

**BOROUGH OF MEDFORD LAKES**  
**County of Burlington**

**Report of Audit of Financial Statements**

**For the Year Ended December 31, 2010**

**BOROUGH OF MEDFORD LAKES**  
**COUNTY OF BURLINGTON**

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**BOROUGH OF MEDFORD LAKES**

**PART I**

**Report of Audit of Financial Statements**

**For the Year Ended December 31, 2010**

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants  
Registered Municipal Accountants**

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Borough Council  
Borough of Medford Lakes  
County of Burlington  
Medford Lakes, New Jersey

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Medford Lakes, in the County of Burlington, State of New Jersey, as of December 31, 2010 and 2009, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis for the year ended December 31, 2010, which collectively comprise the Borough's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 in compliance with audit requirements as 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.

The financial statements referred to above do not include the general fixed asset account group, as required by N.J.A.C. 5:30-5.6, because a record of general fixed assets was not maintained by the Borough. The amount that should be recorded in the general fixed assets account group is not known.

As described more fully in Note 1, the Borough of Medford Lakes, in the County of Burlington, State of New Jersey, prepares its financial statements using accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, 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 Borough of Medford Lakes, in the County of Burlington, State of New Jersey, as of December 31, 2010 and 2009, or the results of its operations and changes in fund balance for the years then ended.

Furthermore, in our opinion, except for the effect on the financial statements of the omission described in the third paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Medford Lakes, in the County of Burlington, State of New Jersey, as of December 31, 2010 and 2009, and the results of its operations and changes in fund balance – regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, for the year ended December 31, 2010 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2011 on our consideration of the Borough of Medford Lakes, in the County of Burlington, State of New Jersey's, internal control over financial reporting and 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 our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Medford Lake's financial statements as a whole. The supplemental exhibits presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the financial statements. The supplemental exhibits for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

**INVERSO & STEWART, LLC**  
Certified Public Accountants



Robert A. Stewart  
Certified Public Accountant  
Registered Municipal Accountant

Marlton, New Jersey  
April 5, 2011

# ***INVERSO & STEWART, LLC***

**Certified Public Accountants  
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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**

The Honorable Mayor and  
Members of the Borough Council  
Borough of Medford Lakes  
County of Burlington  
Blackwood, New Jersey

We have audited the financial statements (regulatory basis) of the Borough of Medford Lakes, in the County of Burlington, State of New Jersey, as of and for the year ended December 31, 2010, and have issued our report thereon dated April 5, 2011. The report indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our report, our opinion was qualified because the financial statements did not include the general fixed assets account group as required by N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets. 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 in compliance with 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 Borough of Medford Lake'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 Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

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

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

**Compliance and Other Matters**

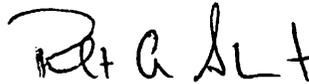
As part of obtaining reasonable assurance about whether the Borough of Medford Lakes's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and which are described in the accompanying *Schedule of Findings and Recommendations* as finding no: #2010-1.

The Borough of Medford Lake's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Borough's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, the governing body, others within the Borough of Medford Lakes 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.

Respectfully submitted,

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert A. Stewart  
Certified Public Accountant  
Registered Municipal Accountant

Marlton, New Jersey  
April 5, 2011

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis  
For the Years Ended December 31, 2010 and 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
<b><u>ASSETS</u></b>			
<b>Regular Fund:</b>			
Cash - Treasurer	A-4	\$ 4,530,917.26	\$ 4,467,660.55
Cash - Tax Collector	A-5	10,212.68	21,743.96
Cash - Collector's Change Fund		<u>300.00</u>	<u>300.00</u>
Total		<u>4,541,429.94</u>	<u>4,489,704.51</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	240,922.34	223,644.55
Tax Title Lien Receivable	A-7	11,252.85	
Revenue Accounts Receivable	A-8	59,785.84	19,503.20
Due from Capital Fund	C	77.79	77.79
Due from Federal and State Grant Fund	A	58,852.09	
Due from Animal Control	B		381.96
Due from Other Trust Fund	B	<u>4,601.96</u>	<u>2,963.64</u>
Total		<u>375,492.87</u>	<u>246,571.14</u>
Deferred Charges:			
Emergency Authorization	A-13	<u>96,000.00</u>	<u>128,000.00</u>
Total Regular Fund		<u>5,012,922.81</u>	<u>4,864,275.65</u>
<b>Federal and State Grant Fund:</b>			
Cash - Treasurer	A-4		73,352.31
Federal and State Grants Receivable	A-14	<u>297,418.75</u>	<u>412,050.00</u>
Total Federal and State Grant Fund		<u>297,418.75</u>	<u>485,402.31</u>
Total		<u>\$ 5,310,341.56</u>	<u>\$ 5,349,677.96</u>

(Continued)

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis  
For the Years Ended December 31, 2010 and 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
<b>Regular Fund:</b>			
Liabilities:			
Appropriation Reserves	A-3, A-9	\$ 212,804.93	\$ 235,708.00
Reserve for Encumbrances	A-3, A-9	128,005.29	134,849.42
Accounts Payable	A-9	50,551.00	20,551.00
Reserve for Flood Emergency		84,490.64	86,070.93
Reserve for Revaluation Program		45,601.53	119,119.35
Reserve for Tax Map		143.00	500.00
Reserve for Farmers Market		2,679.36	
Due State of New Jersey per Chapter 20 PL 1971	A-10	9,020.10	9,418.61
Tax Overpayments			14,475.08
Prepaid Taxes	A-5, A-6	72,881.80	67,565.24
Reserve for Tax Sale Premiums		10,212.68	21,687.26
Due to Trust Other Fund	B	48,408.22	42,000.00
Due State of New Jersey:			
Construction Code Fees		364.00	73.00
Marriage License Fees		125.00	75.00
Due County for Added Taxes	A-4, A-6	351.12	2,225.71
Regional High School Tax Payable	A-12	1,278,282.98	1,191,384.98
Local District School Tax Payable	A-11	<u>1,921,274.77</u>	<u>1,855,942.27</u>
 Total Liabilities		 3,865,196.42	 3,801,645.85
 Reserve for Receivables and Other Assets	A	 375,492.87	 246,571.14
Fund Balance	A-1	<u>772,233.52</u>	<u>816,058.66</u>
 Total Regular Fund		 <u>5,012,922.81</u>	 <u>4,864,275.65</u>
<b>Federal and State Grant Fund:</b>			
Unappropriated Reserves	A-15	29,658.90	14,016.76
Due to Current Fund	A	58,852.09	
Due to Capital Fund	C	50,000.00	50,000.00
Appropriated Reserves	A-16	<u>158,907.76</u>	<u>421,385.55</u>
 Total Federal and State Grant Fund		 <u>297,418.75</u>	 <u>485,402.31</u>
 Total		 <u>\$ 5,310,341.56</u>	 <u>\$ 5,349,677.96</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Statement of Operations and Changes in Fund Balance -- Regulatory Basis  
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>Revenue and Other Income Realized:</b>		
Fund Balance Utilized	\$ 500,000.00	\$ 600,000.00
Miscellaneous Revenue Anticipated	946,567.48	1,532,815.54
Receipts from Delinquent Taxes	208,974.18	164,651.61
Receipts from Current Taxes	12,306,782.04	12,078,392.47
Nonbudget Revenues	110,073.01	76,328.53
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	205,544.61	216,946.30
Tax Overpayments Canceled	12,568.69	
Federal and State Grants Receivable Canceled	2,475.00	
Interfunds Liquidated		121.61
Total Revenue and Other Income Realized	<u>14,292,985.01</u>	<u>14,669,256.06</u>
<b>Expenditures:</b>		
Operations Within "CAPS":		
Salaries and Wages	1,346,813.00	1,444,623.00
Other Expenses	1,260,242.00	1,233,245.00
Deferred Charges and Statutory Expenditures Within "CAPS"	295,758.00	339,617.00
Operations Excluded from "CAPS":		
Other Expenses	98,303.76	59,937.26
Capital Improvements Excluded from "CAPS"	15,000.00	108,000.00
Municipal Debt Service Excluded from "CAPS"	846,099.93	880,474.72
Deferred Charges Excluded from "CAPS"	32,000.00	503,853.46
Local District School Tax	5,543,226.00	5,562,561.00
Regional High School Tax	2,474,781.04	2,300,984.98
County Taxes	1,864,918.29	1,874,007.50
Due County for Added Taxes	351.12	2,225.71
Adjustment to Tax Premium Balance	56.70	1,119.86
Interfund Receivables Created	59,260.31	
Total	<u>13,836,810.15</u>	<u>14,310,649.49</u>
Statutory Excess to Fund Balance	456,174.86	358,606.57
Fund Balance January 1	816,058.66	1,057,452.09
Total	<u>1,272,233.52</u>	<u>1,416,058.66</u>
Decreased by Utilization as Anticipated Revenue	<u>500,000.00</u>	<u>600,000.00</u>
Balance December 31,	<u>\$ 772,233.52</u>	<u>\$ 816,058.66</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Statement of Revenues -- Regulatory Basis  
For the Year Ended December 31, 2010

	<u>BUDGET</u>	<u>SPECIAL NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Anticipated	\$ 500,000.00		\$ 500,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcohol	800.00		1,208.00	\$ 408.00
Fees and Permits - Other	8,500.00		15,777.37	7,277.37
Fines and Costs - Municipal Court	50,000.00		72,103.18	22,103.18
Interest and Costs on Taxes	35,000.00		44,066.19	9,066.19
Interest on Investments and Deposits	60,000.00		73,882.80	13,882.80
Cellular Tower Rental	140,000.00		168,282.18	28,282.18
Consolidated Municipal Property Tax Relief Aid	40,031.00		40,031.00	
Energy Receipts Taxes	249,569.00		249,569.00	
Uniform Construction Code Fees	35,000.00		37,474.00	2,474.00
Reserve for Payment of Debt Service Cost	165,000.00		165,000.00	
Miscellaneous Revenues Offset with Appropriations:				
Municipal Alliance Grant	10,500.00		10,500.00	
Recycling Tonnage Grant	2,739.08		2,739.08	
Drunk Driving Enforcement Fund	2,802.90		2,802.90	
Medford Lakes Colony Grant		\$ 3,000.00	3,000.00	
FEMA Grant	51,657.00		51,657.00	
Clean Communities	8,474.78		8,474.78	
Total	<u>860,073.76</u>	<u>3,000.00</u>	<u>946,567.48</u>	<u>83,493.72</u>
Receipts from Delinquent Taxes	200,000.00		208,974.18	8,974.18
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	<u>2,693,672.15</u>		<u>2,784,634.04</u>	<u>90,961.89</u>
<b>Budget Totals</b>	<b>4,253,745.91</b>	<b>3,000.00</b>	<b>4,440,175.70</b>	<b><u>\$ 183,429.79</u></b>
Nonbudget Revenues			<u>110,073.01</u>	
<b>Total</b>	<b><u>\$ 4,253,745.91</u></b>	<b><u>\$ 3,000.00</u></b>	<b><u>\$ 4,550,248.71</u></b>	

(Continued)

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Statement of Revenues -- Regulatory Basis  
For the Year Ended December 31, 2010Analysis of Realized Revenue**Allocation of Current Tax Collections:**

Revenue from Collections	\$ 12,306,782.04
Allocated to School and County Taxes	9,883,276.45
Balance for Support of Municipal Budget Appropriations	<u>2,423,505.59</u>
Add Appropriation - Reserve for Uncollected Taxes	361,128.45
Amount for Support of Municipal Budget Appropriations	<u>\$ 2,784,634.04</u>

**Receipts from Delinquent Taxes:**

Delinquent Tax Collections	<u>\$ 208,974.18</u>
----------------------------	----------------------

**Fees and Permits - Other:**

Fire Safety Fees	\$ 7,134.37
Tax Search Officer	10.00
Towing Permit Fees	300.00
Historic Commission Permits	120.00
Fire Arm Permits	62.00
Land Use Board Fees	400.00
Tree Removal Permits	2,610.00
Planning/Zoning Permits	3,541.00
Street Opening Permits	1,600.00
Total	<u>\$ 15,777.37</u>

**Miscellaneous Revenue Not Anticipated:**

Revenue Accounts Receivable:	
Cable TV Franchise Fee	\$ 49,244.83

## Collected - Treasurer

Police Accident Reports	\$ 1,161.79	
FEMA Grant Reimbursements	29,721.39	
Photocopies	1,017.60	
Assessor's List	110.00	
Raffle license	180.00	
Duplicate Bills	216.00	
Sale of Used Equipment	12,157.35	
Public Auction	2,000.00	
Administration Fee	2,417.56	
State Vehicle Fines	2,796.58	
Refunds	6,608.80	
Miscellaneous	<u>2,441.11</u>	
		<u>60,828.18</u>
Total Treasurer		<u>\$ 110,073.01</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2010

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<b>GENERAL APPROPRIATIONS:</b>						
<i>Operations Within "CAPS":</i>						
General Government						
General Administration:						
Salaries and Wages	\$ 90,200.00	\$ 90,200.00	\$ 90,102.52		\$ 97.48	
Other Expenses	16,910.00	16,910.00	11,989.16	\$ 778.09		4,142.75
Mayor and Council:						
Salaries and Wages	5.00	5.00				5.00
Other Expenses	675.00	675.00	425.00			250.00
Borough Clerk:						
Salaries and Wages	27,500.00	27,500.00	27,413.56			86.44
Other Expenses	19,500.00	19,500.00	14,692.21	66.58		4,741.21
Financial Administration:						
Salaries and Wages	28,600.00	28,600.00	27,860.28			739.72
Other Expenses	2,350.00	1,350.00	559.88	99.00		691.12
Audit Services:						
Other Expenses	23,000.00	23,000.00	23,000.00			
Computerized Data Processing:						
Other Expenses	7,000.00	7,500.00	7,142.95	115.00		242.05
Collection of Taxes:						
Salaries and Wages	19,500.00	19,500.00	18,714.02			785.98
Other Expenses	3,950.00	2,700.00	836.30			1,863.70
Assessment of Taxes:						
Salaries and Wages	6,008.00	6,508.00	6,341.25			166.75
Other Expenses	11,490.00	17,490.00	13,260.24	3,830.00		399.76
Legal Services & Costs:						
Other Expenses	39,000.00	54,250.00	49,352.48	4,852.77		44.75
General Government						
Engineering Services:						
Other Expenses	9,500.00	9,600.00	2,930.95	4,000.00		2,669.05

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures – Regulatory Basis  
For the Year Ended December 31, 2010

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<b>Operations Within "CAPS" (Continued)</b>						
General Government						
Historic Preservation Commission:						
Salaries and Wages	\$ 2,850.00	\$ 2,850.00	\$ 2,833.22		\$ 16.78	
Other Expenses	100.00	100.00			100.00	
Land Use Administration:						
Planning Board:						
Salaries & Wages	5,200.00	5,200.00	5,149.82		50.18	
Other Expenses	7,800.00	6,800.00	1,374.08	\$ 5,200.00	225.92	
Insurance:						
Liability Insurance	177,000.00	177,000.00	176,405.86		594.14	
Employees Group Insurance	322,400.00	294,550.00	258,181.61		36,368.39	
Unemployment Compensation	6,000.00	3,000.00	989.35		2,010.65	
Surety Bond Premiums						
Public Safety:						
Police:						
Salaries and Wages	660,000.00	660,000.00	647,085.16		12,914.84	
Other Expenses	32,225.00	32,225.00	15,802.36	15,032.61	1,390.03	
Office of Emergency Management:						
Salaries and Wages	4,000.00	4,000.00	1,999.92		2,000.08	
Other Expenses	2,800.00	2,800.00	367.56		2,432.44	
Aid to Volunteer Ambulance Companies:						
Other Expenses	12,500.00	12,500.00	5,473.89	5,374.55	1,651.56	
Fire Department:						
Other Expenses	53,532.00	53,532.00	31,765.46	13,205.38	8,561.16	
Fire Official:						
Salaries & Wages	11,100.00	11,700.00	11,637.96		62.04	
Other Expenses	1,500.00	1,500.00	496.03		1,003.97	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2010

	<u>Appropriations</u>		<u>Paid or Charged</u>	<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Encumbered</u>	<u>Reserved</u>	
<b>Operations Within "CAPS" (Continued)</b>						
Borough Prosecutor:						
Other Expenses	\$ 6,300.00	\$ 6,300.00	\$ 6,300.00		-	
Public Works:						
Streets & Roads:						
Salaries and Wages	351,000.00	345,650.00	320,755.88		\$ 24,894.12	
Other Expenses	64,850.00	64,850.00	44,000.40	\$ 7,250.54		13,599.06
Solid Waste Collection:						
Salaries & Wages	59,000.00	59,000.00	55,723.23			3,276.77
Other Expenses	59,200.00	59,200.00	38,119.90	9,480.00		11,600.10
Public Buildings and Grounds:						
Other Expenses	21,800.00	21,200.00	12,411.19	55.80		8,733.01
Vehicle Maintenance:						
Other Expenses	64,380.00	64,380.00	31,320.60	20,643.60		12,415.80
Health & Human Services:						
Environmental						
Salaries & Wages	3,700.00	3,700.00	3,686.28			13.72
Uniform Construction Code:						
Construction Code Official:						
Salaries and Wages	30,800.00	35,100.00	34,872.00			228.00
Other Expenses	15,600.00	9,800.00	8,024.25	834.36		941.39
Zoning Code Enforcement Officer:						
Salaries and Wages	10,400.00	10,400.00	8,945.06			1,454.94
Other Expenses	400.00	400.00	100.00			300.00
Accumulated Sick Leave Compensation						
Salaries and Wages	6,000.00	6,000.00	6,000.00			
Municipal Court:						
Salaries and Wages	22,000.00	29,200.00	29,148.89			51.11
Other Expenses	4,730.00	4,130.00	2,371.66	236.00		1,522.34
Public Defender						
Other Expenses	1,700.00	1,700.00	1,700.00			

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2010

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<b>Operations Within "CAPS" (Continued)</b>						
Utility Expenses and Bulk Purchases:						
Electricity	\$ 30,600.00	\$ 30,600.00	\$ 22,862.49	\$ 2,548.00	\$ 5,189.51	
Street Lighting	9,600.00	9,600.00	8,717.94	853.00	29.06	
Telephone	12,000.00	12,000.00	9,286.99	654.00	2,059.01	
Natural Gas	11,600.00	11,600.00	7,926.28	1,800.00	1,873.72	
Gasoline	54,000.00	58,000.00	47,414.35	4,500.00	6,085.65	
Printing & Postage	7,500.00	7,500.00	6,647.36		852.64	
Landfill/Solid Waste Disposal Costs:						
Landfill Fees	151,200.00	163,200.00	124,876.78	26,596.01	11,727.21	
<b>Total Operations - Within "CAPS"</b>	<b>2,602,555.00</b>	<b>2,606,555.00</b>	<b>2,285,394.61</b>	<b>128,005.29</b>	<b>193,155.10</b>	
Contingent	500.00	500.00	500.00			
<b>Total Operations Including Contingent - within "CAPS"</b>	<b>2,603,055.00</b>	<b>2,607,055.00</b>	<b>2,285,894.61</b>	<b>128,005.29</b>	<b>193,155.10</b>	
Detail:						
Salaries and Wages	1,339,563.00	1,346,813.00	1,299,969.05		46,843.95	
Other Expenses	1,263,492.00	1,260,242.00	985,925.56	128,005.29	146,311.15	
<b>Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":</b>						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees Retirement System	48,997.00	48,997.00	46,997.00		2,000.00	
Social Security System (O.A.S.I.)	109,000.00	105,000.00	100,434.13		4,565.87	
Police and Firemen's Retirement System	138,333.00	138,333.00	138,333.00			
Employee Pension (R.S. 43:833)	1,428.00	1,428.00	950.28		477.72	
Defined Contribution Retirement Fund	2,000.00	2,000.00	843.76		1,156.24	
<b>Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"</b>	<b>299,758.00</b>	<b>295,758.00</b>	<b>287,558.17</b>		<b>8,199.83</b>	
<b>Total General Appropriations - For Municipal Purposes Within "CAPS"</b>	<b>2,902,813.00</b>	<b>2,902,813.00</b>	<b>2,573,452.78</b>	<b>128,005.29</b>	<b>201,354.93</b>	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2010

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<b>Operations Excluded from "CAPS":</b>						
Recycling Tax	\$ 5,800.00	\$ 5,800.00			\$ 5,800.00	
Insurance - Employee Group Insurance	5,650.00	5,650.00			5,650.00	
Police and Firemen's Retirement System	2,262.00	2,262.00	\$ 2,262.00			
Public and Private Programs Offset By Revenues:						
Municipal Alliance for Alcoholism and Drug Abuse						
State Share	10,500.00	10,500.00	10,500.00			
Borough Share	2,700.00	2,700.00	2,700.00			
Drunk Driving Enforcement Fund	2,802.90	2,802.90	2,802.90			
Recycling Tonnage Grant	2,739.08	2,739.08	2,739.08			
Clean Communities	8,474.78	8,474.78	8,474.78			
FEMA Grant						
Federal Share	51,657.00	51,657.00	51,657.00			
Borough Share	2,718.00	2,718.00	2,718.00			
Medford Lakes Colony Grant (NJSA 40A:4-87)		3,000.00	3,000.00			
<b>Total Operations - Excluded From "CAPS"</b>	<u>95,303.76</u>	<u>98,303.76</u>	<u>86,853.76</u>		<u>11,450.00</u>	
Detail:						
Salaries and Wages						
Other Expenses	<u>95,303.76</u>	<u>98,303.76</u>	<u>86,853.76</u>		<u>11,450.00</u>	
<b>Capital Improvements - Excluded From "CAPS"</b>						
Capital Improvement Fund	15,000.00	15,000.00	15,000.00			
<b>Total Capital Improvements - Excluded From "CAPS"</b>	<u>15,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>			

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2010

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<b>Municipal Debt Service - Excluded From "CAPS"</b>						
Payment of Bond Principal	\$ 260,000.00	\$ 260,000.00	\$ 260,000.00			
Interest on Bonds	50,000.00	50,000.00	48,599.28			\$ 1,400.72
Loan Repayment - Principal	385,139.80	385,139.80	385,139.80			
Loan Repayment - Interest	152,360.90	152,360.90	152,360.85			0.05
<b>Total Municipal Debt Service - Excluded From "CAPS"</b>	<u>847,500.70</u>	<u>847,500.70</u>	<u>846,099.93</u>			<u>1,400.77</u>
<b>Deferred Charges - Municipal - Excluded From "CAPS"</b>						
Special Emergency Authorizations	32,000.00	32,000.00	32,000.00			
<b>Total Deferred Charges - Municipal - Excluded From "CAPS"</b>	<u>32,000.00</u>	<u>32,000.00</u>	<u>32,000.00</u>			
<b>Total General Appropriations for Municipal Purposes Excluded From "CAPS"</b>	<u>989,804.46</u>	<u>992,804.46</u>	<u>979,953.69</u>	\$ -	\$ 11,450.00	<u>1,400.77</u>
Subtotal General Appropriations	3,892,617.46	3,895,617.46	3,553,406.47	128,005.29	212,804.93	1,400.77
Reserve for Uncollected Taxes	361,128.45	361,128.45	361,128.45			
<b>TOTAL GENERAL APPROPRIATIONS</b>	<u>\$ 4,253,745.91</u>	<u>\$ 4,256,745.91</u>	<u>\$ 3,914,534.92</u>	<u>\$ 128,005.29</u>	<u>\$ 212,804.93</u>	<u>\$ 1,400.77</u>

Analysis of Budget After Modification:

Original Budget	\$ 4,253,745.91
Appropriation by 40A: 4-87	<u>3,000.00</u>
Total	<u>\$ 4,256,745.91</u>

Analysis of Expended - Paid or Charged:

Due to Trust Fund:	
Reserve for Compensated Absences	\$ 6,000.00
Reserve for Federal and State Grants	84,591.76
Deferred Charges - Emergency	32,000.00
Reserve for Uncollected Taxes	361,128.45
Disbursed	<u>3,430,814.71</u>
Total	<u>\$ 3,914,534.92</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

## BOROUGH OF MEDFORD LAKES

## TRUST FUND

Statement of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis  
December 31, 2010 and 2009

<u>ASSETS</u>	<u>Reference</u>	<u>2010</u>	<u>2009</u>
<b>Animal Control Fund:</b>			
Cash - Treasurer	B-1	\$ 12,819.12	\$ 11,600.02
<b>Other Funds:</b>			
Cash - Treasurer	B-1	67,328.23	68,263.51
Due from Current Fund	A	48,408.22	42,000.00
Total Other Funds		115,736.45	110,263.51
Total		\$ 128,555.57	\$ 121,863.53
 <b><u>LIABILITIES AND RESERVES</u></b>			
<b>Animal Control Fund:</b>			
Due to State Department of Health		\$ 23.40	
Due to Current Fund	A		\$ 381.96
Accounts Payable	B-2	150.00	
Reserve for Animal Control Fund Expenditures	B-2	12,645.72	11,218.06
Total Animal Control Fund		12,819.12	11,600.02
<b>Other Funds:</b>			
Due to Current Fund	A	4,601.96	2,963.64
Reserve for Unemployment Compensation Trust	B-5	3,111.25	5,222.17
Reserve for Street Opening Deposits		7,792.13	6,750.00
Reserve for Environmental Commission			221.09
Reserve for Planning and Zoning Escrow Deposits	B-4	38,529.85	38,649.85
Reserve for Public Defender Fund	B-6	1,540.06	1,977.06
Reserve for Special Law Enforcement Fund	B-8	1,903.44	1,903.44
Reserve for Compensated Absences	B-7	48,000.00	42,000.00
Payroll Deductions Payable	B-3	10,257.76	10,576.26
Total Other Funds		115,736.45	110,263.51
Total		\$ 128,555.57	\$ 121,863.53

The accompanying Notes to the Financial Statements are an integral part of this statement.

## BOROUGH OF MEDFORD LAKES

## GENERAL CAPITAL FUND

**Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis  
For the Years Ended December 31, 2010 and 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
<b><u>ASSETS</u></b>			
Cash	C-2	\$ 2,411,387.39	\$ 3,266,773.18
Deferred Charges to Future Taxation:			
Funded		8,174,710.94	8,819,850.69
Unfunded	C-4	1,734,099.41	1,592,287.41
Due from Federal & State Grant Fund	A	50,000.00	50,000.00
		<hr/>	<hr/>
Total		<u>\$ 12,370,197.74</u>	<u>\$ 13,728,911.28</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Serial Bonds	C-7	\$ 846,000.00	\$ 1,106,000.00
Encumbrances Payable	C-3, C-6	165,663.05	682,629.16
Due to Current Fund	A	77.79	77.79
EDA Loan Payable	C-8	7,328,710.94	7,713,850.69
Improvement Authorizations:			
Funded	C-6	664,484.20	685,288.88
Unfunded	C-6	1,007,784.41	1,025,687.41
Capital Improvement Fund	C-5	16,057.76	8,957.76
Reserve for Purchase of Public Works Dept. Equipment	C-3	33,595.00	33,595.00
Reserve for Purchase of Fire Equipment	C-3	5,000.00	5,000.00
Reserve for Flood Recovery Cost	C-3		151,419.01
Reserve for Payment of Debt Service Costs	C-3	2,151,405.58	2,316,405.58
Fund Balance	C-1	151,419.01	
		<hr/>	<hr/>
Total		<u>\$ 12,370,197.74</u>	<u>\$ 13,728,911.28</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

## BOROUGH OF MEDFORD LAKES

## GENERAL CAPITAL FUND

**Statement of Operations and Changes in Fund Balance -- Regulatory Basis  
For the Year Ended December 31, 2010**

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Balance December 31, 2009	\$ -
Increased by - Reserve for Flood Recovery Costs Canceled	<u>151,419.01</u>
Balance December 31, 2010	<u>\$ 151,419.01</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY OPERATING AND CAPITAL FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis  
For the Years Ended December 31, 2010 and 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
<b><u>ASSETS</u></b>			
<b>Operating Fund:</b>			
Cash - Treasurer	D-5	\$ 414,139.23	\$ 412,077.39
Due from Sewer Utility Capital Fund	D	51,552.61	31,552.61
Receivables with Full Reserves:			
Sewer Service Charges Receivable	D-7	121,145.98	95,018.48
Sewer Service Lien Receivable	D-8	<u>2,773.70</u>	<u>                    </u>
Total Operating Fund		<u>589,611.52</u>	<u>538,648.48</u>
<b>Capital Fund:</b>			
Cash - Treasurer	D-5	545,036.59	1,184.63
Fixed Capital	D-10	5,068,641.40	4,054,550.97
Fixed Capital Authorized & Uncompleted	D-11	700,000.00	1,860,000.00
Total Capital Fund		<u>6,313,677.99</u>	<u>5,915,735.60</u>
Total		<u>\$ 6,903,289.51</u>	<u>\$ 6,454,384.08</u>

(Continued)

## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY OPERATING AND CAPITAL FUND

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
For the Years Ended December 31, 2010 and 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
<b>Operating Fund:</b>			
Appropriation Reserves	D-4, D-9	\$ 72,015.21	\$ 62,506.44
Encumbrances Payable	D-4, D-9	45,033.86	56,788.97
Prepaid Sewer Service Charges	D-5, D-7	44,272.46	32,126.82
Sewer Rent Overpayments		430.18	666.05
Accrued Interest on Bonds and Notes		<u>17,930.54</u>	<u>17,550.92</u>
Total		179,682.25	169,639.20
Reserve for Receivables	D	123,919.68	95,018.48
Fund Balance	D-1	<u>286,009.59</u>	<u>273,990.80</u>
Total Operating Fund		<u>589,611.52</u>	<u>538,648.48</u>
<b>Capital Fund:</b>			
Serial Bonds	D-13	388,000.00	578,000.00
Bond Anticipation Notes Payable	D-14	1,386,000.00	761,000.00
Encumbrances Payable	D-12		10,607.00
Due to Sewer Utility Operating Fund	D	51,552.61	31,552.61
Improvement Authorization			
Funded	D-12	23,000.00	35,000.00
Unfunded	D-12	461,271.16	772,721.77
Reserve for Amortization	D-16	3,666,550.97	3,476,550.97
Deferred Reserve for Amortization	D-17	314,000.00	239,000.00
Capital Improvement Fund	D-15	10,553.25	10,553.25
Capital Fund Balance	D-2	<u>12,750.00</u>	<u>750.00</u>
Total Capital Fund		<u>6,313,677.99</u>	<u>5,915,735.60</u>
Total		<u>\$ 6,903,289.51</u>	<u>\$ 6,454,384.08</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY OPERATING FUND

**Statement of Operations and Changes in Fund Balance -- Regulatory Basis  
For the Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Revenue and Other Income Realized:</b>		
Fund Balance Utilized	\$ 208,096.20	\$ 239,200.00
Sewer Service Charges	1,171,385.65	1,052,783.88
Miscellaneous	24,762.78	23,317.35
Other Credits to Income:		
Interfunds Liquidated		58.65
Unexpended Balance of Appropriation Reserves	<u>56,477.67</u>	<u>57,221.28</u>
 Total Revenues	 <u>1,460,722.30</u>	 <u>1,372,581.16</u>
<b>Expenditures:</b>		
Operating	883,600.00	833,300.00
Debt Service	306,236.75	388,852.74
Deferred Charges and Statutory Expenditures	50,500.00	27,800.00
Refund of Sewer Service Charges	<u>270.56</u>	<u>736.79</u>
 Total Expenditures	 <u>1,240,607.31</u>	 <u>1,250,689.53</u>
 Excess in Revenues	 220,114.99	 121,891.63
Fund Balance January 1	<u>273,990.80</u>	<u>391,299.17</u>
	494,105.79	513,190.80
Decreased by Utilization by Sewer Utility Operating Budget	<u>208,096.20</u>	<u>239,200.00</u>
 Fund Balance Balance December 31	 <u>\$ 286,009.59</u>	 <u>\$ 273,990.80</u>

The accompanying Notes to the Financial Statements is an integral part of this statement.

## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY CAPITAL FUND

Statement of Fund Balance -- Regulatory Basis  
For the Years Ended December 31, 2010 and 2009

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Balance December 31, 2009	\$ 750.00
Increased by - Improvement Authorization Canceled	<u>12,000.00</u>
Balance December 31, 2010	<u>\$ 12,750.00</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY OPERATING FUND

Statement of Revenues -- Regulatory Basis  
For the Year Ended December 31, 2010

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Fund Balance	\$ 208,096.20	\$ 208,096.20	
Sewer Service Charges	<u>1,048,177.55</u>	<u>1,171,385.65</u>	<u>\$ 123,208.10</u>
Total	1,256,273.75	1,379,481.85	123,208.10
Miscellaneous	<u>                    </u>	<u>24,762.78</u>	<u>24,762.78</u>
Total	<u>\$ 1,256,273.75</u>	<u>\$ 1,404,244.63</u>	<u>\$ 147,970.88</u>

Analysis of Realized Revenues

## Sewer Service Charges:

## Consumer Accounts Receivable:

Collections - 2010

\$ 1,139,258.83

Prepayments Applied

32,126.82

Total

\$ 1,171,385.65

## Miscellaneous:

Sewer Late Fee Charges

\$ 13,153.45

Interest Earned on Investments

3,120.64

Connection Fees

500.00

Sump Pump Fees

1,200.00

Prior Year Expenditures Refunded

1,878.69

Miscellaneous

4,910.00

Total

\$ 24,762.78

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2010

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbrances Payable</u>	<u>Reserved</u>	
Operating:						
Salaries and Wages	\$ 299,600.00	\$ 299,600.00	\$ 288,217.39		\$ 11,382.61	
Other Expenses	584,000.00	584,000.00	480,199.50	\$ 45,033.86	58,766.64	
Debt Service:						
Payment of Bond Principal	190,000.00	190,000.00	190,000.00			
Payment of Note Principal	75,000.00	75,000.00	75,000.00			
Interest on Bonds	36,173.75	36,173.75	25,961.25			\$ 10,212.50
Interest on Notes	21,000.00	21,000.00	15,275.50			5,724.50
Statutory Expenditures:						
Public Employees Retirement System	27,900.00	27,900.00	27,843.74		56.26	
Social Security System	22,100.00	22,100.00	20,550.17		1,549.83	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	500.00	500.00	240.13		259.87	
<b>Total</b>	<b>\$ 1,256,273.75</b>	<b>\$ 1,256,273.75</b>	<b>\$ 1,123,287.68</b>	<b>\$ 45,033.86</b>	<b>\$ 72,015.21</b>	<b>\$ 15,937.00</b>

<b>Analysis of Paid or Charged:</b>	
Interest on Bonds and Notes	\$ 41,236.75
Disbursed	1,082,050.93
<b>Total</b>	<b>\$ 1,123,287.68</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2010**

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

**Description of Financial Reporting Entity** - The Borough of Medford Lakes (hereafter referred to as the "Borough") is located in the western portion of the County of Burlington, State of New Jersey. The estimated population at December 31, 2010 according to the New Jersey Department of Labor and Workforce Development is 4,110.

The Borough was incorporated in 1939 and operates under the provisions of the Municipal Manager's Act of Chapter 113 of the 1923 Laws of New Jersey, as amended. Under this act the Borough is governed by a five member Borough Council. At least one councilmember is elected every two years to a four year term. At its reorganization the council selects a mayor and appoints a professionally qualified Manager. The Council is the legislative body of the Borough, while the Mayor acts as the Chief Executive Officer. The Borough Manager monitors the daily administrative and financial responsibilities, including but not limited to, staffing and personnel issues and budget preparation and implementation.

**Component Units** – GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No.14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. There are no organizations that are considered to be component units

**Basis of Accounting, Measurement Focus and Basis of Presentation** - The financial statements of the Borough contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the "Requirements" 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Borough accounts for its financial transactions through the use of separate funds which are described as follows.

**Current Fund** - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

**Trust Funds** - The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

**General Capital Fund** - The General Capital Fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

**Sewer Utility Operating and Capital Funds** - The Sewer Utility Operating and Capital Funds account for operations of the utility and the acquisition of capital facilities of the municipally-owned sewer utility.

**Budgets and Budgetary Accounting** - The Borough must adopt an annual budget for its Current and Sewer Utility Funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the Borough. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to the adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2010**

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

**Cash, Cash Equivalents and Investments** - Cash and cash equivalents, for all funds, include petty cash, change funds, cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

**Interfunds** - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

**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 statements of assets, liabilities, reserves and fund balances.

**General Fixed Assets** - Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000 the maximum amount allowed by the Circular.

Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage or theft.

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2010**

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

**General Fixed Assets (Continued)** - No depreciation of general fixed assets is recorded.

The Borough did not comply with N.J.A.C. 5:31-5.6, "Accounting for Governmental Fixed Assets".

**Utility Fixed Assets** - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for dispositions and abandonment. The amounts shown do not represent replacement cost or current value. The Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements and contributed capital. Depreciation is not recorded on these fixed assets.

**Foreclosed Property** - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

**Deferred Charges** - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

**Liens Sold for Other Governmental Units** - Liens sold on behalf of other governmental units are not recorded on the records of the Borough until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

**Fund Balance** - Fund Balance included in the Current Fund and Utility Operating Fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

**Appropriation Reserves** - Appropriation reserves covering unexpended appropriation balances are automatically created at year end 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.

**Compensated Absences and Postemployment Benefits** - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

**Revenues** - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenues from Federal and State grants are realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities reserves and fund balance of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

**Property Tax Revenues** - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the Medford Lakes Borough School District, the Lenape Regional High School and the County of Burlington. Unpaid property taxes are subject to tax sale in accordance with the statutes.

**School Taxes** - The Borough is responsible for levying, collecting and remitting school taxes for the Medford Lakes Borough School District and the Lenape Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2008 and decreased by the amount deferred at December 31, 2010.

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2010**

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

**County Taxes** - The Borough is responsible for levying, collecting and remitting county taxes for the County of Burlington. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

**Reserve for Uncollected Taxes** - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

**Expenditures** - Expenditures are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Outstanding encumbrances are offset by an account entitled "Reserve for Encumbrances". The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility 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.

**Long-Term Debt** - Long-Term Debt, relative to the acquisition of capital assets, is recorded as a liability in the General Capital and Utility Capital Funds. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

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

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

**NOTE 2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk** – Custodial credit is the risk that, in the event of a bank failure, the Borough's deposits may not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. As of December 31, 2010, the Borough's bank balances of \$7,997,730.45 were not exposed to custodial credit risk.

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2010**

**NOTE 3. PROPERTY TAXES**

The following is a five year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years.

<u>Comparative Schedule of Tax Rates</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total Tax Rate	<u>\$ 2.757</u>	<u>\$ 5.259</u>	<u>\$ 5.225</u>	<u>\$ 5.110</u>	<u>\$ 4.941</u>
Apportionment of Tax Rate:					
Municipal	.590	1.153	1.141	1.099	1.030
County	.410	.804	.808	.815	.788
Local School	1.215	2.317	2.247	2.113	2.124
Regional High School	.542	.985	1.029	.992	.992

<u>Assessed Valuation</u>	<u>Amount</u>
2010	\$ 456,281,111
2009	233,569,538
2008	233,569,538
2007	232,075,420
2006	232,243,414

Note – 2010 is a Revaluation year.

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2010	\$ 12,581,974	\$ 12,306,782	97.81 %
2009	12,297,461	12,073,816	98.18
2008	12,206,120	12,031,269	98.56
2007	11,908,392	11,729,755	98.49
2006	11,486,995	11,378,683	99.06

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2010	\$ 11,253	\$ 240,922	\$ 252,175	2.00 %
2009	-0-	223,644	223,644	1.81
2008	-0-	169,228	169,228	1.38
2007	-0-	177,185	177,185	1.48
2006	-0-	101,092	101,092	.88

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2010**

**NOTE 3. PROPERTY TAXES (CONT'D)**

The following comparison is made of the number of tax title liens receivable on December 31, of the current year and previous four years.

<u>Year</u>	<u>Number</u>
2010	1
2009	0
2008	0
2007	0
2006	0

**NOTE 4. SEWER UTILITY LEVY**

The following is a five-year comparison of sewer utility service charges (rents) and collections for the current and previous four years.

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash</u> <u>Collections</u>	<u>Percentage</u>
	<u>Receivables</u>	<u>Liens</u>				
2010	\$ 95,018	0	\$ 1,200,053	\$ 1,295,071	\$ 1,171,386	90.45 %
2009	75,157	0	1,072,645	1,147,802	1,052,784	91.72
2008	81,003	0	1,070,679	1,151,682	1,076,525	93.47
2007	52,040	0	1,069,641	1,121,681	1,040,678	92.78
2006	44,651	0	1,028,927	1,073,578	1,021,538	95.15

**NOTE 5. FUND BALANCES APPROPRIATED**

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets.

<u>Year</u>	<u>Balance</u> <u>December 31</u>	<u>Utilized</u> <u>In Budget of</u> <u>Succeeding Year</u>	<u>Percentage</u> <u>of Fund</u> <u>Balance Used</u>
<b><u>Current Fund</u></b>			
2010	\$ 772,233	\$ 500,000 *	64.74 %
2009	816,059	500,000	61.27
2008	1,057,452	600,000	56.74
2007	1,426,927	707,500	49.58
2006	1,965,639	763,768	38.85
<b><u>Sewer Utility Operating Fund</u></b>			
2010	\$ 286,009	\$ 99,455 *	34.77 %
2009	273,991	208,096	75.94
2008	391,299	239,100	61.10
2007	397,019	177,450	44.69
2006	358,067	74,023	20.67

\* As introduced on March 30, 2011

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2010**

**NOTE 6. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balances as of December 31, 2010:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 63,531.84	\$ 48,408.22
Federal and State Grant Fund		108,852.09
Trust Fund:		
Other Funds	48,408.22	4,601.96
General Capital Fund	50,000.00	77.79
Sewer Utility:		
Operating Fund	51,552.61	
Capital Fund		51,552.61
	<u>\$ 213,492.67</u>	<u>\$ 213,492.67</u>

**NOTE 7. PENSION PLANS**

The Borough of Medford Lakes contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), which are administered by the New Jersey Division of Pensions and Benefits. In addition, the Borough adopted an ordinance to participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan and is also administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

**Public Employees' Retirement System** - The PERS was established in 1955 and provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the PERS were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Borough is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by Borough</u>
2010	\$ 28,441	\$ 36,544	\$ 9,012	\$ 73,997		\$ 73,997
2009	33,271	38,482	8,919	80,672		80,672
2008	41,062	31,644		72,706	\$ 14,541	58,165

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2010**

**NOTE 7. PENSION PLANS (CONTD)**

**Police and Firemen's Retirement System** – The PFRS was established in 1944 and provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Borough is billed annually for its normal contributions plus any accrued liability. These contributions equal to the required contributions, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability</u>	<u>Paid by Borough</u>
2010	\$ 80,638	\$ 52,409	\$ 7,548	\$ 140,595	\$ 140,595
2009	78,548	49,272	5,835	133,655	133,655
2008	69,456	37,297		106,753	106,753

**Defined Contribution Retirement Program** – The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 207 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the Borough contributes 3% of the employees' base salary.

The Borough's contributions were as follows:

<u>Year</u>	<u>Total Liability</u>	<u>Paid by Borough</u>
2010	\$ 6,468	\$ 1,687
2009	1,012	552
2008	0.00	0.00

**Related Party Investments** – The Division of Pensions and Benefits does not invest in securities issued by the Borough.

State statute (Chap. 373 PL 1971) provides that any employee who is not a member of, and was not required by law at the time of appointment, or at any time thereafter, to become a member of a contributory retirement system, may at the discretion of the employer, be retired and granted a pension paid directly to the employee by the Borough. The calculation of the amount of pension to be paid by the Borough on an annual basis is determined by state statute. The Borough has one employee currently receiving pension payments pursuant to this statute. The Borough's share of pension costs for this employee was \$844 in 2010 and \$2,770 in 2009.

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2010**

**NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description** – The Borough contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Several years ago, the Borough authorized participation in the SHBP's post-retirement benefit program through a resolution adopted under Chapter 88. Under the plan, any employee eligible for enrollment in the SBHP as an employee is eligible for 100% employer paid coverage for a disability retirement. In addition, employees eligible for enrollment in the SHBP are eligible for 100% employer paid coverage when retiring with 25 years or more of service to the Borough or any other local unit. In each of these cases, the employee's spouse, civil union partner and dependents are also covered 100% and this coverage continues when the retiree is deceased.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits.

The Borough's contributions to SBHP for the years ended December 31, 2010, 2009 and 2008, were \$5,806, \$19,337 and \$18,795, respectively, which equaled the required contributions for each year. There were approximately 1, 2, and 2 retired participants eligible at December 31, 2010, 2009 and 2008, respectively.

**NOTE 9. COMPENSATED ABSENCES**

Borough employees are entitled to sick leave, personal days and vacation days each year in varying amounts as outlined in the employee handbook. Unused sick leave may be accumulated and carried forward to the subsequent year. Personal days cannot be carried forward to the subsequent year. Vacation days are earned based on years of service. Unused vacation days may not be carried forward to the subsequent year unless specifically approved by Council. Vacations days carried forward must be used in the next succeeding year or be forfeited.

Police officers, regardless of the number of years serving the Borough and upon retirement from the Borough, will be compensated for any accumulated unused sick leave at 100% of their final pay rate with no maximum, except for the Chief of Police and the Lieutenant. The maximum benefit payable to the Chief of Police and the Lieutenant under this provision shall be seventy-five thousand dollars (\$75,000).

All other Borough employees do not receive compensation for any accumulated unused sick leave.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2010, accrued benefits for compensated absences are valued at \$328,232. Actual payment for compensated absences occurs through the Accumulated Leave Trust Fund at the time the employee terminates employment. The Trust Fund is funded through the annual budget appropriations of both the Current and Utility Fund budgets. The balance in the Trust Fund as of December 31, 2010 is \$48,000.

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2010**

**NOTE 10. DEFERRED COMPENSATION SALARY ACCOUNT**

The Borough offers its employees one deferred compensation plan created in accordance with Internal Revenue Code Section 457 and which has been approved by the Director of the Division of Local Government Services. The plan, which is administered by the entity listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to participants until termination, retirement, death or unforeseeable emergency. The plan administrator is Lincoln Investments

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the plan, the balances and activities of the plan are not reported in the Borough's financial statements.

**NOTE 11. RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

**Property and Liability Insurance** - The Borough maintains commercial insurance coverage for property, liability and surety bonds.

**Joint Insurance Pool** - The Borough is a member of the Burlington County Insurance Joint Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program.

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The Borough is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report which can be obtained by writing to: Camden County Municipal Joint Insurance Fund, PERMA, 250 Pehle Ave. Suite 701, Saddle Brook, New Jersey 07663.

**NOTE 12. NEW JERSEY UNEMPLOYMENT COMPENSATION ISURANCE**

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and previous two years:

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010	\$ 18	\$ 2,831	\$ 4,960	\$ 3,111
2009	6,006	3,386	11,675	5,222
2008	13	2,473	5,600	7,505

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2010**

**NOTE 13. CAPITAL DEBT**

**Summary of Municipal Debt**

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Issued:			
General Bonds and Notes	\$ 846,000	\$ 1,106,000	\$ 1,351,000
Sewer Utility Bonds and Notes	1,774,000	1,339,000	1,670,000
EPA Loans	7,328,711	7,713,851	7,903,565
Total Debt Issued	<u>9,948,711</u>	<u>10,158,851</u>	<u>10,924,565</u>
Authorized But Not Issued:			
General Bonds and Notes	1,734,099	1,592,287	487,141
Sewer Utility Bonds and Notes	<u>14,090</u>	<u>860,000</u>	<u>560,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 11,696,900</u>	<u>\$ 12,611,138</u>	<u>\$ 11,971,706</u>

Serial Bonds are authorized in accordance with State law. All bonds are retired in serial installments within the statutory period of usefulness. Serial Bonds payable at December 31, 2010 consisted of the following issues:

<u>Purpose</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
General Obligation Bonds of 2002	08/15/2013	2.50% - 5.00%	\$ 846,000
Sewer Utility Bonds of 1992	07/01/2012	5.375%	388,000
			<u>                    </u>
Total			<u>\$ 1,234,000</u>

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with required method of setting up the Annual Debt Statement and indicates a statutory net debt of .52%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 4,120,000	\$ 4,120,000	
Regional High School District Debt	2,451,625	2,451,625	
Sewer Utility Debt	1,788,090	1,788,090	
General Debt	<u>9,908,810</u>	<u>7,328,711</u>	<u>\$ 2,580,099</u>
Total	<u>\$ 18,268,525</u>	<u>\$ 15,688,426</u>	<u>\$ 2,580,099</u>

Net Debt, \$2,580,099 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$488,133,511 equals .52%.

**Equalized Valuation Basis:**

2008	\$ 491,705,161
2009	490,316,309
2010	<u>482,379,062</u>
Average	<u>\$ 488,133,511</u>

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2010**

**NOTE 13. CAPITAL DEBT (CONT'D)**

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

3-1/2% of Equalized Valuation Basis (Municipal)	\$ 17,084,672
Net Debt	<u>2,580,099</u>
Remaining Borrowing Power	<u>\$ 14,504,573</u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Charges for the Year		\$ 1,404,245
Deductions:		
Operating and Maintenance Costs	\$ 934,100	
Debt Service Costs	<u>306,237</u>	
		<u>1,240,337</u>
Excess in Revenue		<u>\$ 163,908</u>

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

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

**Serial Bonds Payable**

<u>Year</u>	<u>General</u>		<u>Sewer</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2011	\$ 270,000	\$ 38,201	\$ 190,000	\$ 20,855	\$ 519,056
2012	285,000	24,701	198,000	10,623	518,324
2013	291,000	12,731			303,731
	<u>          </u>				
Total	<u>\$ 846,000</u>	<u>\$ 75,633</u>	<u>\$ 388,000</u>	<u>\$ 31,478</u>	<u>\$ 1,341,111</u>

**Bond Anticipation Notes Payable**

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the Notes can not exceed one year from the date of issuance, however the Notes may be renewed from time to time for a period not to exceed one year. Generally, such Notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original Notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original Note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such Notes were issued be paid or retired. A second and third legal installment must be paid if the Notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

As of December 31, 2010, the Borough had outstanding bond anticipation notes as follows:

<u>Fund</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Sewer Utility Capital	\$ 686,000	1.38%	October 12, 2011
Sewer Utility Capital	\$ 700,000	1.38%	June 6, 2011

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2010**

**NOTE 13. CAPITAL DEBT (CONT'D)**

**NJDEP Loan Payable**

The Borough has received \$7,903,565 in two separate loan proceeds from the State of New Jersey Department of Environmental Protection Loan Program. All loans have a stated interest rate of 2.00% with a final maturity on September 15, 2026. The repayment schedule of this debt is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 392,881	\$ 144,620	\$ 537,501
2012	400,778	136,723	537,501
2013	408,833	128,667	537,500
2014	417,051	120,449	537,500
2015	425,434	112,066	537,500
2016-20	2,258,928	428,576	2,687,504
2021-25	2,495,261	192,242	2,687,503
2026	<u>529,544</u>	<u>7,956</u>	<u>537,500</u>
<b>Total</b>	<b><u>\$ 7,328,710</u></b>	<b><u>\$ 1,271,299</u></b>	<b><u>\$ 8,600,009</u></b>

**NOTE 14. SCHOOL TAXES**

Local District School Tax has been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund Liabilities as follows:

	<b>Local District School Tax</b>		<b>Regional High School Tax</b>	
	<b>Balance Dec. 31, 2010</b>	<b>Balance Dec. 31, 2009</b>	<b>Balance Dec. 31, 2010</b>	<b>Balance Dec. 31, 2009</b>
Balance of Tax	\$ 2,437,964.58	\$ 2,522,632.08	\$ 1,570,094.47	\$ 1,483,196.47
Deferred	<u>666,689.81</u>	<u>666,689.81</u>	<u>291,811.49</u>	<u>291,811.49</u>
<b>Tax Payable</b>	<b><u>\$ 1,921,274.77</u></b>	<b><u>\$ 1,855,942.27</u></b>	<b><u>\$ 1,278,282.98</u></b>	<b><u>\$ 1,191,384.98</u></b>

**NOTE 15. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2010, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following funds:

	<b>Balance December 31, 2010</b>	<b>2011 Budget Appropriation</b>	<b>Balance to Succeeding Years</b>
Current Fund:			
Revaluation Program	\$ 90,000	\$ 30,000	\$ 60,000
Revision of Tax Map	6,000	2,000	4,000
<b>Total</b>	<b><u>\$ 96,000</u></b>	<b><u>\$ 32,000</u></b>	<b><u>\$ 64,000</u></b>

The appropriations in the 2011 Budget as introduced are not less than that required by the statutes.

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2010**

**NOTE 16. CONTINGENCIES**

The Borough participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management believes that the amount from future audits, if any, would not be material.

**NOTE 17. LITIGATION**

The Borough is a defendant in several legal proceedings that are in various stages of litigation. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Borough's counsel and Borough's management that resolution of these matters will not have a material adverse effect on the financial condition of the Borough.

**NOTE 18. LOAN AGREEMENT**

On November 2, 2006 the Borough of Medford Lakes (Borough) approved a loan agreement with the State of New Jersey, Department of Environmental Protection (State) whereby, the Borough acts as a co-borrower with the State for a loan in an amount not to exceed \$2,245,000 to be made to the Medford Lakes Colony (Colony) a not-for-profit corporation located in the Borough. The terms of the agreement are such that the Borough agrees to complete the dredging and lake restoration project and to reimburse the State in accordance with the terms and conditions set forth in the loan agreement, in the event of a default on the part of the Colony. The dredging and lake restoration project has been completed by the Colony. The final loan amount borrowed by the Colony was \$2,171,451.50 and has a 2% interest rate with a maturity date of January 13, 2027. As of the date of this report the Colony has not defaulted on its loan obligation.

**SUPPLEMENTAL EXHIBITS**

**CURRENT FUND**

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Statement of Cash - Treasurer  
For the Year Ended December 31, 2010

	<u>CURRENT FUND</u>	<u>FEDERAL AND STATE GRANT FUND</u>
Balance December 31, 2009	\$ 4,467,660.55	\$ 73,352.31
Receipts:		
Taxes Receivable	\$ 12,391,616.32	
Prepaid 2011 Taxes	72,881.80	
Revenue Accounts Receivable	872,572.36	
Interest on Delinquent Taxes	44,066.19	
Reserve for Farmers Market	9,679.00	
Due from State of New Jersey - Senior Citizens and Veterans Deductions	56,176.15	
Due to State of New Jersey:		
Marriage License Fees	425.00	
DCA Training Fees	2,100.00	
Federal and State Grants Receivable		\$ 204,950.63
Miscellaneous Revenue Not Anticipated	60,828.18	
Due to Current Fund		59,095.09
Matching Funds for State Grants		<u>2,700.00</u>
Total Receipts	<u>13,510,345.00</u>	<u>266,745.72</u>
Total Funds Available	<u>17,978,005.55</u>	<u>340,098.03</u>
Disbursements:		
2010 Appropriations	3,430,814.71	
Matching Funds for State Grants	2,700.00	
County Taxes Payable	1,864,918.29	
Due County for Added Taxes	2,225.71	
Refund of Tax Overpayments	1,906.39	
Due from Federal and State Grant Fund	59,095.09	
Due to State of New Jersey:		
Marriage License Fees	375.00	
DCA Training Fees	1,812.00	
Local District School Tax	5,477,893.50	
Regional High School Tax	2,387,883.04	
2009 Appropriation Reserves and		
Reserve for Encumbrances	132,595.25	
Reserve for Flood Emergency	3,994.85	
Reserve for Revaluation Costs	73,517.82	
Reserve for Tax Map	357.00	
Reserve for Farmers Market	6,999.64	
Reserve for Federal and State Grant Funds:		
Appropriated		<u>340,098.03</u>
Total Disbursements	<u>13,447,088.29</u>	<u>340,098.03</u>
Balance December 31, 2010	<u>\$ 4,530,917.26</u>	<u>\$ -</u>

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Statement of Cash - Collector  
For the Year Ended December 31, 2010

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Balance December 31, 2009	\$ 21,743.96
Receipts:	
Tax Sale Premiums	<u>69,456.24</u>
Total Funds Available	<u>91,200.20</u>
Disbursements:	
Refund of Tax Premiums Redeemed	<u>80,987.52</u>
Balance December 31, 2010	<u><u>\$ 10,212.68</u></u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Taxes Receivable and Analysis of Property Tax Levy  
For the Year Ended December 31, 2010

Year	Balance	Added	2010 Levy	Collections by Cash		State Share of Senior Citizen and Veterans Deductions Allowed	Transfer to Tax Title Liens	Canceled	Balance December 31, 2010
	December 31, 2009			Taxes	2009				
2008	\$ 4,576.00								\$ 4,576.00
2009	219,068.55	\$ 2,332.60			\$ 208,974.18		\$ 5,784.85		6,642.12
	223,644.55	2,332.60			208,974.18		5,784.85		11,218.12
2010			\$ 12,581,974.30	\$ 67,565.24	12,182,642.14	\$ 56,574.66	4,168.58	\$ 41,319.46	229,704.22
Total	\$ 223,644.55	\$ 2,332.60	\$ 12,581,974.30	\$ 67,565.24	\$ 12,391,616.32	\$ 56,574.66	\$ 9,953.43	\$ 41,319.46	\$ 240,922.34

**ANALYSIS OF PROPERTY TAX LEVY**

Tax Yield:	
General Purpose Tax	\$ 12,517,173.62
Added and Omitted Taxes (54:4-63.1 et. seq.)	9,050.68
Senior Citizens and Veterans Deductions Allowed	
Per Original Levy	<u>55,750.00</u>
Total	<u>\$ 12,581,974.30</u>

Tax Levy:	
Local District School Tax (Abstract)	\$ 5,543,226.00
Regional High School District Tax (Abstract)	2,474,781.04
County Taxes:	
County Tax (Abstract)	\$ 1,523,314.42
County Library Tax (Abstract)	144,450.05
County Open Space Tax (Abstract)	197,153.82
Amount Due County for Added Taxes (54:4-63.1 et.seq.)	<u>351.12</u> 1,865,269.41
Local Tax for Municipal Purposes	2,693,672.15
Additional Tax Levies	<u>5,025.70</u> 2,698,697.85
Total	<u>\$ 12,581,974.30</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Tax Title Liens  
For the Year Ended December 31, 2010

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Balance December 31, 2009		\$	-
Increased by:			
Transfers from Taxes Receivable	\$	9,953.43	
Interest and Penalty		<u>1,299.42</u>	
Total			<u>11,252.85</u>
Decreased by:			
Cash Received			<u>                    </u>
Balance December 31, 2010		\$	<u><u>11,252.85</u></u>

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

**Schedule of Revenue Accounts Receivable  
For the Year Ended December 31, 2010**

	Balance December 31, <u>2009</u>	Accrued <u>in 2010</u>	<u>Collected</u>	Balance December 31, <u>2010</u>	<u>Remarks</u>
Borough Clerk:					
Alcohol Licenses		\$ 1,208.00	\$ 1,208.00		
Historic Commission Permits		120.00	120.00		
Street Opening Permits		1,600.00	1,600.00		
Firearm Permits		62.00	62.00		
Zoning Permits		3,541.00	3,541.00		
Land Use Board Fees		400.00	400.00		
Tree Removal Permits		2,610.00	2,610.00		
Towing Permit Fees		300.00	300.00		
Tax Search Fees		10.00	10.00		
Fire Official - Uniform Fire Safety -					
Fees and Permits		7,134.37	7,134.37		
Construction Official - Fees and Permits		37,474.00	37,474.00		
Energy Receipt Taxes		249,569.00	249,569.00		
Consolidated Municipal Property Tax Relief		40,031.00	40,031.00		
Municipal Court - Fines and Costs	\$ 5,802.10	71,696.74	72,103.18	\$ 5,395.66	Dec. Receipts
Interest on Investments and					
Bank Deposits		73,882.80	73,882.80		
Reserve for Payment of Debt		165,000.00	165,000.00		
Rental of Cell Tower Space		168,282.18	168,282.18		
Cable TV Franchise Fees	13,701.10	89,933.91	49,244.83	54,390.18	2010 Allotment
<b>Total</b>	<b>\$ 19,503.20</b>	<b>\$ 912,855.00</b>	<b>\$ 872,572.36</b>	<b>\$ 59,785.84</b>	

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Statement of 2009 Appropriation Reserves  
For The Year Ended December 31, 2010

	Balance December 31, 2009		Balance After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
<b>Salaries and Wages:</b>					
General Administration	\$ 1,008.99		\$ 1,008.99		\$ 1,008.99
Borough Clerk	1,701.44		1,701.44		1,701.44
Financial Administration	150.59		150.59		150.59
Collection of Taxes	69.68		69.68		69.68
Historic Preservation Commission	125.75		125.75		125.75
Planning Board	150.18		150.18		150.18
Police	36,374.05		36,374.05	\$ 30,000.00	6,374.05
Office of Emergency Management	580.08		580.08		580.08
Fire Official	1,362.04		1,362.04		1,362.04
Streets and Roads	22,627.93		22,627.93		22,627.93
Solid Waste Collection	2,700.28		2,700.28		2,700.28
Environmental	113.72		113.72		113.72
Municipal Court	6,015.34		6,015.34		6,015.34
Construction Official	1,539.80	\$ 150.00	1,689.80	150.00	1,539.80
Zoning Code Enforcement	64.81		64.81		64.81
<b>Other Expenses:</b>					
General Administration	10,271.09	6,207.23	16,478.32	6,135.22	10,343.10
Mayor and Council	387.00	125.00	512.00	125.00	387.00
Borough Clerk	8,438.12	1,734.29	10,172.41	2,832.95	7,339.46
Financial Administration	1,617.08	60.00	1,677.08	60.00	1,617.08
Audit Fees	500.00		500.00		500.00
Computerized Data Processing	1,975.51		1,975.51		1,975.51
Assessment of Taxes	995.52	72.07	1,067.59	72.07	995.52
Collection of Taxes	1,335.20	166.00	1,501.20	166.00	1,335.20
Legal Services	10,398.00	7,342.47	17,740.47	7,342.47	10,398.00
Engineering Services	6,856.50	2,630.00	9,486.50	2,630.00	6,856.50
Historic Preservation Commission	100.00		100.00		100.00
Planning Board	995.77	5,860.00	6,855.77	5,218.20	1,637.57
<b>Insurance</b>					
Unemployment Compensation	4,377.42		4,377.42		4,377.42
Employee Group Insurance	24,987.64	13,580.08	38,567.72	13,585.26	24,982.46
Liability insurance	1,945.92	101.58	2,047.50	101.58	1,945.92
Surety Bond Premiums	500.00		500.00		500.00
Police	12,105.36	10,351.86	22,457.22	11,183.89	11,273.33
Office of Emergency Management	318.03	386.80	704.83	386.80	318.03
Aid to Volunteer Ambulance Companies	646.68	1,954.07	2,600.75	1,544.26	1,056.49
Fire	5,445.19	17,270.66	22,715.85	18,039.97	4,675.88
Fire Official	804.08	28.07	832.15	28.07	804.08
Borough Prosecutor		525.00	525.00	525.00	
Streets and Roads	3,486.43	16,421.96	19,908.39	13,198.94	6,709.45
Solid Waste Collection	7,851.45	12,896.80	20,748.25	9,966.81	10,781.44
Public Buildings and Grounds	4,669.02	1,136.72	5,805.74	1,136.72	4,669.02
Vehicle Maintenance	4,085.32	6,848.36	10,933.68	5,546.08	5,387.60
<b>Forward</b>	<b>189,677.01</b>	<b>105,849.02</b>	<b>295,526.03</b>	<b>129,975.29</b>	<b>165,550.74</b>

(Continued)

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Statement of 2009 Appropriation Reserves  
For The Year Ended December 31, 2010

	<u>Balance December 31, 2009</u>		<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Reserved</u>	<u>Encumbered</u>			
Forward	\$ 189,677.01	\$ 105,849.02	\$ 295,526.03	\$ 129,975.29	\$ 165,550.74
<b>Other Expenses (Cont'd):</b>					
Construction Code Official	436.75	190.82	627.57	340.82	286.75
Zoning Code Enforcement	400.00		400.00	52.50	347.50
Municipal Court	1,653.40	175.69	1,829.09		1,829.09
Public Defender	1,700.00		1,700.00		1,700.00
Electricity	2,831.26	4,038.10	6,869.36	6,868.97	0.39
Street Lighting	833.10	1,161.12	1,994.22	1,720.67	273.55
Telephone	4,965.30	634.67	5,599.97	815.37	4,784.60
Natural Gas	4,653.39	800.00	5,453.39	1,782.60	3,670.79
Gasoline	4,732.56	7,000.00	11,732.56	7,029.30	4,703.26
Printing and Postage	99.66		99.66		99.66
Landfill Fees	842.63	15,000.00	15,842.63	11,452.20	4,390.43
Contingent	320.00		320.00	140.00	180.00
Public Employees Retirement System	90.00		90.00		90.00
Social Security System	14,795.18		14,795.18	4,835.09	9,960.09
Employee Pension	429.56		429.56		429.56
Defined Contribution Retirement Fund	1,448.20		1,448.20		1,448.20
<b>Other Expenses - Outside CAP:</b>					
Recycling Tax	5,800.00		5,800.00		5,800.00
Total	<u>\$ 235,708.00</u>	<u>\$ 134,849.42</u>	<u>\$ 370,557.42</u>	<u>\$ 165,012.81</u>	<u>\$ 205,544.61</u>
			Cash Disbursed	\$ 132,595.25	
			Accounts Payable	30,000.00	
			Reserve for Flood	<u>2,417.56</u>	
				<u>\$ 165,012.81</u>	

BOROUGH OF MEDFORD LAKES

EXHIBIT A10

CURRENT FUND

Schedule of Due State of New Jersey-  
Senior Citizen and Veterans' Deductions  
For the Year Ended December 31, 2010

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Balance December 31, 2009		\$ 9,418.61
Increased by:		
Cash Received		<u>56,176.15</u>
Total		65,594.76
Decreased by:		
Accrued in 2010:		
Senior Citizens Deductions Per Billings	\$ 6,750.00	
Veterans Deductions Per Billings	49,000.00	
Senior Citizens and Veteran Deductions Allowed by Collector	<u>824.66</u>	
Total		<u>56,574.66</u>
Balance December 31, 2010		<u>\$ 9,020.10</u>

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

**Schedule of Local District School Tax Payable  
For the Year Ended December 31, 2010**

<b>Balance December 31, 2009:</b>		
School Tax Payable	\$ 1,855,942.27	
School Tax Deferred	<u>516,689.81</u>	\$ 2,372,632.08
<b>Increased by:</b>		
Levy - School Year July 1, 2010 to June 30, 2011		<u>5,543,226.00</u>
Total		7,915,858.08
<b>Decreased by:</b>		
Payments		<u>5,477,893.50</u>
<b>Balance December 31, 2010:</b>		
School Tax Payable	1,921,274.77	
School Tax Deferred	<u>516,689.81</u>	<u>\$ 2,437,964.58</u>
 <b>2010 Liability for Local District School Tax:</b>		
Tax Paid		\$ 5,477,893.50
Tax Payable December 31, 2010		<u>1,921,274.77</u>
Total		7,399,168.27
<b>Less:</b>		
Tax Payable December 31, 2009		<u>1,855,942.27</u>
Amount Charged to 2010 Operations		<u>\$ 5,543,226.00</u>

BOROUGH OF MEDFORD LAKES

EXHIBIT A-12

CURRENT FUND

Schedule of Regional High School Tax Payable  
For the Year Ended December 31, 2010

<hr/>		
Balance December 31, 2009:		
School Tax Payable	\$ 1,191,384.98	
School Tax Deferred	<u>291,811.49</u>	\$ 1,483,196.47
Increased by:		
Levy - School Year July 1, 2010 to June 30, 2011		<u>2,474,781.04</u>
Total		3,957,977.51
Decreased by:		
Payments		<u>2,387,883.04</u>
Balance December 31, 2010:		
School Tax Payable	1,278,282.98	
School Tax Deferred	<u>291,811.49</u>	<u>\$ 1,570,094.47</u>
2010 Liability for Local District School Tax:		
Tax Paid		\$ 2,387,883.04
Tax Payable December 31, 2010		<u>1,278,282.98</u>
Total		3,666,166.02
Less:		
Tax Payable December 31, 2009		<u>1,191,384.98</u>
Amount Charged to 2010 Operations		<u>\$ 2,474,781.04</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Deferred Charges  
N.J.S. 40A:4-55 Special Emergency  
For the Year Ended December 31, 2010

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<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance December 31, 2009</u>	<u>Increased In 2010</u>	<u>Decreased In 2010</u>	<u>Balance December 31, 2010</u>
12/4/08	Revaluation Program	\$ 150,000.00	\$ 30,000.00	\$ 120,000.00		\$ 30,000.00	\$ 90,000.00
12/4/08	Tax Map	10,000.00	2,000.00	8,000.00		2,000.00	6,000.00
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	Total	<u>\$ 160,000.00</u>	<u>\$ 32,000.00</u>	<u>\$ 128,000.00</u>	<u>\$ -</u>	<u>\$ 32,000.00</u>	<u>\$ 96,000.00</u>

## BOROUGH OF MEDFORD LAKES

## FEDERAL AND STATE GRANT FUND

Schedule of Federal and State Grants Receivable  
For the Year Ended December 31, 2010

	Balance December 31, <u>2008</u>	<u>Accrued</u>	<u>Received</u>	<u>Cancelled</u>	Balance December 31, <u>2009</u>
<b>Federal Grants:</b>					
Over the Limit		\$ 4,400.00	\$ 4,400.00		
FEMA Fire Safety Act		<u>51,657.00</u>	<u>51,657.00</u>		
<b>Total Federal</b>		<u>56,057.00</u>	<u>56,057.00</u>		
<b>State Grants:</b>					
Municipal Alliance Grant	\$ 10,500.00	10,500.00	6,503.48	\$ 4,496.52	\$ 10,000.00
Clean Communities Grant		8,877.47	8,877.47		
Medford Lakes Colony Grant		3,000.00	3,000.00		
Drunk Driving Enforcement Grant		2,000.00	2,000.00		
Recycling Grant		9,684.16	9,684.16		
Shared Services Grant	26,550.00	2,950.00	29,500.00		
NJ Trans. Safe Streets to School	295,000.00		63,581.25		231,418.75
Smart Future Award	24,000.00		24,000.00		
Green Acres Grant	56,000.00				56,000.00
Body Armor Grant		<u>1,747.27</u>	<u>1,747.27</u>		
<b>Total State</b>	<u>412,050.00</u>	<u>38,758.90</u>	<u>148,893.63</u>	<u>4,496.52</u>	<u>297,418.75</u>
<b>Total</b>	<u>\$ 412,050.00</u>	<u>\$ 94,815.90</u>	<u>\$ 204,950.63</u>	<u>\$ 4,496.52</u>	<u>\$ 297,418.75</u>

## BOROUGH OF MEDFORD LAKES

## FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Unappropriated  
For the Year Ended December 31, 2010

	Balance December 31, <u>2009</u>	Federal and State Grant Receivable	Realized as Revenue in <u>2010</u>	<u>Canceled</u>	Balance December 31, <u>2010</u>
<b>Federal Grants:</b>					
Over the Limit		\$ 4,400.00			\$ 4,400.00
FEMA Fire Safety Act		51,657.00	\$ 51,657.00		
<b>Total Federal</b>		<u>56,057.00</u>	<u>51,657.00</u>		<u>4,400.00</u>
<b>State Grants:</b>					
Body Armor Grant		1,747.27			1,747.27
Municipal Alliance Grant		10,500.00	10,500.00		
Clean Communities Grant	8,474.78	8,877.47	8,474.78		8,877.47
Drunk Driving Enforcement Grant	2,802.90	2,000.00	2,802.90		2,000.00
Shared Services Grant		2,950.00			2,950.00
Recycling Grant	2,739.08	9,684.16	2,739.08		9,684.16
Medford Lakes Colony Grant		3,000.00	3,000.00		
<b>Total State</b>	<u>14,016.76</u>	<u>38,758.90</u>	<u>27,516.76</u>		<u>25,258.90</u>
<b>Total</b>	<u>\$ 14,016.76</u>	<u>\$ 94,815.90</u>	<u>\$ 79,173.76</u>	<u>\$ -</u>	<u>\$ 29,658.90</u>

## BOROUGH OF MEDFORD LAKES

## FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Appropriated  
For the Year ended December 31, 2010

	Balance December 31, <u>2009</u>	Transferred from 2010 Budget <u>Appropriation</u>	Paid or <u>Charged</u>	<u>Canceled</u>	Balance December 31, <u>2010</u>
<b>Federal Grants:</b>					
FEMA Fire Safety Act		\$ 54,375.00	\$ 54,374.00		\$ 1.00
<b>Total Federal</b>		<u>54,375.00</u>	<u>54,374.00</u>		<u>1.00</u>
<b>State Grants:</b>					
Drunk Driving Enforcement Grant	\$ 5,403.19	2,802.90	6,427.14		1,778.95
Clean Communities Grant	16,497.46	8,474.78	6,166.78		18,805.46
Alcoholic Education Rehabilitation Fund	5,082.44				5,082.44
Body Armor Fund	2,726.48		1,893.00		833.48
Municipal Alliance Grant	21,383.03	13,200.00	3,882.88	\$ 4,496.52	26,203.63
Shared Services Grant	2,050.00		2,050.00		
Recycling Tonnage Grant	4,836.05	2,739.08	7,575.13		
Comcast Technology Grant	2,475.00			2,475.00	
Smart Future Award	4,069.64				4,069.64
Medford Lakes Colony Grant		3,000.00			3,000.00
NJ Safe Streets to School	300,862.26		257,729.10		43,133.16
Green Acres Grant	56,000.00				56,000.00
<b>Total State</b>	<u>421,385.55</u>	<u>30,216.76</u>	<u>285,724.03</u>	<u>6,971.52</u>	<u>158,906.76</u>
<b>Total State Grants</b>	<u>\$ 421,385.55</u>	<u>\$ 84,591.76</u>	<u>\$ 340,098.03</u>	<u>\$ 6,971.52</u>	<u>\$ 158,907.76</u>

**TRUST FUND**

## BOROUGH OF MEDFORD LAKES

## TRUST FUND

Schedule of Cash - Treasurer  
For the Year Ended December 31, 2010

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2009	\$ 11,600.02	\$ 68,263.51
Receipts:		
Animal Control Fund:		
Borough Share	5,952.88	
State Share	693.60	
Due to Current Fund - Interest Earned:		
Planning and Zoning Professional Fees		156.60
Street Opening Deposits		27.88
Special Law Enforcement		13.36
Public Defender		5.01
Payroll Fund		1,777.25
Planning and Zoning Professional Fees - Deposits		3,509.85
Unemployment Compensation Insurance Trust		2,849.42
Street Opening Deposits		9,527.88
Environmental Commission		0.37
Public Defender Reserve		1,413.00
Payroll Fund:		
Net Payroll		1,163,912.77
Payroll Deductions Payable		1,017,097.84
Total Receipts	<u>6,646.48</u>	<u>2,200,291.23</u>
Total Funds Available	<u>18,246.50</u>	<u>2,268,554.74</u>
Disbursements:		
State of New Jersey:		
Department of Health	670.20	
Expenditures Under RS4:19-15.11	4,757.18	
Street Opening Refunds		9,235.75
Planning and Zoning Professional Fees		3,629.85
Environmental Commission close out		221.46
Payroll Deductions Payable		1,017,416.34
Net Payroll		1,163,912.77
Public Defender Reserve		1,850.00
Unemployment Compensation Reserve Fund Expenditures		4,960.34
Total Disbursements	<u>5,427.38</u>	<u>2,201,226.51</u>
Balance December 31, 2010	<u>\$ 12,819.12</u>	<u>\$ 67,328.23</u>

BOROUGH OF MEDFORD LAKES

ANIMAL CONTROL FUND

Schedule of Reserve for Animal Control Fund Expenditures  
For the Year Ended December 31, 2010

<hr/>		
Balance December 31, 2009		\$ 11,218.06
Increased by:		
2010 Dog License Fees Collected	\$ 3,276.00	
2010 Cat Licenses Collected	1,249.40	
Miscellaneous	200.00	
Late Fees	1,180.00	
Interest Earned	<u>47.48</u>	
		<u>5,952.88</u>
Total		17,170.94
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Cash	4,757.18	
Accounts Payable	150.00	
Statutory Excess Due to Current Fund Canceled	<u>(381.96)</u>	
		<u>4,525.22</u>
Balance December 31, 2010		<u>\$ 12,645.72</u>

License Fees Collected

<u>Year:</u>	
2009	\$ 7,470.20
2008	<u>6,340.20</u>
Total	<u>\$ 13,810.40</u>

## BOROUGH OF MEDFORD LAKES

## TRUST - OTHER FUNDS

**Schedule of Payroll Deductions Payable  
For the Year Ended December 31, 2010**

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Balance December 31, 2009	\$ 10,576.26
Increased by:	
Payroll Deductions Received	<u>1,017,097.84</u>
Total	1,027,674.10
Decreased by:	
Payroll Deductions Disbursed	<u>1,017,416.34</u>
Balance December 31, 2010	<u>\$ 10,257.76</u>

**Schedule of Reserve For Planning and Zoning Escrow Deposits  
For the Year Ended December 31, 2010**

---

Balance December 31, 2009	\$ 38,649.85
Increased by:	
2010 Deposits	<u>3,509.85</u>
Total	42,159.70
Decreased by:	
Disbursements	<u>3,629.85</u>
Balance December 31, 2010	<u>\$ 38,529.85</u>

A permanent list of individual account balances is on file in the Treasurer's office.

## BOROUGH OF MEDFORD LAKES

## TRUST - OTHER FUNDS

**Schedule of Reserve For Unemployment Compensation Insurance Trust  
For the Year Ended December 31, 2010**

---

Balance December 31, 2009		\$ 5,222.17
Increased by:		
Interest Earned	\$ 18.20	
Employee Withholdings	<u>2,831.22</u>	
		<u>2,849.42</u>
Total		8,071.59
Decreased by:		
Due to State Department of Labor		<u>4,960.34</u>
Balance December 31, 2010		<u><u>\$ 3,111.25</u></u>

**Schedule of Reserve For Public Defender Trust Fund  
For the Year Ended December 31, 2010**

---

Balance December 31, 2009		\$ 1,977.06
Increased by:		
Fees Collected		<u>1,413.00</u>
		3,390.06
Decreased by:		
Due to Current Fund - Reimbursement of Salary		<u>1,850.00</u>
Balance December 31, 2010		<u><u>\$ 1,540.06</u></u>

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

Schedule of Reserve For Compensated Absences  
For the Year Ended December 31, 2010

---

Balance December 31, 2009	\$ 42,000.00
Increased by:	
Due from Current Fund - Budget Appropriation	<u>6,000.00</u>
Balance December 31, 2010	<u>\$ 48,000.00</u>

Schedule of Reserve For Special Law Enforcement Fund  
For the Year Ended December 31, 2010

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Balance December 31, 2010 and 2009	<u>\$ 1,903.44</u>
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**GENERAL CAPITAL FUND**

## BOROUGH OF MEDFORD LAKES

## GENERAL CAPITAL FUND

Schedule of Cash - Treasurer  
For the Year Ended December 31, 2010

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Balance December 31, 2009		\$ 3,266,773.18
Receipts:		
Interest Earned on Investments	\$ 165.53	
Capital Improvement Fund - Budget Appropriation	<u>15,000.00</u>	
		<u>15,165.53</u>
Total		3,281,938.71
Disbursements:		
Improvement Authorizations	700,486.24	
Reserve for Flood Recovery Costs	4,899.55	
Reserve for Payment of Debt Service Costs	165,000.00	
Due to Current Fund - Interest Earned	<u>165.53</u>	
		<u>870,551.32</u>
Balance December 31, 2010		<u>\$ 2,411,387.39</u>

## BOROUGH OF MEDFORD LAKES

## GENERAL CAPITAL FUND

Analysis of General Capital Cash and Investments  
For the Year Ended December 31, 2010

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Capital Improvement Fund		\$ 16,057.76
Fund Balance		151,419.01
Encumbrances Payable		165,663.05
Due to Current Fund		77.79
Reserve for Payment of Debt Service Costs		2,151,405.58
Due from Federal & State Grant Fund		(50,000.00)
Reserve for Purchase of Public Works Dept. Equipment		33,595.00
Reserve for Purchase of Fire Equipment		5,000.00
Improvement Authorizations:		
Ordinance		
<u>Number</u>		
468	Multi-Purpose:	
	Improvements to Municipal Building	17,393.32
	Improvements to Public Works Department Building	629,620.00
512	Construction of Dams	11,220.88
534	Purchase of Public Works Dept. Equipment	5,000.00
550	Construction of Drainage Improvments	(47,919.00)
550	Acquisition of Utility Truck	(2,451.00)
563	Acquisition of Trash Truck	(197,762.00)
564	Construction of Maintenance Improv. To Mishemokwa Dam	(35,500.00)
569	Purchase of Fire Truck	(354,950.00)
581	Acquisition of Brush Chipper	(16,340.00)
581	Acquisition of Dump Truck	(47,500.00)
581	Acquisition of Police Vehicle	(23,893.00)
581	Acquisition of Natural Gas Generator	1,250.00
	Total	\$ 2,411,387.39

## BOROUGH OF MEDFORD LAKES

## GENERAL CAPITAL FUND

Schedule of Deferred Charges to Future Taxation - Unfunded  
For the Year Ended December 31, 2010

Ordinance Number	Improvement Description	Balance December 31, 2010	Analysis of Balance - December 31, 2010	
			Expenditures	Unexpended Improvement Authorizations
518	Various Road Improvements	\$ 95,450.41		\$ 95,450.41
550	Multi-Purpose:			
	Construction of Drainage Improv. To Mudjekeewis and Tontonava Trails	66,500.00	\$ 47,919.00	18,581.00
	Acquisition of Utility Truck	3,337.00	2,451.00	886.00
563	Purchase of Trash Truck	197,762.00	197,762.00	
564	Multi-purpose			
	Construction of Maintenance Improv. To Mishemokwa Dam	266,000.00	35,500.00	230,500.00
	Construction of New Improvements to Quoque Dam	600,000.00		600,000.00
569	Purchase of Fire Truck	354,950.00	354,950.00	
581	Multi-purpose			
	Acquisition of Brush Chipper	50,350.00	16,340.00	34,010.00
	Acquisition of Dump Truck	47,500.00	47,500.00	
	Acquisition of Police Vehicle	28,500.00	23,893.00	4,607.00
	Acquisition of Natural Gas Generator	23,750.00		23,750.00
	<b>Total</b>	<b>\$ 1,734,099.41</b>	<b>\$ 726,315.00</b>	<b>\$ 1,007,784.41</b>
	Improvement Authorizations Unfunded:			\$ 1,007,784.41
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued			
				<u>\$ 1,007,784.41</u>

## BOROUGH OF MEDFORD LAKES

## GENERAL CAPITAL FUND

Statement of Capital Improvement Fund  
For the Year Ended December 31, 2010

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Balance December 31, 2009	\$ 8,957.76
Increased by:	
2010 Budget Appropriation	<u>15,000.00</u>
Subtotal	23,957.76
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>7,900.00</u>
Balance December 31, 2010	<u><u>\$ 16,057.76</u></u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of Improvement Authorizations  
For the Year Ended December 31, 2010

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Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance December 31, 2009		2010 Authorizations		Prior Year Encumbrances	Paid or Charged	Current Year Encumbrances	Canceled	Balance December 31, 2010	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges To Future Taxation Unfunded					Funded	Unfunded
468	Multi-Purpose Improvements to Municipal Building	06/12/01	\$ 2,100,000	\$ 9,948 00				\$ 18,854 61	\$ 11,409.29			\$ 17,393.32	
	Improvements to Public Works Dept. Building			645,120.00				23,500.00	22,447.50	\$ 16,552.50		629,620.00	
512	Construction of Dams	09/08/05	8,846,561	11,220 88				1,275 00		1,275 00		11,220.88	
518	Multi-Purpose Various Road Improvements	05/25/06	150,000		\$ 95,450.41			30,000 00	17,000.00	13,000 00			\$ 95,450.41
534	Purchase of PWD Equipment	10/11/07	8,405	5,000 00								5,000 00	
550	Multi-Purpose Construction of Drainage Improv. To Mudjekeewis and Tontonava Trails	05/08/08	70,000		50,550 00			19,450 00	39,372.05	12,046.95			18,581 00
	Acquisition of Utility Truck		45,000		3,337 00					2,451 00			886 00
563	Acquisition of Trash Truck	05/27/09	210,000		3,300 00			206,700.00	208,262.00		\$ 1,738.00		
564	Multi-Purpose Construction of Maintenance Improv. To Mishemokwa Dam	05/27/09	280,000	14,000 00	266,000.00				23,545 40	25,954 60			230,500 00
	Construction of New Improvements to Quoque Dam		600,000		600,000 00								600,000 00
569	Purchase of Fire Truck	10/28/09	385,000		7,050 00			377,950.00	378,450 00		6,550 00		
581	Multi-Purpose Acquisition of Brush Chipper	11/10/10	53,000			\$ 2,650 00	\$ 50,350.00			18,990.00			34,010 00
	Acquisition of Dump Truck		50,000			2,500 00	47,500.00			50,000 00			
	Acquisition of Police Vehicle		30,000			1,500 00	28,500.00			25,393.00			4,607 00
	Acquisition of Natural Gas Generator		25,000			1,250 00	23,750.00					1,250 00	23,750 00
Total				\$ 685,288 88	\$ 1,025,687 41	\$ 7,900.00	\$ 150,100.00	\$ 677,729 61	\$ 700,486 24	\$ 165,663 05	\$ 8,288 00	\$ 664,484 20	\$ 1,007,784 41

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of General Serial Bonds  
For the Year Ended December 31, 2010

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<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2010</u>		<u>Interest Rate</u>	<u>Balance December 31, 2009</u>	<u>Decreased by Paid by Budget</u>	<u>Balance December 31, 2010</u>
			<u>Date</u>	<u>Amount</u>				
General Bonds of 2001	10/10/01	\$ 2,816,000	8/15/2011	\$ 270,000.00	5.000%			
			8/15/2012	285,000.00	4.200%			
			8/15/2013	291,000.00	4.375%			
						<u>\$ 1,106,000.00</u>	<u>\$ 260,000.00</u>	<u>\$ 846,000.00</u>

## BOROUGH OF MEDFORD LAKES

## GENERAL CAPITAL FUND

**Schedule of Environmental Protection Loan Payable  
For the Year Ended December 31, 2010**

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Balance December 31, 2009	\$ 7,713,850.69
Decreased by:	
Paid by Budget Appropriation	<u>385,139.75</u>
Balance December 31, 2010	<u>\$ 7,328,710.94</u>

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 392,881.05	\$ 144,619.57	\$ 537,500.62
2012	400,777.97	136,722.67	537,500.64
2013	408,833.61	128,667.04	537,500.65
2014	417,051.16	120,449.48	537,500.64
2015	425,433.89	112,066.75	537,500.64
2016	433,985.11	103,515.54	537,500.65
2017	442,708.21	94,792.43	537,500.64
2018	451,606.64	85,894.00	537,500.64
2019	460,683.93	76,816.71	537,500.64
2020	469,943.69	67,556.96	537,500.65
2021	479,389.55	58,111.09	537,500.64
2022	489,025.28	48,475.36	537,500.64
2023	498,854.69	38,645.96	537,500.65
2024	508,881.67	28,618.99	537,500.66
2025	519,110.20	18,390.46	537,500.66
2026	529,544.29	7,956.33	537,500.62
	<u>\$ 7,328,710.94</u>	<u>\$ 1,271,299.34</u>	<u>\$ 8,600,010.28</u>

## BOROUGH OF MEDFORD LAKES

## GENERAL CAPITAL FUND

Statement of Bonds and Notes Authorized but not Issued  
For the Year Ended December 31, 2010

Ordinance Number	Improvement Description	Balance December 31, 2009	2010 Appropriation	Funded by Budget Appropriation	Canceled	Balance December 31, 2010
518	Various Road Improvements	\$ 95,450.41				95,450.41
550	Multi-purpose					
	Construction of Drainage Improv. To Mudjekeewis and Tontonava Trails	66,500.00				66,500.00
	Acquisition of Utility Truck	3,337.00				3,337.00
563	Purchase of Trash Truck	199,500.00			\$ 1,738.00	197,762.00
564	Multi-purpose					
	Construction of Maintenance Improv. to Mishemokwa Dam	266,000.00				266,000.00
	Construction of New Improvements to Quoque Dam	600,000.00				600,000.00
569	Purchase of Fire Truck	361,500.00			6,550.00	354,950.00
581	Multi-purpose					
	Acquisition of Brush Chipper		\$ 50,350.00			50,350.00
	Acquisition of Dump Truck		47,500.00			47,500.00
	Acquisition of Police Vehicle		28,500.00			28,500.00
	Acquisition of Natural Gas Generator		23,750.00			23,750.00
	Total	\$ 1,592,287.41	\$ 150,100.00	\$ -	\$ 8,288.00	\$ 1,734,099.41

**SEWER UTILITY FUND**

## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY OPERATING FUND

Statement of Cash - Collector/Treasurer  
For the Year Ended December 31, 2010

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2009	\$ 412,077.39	\$ 1,184.63
Receipts:		
Sewer Service Charges Receivable	\$ 1,139,258.83	
Prepaid Sewer Rent	44,272.46	
Interest Earned due to Sewer Utility Operating Fund		\$ 558.70
Loan from Sewer Utility Operating Fund		21,000.00
Bond Anticipation Notes		700,000.00
Miscellaneous Revenue	<u>24,762.78</u>	
Total Receipts	<u>1,208,294.07</u>	<u>721,558.70</u>
Total	1,620,371.46	722,743.33
Disbursements:		
2010 Appropriations	1,082,050.93	
Appropriation Reserves and Encumbrances Payable	62,817.74	
Interest on Bonds and Notes	40,857.13	
Refund of Sewer Service Charges	506.43	
Loan to Sewer Utility Capital Fund	20,000.00	
Due to Sewer Utility Operating Fund		1,558.70
Improvement Authorizations		<u>176,148.04</u>
Total Disbursements	<u>1,206,232.23</u>	<u>177,706.74</u>
Balance December 31, 2010	<u>\$ 414,139.23</u>	<u>\$ 545,036.59</u>

## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY CAPITAL FUND

Analysis of Capital Cash  
At December 31, 2010

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Fund Balance	\$	12,750.00
Capital Improvement Fund		10,553.25
Due to Sewer Utility Operating Fund		51,552.61
Improvement Authorization:		
Ord. 515 Acquisition of Sewer Collection Line Cleaning Equipment		(14,090.43)
Ord. 518 Construction and Repairs to Sewer Collection System		224,881.53
Ord. 548 Repairs to Sand Filter and Electric for Utility Project		23,000.00
Ord. 558 Replacement of Wastewater Mixer		236,389.63
Total	\$	<u>545,036.59</u>

## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY OPERATING FUND

Schedule of Sewer Service Charges Receivable  
For the Year Ended December 31, 2010

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Balance December 31, 2009		\$ 95,018.48
Increased by:		
Sewer Billings		<u>1,200,053.15</u>
Total		1,295,071.63
Decreased by:		
2010 Collections	\$ 1,139,258.83	
Prepayments Applied	32,126.82	
Transfer to Sewer Service Liens	<u>2,540.00</u>	<u>1,173,925.65</u>
Balance December 31, 2010		<u>\$ 121,145.98</u>

Schedule of Sewer Service Liens Receivable  
For the Year Ended December 31, 2010

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Balance December 31, 2009		\$ -
Increased by:		
Transfer from Sewer Service Charges Receivable	\$ 2,540.00	
Interest and Cost on Tax Sale	<u>233.70</u>	<u>2,773.70</u>
Total		2,773.70
Decreased by:		
2010 Collections		<u>                    </u>
Balance December 31, 2010		<u>\$ 2,773.70</u>

## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY OPERATING FUND

Statement of 2009 Appropriation Reserves  
For the Year Ended December 31, 2010

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	<u>Balance December 31, 2009</u>		<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Encumbrances</u>	<u>Reserves</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
	<u>Payable</u>		<u>Transfers</u>		
Operating:					
Salaries and Wages		\$ 17,893.87	\$ 17,893.87	\$ 5,600.00	\$ 12,293.87
Other Expenses	\$ 56,788.97	39,552.97	96,341.94	57,217.74	39,124.20
Public Employees Retirement		1,751.80	1,751.80		1,751.80
Social Security System		2,957.81	2,957.81		2,957.81
Unemployment Compensation		349.99	349.99		349.99
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 56,788.97</u>	<u>\$ 62,506.44</u>	<u>\$ 119,295.41</u>	<u>\$ 62,817.74</u>	<u>\$ 56,477.67</u>

## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY CAPITAL FUND

Schedule of Fixed Capital  
For the Year Ended December 31, 2010

	Balance December 31, <u>2009</u>	Increase By <u>Additions</u>	Less <u>Retirements</u>	Balance December 31, <u>2010</u>
Sewer Plant	\$ 3,805,239.65	\$1,000,000.00		\$ 4,805,239.65
Pumping Station and Structures	49,941.52	14,090.00		64,031.52
General Equipment	<u>199,369.80</u>			<u>199,369.80</u>
<b>Total</b>	<u><u>\$ 4,054,550.97</u></u>	<u><u>\$ 1,014,090.00</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,068,640.97</u></u>

NOTE - The Fixed Capital reported above is taken from the Municipal Records and does not necessarily show the true value.

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Fixed Capital Authorized and Uncompleted  
For the Year Ended December 31, 2010

<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance Amount</u>	<u>Balance December 31, 2009</u>	<u>Deferred Charges to Future Revenue</u>	<u>Costs to Fixed Capital</u>	<u>Canceled</u>	<u>Balance December 31, 2010</u>
Improvement to Sewer Treatment Plant, Bypass Line, Office space & Public Walkway	9/9/04	\$ 1,000,000.00	\$ 1,000,000.00		\$ 1,000,000.00		
Acquisition of Sewer Collection Line Cleaning Equipment	1/26/06	160,000.00	160,000.00		14,090.43	\$ 145,909.57	
Construction and Repairs to Sewer Collection Line	5/11/06	400,000.00	400,000.00				\$ 400,000.00
Replacement of Wastewater Mixer	4/8/09	300,000.00	300,000.00				300,000.00
<b>Total</b>			<u>\$ 1,860,000.00</u>	<u>\$ -</u>	<u>\$ 1,014,090.43</u>	<u>\$ 145,909.57</u>	<u>\$ 700,000.00</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Improvement Authorizations  
For the Year Ended December 31, 2010

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2009		2010 Authorizations Deferred Charges to Future Revenue	Paid or Charged	Prior Year Encumbrances Payable	Canceled	Balance December 31, 2010	
				Funded	Unfunded					Funded	Unfunded
501	Improvements to Treatment Plant, Construction of Bypass Line, Construction of Office Space, and Construction of Public Walkway	09/09/04	\$ 1,000,000		\$ 142,992.57				\$ 142,642.57		
515	Acquisition of Sewer Collection Line Cleaning Equipment	1/26/2006	160,000		3,267.00				3,267.00		
518	Construction and Repairs to Sewer Collection System	5/11/2006	400,000		344,203.85		\$ 129,929.32	\$ 10,607.00			\$ 224,881.53
548	Repairs to Sand Filter and Electric for Utility Projects	5/8/2008	42,000	\$ 35,000.00					12,000.00	\$ 23,000.00	
558	Replacement of Wastewater Mixer	4/8/2009	300,000		282,608.35		46,218.72				236,389.63
				\$ 35,000.00	\$ 773,071.77	\$ -	\$ 176,148.04	\$ 10,607.00	\$ 157,909.57	\$ 23,000.00	\$ 461,271.16

**BOROUGH OF MEDFORD LAKES**  
**SEWER UTILITY CAPITAL FUND**  
**Schedule of General Serial Bonds**  
**For the Year Ended December 31, 2010**

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<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Bonds</u>	<u>Maturities of Bonds Outstanding December 31, 2010</u>		<u>Interest Rate</u>	<u>Balance December 31, 2009</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2010</u>
			<u>Date</u>	<u>Amount</u>				
General Bonds of 1992	07/01/92	\$ 3,808,000	07/01/11	\$ 190,000	5.375%	\$ 578,000.00	\$ 190,000.00	\$ 388,000.00
			07/01/12	198,000				
<b>Total</b>						<b>\$ 578,000.00</b>	<b>\$ 190,000.00</b>	<b>\$ 388,000.00</b>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Bond Anticipation Notes  
For the Year Ended December 31, 2010

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2009	Increased	Decreased	Balance December 31, 2010
501	Improvements to Treatment Plant, Construction of Bypass Line, Construction of Office Space, and Construction of Public Walkway	10/19/04	10/14/09	10/13/10	1.29%	\$ 761,000.00		\$ 761,000.00	
		10/19/04	10/13/10	10/12/11	1.38%		\$ 686,000.00		\$ 686,000.00
518	Construction and Repairs to Sewer Collection System	06/07/10	06/07/10	06/06/11	1.38%		400,000.00		400,000.00
558	Replacement of Wastewater Mixers	06/07/10	06/07/10	06/06/11	1.38%		300,000.00		300,000.00
Total						<u>\$ 761,000.00</u>	<u>\$ 1,386,000.00</u>	<u>\$ 761,000.00</u>	<u>\$ 1,386,000.00</u>

Renewals	\$ 686,000.00	\$ 686,000.00
Issued	700,000.00	
Paid by Budget Appropriation		75,000.00
	<u>\$ 1,386,000.00</u>	<u>\$ 761,000.00</u>

**BOROUGH OF MEDFORD LAKES**

**SEWER UTILITY CAPITAL FUND**

**Schedule of Capital Improvement Fund  
For the Year Ended December 31, 2010**

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Balance December 31, 2009	\$ 10,553.25
Increased by - Budget Appropriation	<u>                    </u>
Total	10,553.25
Decreased by - 2010 Improvement Authorization	<u>                    </u>
Balance December 31, 2010	<u><u>\$ 10,553.25</u></u>

**Schedule of Reserve for Amortization  
For the Year Ended December 31, 2010**

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Balance December 31, 2009	\$ 3,476,550.97
Increased by:	
Serial Bonds Paid by Operating Budget	<u>190,000.00</u>
Balance December 31, 2010	<u><u>\$ 3,666,550.97</u></u>

## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY CAPITAL FUND

Schedule of Deferred Reserve for Amortization  
For the Year Ended December 31, 2010

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance December 31, 2009</u>	<u>Paid From Operating Budget - Notes</u>	<u>Transfer to Reserve For Amortization</u>	<u>Balance December 31, 2010</u>
501	Improvement to Treatment Plant, Construction of Bypass Line, Construction of Office Space and Construction of Public Walkway	10/19/04	\$ 239,000.00	\$ 75,000.00		\$ 314,000.00
			<u>\$ 239,000.00</u>	<u>\$ 75,000.00</u>	<u>\$ -</u>	<u>\$ 314,000.00</u>

EXHIBIT D-18

Schedule of Bond Anticipation Notes Authorized But Not Issued  
For the Year Ended December 31, 2010

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2009</u>	<u>Canceled</u>	<u>Notes Issued</u>	<u>Balance December 31, 2010</u>
515	Acquisition of Sewer Collection Line Cleaning Equipment	\$ 160,000.00	\$ 145,909.57		\$ 14,090.43
518	Construction and Repairs to Collection System	400,000.00		\$ 400,000.00	
558	Replacement of Wastewater Mixers	300,000.00		300,000.00	
		<u>\$ 860,000.00</u>	<u>\$ 145,909.57</u>	<u>\$ 700,000.00</u>	<u>\$ 14,090.43</u>

**BOROUGH OF MEDFORD LAKES**

**PART II**

**Schedule of Findings and Recommendations**

**For the Year Ended December 31, 2010**

**BOROUGH OF MEDFORD LAKES**

**Schedule of Findings and Recommendations  
For the Year Ended December 31, 2010**

***Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

***Finding #2010-1***

**Condition:**

The Borough did not maintain a record of fixed assets during the year.

**Criteria:**

N.J.A.C. 5:30-5.6 issued by the Division of Local Government Services, requires that all governmental units maintain a record of fixed assets on a current basis. The requirements include taking a physical inventory, valuing physical inventory, setting up property records, managing property and reporting fixed assets in the financial records.

**Effect:**

The Borough has no record of accounting for its fixed assets.

**Cause:**

The Borough does not possess the necessary funds needed to establish and maintain a fixed asset accounting system and the time constraints on the existing staff level does not allow for the additional work required.

**Recommendation:**

The Borough should establish and maintain a fixed asset accounting system.

**View of Responsible Official and Planned Corrective Action:**

The responsible officials agree with the finding and will address the matter as part of the corrective action plan.

## BOROUGH OF MEDFORD LAKES

### Summary Schedule of Prior Year Audit Findings and Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standard*, OMB Circular A-133 and New Jersey OMB's Circular 04-04.

#### **FINANCIAL STATEMENT FINDINGS**

##### ***Finding #2009-1***

**Condition:**

The Borough did not maintain a general fixed assets inventory in accordance with N.J.A.C. 5:30-5.6 issued by the Division of Local Government Services.

**Current Status:**

The condition remains unchanged as reported in Finding #2010-1.

**Planned Corrective Action:**

The Borough will comply with the requirements contained in N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets when funds become available.

##### ***Finding #2009-2***

**Condition:**

The minutes of the public meetings held by the governing body were not approved by the governing body on a timely basis, nor were the minutes signed by the Acting Borough Clerk.

**Current Status:**

The condition has been corrected.

##### ***Finding #2009-3***

**Condition:**

Two former employees who have retired from the Borough are currently receiving health benefits, at the cost of the Borough, without written documentation approving this post-employment benefit.

**Current Status:**

The condition has been corrected.

#### **FEDERAL AWARDS**

A Federal single audit was not required.

#### **STATE AWARDS**

A State single audit was not required.

**OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office at December 31, 2010:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Gary A. Miller	Mayor		
Thomas J. Cranston	Deputy Mayor		
Gregory C. Lackey	Councilman		
Robert D. Hannold	Councilman		
Jeffrey Fitzpatrick	Councilman		
Julie Horner-Keizer	Borough Manager	\$ 1,000,000	(A)
Mark J. McIntosh	Borough Clerk	1,000,000	(A)
Donna A. Condo	Chief Financial Officer	1,000,000	(A)
Sharon Deviney	Tax Collector	1,000,000	(A)
Sherri Rockhill	Administrative Clerk and Utility Rent Collector	1,000,000	(A)
Jodie Termi	Court Administrator	1,000,000	(A)
James M. Vogdes, III	Municipal Magistrate	1,000,000	(A)
Colleen Guarrera	Deputy Court Administrator	1,000,000	(A)
Shared Services:			
Medford Township	Construction Code Official		
Evesham Township	Assessor		
Environmental Resolutions, Inc.	Engineer		
Peter Lange, Jr.	Solicitor		

All Bonds were examined and properly executed.

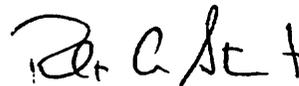
(A) The Borough has a Crime Policy - Excess Public Officials Bond in the amount of \$1,000,000 subject to a \$1,000 deductible with the Camden County Municipal Joint Insurance Fund. This policy covers all employees.

**ACKNOWLEDGMENT**

We express our appreciation for the assistance and courtesies extended to us by the Borough Officials during the course of our audit.

Respectfully submitted,

**INVERSO & STEWART, LLC**  
Certified Public Accountant



Robert A. Stewart  
Certified Public Accountant  
Registered Municipal Accountant

April 5, 2011