

**BOROUGH OF MEDFORD LAKES
County of Burlington**

Report of Audit of Financial Statements

For the Year Ended December 31, 2009

BOROUGH OF MEDFORD LAKES
COUNTY OF BURLINGTON

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BOROUGH OF MEDFORD LAKES

PART I

Report of Audit of Financial Statements

For the Year Ended December 31, 2009

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Medford Lakes, in the County of Burlington, State of New Jersey, as of December 31, 2009 and 2008, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis for the year ended December 31, 2009, which collectively comprise the Borough's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinions.

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

As described 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 the 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, 2009 and 2008, or the results of its operations and changes in fund balance for the years then ended.

Furthermore, in our opinion, except for the effect on the financial statements of the omission described in the third paragraph, the basic 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, 2009 and 2008, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, for the year ended December 31, 2009 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 2, 2010 on our consideration of the Borough of Medford Lakes, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Medford Lake's basic financial statements. The accompanying supplementary financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a required part of the basic financial statements. The supplementary financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
March 2, 2010

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, 2009, and have issued our report thereon dated March 2, 2010, 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. In our report, our opinion was qualified because the financial statements did not include the general fixed assets account group as required by N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Medford 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 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, and which are described in the accompanying *Schedule of Findings and Recommendations* as findings no: #2009-1 and #2009-2.

In addition, we noted certain other matters that we reported to governing body of the Borough of Medford Lakes and which are described in the accompanying *Schedule of Findings and Recommendations* as finding no. #2009-3.

This report is intended solely for the information and use of the management and others within the Borough of Medford Lakes, the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
March 2, 2010

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2009 and 2008

	<u>Reference</u>	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 4,467,660.55	\$ 4,462,609.67
Cash - Tax Collector	A-5	21,743.96	18,676.56
Cash - Collector's Change Fund		300.00	300.00
Total		4,489,704.51	4,481,586.23
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	223,644.55	169,227.61
Revenue Accounts Receivable	A-7	19,503.20	36,518.12
Due from Capital Fund	C	77.79	122.51
Due from Animal Control	B	381.96	381.96
Due from Other Trust Fund	B	2,963.64	2,699.59
Total		246,571.14	208,949.79
Deferred Charges:			
Emergency Authorization	A-12	128,000.00	310,000.00
Total Regular Fund		4,864,275.65	5,000,536.02
Federal and State Grant Fund:			
Cash - Treasurer	A-4	73,352.31	123,730.80
Federal and State Grants Receivable	A-13	412,050.00	329,500.00
Total Federal and State Grant Fund		485,402.31	453,230.80
Total		\$ 5,349,677.96	\$ 5,453,766.82

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2009 and 2008

	<u>Reference</u>	<u>2009</u>	<u>2008</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, A-8	\$ 235,708.00	\$ 212,717.49
Reserve for Encumbrances	A-3, A-8	134,849.42	193,309.37
Accounts Payable	A-8	20,551.00	42,516.00
Reserve for Flood Emergency		86,070.93	131,454.92
Reserve for Revaluation Program		119,119.35	150,000.00
Reserve for Tax Map		500.00	10,000.00
Due State of New Jersey per Chapter 20 PL 1971	A-9	9,418.61	8,418.61
Tax Overpayments		14,475.08	
Prepaid Taxes	A-5, A-6	67,565.24	70,664.22
Reserve for Tax Sale Premiums		21,687.26	17,500.00
Due to Trust Other Fund	B	42,000.00	36,000.00
Due State of New Jersey:			
Construction Code Fees		73.00	664.00
Marriage License Fees		75.00	75.00
Due County for Added Taxes	A-4, A-6	2,225.71	7,400.00
Regional High School Tax Payable	A-11	1,191,384.98	1,614,802.75
Local District School Tax Payable	A-10	<u>1,855,942.27</u>	<u>1,238,611.78</u>
 Total Liabilities		 3,801,645.85	 3,734,134.14
Reserve for Receivables and Other Assets	A	246,571.14	208,949.79
Fund Balance	A-1	<u>816,058.66</u>	<u>1,057,452.09</u>
 Total Regular Fund		 <u>4,864,275.65</u>	 <u>5,000,536.02</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-14	14,016.76	9,321.60
Due to Capital Fund	C	50,000.00	50,000.00
Appropriated Reserves	A-15	<u>421,385.55</u>	<u>393,909.20</u>
 Total Federal and State Grant Fund		 <u>485,402.31</u>	 <u>453,230.80</u>
 Total		 <u>\$ 5,349,677.96</u>	 <u>\$ 5,453,766.82</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 600,000.00	\$ 707,500.00
Miscellaneous Revenue Anticipated	1,532,815.54	1,020,266.83
Receipts from Delinquent Taxes	164,651.61	177,185.27
Receipts from Current Taxes	12,078,392.47	12,031,269.44
Nonbudget Revenues	76,328.53	50,016.99
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	216,946.30	192,143.94
Tax Premium canceled	366.64	
Federal and State Grants - Appropriated Reserves Canceled	295.00	
Interfunds Liquidated	121.61	
Total Revenue and Other Income Realized	<u>14,669,256.06</u>	<u>14,179,044.11</u>
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	1,444,623.00	1,493,850.00
Other Expenses	1,233,245.00	1,442,330.00
Deferred Charges and Statutory Expenditures Within "CAPS"	339,617.00	138,900.00
Operations Excluded from "CAPS":		
Other Expenses	59,937.26	201,493.06
Capital Improvements Excluded from "CAPS"	108,000.00	560,000.00
Municipal Debt Service Excluded from "CAPS"	880,474.72	304,839.78
Deferred Charges Excluded from "CAPS"	503,853.46	200,000.00
Local District School Tax	5,562,561.00	5,380,282.00
Regional High School Tax	2,300,984.98	2,395,438.68
County Taxes	1,874,007.50	1,876,485.21
Due County for Added Taxes	2,225.71	7,400.00
Adjustment to Tax Premium Balance	1,119.86	
Total	<u>14,310,649.49</u>	<u>14,001,018.73</u>
Excess in Revenues	358,606.57	178,025.38
Adjustment to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	160,000.00	
Statutory Excess to Fund Balance	358,606.57	338,025.38
Fund Balance January 1	1,057,452.09	1,426,926.71
Total	<u>1,416,058.66</u>	<u>1,764,952.09</u>
Decreased by Utilization as Anticipated Revenue	600,000.00	707,500.00
Balance December 31,	<u>\$ 816,058.66</u>	<u>\$ 1,057,452.09</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, 2009

	<u>BUDGET</u>	<u>SPECIAL</u> <u>NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS</u> <u>(DEFICIT)</u>
Fund Balance Anticipated	\$ 600,000.00		\$ 600,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcohol	800.00		1,008.00	\$ 208.00
Fees and Permits - Other	8,500.00		13,751.77	5,251.77
Fines and Costs - Municipal Court	59,000.00		59,346.87	346.87
Interest and Costs on Taxes	30,000.00		44,730.33	14,730.33
Interest on Investments and Deposits	153,000.00		135,845.63	(17,154.37)
Cellular Tower Rental	97,000.00		164,061.68	67,061.68
Consolidated Municipal Property Tax Relief Aid	84,464.00		84,464.00	
Energy Receipts Taxes	279,584.00		279,584.00	
Uniform Construction Code Fees	40,000.00		47,586.00	7,586.00
Reserve for Payment of Debt Service Cost	220,000.00		220,000.00	
Capital Fund Balance	375,000.00		375,000.00	
Miscellaneous Revenues Offset with Appropriations:				
Municipal Alliance Grant	10,500.00		10,500.00	
Recycling Tonnage Grant	4,919.73		4,919.73	
Body Armor Grant	2,726.48		2,726.48	
Shared Services Grant		\$ 26,550.00	26,550.00	
Green Acres Grant		56,000.00	56,000.00	
Over the Limit		6,000.00	6,000.00	
Clean Communities	741.05		741.05	
Total	1,366,235.26	88,550.00	1,532,815.54	78,030.28
Receipts from Delinquent Taxes	160,000.00		164,651.61	4,651.61
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	2,694,257.15		2,827,752.82	133,495.67
Budget Totals	4,820,492.41	88,550.00	5,125,219.97	\$ 216,177.56
Nonbudget Revenues			76,328.53	
Total	\$ 4,820,492.41	\$ 88,550.00	\$ 5,201,548.50	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2009Analysis of Realized Revenue**Allocation of Current Tax Collections:**

Revenue from Collections	\$ 12,078,392.47
Allocated to School and County Taxes	<u>9,589,779.19</u>
Balance for Support of Municipal Budget Appropriations	<u>2,488,613.28</u>
Add Appropriation - Reserve for Uncollected Taxes	<u>339,139.54</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 2,827,752.82</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ <u>164,651.61</u>
----------------------------	----------------------

Fees and Permits - Other:

Fire Safety Fees	\$ 5,557.27
Tax Search Officer	70.00
Historic Commission Permits	110.00
Fire Arm Permits	192.50
Land Use Board Fees	1,425.00
Tree Removal Permits	2,236.00
Planning/Zoning Permits	2,061.00
Street Opening Permits	2,100.00
Total	<u>\$ 13,751.77</u>

Miscellaneous Revenue Not Anticipated:

Revenue Accounts Receivable:	
Cable TV Franchise Fee	\$ 46,289.60

Collected - Treasurer

Police Accident Reports	\$ 1,545.35
Photocopies	838.28
Assessor's List	170.00
Raffle license	160.00
Duplicate Bills	523.19
Sale of Used Property	2,305.01
Public Auction	7,787.00
Administration Fee	1,145.00
State Vehicle Fines	2,353.00
Refunds	9,120.20
Miscellaneous	<u>4,091.90</u>
	<u><u>30,038.93</u></u>
Total Treasurer	<u>\$ 76,328.53</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, 2009

	<u>Appropriations</u>		<u>Expended</u>			Unexpended Balance Canceled	
	<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	\$ 104,000.00	\$ 111,000.00	\$ 109,991.01		\$ 1,008.99		
Other Expenses	28,250.00	28,250.00	11,771.68	\$ 6,207.23	10,271.09		
Mayor and Council:							
Salaries and Wages	3.00	3.00	3.00				
Other Expenses	675.00	675.00	163.00	125.00	387.00		
Borough Clerk:							
Salaries and Wages	31,215.00	29,015.00	27,313.56		1,701.44		
Other Expenses	19,240.00	19,240.00	9,067.59	1,734.29	8,438.12		
Financial Administration:							
Salaries and Wages	35,600.00	36,500.00	36,349.41		150.59		
Other Expenses	2,350.00	2,350.00	672.92	60.00	1,617.08		
Audit Services:							
Other Expenses	23,500.00	23,500.00	23,000.00		500.00		
Computerized Data Processing:							
Other Expenses	15,000.00	14,500.00	12,524.49		1,975.51		
Collection of Taxes:							
Salaries and Wages	19,500.00	19,500.00	19,430.32		69.68		
Other Expenses	2,350.00	2,350.00	848.80	166.00	1,335.20		
Assessment of Taxes:							
Salaries and Wages	17,355.00	17,355.00	17,355.00				
Other Expenses	1,900.00	1,900.00	832.41	72.07	995.52		
Legal Services & Costs:							
Other Expenses	50,000.00	50,000.00	32,259.53	7,342.47	10,398.00		
General Government							
Engineering Services:							
Other Expenses	13,000.00	13,000.00	3,513.50	2,630.00	6,856.50		

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures – Regulatory Basis
For the Year Ended December 31, 2009

	<u>Appropriations</u>		<u>Expended</u>			Unexpended Balance <u>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	\$ 2,850.00	\$ 2,850.00	\$ 2,724.25			\$ 125.75
Other Expenses	100.00	100.00				100.00
Land Use Administration:						
Planning Board:						
Salaries & Wages	5,300.00	5,300.00	5,149.82			150.18
Other Expenses	7,800.00	7,800.00	944.23	\$ 5,860.00		995.77
Insurance:						
Liability Insurance	177,000.00	171,000.00	168,952.50			1,945.92
Employees Group Insurance	310,000.00	310,000.00	271,432.28	13,580.08		24,987.64
Unemployment Compensation	11,150.00	11,150.00	6,772.58			4,377.42
Surety Bond Premiums	500.00	500.00				500.00
Public Safety:						
Police:						
Salaries and Wages	736,000.00	736,000.00	699,625.95			36,374.05
Other Expenses	37,750.00	37,750.00	15,292.78	10,351.86		12,105.36
Office of Emergency Management:						
Salaries and Wages	2,500.00	4,500.00	3,919.92			580.08
Other Expenses	800.00	800.00	95.17	386.80		318.03
Aid to Volunteer Ambulance Companies:						
Other Expenses	12,500.00	12,500.00	9,899.25	1,954.07		646.68
Fire Department:						
Other Expenses	56,700.00	56,700.00	33,984.15	17,270.66		5,445.19
Fire Official:						
Salaries & Wages	13,000.00	13,000.00	11,637.96			1,362.04
Other Expenses	1,500.00	1,500.00	667.85	28.07		804.08

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2009

	<u>Appropriations</u>			<u>Expended</u>			Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>		
<i>Operations Within "CAPS" (Continued)</i>							
Borough Prosecutor:							
Other Expenses	\$ 6,300.00	\$ 6,300.00	\$ 5,775.00	\$ 525.00			-
Public Works:							
Streets & Roads:							
Salaries and Wages	315,000.00	315,000.00	292,372.07			\$ 22,627.93	
Other Expenses	48,700.00	53,700.00	33,791.61	16,421.96		3,486.43	
Solid Waste Collection:							
Salaries & Wages	60,500.00	64,500.00	61,799.72			2,700.28	
Other Expenses	51,250.00	51,250.00	30,501.75	12,896.80		7,851.45	
Public Buildings and Grounds:							
Other Expenses	11,500.00	12,500.00	6,694.26	1,136.72		4,669.02	
Vehicle Maintenance:							
Other Expenses	55,500.00	55,500.00	44,566.32	6,848.36		4,085.32	
Health & Human Services:							
Environmental							
Salaries & Wages	3,800.00	3,800.00	3,686.28			113.72	
Uniform Construction Code:							
Construction Code Official:							
Salaries and Wages	36,000.00	36,000.00	34,310.20	150.00		1,539.80	
Other Expenses	19,000.00	19,500.00	18,872.43	190.82		436.75	
Zoning Code Enforcement Officer:							
Salaries and Wages	8,600.00	11,400.00	11,335.19			64.81	
Other Expenses	400.00	400.00				400.00	
Accumulated Sick Leave Compensation							
Salaries and Wages	6,000.00	6,000.00	6,000.00				
Municipal Court:							
Salaries and Wages	31,200.00	31,200.00	25,184.66			6,015.34	
Other Expenses	4,730.00	4,730.00	2,900.91	175.69		1,653.40	
Public Defender							
Other Expenses	1,700.00	1,700.00				1,700.00	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2009

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Operations Within "CAPS" (Continued)						
Utility Expenses and Bulk Purchases:						
Electricity	\$ 30,600.00	\$ 30,600.00	\$ 23,730.64	\$ 4,038.10	\$ 2,831.26	
Street Lighting	9,600.00	9,600.00	7,605.78	1,161.12	833.10	
Telephone	14,500.00	14,500.00	8,900.03	634.67	4,965.30	
Natural Gas	13,600.00	13,600.00	8,146.61	800.00	4,653.39	
Gasoline	64,000.00	48,500.00	36,767.44	7,000.00	4,732.56	
Printing & Postage	5,500.00	6,500.00	6,400.34		99.66	
Landfill/Solid Waste Disposal Costs:						
Landfill Fees	140,000.00	140,000.00	124,157.37	15,000.00	842.63	
Total Operations - Within "CAPS"	2,677,368.00	2,677,368.00	2,329,693.52	134,849.42	212,825.06	
Contingent	500.00	500.00	180.00		320.00	
Total Operations Including Contingent - within "CAPS"	2,677,868.00	2,677,868.00	2,329,873.52	134,849.42	213,145.06	
Detail:						
Salaries and Wages	1,430,123.00	1,444,623.00	1,368,188.32	675.00	76,284.68	
Other Expenses	1,247,745.00	1,233,245.00	961,685.20	134,174.42	136,860.38	
Deferred Charges and Statutory Expenditures -						
Municipal - Within "CAPS":						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees Retirement System	80,762.00	80,762.00	80,672.00		90.00	
Social Security System (O.A.S.I.)	120,000.00	120,000.00	105,204.82		14,795.18	
Police and Firemen's Retirement System	133,655.00	133,655.00	133,655.00			
Employee Pension (R.S. 43:833)	3,200.00	3,200.00	2,770.44		429.56	
Defined Contribution Retirement Fund	2,000.00	2,000.00	551.80		1,448.20	
Total Deferred Charges and Statutory Expenditures -						
Municipal Within "CAPS"	339,617.00	339,617.00	322,854.06		16,762.94	
Total General Appropriations -						
For Municipal Purposes Within "CAPS"	3,017,485.00	3,017,485.00	2,652,727.58	134,849.42	229,908.00	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2009

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Operations Excluded from "CAPS":						
Recycling Tax	\$ 5,800.00	\$ 5,800.00			\$ 5,800.00	
Public and Private Programs Offset By Revenues:						
Municipal Alliance for Alcoholism and Drug Abuse						
State Share	10,500.00	10,500.00	\$ 10,500.00			
Borough Share	2,700.00	2,700.00	2,700.00			
Body Armor Grant	2,726.48	2,726.48	2,726.48			
Recycling Tonnage Grant	4,919.73	4,919.73	4,919.73			
Clean Communities	741.05	741.05	741.05			
Shared Services Grant (NJSA 40A:4-87)		26,550.00	26,550.00			
Over the Limit		6,000.00	6,000.00			
Total Operations - Excluded From "CAPS"	27,387.26	59,937.26	54,137.26		5,800.00	
Detail:						
Salaries and Wages						
Other Expenses	27,387.26	59,937.26	54,137.26		5,800.00	
Capital Improvements - Excluded From "CAPS"						
Capital Improvement Fund	52,000.00	52,000.00	52,000.00			
Green Acres Grant (NJSA 40A:4-87)		56,000.00	56,000.00			
Total Capital Improvements - Excluded From "CAPS"	52,000.00	108,000.00	108,000.00			

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2009

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	\$ 245,000.00	\$ 245,000.00	\$ 245,000.00			
Interest on Bonds	59,013.76	59,013.76	58,861.33			\$ 152.43
Loan Repayment - Principal	189,714.67	189,714.67	189,714.67			
Loan Repayment - Interest	386,898.72	386,898.72	386,898.72			-
Total Municipal Debt Service - Excluded From "CAPS"	880,627.15	880,627.15	880,474.72			152.43
Deferred Charges - Municipal - Excluded From "CAPS"						
Special Emergency Authorizations	182,000.00	182,000.00	182,000.00			
Deferred Charges to Future Taxation Unfunded	321,853.46	321,853.46	321,853.46			
Total Deferred Charges - Municipal - Excluded From "CAPS"	503,853.46	503,853.46	503,853.46			
Total General Appropriations for Municipal						
Purposes Excluded From "CAPS"	1,463,867.87	1,552,417.87	1,546,465.44	\$ -	\$ 5,800.00	152.43
Subtotal General Appropriations	4,481,352.87	4,569,902.87	4,199,193.02	134,849.42	235,708.00	152.43
Reserve for Uncollected Taxes	339,139.54	339,139.54	339,139.54			
TOTAL GENERAL APPROPRIATIONS	\$ 4,820,492.41	\$ 4,909,042.41	\$ 4,538,332.56	\$ 134,849.42	\$ 235,708.00	\$ 152.43
Analysis of Budget After Modification:						
Original Budget		\$ 4,820,492.41				
Appropriation by 40A: 4-87		88,550.00				
Total		\$ 4,909,042.41				
Analysis of Expended - Paid or Charged:						
Due to Trust Fund:						
Reserve for Compensated Absences		\$ 6,000.00				
Reserve for Federal and State Grants		110,137.26				
Deferred Charges - Revaluation Program		30,000.00				
Deferred Charges - Tax Map Revision		2,000.00				
Deferred Charges - Emergency		150,000.00				
Reserve for Uncollected Taxes		339,139.54				
Disbursed		3,901,055.76				
Total		\$ 4,538,332.56				

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, 2009 and 2008

	<u>Reference</u>	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash - Treasurer	B-1	\$ 11,600.02	\$ 8,287.03
Other Funds:			
Cash - Treasurer	B-1	68,263.51	84,818.72
Due from Current Fund	A	42,000.00	36,000.00
Total Other Funds		110,263.51	120,818.72
Total		<u>\$ 121,863.53</u>	<u>\$ 129,105.75</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to State Department of Health			\$ 4.20
Due to Current Fund	A	\$ 381.96	381.96
Reserve for Animal Control Fund Expenditures	B-2	11,218.06	7,900.87
Total Animal Control Fund		11,600.02	8,287.03
Other Funds:			
Due to Current Fund	A	2,963.64	2,699.59
Reserve for Unemployment Compensation Trust	B-5	5,222.17	7,504.73
Reserve for Street Opening Deposits		6,750.00	7,500.00
Reserve for Environmental Commission		221.09	220.37
Reserve for Planning and Zoning Escrow Deposits	B-4	38,649.85	38,968.85
Reserve for Public Defender Fund	B-6	1,977.06	1,677.06
Reserve for Special Law Enforcement Fund	B-8	1,903.44	1,903.44
Reserve for Compensated Absences	B-7	42,000.00	36,000.00
Payroll Deductions Payable	B-3	10,576.26	24,344.68
Total Other Funds		110,263.51	120,818.72
Total		<u>\$ 121,863.53</u>	<u>\$ 129,105.75</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, 2009 and 2008

	<u>Reference</u>	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>			
Cash	C-2	\$ 3,266,773.18	\$ 3,542,791.42
State Aid Receivable	C-4		19,431.22
Deferred Charges to Future Taxation:			
Funded	C-8	8,819,850.69	9,254,565.36
Unfunded	C-5	1,592,287.41	487,140.87
Due from Federal & State Grant Fund	A	50,000.00	50,000.00
<hr/>			
Total		<u>\$ 13,728,911.28</u>	<u>\$ 13,353,928.87</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds	C-8	\$ 1,106,000.00	\$ 1,351,000.00
Encumbrances Payable	C-3	682,629.16	106,332.82
Due to Current Fund	A	77.79	122.51
EDA Loan Payable	C-9	7,713,850.69	7,903,565.36
Improvement Authorizations:			
Funded	C-7	685,288.88	716,301.17
Unfunded	C-7	1,025,687.41	165,287.41
Capital Improvement Fund	C-6	8,957.76	4,957.76
Reserve for Purchase of Public Works Dept. Equipment	C-3	33,595.00	33,595.00
Reserve for Purchase of Fire Equipment	C-3	5,000.00	5,000.00
Reserve for Flood Recovery Cost	C-3	151,419.01	156,361.26
Reserve for Payment of Debt Service Costs	C-3	2,316,405.58	2,536,405.58
Fund Balance	C-1		375,000.00
<hr/>			
Total		<u>\$ 13,728,911.28</u>	<u>\$ 13,353,928.87</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, 2009

Balance December 31, 2008	\$ 375,000.00
Decreased by - Anticipated as Current Fund Revenue	<u>(375,000.00)</u>
Balance December 31, 2009	<u>\$ -</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, 2009 and 2008

	<u>Reference</u>	<u>2009</u>	<u>2008</u>
ASSETS			
Operating Fund:			
Cash - Treasurer	D-5	\$ 412,077.39	\$ 601,282.56
Due from Sewer Utility Capital Fund	D	31,552.61	
Receivables with Full Reserves:			
Sewer Service Charges Receivable	D-7	95,018.48	75,157.44
		<hr/>	<hr/>
Total Operating Fund		538,648.48	676,440.00
Capital Fund:			
Cash - Treasurer	D-5	1,184.63	23,723.35
Fixed Capital	D-9	4,054,550.97	4,054,550.97
Fixed Capital Authorized & Uncompleted	D-10	1,860,000.00	1,560,000.00
Due from Sewer Utility Operating Fund	D		3,506.04
		<hr/>	<hr/>
Total Capital Fund		5,915,735.60	5,641,780.36
		<hr/>	<hr/>
Total		\$ 6,454,384.08	\$ 6,318,220.36

(Continued)

EXHIBIT D

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, 2009 and 2008

	<u>Reference</u>	<u>2009</u>	<u>2008</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves	D-4, D-8	\$ 62,506.44	\$ 63,942.85
Encumbrances Payable	D-4, D-8	56,788.97	84,392.60
Prepaid Sewer Service Charges	D-5, D-7	32,126.82	31,430.59
Sewer Rent Overpayments		666.05	465.73
Due to Sewer Utility Capital Fund	D		3,506.04
Accrued Interest on Bonds and Notes		<u>17,550.92</u>	<u>26,245.58</u>
Total		169,639.20	209,983.39
Reserve for Receivables	D	95,018.48	75,157.44
Fund Balance	D-1	273,990.80	391,299.17
Total Operating Fund		538,648.48	676,440.00
 Capital Fund:			
Serial Bonds	D-12	578,000.00	782,000.00
Bond Anticipation Notes Payable	D-13	761,000.00	888,000.00
Encumbrances Payable	D-11	10,607.00	
Due to Sewer Utility Operating Fund	D	31,552.61	
Improvement Authorization			
Funded	D-11	35,000.00	42,000.00
Unfunded	D-11	772,721.77	533,926.14
Reserve for Amortization	D-15	3,476,550.97	3,272,550.97
Deferred Reserve for Amortization	D-16	239,000.00	112,000.00
Capital Improvement Fund	D-14	10,553.25	10,553.25
Capital Fund Balance	D-2	750.00	750.00
Total Capital Fund		5,915,735.60	5,641,780.36
Total		\$ 6,454,384.08	\$ 6,318,220.36

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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 239,200.00	\$ 177,450.00
Sewer Service Charges	1,052,783.88	1,076,524.66
Miscellaneous	23,317.35	31,798.04
Other Credits to Income:		
Interfunds Liquidated	58.65	903.39
Unexpended Balance of Appropriation Reserves	<u>57,221.28</u>	<u>53,528.93</u>
 Total Revenues	 <u>1,372,581.16</u>	 <u>1,340,205.02</u>
 Expenditures:		
Operating	833,300.00	793,900.00
Debt Service	388,852.74	347,024.64
Deferred Charges and Statutory Expenditures	27,800.00	27,550.00
Other Charges	<u>736.79</u>	<u> </u>
 Total Expenditures	 <u>1,250,689.53</u>	 <u>1,168,474.64</u>
 Excess in Revenues	 121,891.63	 171,730.38
Fund Balance January 1	<u>391,299.17</u>	<u>397,018.79</u>
 Decreased by Utilization by Sewer Utility Operating Budget	 513,190.80	 568,749.17
 Fund Balance Balance December 31	 <u>\$ 273,990.80</u>	 <u>\$ 391,299.17</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, 2009 and 2008**

Balance December 31, 2009 and 2008	\$ <u>750.00</u>
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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, 2009

	<u>Anticipated</u>	<u>Realized</u>	Excess (Deficit)
Fund Balance	\$ 239,200.00	\$ 239,200.00	
Sewer Service Charges	<u>1,021,000.00</u>	<u>1,052,783.88</u>	<u>\$ 31,783.88</u>
Total	1,260,200.00	1,291,983.88	31,783.88
Miscellaneous		<u>23,317.35</u>	<u>23,317.35</u>
Total	<u>\$ 1,260,200.00</u>	<u>\$ 1,315,301.23</u>	<u>\$ 55,101.23</u>

Analysis of Realized Revenues

Sewer Service Charges:

Consumer Accounts Receivable:

Collections - 2009	\$ 1,020,816.82
Prepayments Applied	31,430.59
Overpayments Applied	<u>536.47</u>
Total	<u>\$ 1,052,783.88</u>

Miscellaneous:

Sewer Late Fee Charges	\$ 20,408.36
Interest Earned on Investments	1,590.69
Sump Pump Fees	1,250.00
Miscellaneous	<u>68.30</u>
Total	<u>\$ 23,317.35</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 Expenditures -- Regulatory Basis
For the Year Ended December 31, 2009

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended</u> <u>Balance</u> <u>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	\$ 309,500.00	\$ 309,500.00	\$ 291,606.13		\$ 17,893.87	
Other Expenses	523,800.00	523,800.00	427,458.06	\$ 56,788.97	39,552.97	
Debt Service:						
Payment of Bond Principal	204,000.00	204,000.00	204,000.00			
Payment of Note Principal	127,000.00	127,000.00	127,000.00			
Interest on Bonds	43,000.00	43,000.00	36,852.75			\$ 6,147.25
Interest on Notes	25,100.00	25,100.00	20,999.99			4,100.01
Statutory Expenditures:						
Public Employees Retirement System	2,300.00	2,300.00	548.20		1,751.80	
Social Security System	25,000.00	25,000.00	22,042.19		2,957.81	
Unemployment Compensation Insurance						
(N.J.S.A. 43:21-3 et. seq.)	500.00	500.00	150.01		349.99	
Total	\$ 1,260,200.00	\$ 1,260,200.00	\$ 1,130,657.33	\$ 56,788.97	\$ 62,506.44	\$ 10,247.26

Analysis of Paid or Charged:

Interest on Bonds and Notes	\$ 57,852.74
Disbursed	1,072,804.59
Total	\$ 1,130,657.33

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

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2009**

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, 2009 according to the New Jersey Department of Labor and Workforce Development is 4,104.

The Borough of Medford Lakes 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 three member Borough Council. At least one councilmember is elected every two years to a four year term. At its reorganization the council selects a mayor and appoints a professionally qualified Manager. The Council is the legislative body of the Borough, while the Mayor acts as the Chief Executive Officer. The Borough Manager monitors the daily administrative and financial responsibilities, including but not limited to, staffing and personnel issues and budget preparation and implementation.

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

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

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

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

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

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

Sewer Utility Operating and Capital Funds - The Sewer Utility Operating and Capital Funds account for operations of the utility and the acquisition of capital facilities of the municipally-owned water and 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, 2009**

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 in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. 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. 17:9-41et 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. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2009**

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

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

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

Utility Fixed Assets - Property and equipment purchased by the Sewer 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 are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave and are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

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

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

School Taxes - The Borough is responsible for levying, collecting and remitting school taxes for the Medford Lakes Borough School District and the Lenape Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2008 and decreased by the amount deferred at December 31, 2009.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2009**

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 fiscal 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 as required by 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 provided 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.

NOTE 2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Custodial credit is the risk that, in the event of a bank failure, the Borough's deposits may not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the Borough's bank balance of \$8,338,609.03 as of December 31, 2009, \$581,800.40 was insured by the Federal Deposit Insurance Corporation and \$7,756,808.63 was collateralized under the Governmental Unit Deposit Protection Act.

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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Total Tax Rate	<u>\$ 5.259</u>	<u>\$ 5.225</u>	<u>\$ 5.110</u>	<u>\$ 4.941</u>	<u>\$ 4.686</u>
Apportionment of Tax Rate:					
Municipal	1.153	1.141	1.099	1.030	.969
County	.804	.808	.815	.788	.720
Local School	2.317	2.247	2.113	2.124	2.035
Regional High School	.985	1.029	.992	.992	.962

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2009

NOTE 3. PROPERTY TAXES (CONT'D)

<u>Assessed Valuation</u>		<u>Amount</u>	
<u>Year Ended</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2009	\$ 12,297,461	\$ 12,073,816	98.18 %
2008	12,206,120	12,031,269	98.56
2007	11,908,392	11,729,755	98.49
2006	11,486,995	11,378,683	99.06
2005	10,896,959	10,792,682	99.04

<u>Comparison of Tax Levies and Collections</u>				
<u>Year Ended</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>	
2009	\$ 12,297,461	\$ 12,073,816	98.18 %	
2008	12,206,120	12,031,269	98.56	
2007	11,908,392	11,729,755	98.49	
2006	11,486,995	11,378,683	99.06	
2005	10,896,959	10,792,682	99.04	

<u>Delinquent Taxes and Tax Title Liens</u>				
<u>Year Ended</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2009	-0-	\$ 223,644	\$ 223,644	1.81 %
2008	-0-	169,228	169,228	1.38
2007	-0-	177,185	177,185	1.48
2006	-0-	101,092	101,092	.88
2005	-0-	102,029	102,029	.93

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>Beginning Balance Receivable</u>	<u>Beginning of Year Liens</u>	<u>Current Year Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage</u>
2009	\$ 75,157	0	\$ 1,072,645	\$ 1,147,802	\$ 1,052,784	91.72 %
2008	81,003	0	1,070,679	1,151,682	1,076,525	93.47
2007	52,040	0	1,069,641	1,121,681	1,040,678	92.78
2006	44,651	0	1,028,927	1,073,578	1,021,538	95.15
2005	49,472	0	998,837	1,048,309	1,003,657	95.74

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2009**

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>			
2009	\$ 816,059	\$ 500,000 *	61.27 %
2008	1,057,452	600,000	56.74
2007	1,426,927	707,500	49.58
2006	1,965,639	763,768	38.85
2005	1,702,273	525,000	30.84
<u>Sewer Utility Operating Fund</u>			
2009	\$ 273,991	\$ 208,096 *	75.94 %
2008	391,299	239,100	61.10
2007	397,019	177,450	44.69
2006	358,067	74,023	20.67
2005	231,568	30,867	13.32

* Budget as introduced

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, 2009:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 3,423.39	\$ 42,000.00
Federal and State Grant Fund		50,000.00
Trust Fund:		
Animal Control Fund		381.96
Other Funds	42,000.00	2,963.64
General Capital Fund	50,000.00	77.79
Sewer Utility:		
Operating Fund	31,552.61	
Capital Fund		31,552.61
	<hr/>	<hr/>
	\$ 126,976.00	\$ 126,976.00

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2009

NOTE 7. PENSION PLANS

A substantial number of the Borough's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System and the Police and Firemen's Retirement System which are administered by the New Jersey Division of Pensions and Benefits. In addition, several Borough employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan and is also administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established in 1955 and provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

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

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

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability</u>	<u>Funded by Excess Pension Asset Credit</u>	<u>Paid by Borough</u>
2009	\$ 33,271	\$ 38,482	\$ 8,919	\$ 80,672		\$ 80,672
2008	41,062	31,644		72,706	\$ 14,541	58,165
2007	34,215	17,767		51,982	20,793	31,189

Police and Firemen's Retirement System – The Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan which was established in 1944 and provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

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

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

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability</u>	<u>Funded by Excess Pension Asset Credit</u>	<u>Paid by Borough</u>
2009	\$ 78,548	\$ 49,272	\$ 5,835	\$ 133,655		\$ 133,655
2008	69,456	37,297		106,753		106,753
2007	70,461	32,637		103,098	\$ 20,620	82,478

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2009**

NOTE 7. PENSION PLANS (CONT'D)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the Borough's contribution amounts 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 for 2009 and 2008 were \$551.80 and \$0.00 respectively.

State statute (Chap. 373 PL 1971) provides that any employee who is not a member of, and was not required by law at the time of appointment, or at any time thereafter, to become a member of a contributory retirement system, may at the discretion of the employer, be retired and granted a pension paid directly to the employee by the Borough. The calculation of the amount of pension to be paid by the Borough on an annual basis is determined by state statute. The Borough has one employee currently receiving pension payments pursuant to this statute. The Borough's share of pension costs for this employee was \$2,770 in 2009 and \$2,715 in 2008.

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Postemployment Healthcare Benefits Plan

Plan Description – The Borough contributes to the New Jersey 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 provides medical, prescription-drug, mental health/substance abuse to retirees and their covered dependents and Medicare Part B reimbursement to retired police officers and their covered dependents. The State Health Benefits Program Act is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

Funding Policy – Title 52, Article 17.25 et. seq. of the New Jersey Statutes Annotated provides the contribution requirements of plan members and the participating employers.

The contribution rate of participating governmental entities is based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the SBHP for the years ended December 31, 2009, 2008 and 2007, were \$19,337, \$18,795 and \$14,362 respectively, which equaled the required contributions each year.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2009**

NOTE 9. COMPENSATED ABSENCES

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

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

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

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2009, accrued benefits for compensated absences are valued at \$300,804.25. Actual payment for compensated absences occurs through the Accumulated Leave Trust Fund at the time the employee terminates employment. The Trust Fund is funded through the annual budget appropriations of both the Current and Utility Fund budgets. The balance in the Trust Fund as of December 31, 2009 is \$42,000.00.

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 has been approved by the Director of the Division of Local Government Services. This plan, which is administered by Valic, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to participants until termination, retirement, death or unforeseeable emergency.

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. JOINT INSURANCE POOL

The Borough is a member of the Camden County Municipal Joint Insurance Fund. The Fund provides its members with the various insurance policies. Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations. The Borough's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$500,000.00 for each insured event.

The Fund provides the Borough with the following coverage:

Property – Blanket Building and Grounds
Commercial General and Law Enforcement Professional Liability
Automobile Liability
Excess Liability
Public Officials and Employment Liability
Workers Compensation Insurance
Environmental Legal Liability
Excess Crime Policy

The Fund publishes its own financial report for the year ended December 31, 2009, which may be obtained from 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, 2009**

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>
2009	\$ 6,006	\$ 3,386	\$ 11,675	\$ 5,222
2008	13	2,473	5,600	7,505
2007	17	2,880	3,318	10,618

NOTE 13. CAPITAL DEBT

Summary of Municipal Debt

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Issued:			
General Bonds and Notes	\$ 1,106,000	\$ 1,351,000	\$ 1,586,000
Sewer Utility Bonds and Notes	1,339,000	1,670,000	1,937,000
EPA Loans	<u>7,713,851</u>	<u>7,903,565</u>	<u>3,523,000</u>
Total Debt Issued	10,158,851	10,924,565	3,523,000
Authorized But Not Issued:			
General Bonds and Notes	1,592,287	487,141	8,333,390
Sewer Utility Bonds and Notes	<u>860,000</u>	<u>560,000</u>	<u>560,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 12,611,138</u>	<u>\$ 11,971,706</u>	<u>\$ 12,416,390</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, 2009 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	07/01/2009	2.50% - 5.00%	\$ 1,106,000
Sewer Utility Bonds of 1992	07/01/2012	5.375%	578,000
Total			<u>\$ 1,684,000</u>

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2009**

NOTE 13. CAPITAL DEBT (CONT'D)

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 .55%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 4,500,000	\$ 4,500,000	
Regional High School District Debt	2,561,902	2,561,902	
Sewer Utility Debt	2,199,000	2,199,000	
General Debt	<u>10,412,138</u>	<u>7,713,851</u>	<u>\$ 2,698,287</u>
 Total	 <u>\$ 19,673,040</u>	 <u>\$ 16,974,753</u>	 <u>\$ 2,698,287</u>

Net Debt, \$2,698,287 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$487,781,567 equals .55%.

Equalized Valuation Basis:

2007	\$ 481,323,230
2008	491,705,161
2009	<u>490,316,309</u>
Average	<u>\$ 487,781,567</u>

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

3-1/2% of Equalized Valuation Basis (Municipal)	\$ 17,072,354
Net Debt	<u>2,698,287</u>
Remaining Borrowing Power	<u>\$ 14,374,067</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	\$ 1,372,581
Deductions:	
Operating and Maintenance Costs	\$ 861,100
Debt Service Costs	<u>388,853</u>
	<u>1,249,953</u>
Excess in Revenue	<u>\$ 122,628</u>

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

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2009**

NOTE 13. CAPITAL DEBT (CONT'D)

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

Serial Bonds Payable

<u>Calendar Year</u>	<u>General</u>		<u>Sewer</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2010	\$ 260,000	\$ 48,601	\$ 190,000	\$ 31,068	\$ 529,669
2011	270,000	38,201	198,000	20,855	527,056
2012	285,000	24,701	198,000	10,623	518,324
2013	291,000	12,731			303,731
Total	\$ 1,106,000	\$ 124,234	\$ 586,000	\$ 62,546	\$ 1,878,780

NJDEP Loan Payable

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

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 385,140	\$ 152,361	\$ 537,501
2011	392,881	144,620	537,501
2012	400,778	136,723	537,501
2013	408,833	128,667	537,500
2014	417,051	120,449	537,500
2015-19	2,214,418	473,085	2,687,503
2020-24	2,446,095	241,408	2,687,503
2025-26	1,048,655	26,347	1,075,002
Total	\$ 7,713,851	\$ 1,423,660	\$ 9,137,511

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 forth and fifth anniversary date of the original issuance.

As of December 31, 2009, 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	\$ 761,000	1.29%	October 13, 2010

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2009**

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	Balance	Balance
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009
Balance of Tax Deferred	\$ 2,522,632.08 666,689.81	\$ 2,281,492.56 666,689.81	\$ 1,483,196.47 291,811.49
Tax Payable	<u>\$ 1,855,942.27</u>	<u>\$ 1,614,802.75</u>	<u>\$ 1,191,384.98</u>
			<u>\$ 1,238,611.78</u>

NOTE 15. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2009, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following funds:

	Balance December 31, 2009	2010 Budget Appropriation	Balance to Succeeding Years
Current Fund: Revaluation Program	\$ 120,000	\$ 30,000	\$ 90,000
Revision of Tax Map	8,000	2,000	6,000
Total	<u>\$ 128,000</u>	<u>\$ 32,000</u>	<u>\$ 96,000</u>

The appropriations in the 2010 Budget as introduced are not less than that required by the statutes.

NOTE 16. LITIGATION

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.

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

NOTE 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 (MLC) a not-for-profit corporation located in the Borough of Medford Lakes. 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 MLC. The dredging and lake restoration project has been completed by the MLC. The final loan amount borrowed by the Medford Lakes 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 MLC 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, 2009

	<u>CURRENT FUND</u>	<u>FEDERAL AND STATE GRANT FUND</u>
Balance December 31, 2008	\$ 4,462,609.67	\$ 123,730.80
Receipts:		
Taxes Receivable	\$ 12,116,129.86	
Prepaid 2010 Taxes	67,565.24	
Revenue Accounts Receivable	1,426,937.55	
Interest on Delinquent Taxes	44,730.33	
Tax Overpayments	23,044.13	
Due from State of New Jersey - Senior Citizens and Veterans Deductions	57,250.00	
Due to State of New Jersey:		
Marriage License Fees	350.00	
DCA Training Fees	2,710.00	
Federal and State Grants Receivable		\$ 22,968.68
Miscellaneous Revenue Not Anticipated	30,038.93	
Interfund Receivables	122.51	
Matching Funds for State Grants		2,700.00
	<hr/>	<hr/>
Total Receipts	13,768,878.55	25,668.68
Total Funds Available	18,231,488.22	149,399.48
Disbursements:		
2009 Appropriations	3,901,055.76	
Matching Funds for State Grants	2,700.00	
County Taxes Payable	1,874,007.50	
Due County for Added Taxes	7,400.00	
Refund of Tax Overpayments	8,569.95	
Accounts Payable	21,965.00	
Due to State of New Jersey:		
Marriage License Fees	350.00	
DCA Training Fees	3,301.00	
Local District School Tax	5,321,421.48	
Regional High School Tax	2,348,211.78	
2008 Appropriation Reserves and		
Reserve for Encumbrances	189,080.56	
Reserve for Flood Emergency	45,383.99	
Reserve for Revaluation Costs	30,880.65	
Reserve for Tax Map	9,500.00	
Reserve for Federal and State Grant Funds:		
Appropriated		76,047.17
	<hr/>	<hr/>
Total Disbursements	13,763,827.67	76,047.17
Balance December 31, 2009	<u>\$ 4,467,660.55</u>	<u>\$ 73,352.31</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Cash - Collector

For the Year Ended December 31, 2009

Balance December 31, 2008	\$ 18,676.56
Receipts:	
Tax Sale Premiums	\$ 21,700.00
Interest Earned	56.60
Third Party Redemptions	150,948.14
Contra Receipts with Disbursements	23,288.17
	<hr/>
Total Receipts	195,992.91
Total Funds Available	214,669.47
 Disbursements:	
Refund of Tax Premiums Redeemed	30,600.00
Transfer to Current Fund	327.66
Third Party Redemptions	138,709.68
Contra Receipts with Disbursements	23,288.17
	<hr/>
	192,925.51
Balance December 31, 2009	<u>\$ 21,743.96</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2009

Year	Balance		2009 Levy	Collections by Cash		State Share of Senior Citizen and Veterans Deductions Allowed	Canceled	Balance	
	December 31, 2008	Added Taxes		2008	2009			December 31, 2009	
2008	\$ 169,227.61	\$ 500.00			\$ 165,151.61				\$ 4,576.00
	169,227.61	500.00			165,151.61				4,576.00
2009			\$ 12,297,461.02	\$ 70,664.22	11,950,978.25	\$ 56,750.00			219,068.55
Total	\$ 169,227.61	\$ 500.00	\$ 12,297,461.02	\$ 70,664.22	\$ 12,116,129.86	\$ 56,750.00	\$ -		\$ 223,644.55

ANALYSIS OF PROPERTY TAX LEVY

Tax Yield:	
General Purpose Tax	\$ 12,226,422.75
Added and Omitted Taxes (54:4-63.1 et. seq.)	14,038.27
Senior Citizens and Veterans Deductions Allowed	
Per Original Levy	57,000.00
Total	<u>\$ 12,297,461.02</u>

Tax Levy:

Local District School Tax (Abstract)	\$ 5,412,561.00
Regional High School District Tax (Abstract)	2,300,984.98
County Taxes:	
County Tax (Abstract)	\$ 1,531,015.93
County Library Tax (Abstract)	145,481.33
County Open Space Tax (Abstract)	197,510.24
Amount Due County for Added Taxes (54:4-63.1 et.seq.)	2,225.71 1,876,233.21
Local Tax for Municipal Purposes	2,694,257.15
Additional Tax Levies	<u>13,424.68</u> 2,707,681.83
Total	<u>\$ 12,297,461.02</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Revenue Accounts Receivable
For the Year Ended December 31, 2009

	Balance December 31, 2008	Accrued in 2009	Collected	Balance December 31, 2009	Remarks
Borough Clerk:					
Alcohol Licenses	\$ 1,008.00	\$ 1,008.00			
Historic Commission Permits	110.00	110.00			
Street Opening Permits	2,100.00	2,100.00			
Firearm Permits	192.50	192.50			
Zoning Permits	2,061.00	2,061.00			
Land Use Board Fees	1,425.00	1,425.00			
Tree Removal Permits	2,236.00	2,236.00			
Borough Clerks Account					
Tax Search Fees	70.00	70.00			
Fire Official - Uniform Fire Safety -					
Fees and Permits	5,557.27	5,557.27			
Construction Official - Fees and Permits	47,586.00	47,586.00			
Energy Receipt Taxes	273,487.00	273,487.00			
Supplemental Energy Receipts Tax	6,097.00	6,097.00			
Consolidated Municipal Property Tax Relief	84,464.00	84,464.00			
Municipal Court - Fines and Costs	\$ 4,379.14	60,769.83	\$ 59,346.87	\$ 5,802.10	Dec. Receipts
Interest on Investments and					
Bank Deposits	135,845.63	135,845.63			
Capital Fund Balance	375,000.00	375,000.00			
Reserve for Payment of Debt Service Costs	220,000.00	220,000.00			
Rental of Cell Tower Space	164,061.68	164,061.68			
Cable TV Franchise Fees	32,138.98	27,851.72	46,289.60	13,701.10	2009 Allotment
Total	\$ 36,518.12	\$ 1,409,922.63	\$ 1,426,937.55	\$ 19,503.20	

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of 2008 Appropriation Reserves
For The Year Ended December 31, 2009

	Balance December 31, 2008		Balance After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Salaries and Wages:					
General Administration	\$ 1,691.40		\$ 1,691.40		\$ 1,691.40
Borough Clerk	1,650.47		1,650.47		1,650.47
Financial Administration	888.52		888.52		888.52
Collection of Taxes	102.68		102.68		102.68
Assessment of Taxes	145.00		145.00		145.00
Historic Preservation Commission	16.78		16.78		16.78
Planning Board	425.18		425.18		425.18
Police	10,108.47		7,606.47		7,606.47
Office of Emergency Management	3,576.97		3,576.97		3,576.97
Fire Official	740.02		740.02		740.02
Borough Prosecutor		\$ 3,150.00	3,150.00	\$ 3,150.00	
Streets and Roads	14,531.63		14,531.63		14,531.63
Solid Waste Collection	403.58		403.58		403.58
Environmental	113.72		113.72		113.72
Municipal Court	5,677.37		5,677.37		5,677.37
Construction Official	764.80		764.80		764.80
Zoning Code Enforcement	748.75		748.75		748.75
Other Expenses:					
General Administration	4,790.76	2,441.97	7,232.73	1,228.09	6,004.64
Mayor and Council	283.19	165.00	448.19	55.00	393.19
Borough Clerk	1,124.10	496.70	1,620.80	595.70	1,025.10
Financial Administration	1,640.38	\$462.32	2,102.70	462.32	1,640.38
Computerized Data Processing	753.00		753.00		753.00
Assessment of Taxes	483.43		483.43		483.43
Collection of Taxes	1,871.97	278.25	2,150.22	278.25	1,871.97
Legal Services	5,000.00	5,000.00	10,000.00	6,073.00	3,927.00
Engineering Services	3,741.75	2,250.00	5,991.75	2,250.00	3,741.75
Historic Preservation Commission	200.00		200.00		200.00
Planning Board	3,190.13		3,190.13		3,190.13
Insurance					
Unemployment Compensation	488.78		488.78		488.78
Employee Group Insurance	26,840.13	20,781.49	47,421.82	15,521.72	31,899.90
Liability Insurance	1,038.14		1,038.14		1,038.14
Surety Bond Premiums	186.85		186.85		186.85
Police	5,579.52	3,259.10	8,838.62	3,060.24	5,778.38
Office of Emergency Management	408.34	198.50	606.84	198.50	408.34
Aid to Volunteer Ambulance Companies	45.64	1,186.55	3,732.19	1,649.85	2,082.34
Fire	7,144.10	12,098.59	19,242.69	15,734.68	3,508.01
Fire Official	929.20	30.00	959.20	27.96	931.24
Streets and Roads	9,218.81	5,912.66	15,131.47	6,479.20	8,652.27
Solid Waste Collection	9,171.62	2,600.00	11,771.62	1,458.82	10,312.80
Public Buildings and Grounds	3,055.38	4,581.49	7,636.87	4,975.47	2,661.40
Vehicle Maintenance	10,289.99	9,617.26	19,907.25	11,183.69	8,723.56
Forward	<u>138,858.55</u>	<u>74,509.88</u>	<u>213,368.43</u>	<u>74,382.49</u>	<u>138,985.94</u>

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of 2008 Appropriation Reserves
For The Year Ended December 31, 2009

	Balance December 31, 2008		Balance After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Forward	\$ 138,858.55	\$ 74,509.88	\$ 213,368.43	\$ 74,382.49	\$ 138,985.94
Other Expenses (Cont'd):					
Construction Code Official	4,996.45	186.25	5,182.70	334.71	4,847.99
Zoning Code Enforcement	500.00		500.00		500.00
Electricity	3,146.45	3,900.00	7,046.45	2,389.98	4,656.47
Street Lighting	757.20	1,329.00	2,086.20	660.63	1,425.57
Telephone	4,389.18		4,389.18	726.09	3,663.09
Landfill Fees	15,862.06	12,000.00	27,862.06	11,915.16	15,946.90
Natural Gas	5,038.80	1,807.89	6,846.69	3,170.31	3,676.38
Gasoline	10,679.46	7,000.00	17,679.46	5,224.56	12,454.90
Printing and Postage	51.68		51.68		51.68
Contingent	440.00	60.00	500.00	180.00	320.00
Social Security System	22,241.30		22,241.30		22,241.30
Employee Pension	184.52		184.52		184.52
Municipal Court	1,450.44	6,431.81	7,882.25	6,595.39	1,286.86
Defined Contribution Retirement Fund	2,000.00		2,000.00		2,000.00
Public Defender	1,700.00		1,700.00	1,700.00	
Other Expenses - Outside CAP:					
Reserve for New Municipal Building	374.20	86,084.54	86,458.74	81,801.24	4,657.50
Police and Fireman's Retirement System	47.00		47.00		47.00
Public Employees Retirement System	0.20		0.20		0.20
Total	\$ 212,717.49	\$ 193,309.37	\$ 406,026.86	\$ 189,080.56	\$ 216,946.30

BOROUGH OF MEDFORD LAKES

CURRENT FUND

**Schedule of Due State of New Jersey-
Senior Citizen and Veterans' Deductions
For the Year Ended December 31, 2009**

Balance December 31, 2008	\$ 8,418.61
Increased by:	
Cash Received	\$ 57,250.00
Prior Year Senior Citizen and Veteran Deductions Disallowed	<u>500.00</u>
Cash Received	<u>57,750.00</u>
Total	66,168.61
Decreased by:	
Accrued in 2008:	
Senior Citizens Deductions Per Billings	\$ 6,250.00
Veterans Deductions Per Billings	41,000.00
Senior Citizens and Veteran Deductions Allowed by Collector	<u>9,750.00</u>
Total	57,000.00
Less Disallowed by Collector:	
Senior Citizen's and Veteran Deductions	<u>250.00</u>
Balance December 31, 2009	<u><u>\$ 9,418.61</u></u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Local District School Tax Payable
For the Year Ended December 31, 2009

Balance December 31, 2008:

School Tax Payable	\$ 1,614,802.75
School Tax Deferred	<u>666,689.81</u>
	\$ 2,281,492.56

Increased by:

Levy - School Year July 1, 2009 to June 30, 2010	<u>5,412,561.00</u>
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Total	7,694,053.56
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Decreased by:

Payments	<u>5,321,421.48</u>
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Balance December 31, 2009:

School Tax Payable	1,855,942.27
School Tax Deferred	<u>516,689.81</u>
	\$ 2,372,632.08

2009 Liability for Local District School Tax:

Tax Paid	\$ 5,321,421.48
Tax Payable December 31, 2009	<u>1,855,942.27</u>

Total	7,177,363.75
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Less:

Tax Payable December 31, 2008	<u>1,614,802.75</u>
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Amount Charged to 2009 Operations	<u>\$ 5,562,561.00</u>
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BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Regional High School Tax Payable
For the Year Ended December 31, 2009

Balance December 31, 2008:

School Tax Payable	\$ 1,238,611.78
School Tax Deferred	<u>291,811.49</u>
	\$ 1,530,423.27

Increased by:

Levy - School Year July 1, 2009 to June 30, 2010	<u>2,300,984.98</u>
Total	3,831,408.25

Decreased by:

Payments	<u>2,348,211.78</u>
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Balance December 31, 2009:

School Tax Payable	1,191,384.98
School Tax Deferred	<u>291,811.49</u>
	<u>\$ 1,483,196.47</u>

2009 Liability for Local District School Tax:

Tax Paid	\$ 2,348,211.78
Tax Payable December 31, 2009	<u>1,191,384.98</u>

Total	3,539,596.76
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Less:

Tax Payable December 31, 2008	<u>1,238,611.78</u>
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Amount Charged to 2009 Operations	<u>\$ 2,300,984.98</u>
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EXHIBIT A-12

BOROUGH OF MEDFORD LAKES

CURRENT FUND

**Statement of Deferred Charges
N.J.S. 40A:4-55 Special Emergency
For the Year Ended December 31, 2009**

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>		<u>1/5 of Net Amount Authorized</u>		<u>Balance December 31, 2008</u>		<u>Balance December 31, 2009</u>	
		<u>Net Amount Authorized</u>	<u>Net Amount Authorized</u>	<u>Increased In 2009</u>	<u>Decreased In 2009</u>	<u>Balance December 31, 2009</u>	<u>Balance December 31, 2009</u>		
7/2/04	Flood Damage	\$ 750,000.00	\$ 150,000.00	\$ 150,000.00		\$ 150,000.00			
12/4/08	Revaluation Program	150,000.00	30,000.00	150,000.00		30,000.00	\$ 120,000.00		
12/4/08	Tax Map	10,000.00	2,000.00	10,000.00		2,000.00	8,000.00		
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	Total	<u>\$ 910,000.00</u>	<u>\$ 182,000.00</u>	<u>\$ 310,000.00</u>	<u>\$ -</u>	<u>\$ 182,000.00</u>	<u>\$ 128,000.00</u>		

BOROUGH OF MEDFORD LAKES

FEDERAL AND STATE GRANT FUND

Schedule of Federal and State Grants Receivable
For the Year Ended December 31, 2009

	Balance December 31, <u>2008</u>	<u>Accrued</u>	<u>Received</u>	<u>Cancelled</u>	Balance December 31, <u>2009</u>
Federal Grants:					
Over the Limit		\$ 6,000.00	\$ 6,000.00		
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Federal		6,000.00	6,000.00		
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
State Grants:					
Municipal Alliance Grant	\$ 10,500.00	\$ 10,500.00	\$ 3,886.26	\$ 6,613.74	\$ 10,500.00
Clean Communities Grant		8,474.78	8,474.78		
Make It Click Grant					
Drunk Driving Enforcement Grant		1,868.56	1,868.56		
Recycling Grant		2,739.08	2,739.08		
Shared Services Grant		26,550.00			26,550.00
NJ Trans. Safe Streets to School	295,000.00				295,000.00
Smart Future Award	24,000.00				24,000.00
Green Acres Grant		56,000.00			56,000.00
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total State	<u>329,500.00</u>	<u>106,132.42</u>	<u>16,968.68</u>	<u>6,613.74</u>	<u>412,050.00</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>\$ 329,500.00</u></u>	<u><u>\$ 112,132.42</u></u>	<u><u>\$ 22,968.68</u></u>	<u><u>\$ 6,613.74</u></u>	<u><u>\$ 412,050.00</u></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, 2009

	Balance December 31, 2008	Federal and State Grant <u>Receivable</u>	Realized as Revenue <u>in 2009</u>	<u>Canceled</u>	Balance December 31, 2009
Federal Grants:					
Over the Limit		\$ 6,000.00	\$ 6,000.00		
Total Federal	_____	6,000.00	6,000.00		
State Grants:					
Body Armor Grant	\$ 2,726.48		2,726.48		
Municipal Alliance Grant		10,500.00	10,500.00		
Clean Communities Grant	741.05	8,474.78	741.05		\$ 8,474.78
Drunk Driving Enforcement Grant	934.34	1,868.56			2,802.90
Shared Services Grant		26,550.00	26,550.00		
Recycling Grant	4,919.73	2,739.08	4,919.73		2,739.08
Green Acres Grant		56,000.00	56,000.00		
Total State	9,321.60	106,132.42	101,437.26		14,016.76
Total	\$ 9,321.60	\$ 112,132.42	\$ 107,437.26	\$ -	\$ 14,016.76

BOROUGH OF MEDFORD LAKES

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Appropriated
For the Year ended December 31, 2009

	Balance December 31, <u>2008</u>	Transferred from 2009 Budget <u>Appropriation</u>	Paid or <u>Charged</u>	<u>Canceled</u>	Balance December 31, <u>2009</u>
Federal Grants:					
Over the Limit		\$ 6,000.00	\$ 6,000.00		
Total Federal		<u>6,000.00</u>	<u>6,000.00</u>		
State Grants:					
Drunk Driving Enforcement Grant	\$ 6,089.46		\$ 686.27		\$ 5,403.19
Clean Communities Grant	21,243.17	741.05	5,486.76		16,497.46
Alcoholic Education					
Rehabilitation Fund	6,082.44		1,000.00		5,082.44
Body Armor Fund		2,726.48			2,726.48
Municipal Alliance Grant	22,426.12	13,200.00	7,629.35	\$ 6,613.74	21,383.03
Shared Services Grant		26,550.00	24,500.00		2,050.00
Recycling Tonnage Grant	13,870.86	4,919.73	13,954.54		4,836.05
Comcast Technology Grant	2,475.00				2,475.00
Smart Future Award	20,859.89		16,790.25		4,069.64
Green Acres Grant		56,000.00			56,000.00
NJ Safe Streets to School	300,862.26				300,862.26
Total State	<u>393,909.20</u>	<u>104,137.26</u>	<u>70,047.17</u>	<u>6,613.74</u>	<u>421,385.55</u>
Total State Grants	<u>\$ 393,909.20</u>	<u>\$ 110,137.26</u>	<u>\$ 76,047.17</u>	<u>\$ 6,613.74</u>	<u>\$ 421,385.55</u>

TRUST FUND

BOROUGH OF MEDFORD LAKES

TRUST FUND

Schedule of Cash - Treasurer
For the Year Ended December 31, 2009

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2008	<u>\$ 8,287.03</u>	<u>\$ 84,818.72</u>
Receipts:		
Animal Control Fund:		
Borough Share	7,502.99	
State Share	838.20	
Due to Current Fund - Interest Earned:		
Planning and Zoning Professional Fees	129.54	
Street Opening Deposits	28.57	
Special Law Enforcement	6.38	
Public Defender	6.13	
Payroll Fund	93.43	
Planning and Zoning Professional Fees - Deposits	2,800.00	
Unemployment Compensation Insurance Trust	9,391.63	
Street Opening Deposits	15,000.00	
Environmental Commission	0.72	
Public Defender Reserve	300.00	
Payroll Fund:		
Net Payroll	1,159,936.16	
Payroll Deductions Payable	1,100,545.13	
Total Receipts	<u>8,341.19</u>	<u>2,288,237.69</u>
Total Funds Available	<u>16,628.22</u>	<u>2,373,056.41</u>
Disbursements:		
State of New Jersey:		
Department of Health	842.40	
Expenditures Under RS4:19-15.11	4,185.80	
Due to Current Fund:		
Street Opening Deposits	15,750.00	
Planning and Zoning Escrow Deposits	3,119.00	
Payroll Deductions Payable	1,114,313.55	
Net Payroll	1,159,936.16	
Unemployment Compensation Reserve Fund Expenditures	11,674.19	
Total Disbursements	<u>5,028.20</u>	<u>2,304,792.90</u>
Balance December 31, 2009	<u>\$ 11,600.02</u>	<u>\$ 68,263.51</u>

BOROUGH OF MEDFORD LAKES

ANIMAL CONTROL FUND

Schedule of Reserve for Animal Control Fund Expenditures
For the Year Ended December 31, 2009

Balance December 31, 2008	\$ 7,900.87
Increased by:	
2009 Dog License Fees Collected	\$ 3,815.00
2009 Cat Licenses Collected	1,353.00
Miscellaneous	200.20
Late Fees	2,100.00
Interest Earned	<u>34.79</u>
	7,502.99
Total	<u>15,403.86</u>
Decreased by:	
Expenditures Under R.S. 4:19-15.11:	
Cash	4,185.80
Statutory Excess Due to Current Fund	<u>4,185.80</u>
Balance December 31, 2009	<u>\$ 11,218.06</u>

License Fees Collected

Year:	
2007	\$ 5,058.20
2008	<u>6,340.20</u>
Total	<u>\$ 11,398.40</u>

EXHIBIT B-3

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

**Schedule of Payroll Deductions Payable
For the Year Ended December 31, 2009**

Balance December 31, 2008	\$ 24,344.68
Increased by:	
Payroll Deductions Received	<u>2,260,481.29</u>
Total	2,284,825.97
Decreased by:	
Payroll Deductions Disbursed	<u>2,274,249.71</u>
Balance December 31, 2009	<u>\$ 10,576.26</u>

EXHIBIT B-4

**Schedule of Reserve For Planning and Zoning Escrow Deposits
For the Year Ended December 31, 2009**

Balance December 31, 2008	\$ 38,968.85
Increased by:	
2009 Deposits	<u>2,800.00</u>
Total	41,768.85
Decreased by:	
Disbursements	<u>3,119.00</u>
Balance December 31, 2009	<u>\$ 38,649.85</u>

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

EXHIBIT B-5

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

**Schedule of Reserve For Unemployment Compensation Insurance Trust
For the Year Ended December 31, 2009**

Balance December 31, 2008	\$ 7,504.73
Increased by:	
Interest Earned	\$ 5.72
Employee Withholdings	3,385.91
Borough Contributions	<u>6,000.00</u>
	<u>9,391.63</u>
Total	16,896.36
Decreased by:	
Due to State Department of Labor	11,659.53
Due to Current Fund	<u>14.66</u>
	<u>11,674.19</u>
Balance December 31, 2009	\$ 5,222.17

EXHIBIT B-6

**Schedule of Reserve For Public Defender Trust Fund
For the Year Ended December 31, 2009**

Balance December 31, 2008	\$ 1,677.06
Increased by:	
Fees Collected	300.00
	1,977.06
Decreased by:	
Due to Current Fund - Reimbursement of Salary	
Balance December 31, 2009	\$ 1,977.06

EXHIBIT B-7

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

Schedule of Reserve For Compensated Absences
For the Year Ended December 31, 2009

Balance December 31, 2008	\$ 36,000.00
Increased by:	
Due from Current Fund - Budget Appropriation	<u>6,000.00</u>
Balance December 31, 2009	<u>\$ 42,000.00</u>

EXHIBIT B-8

Schedule of Reserve For Special Law Enforcement Fund
For the Year Ended December 31, 2009

Balance December 31, 2008 and 2009	<u>\$ 1,903.44</u>
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GENERAL CAPITAL FUND

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of Cash - Treasurer
For the Year Ended December 31, 2009

Balance December 31, 2008	\$ 3,542,791.42
Receipts:	
Interest Earned on Investments	\$ 523.62
State Aid Receivable	19,431.22
Capital Improvement Fund - Budget Appropriation	52,000.00
Due from Current Fund - Deferred Charge to Future Taxation Unfunded	<u>321,853.46</u>
	<u>393,808.30</u>
Total	3,936,599.72
Disbursements:	
Improvement Authorizations	74,215.50
Reserve for Payment of Debt Service Costs	220,000.00
Reserve for Flood Costs	42.70
Due to Current Fund - Capital Fund balance Appropriated	375,000.00
Due to Current Fund - Interest Earned	<u>568.34</u>
	<u>669,826.54</u>
Balance December 31, 2009	<u>\$ 3,266,773.18</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Analysis of General Capital Cash and Investments
For the Year Ended December 31, 2009

Capital Improvement Fund	\$ 8,957.76
Encumbrances Payable	682,629.16
Due to Current Fund	77.79
Reserve for Payment of Debt Service Costs	2,316,405.58
Due from Federal & State Grant Fund	(50,000.00)
Reserve for Flood Recovery Costs	151,419.01
Reserve for Purchase of Public Works Dept. Equipment	33,595.00
Reserve for Purchase of Fire Equipment	5,000.00

Improvement Authorizations:

<u>Ordinance</u>	
<u>Number</u>	

468	Multi-Purpose:		
	Improvements to Municipal Building	9,948.00	
	Improvements to Public Works Department Building	645,120.00	
512	Construction of Dams	11,220.88	
534	Purchase of Public Works Dept. Equipment	5,000.00	
550	Construction of Drainage Improvements	(15,950.00)	
563	Acquisition of Trash Truck	(196,200.00)	
564	Construction of Maintenance Improv. To Mishemokwa Dam	14,000.00	
569	Purchase of Fire Truck	(354,450.00)	
<hr/>			
Total		<u>\$ 3,266,773.18</u>	

BOROUGH OF MEDFORD LAKES

General Capital Fund

Schedule of Federal and State Grants Receivable
For the Year Ended December 31, 2009

	Balance December 31, <u>2008</u>	<u>Accrued</u>	<u>Received</u>	Balance December 31, <u>2009</u>
State Aid:				
Department of Environmental Protection - Construction of Dams	\$ 19,431.22		\$ 19,431.22	\$ -
Total	\$ 19,431.22	\$ -	\$ 19,431.22	\$ -

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

**Schedule of Deferred Charges to Future Taxation - Unfunded
For the Year Ended December 31, 2009**

Ordinance Number	Improvement Description	Analysis of Balance - December 31, 2009			
		Balance December 31, 2009		Expenditures	Unexpended Improvement Authorizations
518	Various Road Improvements	\$ 95,450.41			\$ 95,450.41
550	Multi-Purpose:				
	Construction of Drainage Improv. To Mudjekeewis and Tontonava Trails	66,500.00	\$ 15,950.00		50,550.00
	Acquisition of Utility Truck	3,337.00			3,337.00
563	Purchase of Trash Truck	199,500.00		196,200.00	3,300.00
564	Multi-purpose				
	Construction of Maintenance Improv. To Mishemokwa Dam	266,000.00			266,000.00
	Construction of New Improvements to Quoque Dam	600,000.00			600,000.00
569	Purchase of Fire Truck	361,500.00		354,450.00	7,050.00
	 Total	 \$ 1,592,287.41	 \$ 566,600.00	 \$ 1,025,687.41	
				Improvement Authorizations Unfunded:	\$ 1,025,687.41
				Less: Unexpended Proceeds of Bond	
				Anticipation Notes Issued	
					\$ 1,025,687.41

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

**Statement of Capital Improvement Fund
For the Year Ended December 31, 2009**

Balance December 31, 2008	\$ 4,957.76
Increased by:	
2009 Budget Appropriation	<u>52,000.00</u>
Subtotal	56,957.76
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>48,000.00</u>
Balance December 31, 2009	<u>\$ 8,957.76</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of Improvement Authorizations
For the Year Ended December 31, 2009

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2008		2009 Authorizations		Capital Improvement Fund	Deferred Charges To Future Taxation Unfunded	Prior Year Encumbrances	Paid or Charged	Current Year Encumbrances	Balance December 31, 2009	
				Funded	Unfunded								Funded	Unfunded
468	Multi-Purpose: Improvements to Municipal Building Improvements to Public Works Dept. Building	06/12/01	\$ 2,100,000	\$ 50,060.29	646,520.00					\$ 9,894.82	\$ 31,152.50	\$ 18,854.61	\$ 9,948.00	
512	Construction of Dams	09/08/05	8,846,561	11,220.86						23,500.00	1,400.00	23,500.00	645,120.00	
518	Multi-Purpose: Various Road Improvements	05/25/06	150,000		\$ 95,450.41					1,275.00		1,275.00	11,220.88	
534 Q50	Purchase of PWD Equipment	10/11/07	8,405	5,000.00						30,000.00		30,000.00		\$ 95,450.41
534 Q50	Multi-Purpose: Construction of Drainage Improv. To Mudjekewis and Tontonava Trails	05/08/08	70,000	3,500.00	66,500.00						41,663.00	41,663.00	19,450.00	50,550.00
	Acquisition of Utility Truck		45,000		3,337.00									3,337.00
563	Acquisition of Trash Truck	05/27/09	210,000			\$ 10,500.00	\$ 199,500.00						206,700.00	3,300.00
564	Multi-Purpose: Construction of Maintenance Improv. To Mishemokwa Dam	05/27/09	280,000			14,000.00	266,000.00						14,000.00	266,000.00
	Construction of New Improvements to Quoque Dam		600,000				600,000.00							600,000.00
569	Purchase of Fire Truck	10/28/09	385,000			23,500.00	361,500.00						377,950.00	7,050.00
Total			\$ 716,301.17	\$ 165,287.41	\$ 48,000.00	\$ 1,427,000.00	\$ 106,332.82	\$ 74,215.50		\$ 677,729.61	\$ 685,288.88			\$ 1,025,687.41

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of General Serial Bonds
For the Year Ended December 31, 2009

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	Maturity of Bonds Outstanding			<u>Interest Rate</u>	<u>Balance December 31, 2008</u>	<u>Decreased by Paid by Budget</u>	<u>Balance December 31, 2009</u>
			<u>Date</u>	<u>Amount</u>	<u>December 31, 2009</u>				
General Bonds of 2001	10/10/01	\$ 2,816,000	8/15/2010	\$ 260,000.00	4.000%				
			8/15/2011	270,000.00	5.000%				
			8/15/2012	285,000.00	4.200%				
			8/15/2013	291,000.00	4.375%		<u>\$ 1,351,000.00</u>	<u>\$ 245,000.00</u>	<u>\$ 1,106,000.00</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of Environmental Protection Loan Payable
For the Year Ended December 31, 2009

Balance December 31, 2008		\$ 7,903,565.36
Decreased by:		
Paid by Budget Appropriation		<u>189,714.67</u>

Balance December 31, 2009	<u>\$ 7,713,850.69</u>
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Year	Principal	Interest	Total
2010	\$ 385,139.75	\$ 152,360.90	\$ 537,500.65
2011	392,881.05	144,619.57	537,500.62
2012	400,777.97	136,722.67	537,500.64
2013	408,833.61	128,667.04	537,500.65
2014	417,051.16	120,449.48	537,500.64
2015	425,433.89	112,066.75	537,500.64
2016	433,985.11	103,515.54	537,500.65
2017	442,708.21	94,792.43	537,500.64
2018	451,606.64	85,894.00	537,500.64
2019	460,683.93	76,816.71	537,500.64
2020	469,943.69	67,556.96	537,500.65
2021	479,389.55	58,111.09	537,500.64
2022	489,025.28	48,475.36	537,500.64
2023	498,854.69	38,645.96	537,500.65
2024	508,881.67	28,618.99	537,500.66
2025	519,110.20	18,390.46	537,500.66
2026	529,544.29	7,956.33	537,500.62
	<u>\$ 7,713,850.69</u>	<u>\$ 1,423,660.24</u>	<u>\$ 9,137,510.93</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Statement of Bonds and Notes Authorized but not Issued
 For the Year Ended December 31, 2009

Ordinance Number	Improvement Description	Balance		Funded by		Balance December 31, 2009
		December 31, 2008	2009 Appropriation	Budget Appropriation	Canceled	
488	Construction of Cell Tower	\$ 93,432.60		\$ 93,432.60		
493	Acquisition of Police Utility Vehicle	25,957.36		25,957.36		
518	Multi-purpose					
	Acquisition of Police Utility Vehicle	28,051.91		28,051.91		
	Acquisition of Trash Truck	87,949.00		87,949.00		
518	Various Road Improvements	142,500.00		47,049.59		\$ 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	42,750.00		39,413.00		3,337.00
563	Purchase of Trash Truck		\$ 199,500.00			199,500.00
564	Multi-purpose					
	Construction of Maintenance Improv. to Mishemokwa Dam		266,000.00			266,000.00
	Construction of New Improvements to Quoque Dam		600,000.00			600,000.00
569	Purchase of Fire Truck		361,500.00			361,500.00
Total		\$ 487,140.87	\$ 1,427,000.00	\$ 321,853.46	\$ -	\$ 1,592,287.41

SEWER UTILITY FUND

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of Cash - Collector/Treasurer
For the Year Ended December 31, 2009

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2008	\$ 601,282.56	\$ 23,723.35
Receipts:		
Sewer Service Charges Receivable	\$ 1,020,816.82	
Prepaid Sewer Rent	32,126.82	
Interest Earned due to Sewer Utility		
Operating Fund	\$ 58.65	
Loan from Sewer Utility Operating Fund	35,000.00	
Miscellaneous Revenue	<u>23,317.35</u>	<u></u>
 Total Receipts	 <u>1,076,260.99</u>	 <u>35,058.65</u>
 Total	 1,677,543.55	 58,782.00
 Disbursements:		
2009 Appropriations	1,072,804.59	
Appropriation Reserves and		
Encumbrances Payable	91,114.17	
Interest on Bonds and Notes	66,547.40	
Loan to Sewer Utility Operating Fund	35,000.00	
Improvement Authorizations	<u></u>	<u>57,597.37</u>
 Total Disbursements	 <u>1,265,466.16</u>	 <u>57,597.37</u>
 Balance December 31, 2009	 <u>\$ 412,077.39</u>	 <u>\$ 1,184.63</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Analysis of Capital Cash
At December 31, 2009

Fund Balance	\$ 750.00
Capital Improvement Fund	10,553.25
Due to Sewer Utility Operating Fund	31,552.61
Encumbrances Payable	10,607.00

Improvement Authorization:

Ord. 501 Improvements to Sewer Treatment Plant, Bypass Line, Office Space & Public Walkway	142,642.57
Ord. 515 Acquisition of Sewer Collection Line Cleaning Equipment	(156,733.00)
Ord. 518 Construction and Repairs to Sewer Collection System	(55,796.15)
Ord. 548 Repairs to Sand Filter and Electric for Utility Project	35,000.00
Ord. 558 Replacement of Wastewater Mixer	(17,391.65)
<hr/>	
Total	\$ 1,184.63

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

**Schedule of Sewer Service Charges Receivable
For the Year Ended December 31, 2009**

Balance December 31, 2008	\$ 75,157.44
Increased by:	
Sewer Billings	<u>1,072,644.92</u>
Total	1,147,802.36
Decreased by:	
2009 Collections	\$ 1,020,816.82
Prepayments Applied	31,430.59
Overpayments Applied	<u>536.47</u>
	<u>1,052,783.88</u>
Balance December 31, 2009	<u>\$ 95,018.48</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of 2008 Appropriation Reserves
For the Year Ended December 31, 2009

	<u>Balance December 31, 2008</u>		Balance		
	<u>Encumbrances</u>		<u>After</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Payable</u>	<u>Reserves</u>	<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
Operating:					
Salaries and Wages		\$ 20,098.67	\$ 20,098.67		\$ 20,098.67
Other Expenses	\$ 84,392.60	34,296.45	118,689.05	\$ 91,114.17	27,574.88
Public Employees Retirement		2,300.00	2,300.00		2,300.00
Social Security System		7,111.28	7,111.28		7,111.28
Unemployment Compensation		136.45	136.45		136.45
Total	\$ 84,392.60	\$ 63,942.85	\$ 148,335.45	\$ 91,114.17	\$ 57,221.28

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Fixed Capital
For the Year Ended December 31, 2009

	<u>Balance</u> <u>December 31,</u> <u>2008</u>	<u>Increase</u> <u>By</u> <u>Additions</u>	<u>Less</u> <u>Retirements</u>	<u>Balance</u> <u>December 31,</u> <u>2009</u>
Sewer Plant	\$ 3,805,239.65			\$ 3,805,239.65
Pumping Station and Structures	49,941.52			49,941.52
General Equipment	<u>199,369.80</u>			<u>199,369.80</u>
Total	<u>\$ 4,054,550.97</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,054,550.97</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, 2009

<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance</u>	<u>Amount</u>	Balance December 31, <u>2008</u>	Deferred Charges to Future <u>Revenue</u>	Costs to Fixed <u>Capital</u>	Balance December 31, <u>2009</u>
Improvement to Sewer Treatment Plant, Bypass Line, Office space & Public Walkway	9/9/04		\$ 1,000,000.00	\$ 1,000,000.00			\$ 1,000,000.00
Acquisition of Sewer Collection Line Cleaning Equipment	1/26/06		160,000.00	160,000.00			160,000.00
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
Total				<u>\$ 1,560,000.00</u>	<u>\$ 300,000.00</u>	<u>\$ -</u>	<u>\$ 1,860,000.00</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Improvement Authorizations
For the Year Ended December 31, 2009

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2008		2009 Authorizations Deferred Charges to Future Revenue	Paid or Charged	Current Year Encumbrances Payable	Balance December 31, 2009	
				Funded	Unfunded				Funded	Unfunded
501	Improvements to Treatment Plant, Construction of Bypass Line, Construction of Office Space, and Construction of Public Walkway	09/09/04	\$ 1,000,000		\$ 142,992.57		\$ 350.00			\$ 142,642.57
515	Acquisition of Sewer Collection Line Cleaning Equipment	1/26/2006	160,000		3,267.00					\$ 3,267.00
518	Construction and Repairs to Sewer Collection System	5/11/2006	400,000		387,666.57		32,855.72	\$ 10,607.00		344,203.85
548	Repairs to Sand Filter and Electric for Utility Projects	5/8/2008	42,000	\$ 42,000.00			7,000.00		\$ 35,000.00	
558	Replacement of Wastewater Mixer	4/8/2009	300,000		\$ 300,000.00	\$ 17,391.65				282,608.35
				\$ 42,000.00	\$ 533,926.14	\$ 300,000.00	\$ 57,597.37	\$ 10,607.00	\$ 35,000.00	\$ 772,721.77

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of General Serial Bonds
For the Year Ended December 31, 2009

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Bonds</u>	<u>Maturities of Bonds Outstanding December 31, 2009</u>			<u>Interest Rate</u>	<u>Balance December 31, 2008</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2009</u>
			<u>Date</u>	<u>Amount</u>					
General Bonds of 1984	07/01/84	\$275,000	07/01/09	\$ 14,000		9.70%	\$ 14,000.00	\$ 14,000.00	
General Bonds of 1992	07/01/92	3,808,000	07/01/09-11	190,000		5.375%	768,000.00	190,000.00	\$ 578,000.00
			07/01/12	198,000					
Total							\$ 782,000.00	\$ 204,000.00	\$ 578,000.00

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Bond Anticipation Notes
For the Year Ended December 31, 2009

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2008	Increased	Decreased	Balance December 31, 2009
501	Improvements to Treatment Plant, Construction of Bypass Line, Construction of Office Space, and Construction of Public Walkway	10/19/04	10/15/08	10/14/09	2.70%	\$ 888,000.00		\$ 888,000.00	
62			10/14/09	10/13/10	1.29%		\$ 761,000.00		\$ 761,000.00
<hr/>						<hr/>	<hr/>	<hr/>	<hr/>
	Total					\$ 888,000.00	\$ 761,000.00	\$ 888,000.00	\$ 761,000.00
<hr/>						<hr/>	<hr/>	<hr/>	<hr/>
						Renewals	\$ 761,000.00	\$ 761,000.00	
						Paid by Budget Appropriation		127,000.00	
<hr/>						<hr/>	<hr/>	<hr/>	<hr/>
							\$ 761,000.00	\$ 888,000.00	
<hr/>						<hr/>	<hr/>	<hr/>	<hr/>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Capital Improvement Fund
For the Year Ended December 31, 2009

Balance December 31, 2008	\$ 10,553.25
<hr/>	
Increased by - Budget Appropriation	
<hr/>	
Total	10,553.25
<hr/>	
Decreased by - 2009 Improvement Authorization	
<hr/>	
Balance December 31, 2009	\$ 10,553.25
<hr/>	

Schedule of Reserve for Amortization
For the Year Ended December 31, 2009

Balance December 31, 2008	\$ 3,272,550.97
<hr/>	
Increased by:	
<hr/>	
Serial Bonds Paid by Operating Budget	204,000.00
<hr/>	
Balance December 31, 2009	\$ 3,476,550.97
<hr/>	

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Deferred Reserve for Amortization
For the Year Ended December 31, 2009

Ordinance Number	Improvement Description	Date of Ordinance	Balance December 31, 2008	Paid From Operating Budget - Notes	Transfer to Reserve For Amortization	Balance December 31, 2009
501	Improvement to Treatment Plant, Construction of Bypass Line, Construction of Office Space and Construction of Public Walkway	10/19/04	\$ 112,000.00	\$ 127,000.00		\$ 239,000.00
			<u>\$ 112,000.00</u>	<u>\$ 127,000.00</u>	<u>\$ -</u>	<u>\$ 239,000.00</u>

Schedule of Bond Anticipation Notes Authorized But Not Issued
For the Year Ended December 31, 2009

Ordinance Number	Improvement Description	Balance December 31, 2008	2009 Authorization	Notes Issued	Balance December 31, 2009
515	Acquisition of Sewer Collection Line Cleaning Equipment	\$ 160,000.00			\$ 160,000.00
518	Construction and Repairs to Collection System	400,000.00			400,000.00
558	Replacement of Wastewater Mixers		\$ 300,000.00		300,000.00
		<u>\$ 560,000.00</u>	<u>\$ 300,000.00</u>	<u>\$ -</u>	<u>\$ 860,000.00</u>

BOROUGH OF MEDFORD LAKES

PART II

Schedule of Findings and Recommendations

For the Year Ended December 31, 2009

BOROUGH OF MEDFORD LAKES
Schedule of Findings and Recommendations
For the Year Ended December 31, 2009

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 #2009-1

Condition:

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

Criteria:

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

Effect:

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

Cause:

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

Recommendation:

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

View of Responsible Official and Planned Corrective Action:

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

Finding #2009-2

Condition:

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

Criteria:

P.L. 2001, c.404 known as the "Open Public Records Act" requires that government records be readily accessible for inspection, copying, or examination by the citizens of the State.

Effect:

The Borough has not complied with the "Open Public Records Act".

Cause:

Time constraints on the Acting Borough Clerk.

Recommendation:

The Acting Borough Clerk should prepare, and the Borough Council should take formal action on, the minutes of the Borough Council meetings in a timely manner and all minutes should be certified by the Acting Borough Clerk upon approval by the Borough Council.

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 Recommendations
For the Year Ended December 31, 2009

Schedule of Other Findings

Finding #2009-3

Condition:

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

Recommendation:

The Borough Council should document, by written resolution, its agreement for all post-employment benefits approved.

BOROUGH OF MEDFORD LAKES
Schedule of Findings and Questioned Cost
For the Year Ended December 31, 2009

Section 3 - 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 #2008-1

Condition:

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

Current Status:

The condition remains unchanged as reported in Finding #2009-1.

Planned Corrective Action:

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

FEDERAL AWARDS

No prior year audit findings were noted.

STATE AWARDS

A State single audit was not required.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2009:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Paul G. Weiss, Esq.	Mayor		
Timothy S. Casey	Councilman		
Gregory C. Lackey	Councilman		
Geoffrey D. Urbanik	Borough Manager, Borough Clerk, Tax Search Clerk, Secretary to Board of Health	\$ 1,000,000	(A)
Mark J. McIntosh	Acting Borough Clerk	1,000,000	(A)
Donna A. Condo	Chief Financial Officer	1,000,000	(A)
Sharon Deviney	Tax Collector	1,000,000	(A)
Sherri Rockhill	Administrative Clerk and Utility Rent Collector	1,000,000	(A)
Jodie Termi	Court Administrator	1,000,000	(A)
James M. Vodges, III	Municipal Magistrate	1,000,000	(A)
Colleen Guerrera	Deputy Court Administrator	1,000,000	(A)
Thomas Heck	Construction Code Official	1,000,000	(A)
Douglas Kolton	Assessor		
Environmental Resolutions, Inc.	Engineer		
Peter Lange, Jr.	Solicitor		

All Bonds were examined and properly executed.

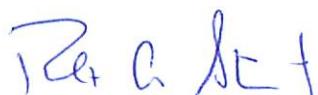
(A) The Borough has a Crime Policy - Excess Public Officials Bond in the amount of \$1,000,000 subject to a \$1,000 deductible with the Camden County Municipal Joint Insurance Fund. This policy covers all employees.

ACKNOWLEDGMENT

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

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountant



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

March 2, 2010