

BOROUGH OF MEDFORD LAKES
County of Burlington

Report of Audit of Financial Statements

For the Year Ended December 31, 2011

BOROUGH OF MEDFORD LAKES
COUNTY OF BURLINGTON

TABLE OF CONTENTS

PART I

	<u>Exhibits</u>	<u>Page</u>
Independent Auditor's Report		2
Report on Compliance and on Internal Control Over Financial Reporting Based On An Audit of Financial Statements Performed In Accordance with Government Auditing Standards		4
<u>Financial Statements</u>		
<u>Current Fund:</u>		
Statement of Assets, Liabilities, Reserves and Fund Balance -- - Regulatory Basis	A	6
Statement of Operations and Changes in Fund Balance - Regulatory Basis	A-1	8
Statement of Revenues - Regulatory Basis	A-2	9
Statement of Expenditures - Regulatory Basis	A-3	11
<u>Trust Fund</u>		
Statement of Assets, Liabilities, Reserves and Fund Balance -- - Regulatory Basis	B	17
<u>General Capital Fund</u>		
Statement of Assets, Liabilities, Reserves and Fund Balance -- - Regulatory Basis	C	18
Statement of Operations and Changes in Fund Balance -- - Regulatory Basis	C-1	19
<u>Sewer Utility Operatings and Capital Fund</u>		
Statement of Assets, Liabilities and Reserves and Fund Balance - - Regulatory Basis	D	20
Statement of Operations and Changes in Fund Balance - Regulatory Basis	D-1	22
Statement of Fund Balance - Regulatory Basis	D-2	23
Statement of Revenues - Regulatory Basis	D-3	24
Statement of Expenditures - Regulatory Basis	D-4	25
<u>Account Group</u>		
Statement of General Fixed Assets Group of Accounts	E	26
<u>General Fixed Assets Account Group</u>		
Statement of General Fixed Assets Group of Accounts	F	N/A
Notes to Financial Statements		27

Part I (Continued):

	<u>Exhibits</u>	<u>Page</u>
<u>Current Fund</u>		
Statement of Cash - Treasurer	A-4	42
Statement of Cash - Collector	A-5	43
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-6	44
Schedule of Tax title Liens	A-7	45
Schedule of Revenue Accounts Receivable	A-8	46
Statement of 2011 Appropriation Reserves	A-9	47
Schedule of Due State of New Jersey - Senior Citizen and Veterans' Deductions	A-10	49
Schedule of Local District School Tax Payable	A-11	50
Schedule of Regional High School Tax Payable	A-12	51
<u>Federal and State Grant Fund</u>		
Statement of Deferred Charges-N.J.S. 40A:4-55 Special Emergency	A-13	52
Schedule of Federal and State Grants Receivable	A-14	53
Schedule of Reserve for Federal and State Grants - Unappropriated	A-15	54
Schedule of Reserve for Federal and State Grants - Appropriated	A-16	55
<u>Trust Fund</u>		
Schedule of Cash - Treasurer	B-1	57
Schedule of Reserve for Animal Control Fund Expenditures	B-2	58
Statement of Payroll Deductions Payable	B-3	59
Schedule of Reserve for Planning and Zoning Escrow Deposits	B-4	59
Schedule of Reserve for Unemployment Compensation Insurance Trust	B-5	60
Schedule of Reserve for Public Defender Trust Fund	B-6	60
Schedule of Reserve for Compensated Absences	B-7	61
Schedule of Reserve for Special Law Enforcement Fund	B-8	61
<u>General Capital Fund</u>		
Schedule of Cash - Treasurer	C-2	63
Analysis of General Capital Cash and Investments	C-3	64
Schedule of Deferred Charges to Future Taxation - Unfunded	C-4	65
Schedule of Capital Improvement Fund	C-5	66
Schedule of Improvement Authorizations	C-6	67
Schedule of General Serial Bonds	C-7	68
Schedule of Environmental Protection Loan Payable	C-8	69
Statement of Bonds and Notes Authroized but not Issued	C-9	70
<u>Sewer Utility Operating Fund</u>		
Statement of Cash- Collector/Treasurer	D-5	72
Analysis of Capital Cash	D-6	73
Schedule of Sewer Service Charges Receivable	D-7	74
Schedule of Sewer Service Liens Receivable	D-8	74
Statement of 2009 Appropriation Reserves	D-9	75
Schedule of Fixed Capital	D-10	76
Schedule of Fixed Capital Authorized and Uncompleted	D-11	77
Schedule of Improvement Authorizations	D-12	78
Schedule of General Serial Bonds	D-13	79

Part I (Continued):

		<u>Page</u>
<u>Sewer Utility Operating Fund (Continued)</u>		
Schedule of Bond Anticipation Notes	D-14	80
Schedule of Capital Improvement Fund	D-15	81
Schedule of Reserve for Amortization	D-16	81
Schedule of Deferred Reserve for Amortization	D-17	82
Schedule of Bond Anticipation Notes Authorized But Not Issued	D-18	82
<u>Public Assistance Fund</u>		N/A

PART II

Schedule of Findings and Questioned Costs	84
Summary Schedule of Prior-Year Audit Findings and Recommendations	86
Officials in Office and Surety Bonds	87
Acknowledgment	87

BOROUGH OF MEDFORD LAKES

PART I

Report of Audit of Financial Statements

For the Year Ended December 31, 2011

INVERSO & STEWART, LLC

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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, 2011 and 2010, 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, and statement of general fixed assets group of accounts for the year ended December 31, 2011. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements previously referred to have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ from accounting principles generally accepted in the United States of America. The effects 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 on the financial statements of the requirement that the Borough prepare its financial statements in accordance with accounting practices discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Medford Lakes, in the County of Burlington, State of New Jersey, as of December 31, 2011 and 2010, or the results of its operations and changes in fund balance for the years then ended.

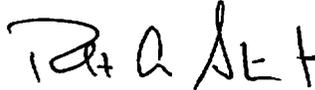
Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Medford Lakes, in the County of Burlington, State of New Jersey, as of December 31, 2011 and 2010, 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, and general fixed assets account group, for the year ended December 31, 2011 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 March 21, 2012 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 conjunction with this report 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 basic financial statements. The supplementary financial schedules 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial schedules of each of the respective individual funds and account group taken as a whole.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants

A handwritten signature in black ink, appearing to read 'R A Stewart', written in a cursive style.

Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
March 21, 2012

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal 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
Medford Lakes, 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, 2011, and have issued our report thereon dated March 21, 2012, which 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. 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

Management of the Borough of Medford Lakes is responsible for establishing and maintaining effective 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. However, we identified one deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Recommendations that we consider to be a significant deficiency in internal control over financial reporting as finding no: #2011-1. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Medford Lake's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

The Borough of Medford Lake's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Recommendations. 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 of the Borough, the Division of Local Government Services, Department of Community Affairs, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
March 21, 2012

BOROUGH OF MEDFORD LAKES

CURRENT FUND

**Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2011 and 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 4,499,447.41	\$ 4,530,917.26
Cash - Tax Collector	A-5	25,347.45	10,212.68
Cash - Collector's Change Fund		<u>500.00</u>	<u>300.00</u>
Total		<u>4,525,294.86</u>	<u>4,541,429.94</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	245,332.03	240,922.34
Tax Title Lien Receivable	A-7	15,453.19	11,252.85
Revenue Accounts Receivable	A-8	62,224.99	59,785.84
Due from Capital Fund	C	12.60	77.79
Due from Federal and State Grant Fund	A		58,852.09
Due from Other Trust Fund	B	<u>685.40</u>	<u>4,601.96</u>
Total		<u>323,708.21</u>	<u>375,492.87</u>
Deferred Charges:			
Special Emergency Authorization	A-13	<u>314,000.00</u>	<u>96,000.00</u>
Total Regular Fund		<u>5,163,003.07</u>	<u>5,012,922.81</u>
Federal and State Grant Fund:			
Cash - Treasurer	A-4	224,824.24	
Federal and State Grants Receivable	A-14	<u>106,776.62</u>	<u>297,418.75</u>
Total Federal and State Grant Fund		<u>331,600.86</u>	<u>297,418.75</u>
Total		<u>\$ 5,494,603.93</u>	<u>\$ 5,310,341.56</u>

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

**Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2011 and 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, A-9	\$ 273,802.86	\$ 212,804.93
Reserve for Encumbrances	A-3, A-9	110,327.13	128,005.29
Accounts Payable	A-9	10,301.42	50,551.00
Reserve for Flood Emergency		84,490.64	84,490.64
Reserve for Revaluation Program		43,093.03	45,601.53
Reserve for Tax Map		143.00	143.00
Reserve for Farmers Market		3,576.04	2,679.36
Reserve for POAA		8.00	
Due State of New Jersey per Chapter 20 PL 1971	A-10	529.39	9,020.10
Tax Overpayments		1,778.76	
Prepaid Taxes	A-5, A-6	91,419.14	72,881.80
Reserve for Tax Sale Premiums		25,347.45	10,212.68
Due to Trust Other Fund	B	48,000.00	48,408.22
Due State of New Jersey:			
Construction Code Fees		960.00	364.00
Marriage License Fees		103.00	125.00
Due County for Added Taxes	A-4, A-6	749.02	351.12
Regional High School Tax Payable	A-12	1,315,647.68	1,278,282.98
Local District School Tax Payable	A-11	<u>1,935,958.27</u>	<u>1,921,274.77</u>
Total Liabilities		3,946,234.83	3,865,196.42
Reserve for Receivables and Other Assets	A	323,708.21	375,492.87
Fund Balance	A-1	<u>893,060.03</u>	<u>772,233.52</u>
Total Regular Fund		<u>5,163,003.07</u>	<u>5,012,922.81</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-15	11,131.93	29,658.90
Due to Current Fund	A		58,852.09
Due to Capital Fund	C	50,000.00	50,000.00
Appropriated Reserves	A-16	<u>270,468.93</u>	<u>158,907.76</u>
Total Federal and State Grant Fund		<u>331,600.86</u>	<u>297,418.75</u>
Total		<u>\$ 5,494,603.93</u>	<u>\$ 5,310,341.56</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 500,000.00	\$ 500,000.00
Miscellaneous Revenue Anticipated	1,168,009.50	946,567.48
Receipts from Delinquent Taxes	223,761.01	208,974.18
Receipts from Current Taxes	12,329,508.64	12,306,782.04
Nonbudget Revenues	108,467.06	110,073.01
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	209,081.42	205,544.61
Tax Overpayments Canceled		12,568.69
Federal and State Grants Receivable Canceled		2,475.00
Interfunds Liquidated	<u>63,275.53</u>	
Total Revenue and Other Income Realized	<u>14,602,103.16</u>	<u>14,292,985.01</u>
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	1,319,409.00	1,346,813.00
Other Expenses	1,499,825.00	1,260,242.00
Deferred Charges and Statutory Expenditures Within "CAPS"	313,660.00	295,758.00
Operations Excluded from "CAPS":		
Salaries and Wages	9,600.00	
Other Expenses	125,338.49	98,303.76
Capital Improvements Excluded from "CAPS"	150,000.00	15,000.00
Municipal Debt Service Excluded from "CAPS"	845,700.46	846,099.93
Deferred Charges Excluded from "CAPS"	32,000.00	32,000.00
Local District School Tax	5,572,593.00	5,543,226.00
Regional High School Tax	2,549,510.49	2,474,781.04
County Taxes	1,812,891.19	1,864,918.29
Due County for Added Taxes	749.02	351.12
Adjustment to Tax Premium Balance		56.70
Interfund Receivables Created		<u>59,260.31</u>
Total	<u>14,231,276.65</u>	<u>13,836,810.15</u>
Excess	370,826.51	456,174.86
Adjustment to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>250,000.00</u>	
Statutory Excess to Fund Balance	620,826.51	456,174.86
Fund Balance January 1	<u>772,233.52</u>	<u>816,058.66</u>
Total	1,393,060.03	1,272,233.52
Decreased by Utilization as Anticipated Revenue	<u>500,000.00</u>	<u>500,000.00</u>
Balance December 31,	<u>\$ 893,060.03</u>	<u>\$ 772,233.52</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, 2011

	<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		1,431.00	\$ 631.00
Fees and Permits - Other	8,500.00		27,195.17	18,695.17
Fines and Costs - Municipal Court	50,000.00		69,607.28	19,607.28
Interest and Costs on Taxes	35,000.00		52,619.59	17,619.59
Interest on Investments and Deposits	60,000.00		65,138.66	5,138.66
Cellular Tower Rental	146,000.00		170,932.41	24,932.41
Consolidated Municipal Property Tax Relief Aid	34,398.00		34,398.00	
Energy Receipts Taxes	255,202.00		255,202.00	
Uniform Construction Code Fees	32,000.00		54,335.00	22,335.00
Reserve for Payment of Debt Service Cost	165,000.00		165,000.00	
Shared Services Agreement		\$ 17,952.38	13,464.28	(4,488.10)
Miscellaneous Revenues Offset with Appropriations:				
Municipal Alliance Grant	10,000.00		10,000.00	
Recycling Tonnage Grant	9,684.16	14,027.21	23,711.37	
Drunk Driving Enforcement Fund	2,000.00	5,000.00	7,000.00	
Burlington County Park Improvements	50,000.00		50,000.00	
Over the Limit	4,400.00		4,400.00	
NJ State Road Aid Transportation		150,000.00	150,000.00	
Shared Services Grant	2,950.00		2,950.00	
Body Armor	1,747.27		1,747.27	
Clean Communities	8,877.47		8,877.47	
Total	<u>876,558.90</u>	<u>186,979.59</u>	<u>1,168,009.50</u>	<u>104,471.01</u>
Receipts from Delinquent Taxes	220,000.00		223,761.01	3,761.01
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	<u>2,664,942.07</u>		<u>2,796,711.13</u>	<u>131,769.06</u>
Budget Totals	4,261,500.97	186,979.59	4,688,481.64	<u>\$ 240,001.08</u>
Nonbudget Revenues			<u>108,467.06</u>	
Total	<u>\$ 4,261,500.97</u>	<u>\$ 186,979.59</u>	<u>\$ 4,796,948.70</u>	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2011Analysis of Realized Revenue**Allocation of Current Tax Collections:**

Revenue from Collections	\$ 12,329,508.64
Allocated to School and County Taxes	<u>9,935,743.70</u>
Balance for Support of Municipal Budget Appropriations	2,393,764.94
Add Appropriation - Reserve for Uncollected Taxes	<u>402,946.19</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 2,796,711.13</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	<u>\$ 223,761.01</u>
----------------------------	----------------------

Fees and Permits - Other:

Fire Safety Fees	\$ 10,974.17
Towing Permit Fees	750.00
Historic Commission Permits	90.00
Fire Arm Permits	51.00
Land Use Board Fees	650.00
Tree Removal Permits	2,460.00
Planning/Zoning Permits	5,620.00
Street Opening Permits	<u>6,600.00</u>
Total	<u>\$ 27,195.17</u>

Miscellaneous Revenue Not Anticipated:

Revenue Accounts Receivable:	
Cable TV Franchise Fee	\$ 54,390.18

Collected - Treasurer

Police Accident Reports	\$ 1,084.78	
FEMA Reimbursements	6,351.27	
Recycle Petroleum/Metal	3,928.80	
Benefits Dividend	5,093.00	
Raffle license	180.00	
Duplicate Bills	276.00	
Public Auction	24,005.50	
State Vehicle Fines	3,150.00	
Insurance Refund	7,505.81	
Miscellaneous	<u>2,501.72</u>	
		<u>54,076.88</u>
Total Treasurer		<u>\$ 108,467.06</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, 2011

	<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>	
GENERAL APPROPRIATIONS:						
<i>Operations Within "CAPS":</i>						
General Government						
General Administration:						
Salaries and Wages	\$ 69,000.00	\$ 70,500.00	\$ 68,795.60		\$ 1,704.40	
Other Expenses	18,000.00	21,500.00	17,719.86	\$ 924.73	2,855.41	
Mayor and Council:						
Salaries and Wages	5.00	5.00			5.00	
Other Expenses	5,675.00	5,675.00	5,335.98		339.02	
Borough Clerk:						
Salaries and Wages	40,000.00	40,000.00	39,999.98		0.02	
Other Expenses	17,400.00	17,400.00	8,251.86	608.18	8,539.96	
Financial Administration:						
Salaries and Wages	31,750.00	31,750.00	31,605.73		144.27	
Other Expenses	2,500.00	2,500.00	1,131.70		1,368.30	
Audit Services:						
Other Expenses	18,000.00	18,000.00	18,000.00			
Computerized Data Processing:						
Other Expenses	10,600.00	10,600.00	7,080.35	70.00	3,449.65	
Collection of Taxes:						
Salaries and Wages	15,000.00	15,000.00	13,470.84		1,529.16	
Other Expenses	2,050.00	2,050.00	1,022.75	247.92	779.33	
Assessment of Taxes:						
Other Expenses	23,900.00	23,900.00	23,900.00			
Legal Services & Costs:						
Other Expenses	35,000.00	35,000.00	27,505.79	2,500.00	4,994.21	
General Government						
Engineering Services:						
Other Expenses	4,500.00	4,500.00	3,230.55	252.00	1,017.45	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2011

	<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>	
Operations Within "CAPS" (Continued)						
General Government						
Historic Preservation Commission:						
Salaries and Wages	\$ 2,000.00	\$ 2,000.00	\$ 1,429.32		\$ 570.68	
Other Expenses	100.00	100.00	16.99		83.01	
Land Use Administration:						
Planning Board:						
Salaries & Wages	4,000.00	4,000.00	3,797.70		202.30	
Other Expenses	7,000.00	9,000.00	6,791.89		2,208.11	
Insurance:						
Liability Insurance	176,000.00	176,000.00	165,369.13	\$ 361.50	10,269.37	
Employees Group Insurance	277,500.00	271,500.00	202,700.62		68,799.38	
Unemployment Compensation	6,000.00	6,000.00	980.34		5,019.66	
Health Benefit Waiver	12,500.00	18,500.00	18,316.17		183.83	
Public Safety:						
Police:						
Salaries and Wages	725,754.00	725,754.00	708,160.23		17,593.77	
Other Expenses	31,000.00	31,000.00	15,606.62	8,826.28	6,567.10	
Office of Emergency Management:						
Salaries and Wages	4,000.00	4,000.00	2,599.92		1,400.08	
Other Expenses	2,000.00	2,000.00	521.77		1,478.23	
Aid to Volunteer Ambulance Companies:						
Other Expenses	10,500.00	10,500.00	7,279.94	740.57	2,479.49	
Fire Department:						
Other Expenses	51,000.00	51,000.00	36,114.71	9,286.78	5,598.51	
Fire Official:						
Salaries & Wages	11,700.00	12,550.00	12,508.36		41.64	
Other Expenses	1,100.00	1,100.00	1,011.74		88.26	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures – Regulatory Basis
For the Year Ended December 31, 2011

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Operations Within "CAPS" (Continued)						
Borough Prosecutor:						
Other Expenses	\$ 6,300.00	\$ 6,300.00	\$ 6,300.00		-	
Public Works:						
Streets & Roads:						
Salaries and Wages	314,000.00	295,250.00	283,058.22		\$ 12,191.78	
Other Expenses	67,900.00	67,900.00	31,943.11	\$ 21,277.02	14,679.87	
Solid Waste Collection:						
Salaries & Wages	58,500.00	58,500.00	55,785.16		2,714.84	
Other Expenses	50,000.00	50,000.00	28,641.07	8,510.00	12,848.93	
Public Buildings and Grounds:						
Other Expenses	33,000.00	33,000.00	25,335.36	3,078.29	4,586.35	
Road Construction and Related Expenses						
Due to Hurricane Irene - Special Emergency		250,000.00	240,469.00		9,531.00	
Vehicle Maintenance:						
Other Expenses	55,100.00	55,100.00	23,268.44	17,943.18	13,888.38	
Utility Expenses and Bulk Purchases:						
Electricity	27,000.00	29,500.00	26,549.00	1,773.71	1,177.29	
Street Lighting	9,600.00	11,600.00	10,016.61	818.19	765.20	
Telephone	11,000.00	11,000.00	9,424.77	697.15	878.08	
Natural Gas	11,600.00	11,600.00	7,166.86	2,281.00	2,152.14	
Gasoline	60,000.00	65,000.00	57,048.37	2,951.63	5,000.00	
Printing & Postage	7,500.00	7,500.00	7,500.00			
Landfill/Solid Waste Disposal Costs:						
Landfill Fees	155,000.00	155,000.00	109,174.89	27,000.00	18,825.11	
Uniform Construction Code:						
Construction Code Official:						
Salaries and Wages	13,000.00	14,000.00	13,516.36		483.64	
Other Expenses	24,200.00	24,200.00	20,938.51		3,261.49	
Zoning Code Enforcement Officer:						
Salaries and Wages	11,800.00	12,200.00	12,116.49		83.51	
Other Expenses	300.00	300.00			300.00	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2011

	<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>	
Operations Within "CAPS" (Continued)						
Municipal Court:						
Salaries and Wages	\$ 32,200.00	\$ 32,200.00	\$ 29,751.11		\$ 2,448.89	
Other Expenses	3,500.00	3,500.00	3,196.37	\$ 179.00	124.63	
Public Defender						
Salaries and Wages	1,700.00	1,700.00			1,700.00	
Total Operations - Within "CAPS"	2,568,734.00	2,818,734.00	2,451,456.14	110,327.13	256,950.73	
Contingent	500.00	500.00			500.00	
Total Operations Including Contingent - within "CAPS"	2,569,234.00	2,819,234.00	2,451,456.14	110,327.13	257,450.73	
Detail:						
Salaries and Wages	1,334,409.00	1,319,409.00	1,276,595.02		42,813.98	
Other Expenses	1,234,825.00	1,499,825.00	1,174,861.12	110,327.13	214,636.75	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees Retirement System	57,501.00	57,501.00	57,501.00			
Social Security System (O.A.S.I.)	104,000.00	104,000.00	102,626.07		1,373.93	
Police and Firemen's Retirement System	149,159.00	149,159.00	149,159.00			
Defined Contribution Retirement Fund	3,000.00	3,000.00	1,435.76		1,564.24	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	313,660.00	313,660.00	310,721.83		2,938.17	
Total General Appropriations - For Municipal Purposes Within "CAPS"	2,882,894.00	3,132,894.00	2,762,177.97	110,327.13	260,388.90	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2011

	<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>	
Operations Excluded from "CAPS":						
Recycling Tax	\$ 5,800.00	\$ 5,800.00			\$ 5,800.00	
Shared Service Agreements:						
Tax Collector						
Salaries and Wages		9,600.00	\$ 9,519.24		80.76	
Other Expenses		8,352.38	819.18		7,533.20	
Public and Private Programs Offset By Revenues:						
Municipal Alliance for Alcoholism and Drug Abuse						
State Share	10,000.00	10,000.00	10,000.00			
Borough Share	2,500.00	2,500.00	2,500.00			
Recycling Tonnage Grant	9,684.16	23,711.37	23,711.37			
Clean Communities	8,877.47	8,877.47	8,877.47			
Drunk Driving Enforcement Fund	2,000.00	7,000.00	7,000.00			
Burlington County Park Improvements	50,000.00	50,000.00	50,000.00			
Over the Limit	4,400.00	4,400.00	4,400.00			
Shared Services Grant	2,950.00	2,950.00	2,950.00			
Body Armor	1,747.27	1,747.27	1,747.27			
Total Operations - Excluded From "CAPS"	<u>97,958.90</u>	<u>134,938.49</u>	<u>121,524.53</u>		<u>13,413.96</u>	
Detail:						
Salaries and Wages		9,600.00	9,519.24		80.76	
Other Expenses	<u>97,958.90</u>	<u>125,338.49</u>	<u>112,005.29</u>		<u>13,333.20</u>	
Capital Improvements - Excluded From "CAPS"						
NJ Transportation Trust Fund		150,000.00	150,000.00			
Total Capital Improvements - Excluded From "CAPS"		<u>150,000.00</u>	<u>150,000.00</u>			

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2011

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	\$ 270,000.00	\$ 270,000.00	\$ 270,000.00			
Interest on Bonds	38,201.26	38,201.26	38,199.84			\$ 1.42
Loan Repayment - Principal	392,881.05	392,881.05	392,881.05			
Loan Repayment - Interest	144,619.57	144,619.57	144,619.57			
Total Municipal Debt Service - Excluded From "CAPS"	845,701.88	845,701.88	845,700.46			1.42
Deferred Charges - Municipal - Excluded From "CAPS"						
Special Emergency Authorizations	32,000.00	32,000.00	32,000.00			
Total Deferred Charges - Municipal - Excluded From "CAPS"	32,000.00	32,000.00	32,000.00			
Total General Appropriations for Municipal Purposes Excluded From "CAPS"	975,660.78	1,162,640.37	1,149,224.99	\$ -	\$ 13,413.96	1.42
Subtotal General Appropriations	3,858,554.78	4,295,534.37	3,911,402.96	110,327.13	273,802.86	1.42
Reserve for Uncollected Taxes	402,946.19	402,946.19	402,946.19			
TOTAL GENERAL APPROPRIATIONS	\$ 4,261,500.97	\$ 4,698,480.56	\$ 4,314,349.15	\$ 110,327.13	\$ 273,802.86	\$ 1.42
Analysis of Budget After Modification:						
Original Budget		\$ 4,261,500.97				
Appropriation by 40A: 4-87		186,979.59				
Special Emergency 40A:4-53		250,000.00				
Total		<u>\$ 4,698,480.56</u>				
Analysis of Expended - Paid or Charged:						
Reserve for Federal and State Grants			\$ 261,186.11			
Deferred Charges - Emergency			32,000.00			
Reserve for Uncollected Taxes			402,946.19			
Disbursed			<u>3,618,216.85</u>			
Total			<u>\$ 4,314,349.15</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, 2011 and 2010

<u>ASSETS</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Animal Control Fund:			
Cash - Treasurer	B-1	\$ 10,719.34	\$ 12,819.12
Other Funds:			
Cash - Treasurer	B-1	35,894.55	67,328.23
Due from Current Fund	A	48,000.00	48,408.22
Total Other Funds		<u>83,894.55</u>	<u>115,736.45</u>
Total		<u>\$ 94,613.89</u>	<u>\$ 128,555.57</u>
 <u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to State Department of Health		\$ 4.40	\$ 23.40
Accounts Payable	B-2		150.00
Reserve for Animal Control Fund Expenditures	B-2	10,714.94	12,645.72
Total Animal Control Fund		<u>10,719.34</u>	<u>12,819.12</u>
Other Funds:			
Due to Current Fund	A	685.40	4,601.96
Reserve for Unemployment Compensation Trust	B-5	5,317.10	3,111.25
Reserve for Street Opening Deposits		7,502.70	7,792.13
Reserve for Planning and Zoning Escrow Deposits	B-4	5,997.50	38,529.85
Reserve for Public Defender Fund	B-6	705.86	1,540.06
Reserve for Special Law Enforcement Fund	B-8	1,903.44	1,903.44
Reserve for Compensated Absences	B-7	48,000.00	48,000.00
Payroll Deductions Payable	B-3	13,782.55	10,257.76
Total Other Funds		<u>83,894.55</u>	<u>115,736.45</u>
Total		<u>\$ 94,613.89</u>	<u>\$ 128,555.57</u>

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, 2011 and 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Cash	C-2	\$ 674,192.33	\$ 2,411,387.39
Investments - Bond Anticipation Notes	D-14	1,311,000.00	
Deferred Charges to Future Taxation:			
Funded		7,511,829.89	8,174,710.94
Unfunded	C-4	1,996,299.41	1,734,099.41
Due from Federal & State Grant Fund	A	<u>50,000.00</u>	<u>50,000.00</u>
 Total		 <u>\$ 11,543,321.63</u>	 <u>\$ 12,370,197.74</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds	C-7	\$ 576,000.00	\$ 846,000.00
Encumbrances Payable	C-3, C-6	89,049.83	165,663.05
Due to Current Fund	A	12.60	77.79
EDA Loan Payable	C-8	6,935,829.89	7,328,710.94
Improvement Authorizations:			
Funded	C-6	662,450.20	664,484.20
Unfunded	C-6	1,101,301.76	1,007,784.41
Capital Improvement Fund	C-5	2,257.76	16,057.76
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 Payment of Debt Service Costs	C-3	1,986,405.58	2,151,405.58
Fund Balance	C-1	<u>151,419.01</u>	<u>151,419.01</u>
 Total		 <u>\$ 11,543,321.63</u>	 <u>\$ 12,370,197.74</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, 2011

Balance December 31, 2010	\$ 151,419.01
	<hr/>
Balance December 31, 2011	<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, 2011 and 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>			
Operating Fund:			
Cash - Treasurer	D-5	\$ 597,957.38	\$ 414,139.23
Due from Sewer Utility Capital Fund	D	5.31	51,552.61
Receivables with Full Reserves:			
Sewer Service Charges Receivable	D-7	144,299.28	121,145.98
Sewer Service Lien Receivable	D-8	<u>4,173.70</u>	<u>2,773.70</u>
Total Operating Fund		<u>746,435.67</u>	<u>589,611.52</u>
Capital Fund:			
Cash - Treasurer	D-5	372,273.68	545,036.59
Fixed Capital	D-10	5,068,641.40	5,068,641.40
Fixed Capital Authorized & Uncompleted	D-11	841,900.00	700,000.00
Total Capital Fund		<u>6,282,815.08</u>	<u>6,313,677.99</u>
Total		<u>\$ 7,029,250.75</u>	<u>\$ 6,903,289.51</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, 2011 and 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves	D-4, D-9	\$ 93,671.04	\$ 72,015.21
Encumbrances Payable	D-4, D-9	31,835.78	45,033.86
Prepaid Sewer Service Charges	D-5, D-7	45,628.04	44,272.46
Sewer Rent Overpayments		1,533.47	430.18
Accrued Interest on Bonds and Notes		10,604.13	17,930.54
		<u>183,272.46</u>	<u>179,682.25</u>
Total			
Reserve for Receivables	D	148,472.98	123,919.68
Fund Balance	D-1	414,690.23	286,009.59
		<u>746,435.67</u>	<u>589,611.52</u>
Total Operating Fund			
Capital Fund:			
Serial Bonds	D-13	198,000.00	388,000.00
Bond Anticipation Notes Payable	D-14	1,311,000.00	1,386,000.00
Encumbrances Payable	D-12	165,833.27	
Due to Sewer Utility Operating Fund	D	5.31	51,552.61
Improvement Authorization			
Funded	D-12	4,779.98	23,000.00
Unfunded	D-12	334,342.30	461,271.16
Reserve for Amortization	D-16	3,856,550.97	3,666,550.97
Deferred Reserve for Amortization	D-17	396,095.00	314,000.00
Capital Improvement Fund	D-15	3,458.25	10,553.25
Capital Fund Balance	D-2	12,750.00	12,750.00
		<u>6,282,815.08</u>	<u>6,313,677.99</u>
Total Capital Fund			
Total		<u>\$ 7,029,250.75</u>	<u>\$ 6,903,289.51</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 99,455.00	\$ 208,096.20
Sewer Service Charges	1,229,501.42	1,171,385.65
Miscellaneous	37,259.79	24,762.78
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	<u>66,571.41</u>	<u>56,477.67</u>
Total Revenues	<u>1,432,787.62</u>	<u>1,460,722.30</u>
Expenditures:		
Operating	845,600.00	883,600.00
Debt Service	297,602.26	306,236.75
Deferred Charges and Statutory Expenditures	60,000.00	50,500.00
Refund of Sewer Service Charges	<u>1,449.72</u>	<u>270.56</u>
Total Expenditures	<u>1,204,651.98</u>	<u>1,240,607.31</u>
Excess in Revenues	228,135.64	220,114.99
Fund Balance January 1	<u>286,009.59</u>	<u>273,990.80</u>
	514,145.23	494,105.79
Decreased by Utilization by Sewer Utility Operating Budget	<u>99,455.00</u>	<u>208,096.20</u>
Fund Balance Balance December 31	<u>\$ 414,690.23</u>	<u>\$ 286,009.59</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, 2011 and 2010

Balance December 31, 2010	\$ 12,750.00
Increased by - Improvement Authorization Canceled	<hr/>
Balance December 31, 2011	<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, 2011

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Fund Balance	\$ 99,455.00	\$ 99,455.00	
Sewer Service Charges	<u>1,125,000.00</u>	<u>1,229,501.42</u>	<u>\$ 104,501.42</u>
Total	1,224,455.00	1,328,956.42	104,501.42
Miscellaneous	<u> </u>	<u>37,259.79</u>	<u>37,259.79</u>
Total	<u>\$ 1,224,455.00</u>	<u>\$ 1,366,216.21</u>	<u>\$ 141,761.21</u>

Analysis of Realized Revenues

Sewer Service Charges:

Consumer Accounts Receivable:

Collections - 2011

\$ 1,185,228.96

Prepayments Applied

44,272.46

Total

\$ 1,229,501.42

Miscellaneous:

Sewer Late Fee Charges

\$ 23,710.24

Interest Earned on Investments

7,147.55

Connection Fees

500.00

Sump Pump Fees

1,275.00

Prior Year Expenditures Refunded

4,621.6937,254.48

Due from Sewer Capital Fund

5.31

Total

\$ 37,259.79

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, 2011

	<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	\$ 270,000.00	\$ 270,000.00	\$ 250,001.72		\$ 19,998.28	
Other Expenses	575,600.00	575,600.00	481,065.05	\$ 31,835.78	62,699.17	
Debt Service:						
Payment of Bond Principal	198,000.00	198,000.00	190,000.00			\$ 8,000.00
Payment of Note Principal	75,000.00	75,000.00	75,000.00			
Interest on Bonds	20,855.00	20,855.00	15,748.75			5,106.25
Interest on Notes	25,000.00	25,000.00	16,853.51			8,146.49
Statutory Expenditures:						
Public Employees Retirement System	30,500.00	30,500.00	30,500.00			
Social Security System	25,000.00	25,000.00	16,849.09		8,150.91	
Defined Contribution Retirement	4,000.00	4,000.00	1,431.98		2,568.02	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	500.00	500.00	245.34		254.66	
Total	\$ 1,224,455.00	\$ 1,224,455.00	\$ 1,077,695.44	\$ 31,835.78	\$ 93,671.04	\$ 21,252.74

Analysis of Paid or Charged:

Interest on Bonds and Notes	\$ 32,602.26
Disbursed	1,045,093.18
Total	\$ 1,077,695.44

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

BOROUGH OF MEDFORD LAKES

ACCOUNT GROUP

Statement of General Fixed Assets Group of Accounts
For the Year Ended December 31, 2011

	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2011</u>
General Fixed Assets:				
Buildings	\$ 6,609,023.26			\$ 6,609,023.26
Improvements Other Than to Buildings	9,866.20			9,866.20
Furniture and Equipment	549,050.00	\$ 49,998.00		599,048.00
Vehicles and Equipment	1,692,786.00	461,451.00		2,154,237.00
	<hr/>	<hr/>	<hr/>	<hr/>
Total General Fixed Assets	<u>8,860,725.46</u>	<u>511,449.00</u>	<u>-</u>	<u>9,372,174.46</u>
Total Investment in General Fixed Assets	<u>\$ 8,860,725.46</u>	<u>\$ 511,449.00</u>	<u>\$ -</u>	<u>\$ 9,372,174.46</u>

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

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2011**

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, 2011 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.

Criteria for determining if other entities are potential component units which should be reported within the Borough's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600. The application of these criteria provides for identification of any entities for which the Borough is financially accountable and other organizations that the nature and significance of their relationship with the Borough are such that exclusion would cause the Borough's basic financial statements to be misleading or incomplete.

Based on the application of these criteria, there were 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, 2011**

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. No depreciation of general fixed assets is recorded.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2011**

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

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 and sick leave 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. Revenue 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, 2010 and decreased by the amount deferred at December 31, 2011.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2011**

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 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 31st, 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 have been presented in the accompanying statements of assets, liabilities, reserves and fund balance 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 Related to Deposits - With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the Borough's deposits may not be returned to it. 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 Unit. Banks that qualify as public depositories under New Jersey statutes hold cash deposits, with bank balances totaling \$2,544,215.87 at December 31, 2011. All deposits are insured by federal depository insurance and/or collateralized with securities held in New Jersey's multiple financial institution collateral pool as required by N.J.S.A. 17:9-41 et seq.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2011**

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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Total Tax Rate	<u>\$ 2.778</u>	<u>\$ 2.757</u>	<u>\$ 5.259</u>	<u>\$ 5.225</u>	<u>\$ 5.110</u>
Apportionment of Tax Rate:					
Municipal	.587	.590	1.153	1.141	1.099
County	.402	.410	.804	.808	.815
Local School	1.228	1.215	2.317	2.247	2.113
Regional High School	.561	.542	.985	1.029	.992

<u>Assessed Valuation</u>	<u>Amount</u>
2011	\$ 453,665,850
2010	456,281,111
2009	233,569,538
2008	233,569,538
2007	232,075,420

Note – A revaluation was added in 2010.

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2011	\$ 12,611,157	\$ 12,329,509	97.77 %
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

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>
2011	\$ 15,453	\$ 245,332	\$ 260,785	2.07 %
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

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>
2011	1
2010	1
2009	0
2008	0
2007	0

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2011**

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 Collections</u>	<u>Percentage</u>
	<u>Receivables</u>	<u>Liens</u>				
2011	\$ 121,146	0	\$ 1,254,055	\$ 1,375,201	\$ 1,229,501	89.41 %
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

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 December 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>			
2011	\$ 893,060	\$ 500,000 *	55.99 %
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
<u>Sewer Utility Operating Fund</u>			
2011	\$ 414,690	\$ 38,750 *	9.34 %
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

* As introduced on March 14, 2012

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, 2011:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 698.00	\$ 48,000.00
Federal and State Grant Fund		50,000.00
Trust Fund:		
Other Funds	48,000.00	685.40
General Capital Fund	50,000.00	12.60
Sewer Utility:		
Operating Fund	5.31	
Capital Fund		5.31
	<u>\$ 98,703.31</u>	<u>\$ 98,703.31</u>

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2011**

NOTE 7. PENSION PLANS

Substantially all of the Borough's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Police and Firemen's Retirement System (PFRS), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes 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, 08625-0295.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in 1955. The PERS 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 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 and continuing each year until the rate reaches 7.5% in July 2018. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

The Borough is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions are detailed below.

Police and Firemen's Retirement System (PFRS)

The Police and Firemen's Retirement System was established in 1944. The PFRS 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. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 10%. 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 are detailed below.

	<u>2011</u>		<u>2010</u>		<u>2009</u>	
	<u>PERS</u>	<u>PFRS</u>	<u>PERS</u>	<u>PFRS</u>	<u>PERS</u>	<u>PFRS</u>
Normal Contribution	\$ 31,537	\$ 82,556	\$ 28,441	\$ 80,638	\$ 33,271	\$ 78,548
Accrued Liability	50,252	59,594	36,544	52,409	38,482	49,272
Total Regular Contributions	81,789	142,150	64,985	133,047	71,753	127,820
Non-Contributory Group						
Life Insurance	6,212	7,009	9,012	7,548	8,919	5,835
Total Due	\$ 88,001	\$ 149,159	\$ 73,997	\$ 140,595	\$ 80,672	\$ 133,655

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program 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), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered by Prudential Financial on behalf of the Divisions of Pensions and Benefits. 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.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2011**

NOTE 7. PENSION PLANS (CONTD)

Defined Contribution Retirement Program (DCRP)

The contribution requirements of plan members are determined by State statute. 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. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2012 and continuing each year until the rate reaches 7.5% in July 2018. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. The employee contributions along with the Borough's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The Borough's contributions to the DCRP were as follows:

<u>Year</u>	<u>Total Liability</u>	<u>Employee Contribution</u>	<u>Borough Contribution</u>
2011	\$ 8,380	\$ 4,537	\$ 3,843
2010	6,468	4,781	1,687
2009	1,012	460	552

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

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The financial statements of the Borough are not prepared in accordance with Governmental Standards Board Statement No. 45. The following information is provided in accordance with the requirements of the Statement.

Plan Description – The Borough contributes to the State Health Benefits Program ("SHBP"), a cost-sharing multiple-employer defined benefit postemployment 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. The Borough's defined benefit postemployment healthcare plan provides post employment health care benefits, at its cost, to certain retired employees. A Borough employee will receive paid health insurance benefits upon retirement from the Borough provided they 1) retire from the Borough with at least twenty-five years of service in the New Jersey Public Employees Retirement System, 2) retire from the Borough with at least twenty years of service with the Borough, and 3) at the time of retirement the employee is at least sixty-two years of age. Retirees will not be eligible to receive paid health coverage for their spouses or for their dependents.

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

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. During the year 2011, there were no retired employees who received this benefit.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2011**

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 limited to a maximum of 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, 2011, accrued benefits for compensated absences are valued at \$373,059.66.

The Borough has established a Compensated Absences Trust Fund to set aside funds for the future payments of compensated absences. At December 31, 2011 the balance of the fund is \$48,000.00.

NOTE 10. DEFERRED COMPENSATION SALARY ACCOUNT

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and which have been approved by the Director of the Division of Local Government Services. The plan, available to all full time employees at their option, permits them to defer a portion of their salary to future years. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs.

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.

Commercial Insurance Coverage - The Borough maintains commercial insurance coverage for property and general liability, health benefits, boiler and machinery, surety bonds, crime, public officials' liability, and excess liability coverage for workers compensation and disability benefits.

Joint Insurance Pool - The Borough is a member of the Camden County Insurance Pool Joint Insurance Fund. The Fund offers the following lines of coverage to its members: general liability, automobile liability, property, fidelity and performance, boiler and machinery, workers' compensation, police professional, public officials and employment practices liability.

Annual contributions to the Fund are based on actuarial assumptions determined by the Fund's actuary. 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.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2011**

NOTE 12. NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE

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>
2011	\$ 29	\$ 2,604	\$ 427	\$ 5,317
2010	18	2,831	4,960	3,111
2009	6,006	3,386	11,675	5,222

NOTE 13. CAPITAL DEBT

Summary of Municipal Debt

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Issued:			
General Bonds and Notes	\$ 576,000	\$ 846,000	\$ 1,106,000
Sewer Utility Bonds and Notes	1,509,000	1,774,000	1,339,000
EPA Loans	6,935,830	7,328,711	7,713,851
Total Debt Issued	<u>9,020,830</u>	<u>9,948,711</u>	<u>10,158,851</u>
Authorized But Not Issued:			
General Bonds and Notes	1,996,299	1,734,099	1,592,287
Sewer Utility Bonds and Notes	148,895	14,090	860,000
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 11,166,024</u>	<u>\$ 11,696,900</u>	<u>\$ 12,611,138</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, 2011 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%	\$ 576,000
Sewer Utility Bonds of 1992	07/01/2012	5.375%	<u>198,000</u>
Total			<u>\$ 774,000</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 .53%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 3,965,000	\$ 3,965,000	
Regional High School District Debt	2,356,756	2,356,756	
Sewer Utility Debt	1,657,895	1,657,895	
General Debt	<u>9,508,129</u>	<u>6,935,830</u>	<u>\$ 2,572,299</u>
Total	<u>\$ 17,487,780</u>	<u>\$ 14,915,481</u>	<u>\$ 2,572,299</u>

Net Debt, \$2,572,299 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$483,720,442 equals .53%.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2011**

NOTE 13. CAPITAL DEBT (CONT'D)

Equalized Valuation Basis:

	2009	\$ 490,316,309
	2010	482,379,062
	2011	<u>478,465,956</u>
Average		<u>\$ 483,720,442</u>

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

3-1/2% of Equalized Valuation Basis (Municipal)	\$ 16,930,215
Net Debt	<u>2,572,299</u>
Remaining Borrowing Power	<u>\$ 14,357,916</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	\$ 1,366,216
Deductions:	
Operating and Maintenance Costs	\$ 905,600
Debt Service Costs	<u>297,602</u>
	<u>1,203,202</u>
Excess in Revenue	<u>\$ 163,014</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>	
2012	\$ 285,000	\$ 24,701	\$ 198,000	\$ 10,623	\$ 507,701
2013	291,000	12,731			303,731
Total	<u>\$ 576,000</u>	<u>\$ 37,432</u>	<u>\$ 198,000</u>	<u>\$ 10,623</u>	<u>\$ 811,432</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.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2011**

NOTE 13. CAPITAL DEBT (CONT'D)

As of December 31, 2011, 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	\$ 611,000	1.38%	October 12, 2012
Sewer Utility Capital	\$ 700,000	1.38%	June 6, 2012

NJDEP Loan Payable

The Borough has received \$6,935,829 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>
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	433,985	103,516	537,501
2017-21	2,304,332	383,171	2,687,503
2022-26	2,545,416	142,087	2,687,503
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 6,935,829</u>	<u>\$ 1,126,679</u>	<u>\$ 8,062,508</u>

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:

	Local District School Tax		Regional High School Tax	
	Balance Dec. 31, 2010	Balance Dec. 31, 2011	Balance Dec. 31, 2010	Balance Dec. 31, 2011
Balance of Tax	\$ 2,437,964.58	\$ 2,602,648.08	\$ 1,570,094.47	\$ 1,607,459.17
Deferred	<u>666,689.81</u>	<u>666,689.81</u>	<u>291,811.49</u>	<u>291,811.49</u>
Tax Payable	<u>\$ 1,921,274.77</u>	<u>\$ 1,935,958.27</u>	<u>\$ 1,278,282.98</u>	<u>\$ 1,315,647.68</u>

NOTE 15. 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.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2011**

NOTE 16. 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:

	Balance December 31, 2011	2012 Budget Appropriation	Balance to Succeeding Years
Current Fund:			
Revaluation Program	\$ 60,000	\$ 30,000	\$ 30,000
Revision of Tax Map	4,000	2,000	2,000
Hurricane Irene	250,000	50,000	200,000
Total	\$ 314,000	\$ 82,000	\$ 232,000

The appropriations in the 2012 Budget as introduced are not less than that required by the statutes.

NOTE 17. 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, 2011

	<u>CURRENT FUND</u>	<u>FEDERAL AND STATE GRANT FUND</u>
Balance December 31, 2010	\$ 4,530,917.26	\$ -
Receipts:		
Taxes Receivable	\$ 12,417,397.14	
Prepaid 2012 Taxes	91,419.14	
Revenue Accounts Receivable	911,093.98	
Interest on Delinquent Taxes	52,619.59	
Reserve for Farmers Market	7,837.00	
Reserve for POAA	8.00	
Tax Overpayments	7,521.93	
Due from Other Trust Fund	3,937.43	
Due from General Capital Fund	77.79	
Due from State of New Jersey - Senior Citizens and Veterans Deductions	54,500.00	
Due to State of New Jersey:		
Marriage License Fees	453.00	
DCA Training Fees	2,981.00	
Federal and State Grants Receivable		\$ 369,146.07
Miscellaneous Revenue Not Anticipated	54,076.88	
Due from Federal and State Grant Fund	58,852.09	
Matching Funds for State Grants		2,500.00
Total Receipts	<u>13,662,774.97</u>	<u>371,646.07</u>
Total Funds Available	<u>18,193,692.23</u>	<u>371,646.07</u>
Disbursements:		
2011 Appropriations	3,618,216.85	
Matching Funds for State Grants	2,500.00	
Change Fund	200.00	
County Taxes Payable	1,812,891.19	
Due County for Added Taxes	351.12	
Refund of Tax Overpayments	5,743.17	
Due to Current Fund		58,852.09
Due to State of New Jersey:		
Marriage License Fees	475.00	
DCA Training Fees	2,385.00	
Local District School Tax	5,557,909.50	
Regional High School Tax	2,512,145.79	
2010 Appropriation Reserves and		
Reserve for Encumbrances	131,728.80	
Accounts Payable	40,249.58	
Reserve for Revaluation Costs	2,508.50	
Reserve for Farmers Market	6,940.32	
Reserve for Federal and State Grant Funds:		
Appropriated		87,969.74
Total Disbursements	<u>13,694,244.82</u>	<u>146,821.83</u>
Balance December 31, 2011	<u>\$ 4,499,447.41</u>	<u>\$ 224,824.24</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Cash - Collector
For the Year Ended December 31, 2011

Balance December 31, 2010	\$ 10,212.68
Receipts:	
Tax Sale Premiums	<u>190,721.39</u>
Total Funds Available	<u>200,934.07</u>
Disbursements:	
Refund of Tax Premiums Redeemed	<u>175,586.62</u>
Balance December 31, 2011	<u>\$ 25,347.45</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2011

Year	Balance	Added Taxes	2011 Levy	Collections by Cash		State Share of Senior Citizen and Veterans Deductions Allowed	Transfer to Tax Title Liens	Canceled	Balance
	December 31, 2010			2010	2011				December 31, 2011
2008	\$ 4,576.00								\$ 4,576.00
2009	6,642.12	\$ 250.00			\$ 250.00				6,642.12
2010	229,704.22	(250.00)			223,215.32	\$ 295.69			5,943.21
	240,922.34				223,465.32	295.69			17,161.33
2011			\$ 12,611,157.20	\$ 72,881.80	12,193,931.82	62,695.02	\$ 4,200.34	\$ 49,277.52	228,170.70
Total	\$ 240,922.34	\$ -	\$ 12,611,157.20	\$ 72,881.80	\$ 12,417,397.14	\$ 62,990.71	\$ 4,200.34	\$ 49,277.52	\$ 245,332.03

ANALYSIS OF PROPERTY TAX LEVY

Tax Yield:	
General Purpose Tax	\$ 12,551,622.24
Added and Omitted Taxes (54:4-63.1 et. seq.)	5,534.96
Senior Citizens and Veterans Deductions Allowed Per Original Levy	<u>54,000.00</u>
Total	<u>\$ 12,611,157.20</u>

Tax Levy:	
Local District School Tax (Abstract)	\$ 5,572,593.00
Regional High School District Tax (Abstract)	2,549,510.49
County Taxes:	
County Tax (Abstract)	\$ 1,480,642.55
County Library Tax (Abstract)	140,719.75
County Open Space Tax (Abstract)	191,528.89
Amount Due County for Added Taxes (54:4-63.1 et.seq.)	<u>749.02</u> 1,813,640.21
Local Tax for Municipal Purposes	2,664,942.07
Additional Tax Levies	<u>10,471.43</u> 2,675,413.50
Total	<u>\$ 12,611,157.20</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Tax Title Liens
For the Year Ended December 31, 2011

Balance December 31, 2010		\$ 11,252.85
Increased by:		
Transfers from Taxes Receivable	\$ 4,200.34	
Interest and Penalty		
	<hr/>	<hr/>
		4,200.34
Total		15,453.19
Decreased by:		
Cash Received		
		<hr/>
Balance December 31, 2011		<u>\$ 15,453.19</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

**Schedule of Revenue Accounts Receivable
For the Year Ended December 31, 2011**

	Balance December 31, <u>2010</u>	Accrued in <u>2011</u>	<u>Collected</u>	Balance December 31, <u>2011</u>	<u>Remarks</u>
Borough Clerk:					
Alcohol Licenses		\$ 1,431.00	\$ 1,431.00		
Historic Commission Permits		90.00	90.00		
Street Opening Permits		6,600.00	6,600.00		
Firearm Permits		51.00	51.00		
Zoning Permits		5,620.00	5,620.00		
Land Use Board Fees		650.00	650.00		
Tree Removal Permits		2,460.00	2,460.00		
Towing Permit Fees		750.00	750.00		
Fire Official - Uniform Fire Safety - Fees and Permits		10,974.17	10,974.17		
Construction Official - Fees and Permits		54,335.00	54,335.00		
Energy Receipt Taxes		255,202.00	255,202.00		
Consolidated Municipal Property Tax Relief		34,398.00	34,398.00		
Municipal Court - Fines and Costs	\$ 5,395.66	69,123.56	69,607.28	\$ 4,911.94	Dec. Receipts
Interest on Investments and Bank Deposits		65,138.66	65,138.66		
Reserve for Payment of Debt		165,000.00	165,000.00		
Shared Services Agreement		13,464.28	13,464.28		
Rental of Cell Tower Space		170,932.41	170,932.41		
Cable TV Franchise Fees	54,390.18	57,313.05	54,390.18	57,313.05	2011 Allotment
Total	\$ 59,785.84	\$ 913,533.13	\$ 911,093.98	\$ 62,224.99	

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of 2010 Appropriation Reserves
For The Year Ended December 31, 2011

	Balance December 31, 2010		Balance After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Salaries and Wages:					
General Administration	\$ 97.48		\$ 97.48		\$ 97.48
Mayor and Council	5.00		5.00		5.00
Borough Clerk	86.44		86.44		86.44
Financial Administration	739.72		739.72		739.72
Collection of Taxes	785.98		785.98		785.98
Assessment of Taxes	166.75		166.75		166.75
Historic Preservation Commission	16.78		16.78		16.78
Planning Board	50.18		50.18		50.18
Police	12,914.84		12,914.84		12,914.84
Office of Emergency Management	2,000.08		2,000.08		2,000.08
Fire Official	62.04		62.04		62.04
Streets and Roads	24,894.12		24,894.12		24,894.12
Solid Waste Collection	3,276.77		3,276.77		3,276.77
Environmental	13.72		13.72		13.72
Construction Official	228.00		228.00		228.00
Zoning Code Enforcement	1,454.94		1,454.94		1,454.94
Municipal Court	51.11		51.11		51.11
Other Expenses:					
General Administration	4,142.75	\$ 778.09	4,920.84	\$ 1,664.61	3,256.23
Mayor and Council	250.00		250.00		250.00
Borough Clerk	4,741.21	66.58	4,807.79	4,355.17	452.62
Financial Administration	691.12	99.00	790.12		790.12
Computerized Data Processing	242.05	115.00	357.05	146.25	210.80
Collection of Taxes	1,863.70		1,863.70	120.75	1,742.95
Assessment of Taxes	399.76	3,830.00	4,229.76	3,830.00	399.76
Legal Services	44.75	4,852.77	4,897.52	500.00	4,397.52
Engineering Services	2,669.05	4,000.00	6,669.05	4,000.00	2,669.05
Historic Preservation Commission	100.00		100.00		100.00
Planning Board	225.92	5,200.00	5,425.92	5,209.10	216.82
Insurance					
Unemployment Compensation	2,010.65		2,010.65	47.68	1,962.97
Employee Group Insurance	36,368.39		36,368.39	18,070.15	18,298.24
Liability insurance	594.14		594.14		594.14
Police	1,390.03	15,032.61	16,422.64	9,986.43	6,436.21
Office of Emergency Management	2,432.44		2,432.44		2,432.44
Aid to Volunteer Ambulance Companies	1,651.56	5,374.55	7,026.11	3,872.39	3,153.72
Fire	8,561.16	13,205.38	21,766.54	9,165.42	12,601.12
Fire Official	1,003.97		1,003.97		1,003.97
Streets and Roads	13,599.06	7,250.54	20,849.60	2,897.82	17,951.78
Solid Waste Collection	11,600.10	9,480.00	21,080.10	8,731.38	12,348.72
Public Buildings and Grounds	8,733.01	55.80	8,788.81	295.80	8,493.01
Vehicle Maintenance	12,415.80	20,643.60	33,059.40	20,423.10	12,636.30
Forward	162,574.57	89,983.92	252,558.49	93,316.05	159,242.44

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of 2010 Appropriation Reserves
For The Year Ended December 31, 2011

	<u>Balance December 31, 2010</u>		<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Reserved</u>	<u>Encumbered</u>			
Forward	\$ 162,574.57	\$ 89,983.92	\$ 252,558.49	\$ 93,316.05	\$ 159,242.44
Other Expenses (Cont'd):					
Construction Code Official	941.39	834.36	1,775.75		1,775.75
Zoning Code Enforcement	300.00		300.00		300.00
Municipal Court	1,522.34	238.00	1,758.34	318.89	1,439.45
Electricity	5,189.51	2,548.00	7,737.51	1,935.79	5,801.72
Street Lighting	29.08	853.00	882.06	856.06	26.00
Telephone	2,059.01	654.00	2,713.01	632.90	2,080.11
Natural Gas	1,873.72	1,800.00	3,673.72	2,279.88	1,393.84
Gasoline	6,085.65	4,500.00	10,585.65	7,242.51	3,343.14
Printing and Postage	852.64		852.64		852.64
Landfill Fees	11,727.21	26,596.01	38,323.22	24,171.14	14,152.08
Public Employees Retirement System	2,000.00		2,000.00		2,000.00
Social Security System	4,565.87		4,565.87		4,565.87
Employee Pension	477.72		477.72		477.72
Defined Contribution Retirement Fund	1,156.24		1,156.24	975.58	180.66
Other Expenses - Outside CAP:					
Recycling Tax	5,800.00		5,800.00		5,800.00
Insurance - Employee Group Insurance	5,650.00		5,650.00		5,650.00
Total	\$ 212,804.93	\$ 128,005.29	\$ 340,810.22	\$ 131,728.80	\$ 209,081.42

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Due State of New Jersey-
Senior Citizen and Veterans' Deductions
For the Year Ended December 31, 2011

<hr/>		
Balance December 31, 2010		\$ 9,020.10
Increased by:		
Cash Received		<u>54,500.00</u>
Total		63,520.10
Decreased by:		
Accrued in 2011:		
Senior Citizens Deductions Per Billings	\$ 6,750.00	
Veterans Deductions Per Billings	47,250.00	
Senior Citizens and Veteran Deductions Allowed by Collector	<u>8,695.02</u>	
	62,695.02	
Add - Prior Year Senior Citizen Deductions Allowed by Collector	<u>295.69</u>	
Total		<u>62,990.71</u>
Balance December 31, 2011		<u><u>\$ 529.39</u></u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

**Schedule of Local District School Tax Payable
For the Year Ended December 31, 2011**

<hr/>		
Balance December 31, 2010:		
School Tax Payable	\$ 1,921,274.77	
School Tax Deferred	<u>516,689.81</u>	\$ 2,437,964.58
Increased by:		
Levy - School Year July 1, 2011 to June 30, 2012		<u>5,572,593.00</u>
Total		8,010,557.58
Decreased by:		
Payments		<u>5,557,909.50</u>
Balance December 31, 2011:		
School Tax Payable	1,935,958.27	
School Tax Deferred	<u>516,689.81</u>	<u>\$ 2,452,648.08</u>
2011 Liability for Local District School Tax:		
Tax Paid		\$ 5,557,909.50
Tax Payable December 31, 2011		<u>1,935,958.27</u>
Total		7,493,867.77
Less:		
Tax Payable December 31, 2010		<u>1,921,274.77</u>
Amount Charged to 2011 Operations		<u>\$ 5,572,593.00</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

**Schedule of Regional High School Tax Payable
For the Year Ended December 31, 2011**

<hr/>		
Balance December 31, 2010:		
School Tax Payable	\$ 1,278,282.98	
School Tax Deferred	<u>291,811.49</u>	\$ 1,570,094.47
Increased by:		
Levy - School Year July 1, 2011 to June 30, 2012		<u>2,549,510.49</u>
Total		4,119,604.96
Decreased by:		
Payments		<u>2,512,145.79</u>
Balance December 31, 2011:		
School Tax Payable	1,315,647.68	
School Tax Deferred	<u>291,811.49</u>	<u>\$ 1,607,459.17</u>
2011 Liability for Local District School Tax:		
Tax Paid		\$ 2,512,145.79
Tax Payable December 31, 2011		<u>1,315,647.68</u>
Total		3,827,793.47
Less:		
Tax Payable December 31, 2010		<u>1,278,282.98</u>
Amount Charged to 2011 Operations		<u>\$ 2,549,510.49</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, 2011

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Net Amount</u> <u>Authorized</u>	<u>Balance</u> <u>December 31,</u> <u>2010</u>	<u>Increased</u> <u>In 2011</u>	<u>Decreased</u> <u>In 2011</u>	<u>Balance</u> <u>December 31,</u> <u>2011</u>
12/4/08	Revaluation Program	\$ 150,000.00	\$ 30,000.00	\$ 90,000.00		\$ 30,000.00	\$ 60,000.00
12/4/08	Tax Map	10,000.00	2,000.00	6,000.00		2,000.00	4,000.00
9/14/11	Hurricane Irene	250,000.00	50,000.00		\$ 250,000.00		250,000.00
	Total	<u>\$ 410,000.00</u>	<u>\$ 82,000.00</u>	<u>\$ 96,000.00</u>	<u>\$ 250,000.00</u>	<u>\$ 32,000.00</u>	<u>\$ 314,000.00</u>

BOROUGH OF MEDFORD LAKES

FEDERAL AND STATE GRANT FUND

Schedule of Federal and State Grants Receivable
For the Year Ended December 31, 2011

	Balance December 31, <u>2010</u>	<u>Accrued</u>	<u>Received</u>	<u>Cancelled</u>	Balance December 31, <u>2011</u>
Federal Grants:					
Total Federal					
State Grants:					
Municipal Alliance Grant	\$ 10,000.00	\$ 10,000.00	\$ 4,344.80	\$ 5,655.20	\$ 10,000.00
Clean Communities Grant		8,416.72	8,416.72		
Drunk Driving Enforcement Grant		6,533.55	6,533.55		
Recycling Tonnage Grant		14,027.21	14,027.21		
NJ Trans. Safe Streets to School	231,418.75		182,686.75		48,732.00
NJ Transportation Roadways - 2010		150,000.00	101,955.38		48,044.62
Green Acres Grant	56,000.00			56,000.00	
Body Armor Grant		1,181.66	1,181.66		
Burlington Cty Park Development		50,000.00	50,000.00		
Total State	<u>297,418.75</u>	<u>240,159.14</u>	<u>369,146.07</u>	<u>61,655.20</u>	<u>106,776.62</u>
Total	<u>\$ 297,418.75</u>	<u>\$ 240,159.14</u>	<u>\$ 369,146.07</u>	<u>\$ 61,655.20</u>	<u>\$ 106,776.62</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, 2011

	Balance December 31, <u>2010</u>	Federal and State Grant <u>Receivable</u>	Realized as Revenue <u>In 2011</u>	<u>Canceled</u>	Balance December 31, <u>2011</u>
Federal Grants:					
Over the Limit	\$ 4,400.00		\$ 4,400.00		
Total Federal	<u>4,400.00</u>		<u>4,400.00</u>		
State Grants:					
Body Armor Grant	1,747.27	\$ 1,181.66	1,747.27		\$ 1,181.66
Municipal Alliance Grant		10,000.00	10,000.00		
Clean Communities Grant	8,877.47	8,416.72	8,877.47		8,416.72
Drunk Driving Enforcement Grant	2,000.00	6,533.55	7,000.00		1,533.55
Shared Services Grant	2,950.00		2,950.00		
Recycling Tonnage Grant	9,684.16	14,027.21	23,711.37		
NJ Transportation Roadways - 2010		150,000.00	150,000.00		
Burlington County Park Grant		50,000.00	50,000.00		
Total State	<u>25,258.90</u>	<u>240,159.14</u>	<u>254,286.11</u>		<u>11,131.93</u>
Total	<u>\$ 29,658.90</u>	<u>\$ 240,159.14</u>	<u>\$ 258,686.11</u>	<u>\$ -</u>	<u>\$ 11,131.93</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, 2011

	Balance December 31, <u>2010</u>	Transferred from 2011 Budget <u>Appropriation</u>	Paid or <u>Charged</u>	<u>Canceled</u>	Balance December 31, <u>2011</u>
Federal Grants:					
FEMA Fire Safety Act Over the Limit	\$ 1.00	\$ 4,400.00			\$ 1.00 4,400.00
Total Federal	1.00	4,400.00			4,401.00
State Grants:					
Drunk Driving Enforcement Grant	1,778.95	7,000.00	\$ 5,887.66		2,891.29
Clean Communities Grant	18,805.46	8,877.47	9,326.81		18,356.12
Alcoholic Education Rehabilitation Fund	5,082.44				5,082.44
Body Armor Fund	833.48	1,747.27	669.00		1,911.75
Municipal Alliance Grant	26,203.63	12,500.00	8,484.61	\$ 5,655.20	24,563.82
Shared Services Grant		2,950.00			2,950.00
Recycling Tonnage Grant		23,711.37	11,767.66		11,943.71
Smart Future Award	4,069.64				4,069.64
Medford Lakes Colony Grant	3,000.00		691.00		2,309.00
NJ Safe Streets to School	43,133.16		1,143.00		41,990.16
NJ DOT Roadways Grant - 2010		150,000.00			150,000.00
Burlington Cty Park Development Prog. Green Acres Grant	56,000.00	50,000.00	50,000.00	56,000.00	
Total State	158,906.76	256,786.11	87,969.74	61,655.20	266,067.93
Total State Grants	\$ 158,907.76	\$ 261,186.11	\$ 87,969.74	\$ 61,655.20	\$ 270,468.93

TRUST FUND

BOROUGH OF MEDFORD LAKES

TRUST FUND

Schedule of Cash - Treasurer
For the Year Ended December 31, 2011

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2010	\$ 12,819.12	\$ 67,328.23
Receipts:		
Animal Control Fund:		
Borough Share	4,199.08	
State Share	573.00	
Due to Current Fund - Interest Earned:		
Planning and Zoning Professional Fees		158.57
Street Opening Deposits		86.58
Special Law Enforcement		17.14
Public Defender		15.80
Payroll Fund		274.81
Planning and Zoning Professional Fees - Deposits		1,058.57
Unemployment Compensation Insurance Trust		2,632.49
Street Opening Deposits		9,386.58
Public Defender Reserve		865.80
Payroll Fund:		
Net Payroll		1,144,350.27
Payroll Deductions Payable		910,418.60
Total Receipts	<u>4,772.08</u>	<u>2,069,265.21</u>
Total Funds Available	<u>17,591.20</u>	<u>2,136,593.44</u>
Disbursements:		
State of New Jersey:		
Department of Health	592.00	
Expenditures Under RS4:19-15.11	6,129.86	
Accounts Payable	150.00	
Street Opening Refunds		8,926.01
Planning and Zoning Professional Fees		33,590.92
Due to Current Fund		4,357.51
Payroll Fund:		
Net Payroll		1,144,350.27
Payroll Deductions Payable		907,347.54
Public Defender Reserve		1,700.00
Unemployment Compensation Reserve Fund Expenditures		426.64
Total Disbursements	<u>6,871.86</u>	<u>2,100,698.89</u>
Balance December 31, 2011	<u>\$ 10,719.34</u>	<u>\$ 35,894.55</u>

BOROUGH OF MEDFORD LAKES

ANIMAL CONTROL FUND

Schedule of Reserve for Animal Control Fund Expenditures
For the Year Ended December 31, 2011

<hr/>		
Balance December 31, 2010		\$ 12,645.72
Increased by:		
2011 Dog License Fees Collected	\$ 2,695.00	
2011 Cat Licenses Collected	844.60	
Miscellaneous	3.00	
Late Fees	550.00	
Interest Earned	<u>106.48</u>	
		<u>4,199.08</u>
Total		16,844.80
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Cash	6,129.86	
Statutory Excess Due to Current Fund	<u> </u>	
		<u>6,129.86</u>
Balance December 31, 2011		<u><u>\$ 10,714.94</u></u>

License Fees Collected

<u>Year:</u>	
2009	\$ 7,470.20
2010	<u>4,525.40</u>
Total	<u><u>\$ 11,995.60</u></u>

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

**Schedule of Payroll Deductions Payable
For the Year Ended December 31, 2011**

Balance December 31, 2010		\$ 10,257.76
Increased by:		
Payroll Deductions Received	\$ 910,418.60	
Due from Current Fund	<u>453.73</u>	
		<u>910,872.33</u>
Total		921,130.09
Decreased by:		
Payroll Deductions Disbursed		<u>907,347.54</u>
Balance December 31, 2011		<u><u>\$ 13,782.55</u></u>

**Schedule of Reserve For Planning and Zoning Escrow Deposits
For the Year Ended December 31, 2011**

Balance December 31, 2010		\$ 38,529.85
Increased by:		
2011 Deposits		<u>1,058.57</u>
Total		39,588.42
Decreased by:		
Disbursements		<u>33,590.92</u>
Balance December 31, 2011		<u><u>\$ 5,997.50</u></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, 2011**

Balance December 31, 2010		\$ 3,111.25
Increased by:		
Interest Earned	\$ 28.78	
Employee Withholdings	<u>2,603.71</u>	
		<u>2,632.49</u>
Total		5,743.74
Decreased by:		
Due to State Department of Labor		<u>426.64</u>
Balance December 31, 2011		<u><u>\$ 5,317.10</u></u>

**Schedule of Reserve For Public Defender Trust Fund
For the Year Ended December 31, 2011**

Balance December 31, 2010		\$ 1,540.06
Increased by:		
Fees Collected		<u>865.80</u>
		2,405.86
Decreased by:		
Due to Current Fund - Reimbursement of Salary		<u>1,700.00</u>
Balance December 31, 2011		<u><u>\$ 705.86</u></u>

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

Schedule of Reserve For Compensated Absences
For the Year Ended December 31, 2011

Balance December 31, 2010	\$ 48,000.00
Increased by:	
Due from Current Fund - Budget Appropriation	<u> </u>
Balance December 31, 2011	<u>\$ 48,000.00</u>

Schedule of Reserve For Special Law Enforcement Fund
For the Year Ended December 31, 2011

Balance December 31, 2010 and 2011	<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, 2011

Balance December 31, 2010		\$ 2,411,387.39
Receipts:		
Interest Earned on Investments	\$ 156.95	
		<u>156.95</u>
Total		2,411,544.34
Disbursements:		
Improvement Authorizations	261,129.87	
Investments - Bond Anticipation Notes - Sewer Utility	1,311,000.00	
Reserve for Payment of Debt Service Costs	165,000.00	
Due to Current Fund - Interest Earned	<u>222.14</u>	
		<u>1,737,352.01</u>
Balance December 31, 2011		<u>\$ 674,192.33</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

**Analysis of General Capital Cash and Investments
For the Year Ended December 31, 2011**

Capital Improvement Fund		\$ 2,257.76
Fund Balance		151,419.01
Encumbrances Payable		89,049.83
Due to Current Fund		12.60
Reserve for Payment of Debt Service Costs		1,986,405.58
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	9,109.32
	Improvements to Public Works Department Building	629,620.00
512	Construction of Dams	11,220.88
518	Various Road Repairs	(18,500.00)
534	Purchase of Public Works Dept. Equipment	5,000.00
550	Construction of Drainage Improvements	(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	(37,300.00)
564	Construction of Maintenance Improv. To Quoque Dam	(33,645.00)
569	Purchase of Fire Truck	(354,950.00)
581	Acquisition of Brush Chipper	(47,348.10)
581	Acquisition of Dump Truck	(47,500.00)
581	Acquisition of Police Vehicle	(28,500.00)
581	Acquisition of Natural Gas Generator	(22,534.50)
588	Acquisition of Heavy Equip for PWD	7,500.00
588	Acquisition of 4 Wheel Drive Police Vehicle	(30,743.00)
588	Improvements to Oaks Hall	(6,100.30)
588	Storm Water Drainage Improvements	(19,744.75)
		<u> </u>
	Total	<u>\$ 1,985,192.33</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of Deferred Charges to Future Taxation - Unfunded
For the Year Ended December 31, 2011

Ordinance Number	Improvement Description	Balance December 31, 2011	Analysis of Balance - December 31, 2011	
			Expenditures	Unexpended Improvement Authorizations
518	Various Road Improvements	\$ 95,450.41	\$ 18,500.00	\$ 76,950.41
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	37,300.00	228,700.00
	Construction of New Improvements to Quoque Dam	600,000.00	33,645.00	566,355.00
569	Purchase of Fire Truck	354,950.00	354,950.00	
581	Multi-purpose			
	Acquisition of Brush Chipper	50,350.00	47,348.10	3,001.90
	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	22,534.50	1,215.50
588	Multi-purpose			
	Acquisition of Heavy Equip for PWD	142,500.00		142,500.00
	Acquisition of 4 Wheel Drive Police Vehicle	33,250.00	30,743.00	2,507.00
	Improvements to Oaks Hall	33,250.00	6,100.30	27,149.70
	Storm Water Drainage Improvements	53,200.00	19,744.75	33,455.25
	Total	\$ 1,996,299.41	\$ 894,997.65	\$ 1,101,301.76
			Improvement Authorizations Unfunded:	\$ 1,101,301.76
			Less: Unexpended Proceeds of Bond Anticipation Notes Issued	
				<u>\$ 1,101,301.76</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Statement of Capital Improvement Fund
For the Year Ended December 31, 2011

Balance December 31, 2010	\$ 16,057.76
Increased by:	
2011 Budget Appropriation	<hr/>
Subtotal	16,057.76
Decreased by:	
Appropriated to Finance Improvement Authorizations	<hr/>
Balance December 31, 2011	<u>\$ 2,257.76</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of Improvement Authorizations
For the Year Ended December 31, 2011

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance December 31, 2010		2011 Authorizations		Prior Year Encumbrances	Paid or Charged	Current Year Encumbrances	Balance December 31, 2011	
				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						\$ 8,284.00		\$ 9,109.32	
	Improvements to Public Works Dept. Building			\$ 17,393.32				\$ 16,552.50		\$ 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			13,000.00	13,487.42	18,012.58		\$ 76,950.41
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		18,581.00		12,046.95	6,096.55		5,950.40		18,581.00
	Acquisition of Utility Truck		45,000		886.00		2,451.00	2,451.00				886.00
564	Multi-Purpose: Construction of Maintenance Improv. To Mishemokwa Dam	05/27/09	280,000		230,500.00		25,954.60	20,540.00		7,214.60		228,700.00
	Construction of New Improvements to Quoqque Dam		600,000		600,000.00			16,145.00		17,500.00		566,355.00
581	Multi-Purpose: Acquisition of Brush Chipper	11/10/10	53,000		34,010.00		18,990.00	49,998.10				3,001.90
	Acquisition of Dump Truck		50,000				50,000.00	50,000.00				
	Acquisition of Police Vehicle		30,000		4,607.00		25,393.00	30,000.00				
	Acquisition of Natural Gas Generator		25,000	1,250.00	23,750.00			23,784.50				1,215.50
588	Multi-Purpose: Acquisition of Heavy Equip for PWD	09/14/11	150,000			\$ 7,500.00	\$ 142,500.00				7,500.00	142,500.00
	Acquisition of 4 Wheel Drive Police Vehicle		35,000			1,750.00	33,250.00	32,493.00				2,507.00
	Improvements to Oaks Hall		35,000			1,750.00	33,250.00	7,850.30				27,149.70
	Storm Water Drainage Improvements		56,000			2,800.00	53,200.00			22,544.75		33,455.25
Total				\$ 664,484.20	\$ 1,007,784.41	\$ 13,800.00	\$ 262,200.00	\$ 165,663.05	\$ 261,129.87	\$ 89,049.83	\$ 662,450.20	\$ 1,101,301.76

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of General Serial Bonds
For the Year Ended December 31, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2011</u>		<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Decreased by Paid by Budget</u>	<u>Balance December 31, 2011</u>
			<u>Date</u>	<u>Amount</u>				
General Bonds of 2001	10/10/01	\$ 2,816,000	8/15/2011	\$ 285,000.00	4.200%			
			8/15/2013	291,000.00	4.375%			
						<u>\$ 846,000.00</u>	<u>\$ 270,000.00</u>	<u>\$ 576,000.00</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of Environmental Protection Loan Payable
For the Year Ended December 31, 2011

Balance December 31, 2010	\$ 7,328,710.94
Decreased by:	
Paid by Budget Appropriation	<u>392,881.05</u>
Balance December 31, 2011	<u>\$ 6,935,829.89</u>

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 6,935,829.89</u>	<u>\$ 1,126,679.77</u>	<u>\$ 8,062,509.66</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Statement of Bonds and Notes Authorized but not Issued
For the Year Ended December 31, 2011

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2010</u>	<u>2011 Appropriation</u>	<u>Funded by Budget Appropriation</u>	<u>Balance December 31, 2011</u>
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	197,762.00			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	354,950.00			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
588	Multi-Purpose:				
	Acquisition of Heavy Equip for PWD		\$ 142,500.00		142,500.00
	Acquisition of 4 Wheel Drive Police Vehicle		33,250.00		33,250.00
	Improvements to Oaks Hall		33,250.00		33,250.00
	Storm Water Drainage Improvements		53,200.00		53,200.00
	Total	\$ 1,734,099.41	\$ 262,200.00	\$ -	\$ 1,996,299.41

SEWER UTILITY FUND

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of Cash - Collector/Treasurer
For the Year Ended December 31, 2011

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2010	\$ 414,139.23	\$ 545,036.59
Receipts:		
Sewer Service Charges Receivable	\$ 1,185,228.96	
Prepaid Sewer Rent	45,628.04	
Interest Earned due to Sewer Utility Operating Fund		\$ 665.16
Due from Sewer Utility Capital Fund	112,552.61	
Miscellaneous Revenue	<u>37,254.48</u>	
Total Receipts	<u>1,380,664.09</u>	<u>665.16</u>
Total	1,794,803.32	545,701.75
Disbursements:		
2011 Appropriations	1,045,093.18	
Appropriation Reserves and Encumbrances Payable	50,477.66	
Interest on Bonds and Notes	39,928.67	
Refund of Sewer Service Charges	346.43	
Due to Sewer Utility Capital Fund	61,000.00	
Due to Sewer Utility Operating Fund Improvement Authorizations		52,212.46
		<u>121,215.61</u>
Total Disbursements	<u>1,196,845.94</u>	<u>173,428.07</u>
Balance December 31, 2011	<u>\$ 597,957.38</u>	<u>\$ 372,273.68</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Analysis of Capital Cash
At December 31, 2011

Fund Balance	\$	12,750.00
Capital Improvement Fund		3,458.25
Due to Sewer Utility Operating Fund		5.31
Encumbrances Payable		165,833.27
Improvement Authorization:		
Ord. 515 Acquisition of Sewer Collection Line Cleaning Equipment		(14,090.43)
Ord. 518 Construction and Repairs to Sewer Collection System		10,249.53
Ord. 548 Repairs to Sand Filter and Electric for Utility Project		1,834.98
Ord. 558 Replacement of Wastewater Mixer		226,240.63
Ord. 588 Various Capital Improvements		(36,952.86)
Ord. 588 Acquisition of Computer Equipment		2,945.00
<hr/>		
Total	\$	<u>372,273.68</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

**Schedule of Sewer Service Charges Receivable
For the Year Ended December 31, 2011**

Balance December 31, 2010		\$ 121,145.98
Increased by:		
Sewer Billings		<u>1,254,054.72</u>
Total		1,375,200.70
Decreased by:		
2011 Collections	\$ 1,185,228.96	
Prepayments Applied	44,272.46	
Transfer to Sewer Service Liens	<u>1,400.00</u>	<u>1,230,901.42</u>
Balance December 31, 2011		<u>\$ 144,299.28</u>

**Schedule of Sewer Service Liens Receivable
For the Year Ended December 31, 2011**

Balance December 31, 2010		\$ 2,773.70
Increased by:		
Transfer from Sewer Service Charges Receivable	\$ 1,400.00	
Interest and Cost on Tax Sale		<u>1,400.00</u>
Total		4,173.70
Decreased by:		
2011 Collections		<u> </u>
Balance December 31, 2011		<u>\$ 4,173.70</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of 2010 Appropriation Reserves
For the Year Ended December 31, 2011

	<u>Balance December 31, 2010</u>		Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
	<u>Encumbrances Payable</u>	<u>Reserves</u>			
Operating:					
Salaries and Wages		\$ 11,382.61	\$ 11,382.61		\$ 11,382.61
Other Expenses	\$ 45,033.86	58,766.84	103,800.70	\$ 50,477.66	53,323.04
Public Employees Retirement		56.26	56.26		56.26
Social Security System		1,549.83	1,549.83		1,549.83
Unemployment Compensation		259.67	259.67		259.67
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 45,033.86</u>	<u>\$ 72,015.21</u>	<u>\$ 117,049.07</u>	<u>\$ 50,477.66</u>	<u>\$ 66,571.41</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Fixed Capital
For the Year Ended December 31, 2011

	Balance December 31, <u>2010</u>	Increase By <u>Additions</u>	Less <u>Retirements</u>	Balance December 31, <u>2011</u>
Sewer Plant	\$ 4,805,239.65			\$ 4,805,239.65
Pumping Station and Structures	64,031.95			64,031.95
General Equipment	<u>199,369.80</u>			<u>199,369.80</u>
Total	<u>\$ 5,068,641.40</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,068,641.40</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, 2011

<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance Amount</u>	<u>Balance December 31, 2010</u>	<u>Deferred Reserve For Amortization</u>	<u>Deferred Charges to Future Revenue</u>	<u>Balance December 31, 2011</u>
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
Multipurpose	9/14/11					
Construction of Various Capital Improvements		83,000.00		\$ 4,150.00	\$ 78,850.00	83,000.00
Acquisition of Computer		58,900.00		2,945.00	55,955.00	58,900.00
Total			<u>\$ 700,000.00</u>	<u>\$ 7,095.00</u>	<u>\$ 134,805.00</u>	<u>\$ 841,900.00</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of General Serial Bonds
For the Year Ended December 31, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Bonds</u>	<u>Maturities of Bonds Outstanding December 31, 2011</u>		<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2011</u>
			<u>Date</u>	<u>Amount</u>				
79 General Bonds of 1992	07/01/92	\$ 3,808,000	07/01/12	\$ 198,000	5.375%	\$ 388,000.00	\$ 190,000.00	\$ 198,000.00
Total						\$ 388,000.00	\$ 190,000.00	\$ 198,000.00

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Bond Anticipation Notes
For the Year Ended December 31, 2011

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance	Increased	Decreased	Balance
						December 31, 2010			December 31, 2011
501	Improvements to Treatment Plant, Construction of Bypass Line, Construction of Office Space, and Construction of Public Walkway	10/19/04	10/13/10	10/12/11	1.38%	\$ 686,000.00		\$ 686,000.00	
		10/19/04	10/12/11	10/12/12	1.00%		\$ 611,000.00		\$ 611,000.00
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	
		06/07/10	06/06/11	06/06/12	1.00%		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	
		06/07/10	06/06/11	06/06/12	1.00%		300,000.00		300,000.00
Total						<u>\$ 1,386,000.00</u>	<u>\$ 1,311,000.00</u>	<u>\$ 1,386,000.00</u>	<u>\$ 1,311,000.00</u>
							Renewals	\$ 1,311,000.00	\$ 1,311,000.00
							Paid by Budget Appropriation		75,000.00
								<u>\$ 1,311,000.00</u>	<u>\$ 1,386,000.00</u>

08

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Capital Improvement Fund
For the Year Ended December 31, 2011

Balance December 31, 2010	\$ 10,553.25
Increased by - Budget Appropriation	<u> </u>
Total	10,553.25
Decreased by - 2011 Improvement Authorization	<u>7,095.00</u>
Balance December 31, 2011	<u>\$ 3,458.25</u>

Schedule of Reserve for Amortization
For the Year Ended December 31, 2011

Balance December 31, 2010	\$ 3,666,550.97
Increased by:	
Serial Bonds Paid by Operating Budget	<u>190,000.00</u>
Balance December 31, 2011	<u>\$ 3,856,550.97</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Deferred Reserve for Amortization
For the Year Ended December 31, 2011

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance December 31, 2010</u>	<u>Fixed Capital Authorized</u>	<u>Paid From Operating Budget - Notes</u>	<u>Balance December 31, 2011</u>
501	Improvement to Treatment Plant, Construction of Bypass Line, Construction of Office Space and Construction of Public Walkway	10/19/04	\$ 314,000.00		\$ 75,000.00	\$ 389,000.00
588	Multipurpose Construction of Various Capital Improvements Acquisition of Computer			\$ 4,150.00 2,945.00		4,150.00 2,945.00
			<u>\$ 314,000.00</u>	<u>\$ 7,095.00</u>	<u>\$ 75,000.00</u>	<u>\$ 396,095.00</u>

EXHIBIT D-18

Schedule of Bond Anticipation Notes Authorized But Not Issued
For the Year Ended December 31, 2011

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2010</u>	<u>2011 Authorizations</u>	<u>Notes Issued</u>	<u>Balance December 31, 2011</u>
515	Acquisition of Sewer Collection Line Cleaning Equipment	\$ 14,090.43			\$ 14,090.43
588	Multipurpose Construction of Various Capital Improvements Acquisition of Computer		\$ 78,850.00 55,955.00		78,850.00 55,955.00
		<u>\$ 14,090.43</u>	<u>\$ 134,805.00</u>	<u>\$ -</u>	<u>\$ 148,895.43</u>

BOROUGH OF MEDFORD LAKES

PART II

Schedule of Findings and Recommendations

For the Year Ended December 31, 2011

BOROUGH OF MEDFORD LAKES
Schedule of Findings and Recommendations
For the Year Ended December 31, 2011

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 #2011-1

Condition:

The final tax bills for properties granted County Board of Taxation judgments were improperly calculated.

Criteria:

An effective system of internal controls requires the Tax Collector to review and adjust the final tax bills in order to reflect the proper amount to be billed prior to issuance.

Effect:

The Borough tax levy was under billed by a total of \$20,031.69.

Cause:

Chapter 99 Public Laws of 1997 requires the Borough Tax Collector to adjust the 1st and 2nd quarters for the subsequent tax year of any judgments granted. The previous Borough Tax Collector adjusted those quarters however the current Tax Collector did not review and adjust those properties in the 3rd and 4th quarters to reflect the adjustment. Accordingly the properties were under billed.

Recommendation:

The Borough Tax Collector should review and adjust the final tax bills to reflect the proper amount to be billed.

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
Schedule of Findings and Questioned Cost
For the Year Ended December 31, 2011

Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS

A Federal single audit was not required.

STATE AWARDS

A State single audit was not required.

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 #2010-1

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 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, 2011:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Gregory C. Lackey	Mayor		
Thomas J. Cranston	Deputy Mayor		
Gary A. Miller	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 (Up to Jan. 11, 2011)	1,000,000	(A)
Sherrri Rockhill	Tax Collector (From Jan. 12, 2011) 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		
Peter Lange, Jr.	Solicitor		

All Bonds were examined and properly executed.

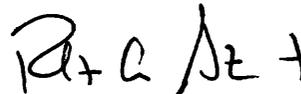
(A) The Borough has a Crime Policy - Excess Public Officials Bond in the amount of \$1,000,000 subject to a \$1,000 deductible with the Camden County Municipal Joint Insurance Fund. This policy covers all employees.

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

March 21, 2012