32	59,138.40	72,668.55	37,465.45
Decreased by Disbursements:											
Cash Disbursements Record		6,962.59		73,424.01	1,738.25	309.15		10,115.00			
Balance April 30, 2009	B-2	4,693.92	34,425.58	299,631.35	724.35	1,343.38	40,270.39	11,314.32	59,138.40	72,668.55	37,465.45
<u>Cash Reconciliation - April 30, 2009</u>											
Balance per Statement											
Colonial Bank		4,019.92	34,425.58	288,711.11	724.35	1,343.38	40,270.39	11,314.32	59,138.40	72,668.55	37,465.45
Bank of America				1,937.33							
Hudson United Bank				8,982.91							
Add: Deposit in Transit		674.00									
		4,693.92	34,425.58	299,631.35	724.35	1,343.38	40,270.39	11,314.32	59,138.40	72,668.55	37,465.45
Less: Outstanding Checks											
Balance April 30, 2009	B-2	4,693.92	34,425.58	299,631.35	724.35	1,343.38	40,270.39	11,314.32	59,138.40	72,668.55	37,465.45

SCHEDULE OF TRUST FUND CASH - COLLECTOR

Balance December 31, 2007	<u>Ref.</u> B		1,020.62
Increased by:			
Deposits for Redemption of Tax Sale Certificates		114,816.73	
Interest Earned		106.31	
		<hr/>	<hr/>
			114,923.04
			<hr/>
			115,943.66
Decreased by:			
Refunds Upon Redemption		115,607.91	
Due Current Fund		110.58	
		<hr/>	<hr/>
			115,718.49
Balance December 31, 2008	B		<hr/> <hr/>
			225.17

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

	<u>Ref.</u>	
Balance December 31, 2008	B-3	225.17
Increased by:		
Cash Receipts Record		<u>12,117.32</u>
		12,342.49
Decreased by:		
Cash Disbursements Record		<u>11,304.11</u>
Balance April 30, 2009	B-4	<u><u>1,038.38</u></u>

Cash Reconciliation - April 30, 2009

Balance per Statement Colonial Bank		<u><u>1,038.38</u></u>
--	--	------------------------

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2007	<u>Ref.</u> B	19,729.10
Increased by:		
Municipal Share of Dog License Fees	B-1	8,892.30
		<hr/> 28,621.40
Decreased by:		
Statutory Excess Due Current Fund		10,113.80
		<hr/> 18,507.60
Balance December 31, 2008	B	<hr/> <hr/> 18,507.60

License Fees Collected

<u>Year</u>	<u>Amount</u>
2006	9,484.00
2007	9,023.60
	<hr/> 18,507.60
	<hr/> <hr/> 18,507.60

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2007	<u>Ref.</u> C		1,361,603.61
Increased by:			
Interest Earned		26,654.18	
Budget Appropriation:			
Capital Improvement Fund	C-7	100,000.00	
Improvements to Roads		21,200.00	
Improvements to Convenience Center		75,000.00	
Purchase of Land - Farmland Preservation		50,000.00	
Improvements to Municipal Building and Facilities		24,006.62	
Purchase of Emergency and Fire Vehicles		108,316.31	
Purchase of Public Works Vehicles		35,000.00	
Purchase of Salt Shed		75,000.00	
Due from Utility Operating Fund	C-4	20,000.00	
		<hr/>	535,177.11
			<hr/>
			1,896,780.72
Decreased by:			
Improvement Authorizations	C-8	10,237.03	
Encumbrances Payable	C-9	1,987.50	
Reserve for Purchase of Court Video Conference Equipment		4,130.49	
Due Current Fund		23,621.30	
		<hr/>	39,976.32
Balance December 31, 2008	C		<hr/> <hr/>
			1,856,804.40

EXHIBIT C-3

SCHEDULE OF GENERAL CAPITAL CASH AND RECONCILIATION

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

	<u>Ref.</u>	
Balance December 31, 2008	C-2	1,856,804.40
Increased by:		
Cash Receipts Record		2,172.23
		<hr/>
		1,858,976.63
Decreased by:		
Cash Disbursements Record		13,328.15
		<hr/>
Balance April 30, 2009	C-3	<u>1,845,648.48</u>

Cash Reconciliation - April 30, 2009

Balance per Statement		
Colonial Bank		1,345,648.48
Century Savings Bank		500,000.00
		<hr/>
Balance April 30, 2009	C-3	<u>1,845,648.48</u>

EXHIBIT C-4

SCHEDULE OF INVESTMENTS - BOND ANTICIPATION NOTES

UTILITY CAPITAL FUND

	<u>Ref.</u>	
Balance December 31, 2007	C	235,000.00
Decreased by:		
Due from Utility Operating Fund	C-2	20,000.00
		<hr/>
Balance December 31, 2008	C	<u>215,000.00</u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2007	Receipts		Disbursements		Transfers	Balance Dec. 31, 2008
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous		
Capital Improvement Fund	483,642.98	100,000.00				(198,178.75)	385,464.23
Fund Balance						6,445.65	6,445.65
Reserve for Sanitary Landfill Closure	429,649.50						429,649.50
Reserve for Improvements to Sewerage Collection System	6,323.13						6,323.13
Reserve for Street Overlay Program	155,439.32					(40,000.00)	115,439.32
Reserve for Improvements to Municipal Building	38,336.81						38,336.81
Reserve for Expansion of Facilities for Township Parks	18,222.94					445.00	18,667.94
Reserve for Purchase of Land - Farmland Preservation	50,000.00	50,000.00					100,000.00
Reserve for Improvements to Convenience Center	43,125.00					75,000.00	118,125.00
Reserve for Construction of a Senior Center	10,000.00						10,000.00
Reserve for Improvements to Roads	33,000.00					21,200.00	54,200.00
Reserve for Purchase of Emergency and Fire Vehicles	242,619.00	100,000.00				(289,434.69)	53,184.31
Reserve for Purchase of Public Works Vehicle	2,056.00					35,000.00	37,056.00
Reserve for Purchase of Court Video Conference Equipment	10,000.00				4,130.49		5,869.51
Reserve for Improvements to Municipal Buildings and Facilities	4,800.00					24,006.62	28,806.62
Reserve for Document Imaging	4,527.29						4,527.29
Reserve for Purchase of Salt Shed						75,000.00	75,000.00
Encumbrances Payable	2,432.50					1,987.50	320,714.00
Due Current Fund	2,729.74		265,177.11		23,621.30	(238,522.93)	5,762.62
Due Utility Operating Fund	(20,000.00)						(20,000.00)
Improvement Authorizations:							
Ordinance							
Number							
363 Construction of a Sanitary Sewer System and Water Supply System	45,028.25					(43,028.25)	2,000.00
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
567 Purchase of Emergency Transport Vehicle	6,403.00					(6,403.00)	
584 Purchase of Ambulance	6,932.50			5,237.03			1,695.47
612 Purchase of Land, Block 1901 Lot 15.02				5,000.00		242,500.00	237,500.00
615 Overlay & Drainage Improvements for Holly Ave., Olaf Rd. & Horton Ave.						16,592.00	16,592.00
	1,596,603.61	250,000.00	265,177.11	10,237.03	29,739.29		2,071,804.40
Ref.	C	C-2;C-7	C-2	C-8	C-2		C

SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION - UNFUNDED

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Balance Dec. 31, 2007</u>	<u>Authorization Canceled</u>
259 266	Construction of Water Supply System	104,611.71	104,611.71
	Ref.	C	C-8

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>		
Balance December 31, 2007	C		483,642.98
Increased by:			
2008 Budget Appropriation	C-2	100,000.00	
Improvement Authorization Canceled:			
Ordinance 363	C-8	43,028.25	
Ordinance 509	C-8	1,293.00	
		<hr/>	144,321.25
			<hr/>
			627,964.23
Decreased by:			
Appropriations to Finance Improvement Authorizations	C-8		242,500.00
			<hr/>
Balance December 31, 2008	C		<hr/> <hr/>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Purpose	Ordinance		Balance Dec. 31, 2007		2008 Authorization		Paid or Charged	Canceled	Balance
	Number	Amount	Funded	Unfunded	Capital Improvement Fund	Reserve for Various Improvements			Dec. 31, 2008
									Funded
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					43,028.25	2,000.00
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
Purchase of Emergency Transport Vehicle	567	45,000.00	6,403.00					6,403.00	
Purchase of Ambulance	584	155,500.00	6,932.50				5,237.03		1,695.47
Purchase of Land, Block 1901 Lot 15.02	612	242,500.00			242,500.00		5,000.00		237,500.00
Purchase of a Rescue Truck	614	297,751.00				297,751.00	297,751.00		
Overlay & Drainage Improvements for Holly Ave., Olaf Rd. & Horton Ave.	615	40,000.00				40,000.00	23,408.00		16,592.00
			<u>79,699.40</u>	<u>104,611.71</u>	<u>242,500.00</u>	<u>337,751.00</u>	<u>331,396.03</u>	<u>155,378.61</u>	<u>277,787.47</u>
	Ref.	C	C		C-7	C-5			C
					Disbursed	Ref.			
					Encumbered	C-2	10,237.03		
						C-9	321,159.00		
							<u>331,396.03</u>		
							Ref.		
					Fund Balance		C-1	6,445.65	
					Capital Improvement Fund		C-7	44,321.25	
					Deferred Charges to Future Taxation - Unfunded		C-6	104,611.71	
								<u>155,378.61</u>	

SCHEDULE OF ENCUMBRANCE PAYABLE

	<u>Ref.</u>		
Balance December 31, 2007	C		2,432.50
Increased by:			
2008 Improvement Authorizations	C-8		<u>321,159.00</u>
			323,591.50
Decreased by:			
Disbursed	C-2	1,987.50	
Encumbrance Canceled:			
Reserve for Expansion of Facilities for Township Parks	C-5	<u>445.00</u>	
			<u>2,432.50</u>
Balance December 31, 2008	C		<u><u>321,159.00</u></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, 2007</u>	<u>Canceled</u>
259, 266	Construction of a Water Supply System	<u>104,611.71</u>	<u>104,611.71</u>
	Ref.		C-8

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, 2007	D	1,431,271.06	637,383.26
Increased by:			
Transfer from Collector	D-7	1,049,883.20	
Interest on Investments	D-3	48,936.62	12,644.15
Lease	D-3	43,235.21	
Miscellaneous	D-3	4,706.00	
Due Current Fund		42,411.34	
Budget Appropriation:			
Capital Improvement Fund	D-18		100,000.00
Reserve for Water Tower Repairs			97.14
Reimbursement	D-2		2,750.00
		<u>1,189,172.37</u>	<u>115,491.29</u>
		<u>2,620,443.43</u>	<u>752,874.55</u>
Decreased by:			
2008 Appropriations	D-4	1,055,931.15	
2007 Appropriation Reserves	D-15	4,595.11	
Encumbrances Payable	D-16	26,985.92	28,169.04
Improvement Authorizations	D-17		119,060.55
Due Federal & State Grant Fund		5,233.70	
Interest on Loans and Notes		113,077.73	
Reserve for Seabrook Tower Improvements			7,000.00
		<u>1,205,823.61</u>	<u>154,229.59</u>
Balance December 31, 2008	D	<u><u>1,414,619.82</u></u>	<u><u>598,644.96</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, 2008	D-5	1,414,619.82	598,644.96
Increased by:			
Cash Receipts Record		303,580.56	915.66
		1,718,200.38	599,560.62
Decreased by:			
Cash Disbursements Record		230,299.47	77,769.77
Balance April 30, 2009	D-6	1,487,900.91	521,790.85
		<u>1,487,900.91</u>	<u>521,790.85</u>
		<u>Cash Reconciliation - April 30, 2009</u>	
Balance per Statement			
Colonial Bank		695,593.21	514,937.07
TD Bank North			7,878.78
Century Savings Bank		800,000.00	
		1,495,593.21	522,815.85
Less: Outstanding Checks		7,692.30	1,025.00
Balance April 30, 2009	D-6	1,487,900.91	521,790.85
		<u>1,487,900.91</u>	<u>521,790.85</u>

SCHEDULE OF WATER & SEWER UTILITY CASH - COLLECTOR

Balance December 31, 2007	<u>Ref</u> D		6,881.79
Increased by Receipts:			
Consumer Accounts Receivable - Water	D-10	226,816.22	
Consumer Accounts Receivable - Seabrook Water	D-10	164,511.12	
Consumer Accounts Receivable - Sewer	D-10	634,844.44	
Connection Fees Receivable	D-11	5,604.29	
Rent Overpayments		4,004.39	
Sewer Connection Fees	D-2	21,169.43	
Interest on Delinquent Accounts	D-2	4,649.74	
Interest on Investments	D-2	1,726.92	
Miscellaneous	D-2	2,435.02	
		<hr/>	1,065,761.57
			<hr/> 1,072,643.36
Decreased by Disbursements:			
Transfer to Treasurer	D-5		1,049,883.20
Balance December 31, 2008	D		<hr/> <hr/> 22,760.16

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

Balance December 31, 2008	<u>Ref.</u> D-7	22,760.16
Increased by:		
Cash Receipts Record		406,191.24
		<hr/> 428,951.40
Decreased by:		
Cash Disbursements Record		270,848.13
Balance April 30, 2009	D-8	<hr/> <hr/> 158,103.27
		<u>Cash Reconciliation - April 30, 2009</u>
Balance per Statement		
Colonial Bank	D-8	<hr/> <hr/> 158,103.27

ANALYSIS OF WATER & SEWER UTILITY CAPITAL FUND CASH

	Balance Dec. 31, 2007	Receipts		Disbursements		Transfers		Balance Dec. 31, 2008
		Budget	Miscellaneous	Improvement	Miscellaneous	From	To	
		Appropriation		Authorizations				
Capital Improvement Fund	340,187.60	100,000.00						440,187.60
Fund Balance	344.59		2,750.00					3,094.59
Due Utility Operating Fund	75,815.11		12,644.15					88,459.26
Reserve for Water Tower Repairs	7,776.46		97.14					7,873.60
Reserve for Love Lane Tower Improvements	141,732.00							141,732.00
Reserve for Seabrook Tower Improvements	21,180.00				7,000.00			14,180.00
Encumbrances Payable	50,347.50				28,169.04		177,508.00	199,686.46
Improvement Authorizations:								
Ordinance								
<u>Number</u>								
602 Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System				119,060.55		177,508.00		(296,568.55)
	<u>637,383.26</u>	<u>100,000.00</u>	<u>15,491.29</u>	<u>119,060.55</u>	<u>35,169.04</u>	<u>177,508.00</u>	<u>177,508.00</u>	<u>598,644.96</u>
Ref.	D	D-18	D-5	D-17	D-5			D

EXHIBIT D-10

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Water</u>	<u>Seabrook Water</u>	<u>Sewer</u>
Balance December 31, 2007	D	6,238.48	7,580.25	28,538.53
Increased by:				
Utility Rents Levied		227,602.05	167,800.80	639,350.41
		<u>233,840.53</u>	<u>175,381.05</u>	<u>667,888.94</u>
Decreased by:				
Collections	D-7	226,816.22	164,511.12	634,844.44
Overpayments Applied		202.00		207.77
Transfer to Liens	D-12		219.16	450.00
		<u>227,018.22</u>	<u>164,730.28</u>	<u>635,502.21</u>
Balance December 31, 2008	D	<u>6,822.31</u>	<u>10,650.77</u>	<u>32,386.73</u>

EXHIBIT D-11

SCHEDULE OF CONNECTION FEES RECEIVABLE

	<u>Ref.</u>	
Increased by:		
Billings		56,000.00
Decreased by:		
Collections	D-7	5,604.29
Balance December 31, 2008	D	<u>50,395.71</u>

SCHEDULE OF LIENS RECEIVABLE

	<u>Ref.</u>	<u>Water</u>	<u>Sewer</u>
Increased by:			
Transfer from Consumer Accounts Receivable	D-10	219.16	450.00
Interest and Costs Accrued by Sale of June 25, 2008		17.28	4.68
Balance December 31, 2008	D	<u>236.44</u>	<u>454.68</u>

SCHEDULE OF FIXED CAPITAL

<u>Purpose</u>	Balance Dec. 31, 2007	Balance Dec. 31, 2008
Various Sewer and Water System Capital Improvements	3,490,000.00	3,490,000.00
Expenses Associated with Conveyance of Land and Easements	30,000.00	30,000.00
Various Water System Capital Improvements	405,000.00	405,000.00
Purchase of Seabrook Water Company	141,500.00	141,500.00
	<u>4,066,500.00</u>	<u>4,066,500.00</u>
	D	D

Ref.

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Ordinance Date</u>	<u>Ordinance Amount</u>	<u>Balance Dec. 31, 2007</u>	<u>Balance Dec. 31, 2008</u>
602	Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System	12/6/07	3,000,000.00	3,000,000.00	3,000,000.00
			Ref.	D	D

SCHEDULE OF 2007 APPROPRIATION RESERVES

	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Disbursed</u>	<u>Balance</u> <u>Lapsed</u>
Operating:			
Salaries and Wages	8,717.84	4,595.11	4,122.73
Other Expenses	49,704.75		49,704.75
Social Security System Contribution	730.50		730.50
	<u>59,153.09</u>	<u>4,595.11</u>	<u>54,557.98</u>
Ref.	D	D-5	D-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	<u>Operating</u> <u>Fund</u>	<u>Capital</u> <u>Fund</u>
Balance December 31, 2007	D	57,812.94	50,347.50
Increased by:			
Charges to 2008 Appropriations	D-4	20,577.13	
Improvement Authorizations	D-17		177,508.00
		<u>78,390.07</u>	<u>227,855.50</u>
Decreased by:			
Payments	D-5	26,985.92	28,169.04
Canceled	D-1	<u>27,937.02</u>	
		54,922.94	
Balance December 31, 2008	D	<u>23,467.13</u>	<u>199,686.46</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Ordinance</u>		<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Paid or Charged</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
		<u>Date</u>	<u>Amount</u>	<u>Unfunded</u>		<u>Unfunded</u>
602	Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System	12/6/07	3,000,000.00	3,000,000.00	296,568.55	2,703,431.45
				3,000,000.00	296,568.55	2,703,431.45
			Ref.	D		D
			Disbursed	D-5	119,060.55	
			Encumbered	D-16	177,508.00	
					296,568.55	

EXHIBIT D-18

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2007	D	340,187.60
Increased by:		
2008 Budget Appropriation	D-5	100,000.00
Balance December 31, 2008	D	<u>440,187.60</u>

EXHIBIT D-19

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>		
Balance December 31, 2007	D		1,172,734.81
Increased by:			
Notes Paid by Operating Budget	D-20:D-22	80,000.00	
Loan Paid by Operating Budget	D-21	40,154.27	
		<u>120,154.27</u>	
Balance December 31, 2008	D		<u>1,292,889.08</u>

EXHIBIT D-20

SCHEDULE OF NOTES PAYABLE - GENERAL CAPITAL FUND

	<u>Ref.</u>	
Balance December 31, 2007	D	235,000.00
Decreased by:		
Payments	D-19	<u>20,000.00</u>
Balance December 31, 2008	D	<u><u>215,000.00</u></u>

EXHIBIT D-21

SCHEDULE OF LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2007	D	1,978,765.19
Decreased by:		
Payments	D-19	<u>40,154.27</u>
Balance December 31, 2008	D	<u><u>1,938,610.92</u></u>

SCHEDULE OF BOND ANTICIPATION NOTES

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Date of Original Issue of Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2007</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2008</u>
361	Various Sewer and Water System Capital Improvements	10/18/02	12/11/08	12/10/09	3.00%	45,000.00	20,000.00	25,000.00
484	Various Sewer and Water System Capital Improvements	10/18/02	12/11/08	12/10/09	3.00%	310,000.00	20,000.00	290,000.00
523	Various Water System Capital Improvements	10/18/02	12/11/08	12/10/09	3.00%	325,000.00	20,000.00	305,000.00
						<u>680,000.00</u>	<u>60,000.00</u>	<u>620,000.00</u>
					Ref.	<u>D</u>	<u>D-19</u>	<u>D</u>

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2007</u>	<u>Balance Dec. 31, 2008</u>
602	Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System	<u>3,000,000.00</u>	<u>3,000,000.00</u>

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2007	E	9,892.74
Increased by:		
Interest Earned		313.60
		<hr/>
		10,206.34
Decreased by:		
Due Current Fund		10,206.34
		<hr/>

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:

- Home Rehabilitation Projects
- Design & Permitting for the Seabrook Radionuclide Water Treatment & Removal System
- Emergency Rescue Truck
- Hauling of Containers from Convenience Center

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 3, 2008, 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 25, 2008 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>
2008	5
2007	4
2006	4

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

Verification of Delinquent Taxes and Other Charges

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

OTHER COMMENTS

Chief Financial Officer

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

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

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.

Tax Collector/Utility Collector

The records maintained by the Tax Collector were found to be in compliance with requirements prescribed by the Division of Local Government Services, state statutes, and the administrative code.

Ancillary Departments

The financial records maintained by the Construction Code Office, Housing and Zoning Office, Planning Board, Vital Statistics and the Township Clerk were found to be properly maintained.

Corrective Action Plan

A corrective action plan for the year 2007 was filed with the Director of the Division of Local Government Services and corrective action has been taken on the audit findings.

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