

BOROUGH OF LAWNSIDE
REPORT OF AUDIT
YEAR ENDED JUNE 30, 2010

INDEX

| | <u>Page</u> |
|--|-------------|
| <u>PART I</u> | 1 |
| Independent Auditor's Report | 2-3 |
| | |
| <u>CURRENT FUND</u> | 4 |
| A Comparative Balance Sheet - Current Fund - Regulatory Basis | 5-6 |
| A-1 Comparative Statement of Operations and Change in Fund Balance - Current Fund - Regulatory Basis | 7 |
| A-2 Statement of Revenues - Regulatory Basis | 8-9 |
| A-3 Statement of Expenditures - Regulatory Basis | 10-15 |
| | |
| <u>TRUST FUND</u> | 16 |
| B Comparative Balance Sheet - Trust Fund - Regulatory Basis | 17 |
| | |
| <u>GENERAL CAPITAL FUND</u> | 18 |
| C Comparative Balance Sheet - General Capital Fund - Regulatory Basis | 19 |
| | |
| <u>SEWER UTILITY FUND</u> | 20 |
| D Comparative Balance Sheet - Sewer Utility Fund - Regulatory Basis | 21 |
| D-1 Comparative Statement of Operations and Change in Fund Balance - Sewer Utility Fund - Regulatory Basis | 22 |
| D-2 Statement of Revenues - Regulatory Basis | 23 |
| D-3 Statement of Expenditures - Regulatory Basis | 24 |
| | |
| <u>GENERAL FIXED ASSETS</u> | 25 |
| E Statement of General Fixed Assets - Regulatory Basis | 26 |
| | |
| <u>NOTES TO FINANCIAL STATEMENTS</u> | 27-40 |
| | |
| <u>SUPPLEMENTARY DATA</u> | 41 |
| | |
| 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 | 42-43 |
| Schedule of Expenditures of State Financial Assistance - Schedule 1 | 44 |

INDEX (CONTINUED)

| | <u>Page</u> |
|--|-------------|
| <u>CURRENT FUND</u> | 45 |
| A-4 Schedule of Cash | 46 |
| A-5 Schedule of Current Fund Cash and Reconciliation per N.J.S.A. 40A:5-5 | 47 |
| A-6 Statement of Change Funds | 48 |
| A-7 Schedule of Investments - Bond Anticipation Notes | 48 |
| A-8 Schedule of Investments and Reconciliation per N.J.S.A. 40A:5-5 - Sewer Collector | 49 |
| A-9 Schedule of Grants Receivable | 50 |
| A-10 Schedule of Taxes Receivable and Analysis of Property Tax Levy | 51-52 |
| A-11 Schedule of Tax Title Liens Receivable | 53 |
| A-12 Schedule of Property Acquired for Taxes | 53 |
| A-13 Schedule of Revenue Accounts Receivable | 54 |
| A-14 Schedule of Deferred Charges | 54 |
| A-15 Statement of Deferred Charges - N.J.S. 40A:4-55 Special Emergency | 55 |
| A-16 Schedule of 2009 Appropriation Reserves | 56 |
| A-17 Schedule of Encumbrances Payable | 57 |
| A-18 Schedule of Accounts Payable | 58 |
| A-19 Schedule of Due to State of New Jersey-Senior Citizen and Veterans Deductions | 59 |
| A-20 Schedule of Local District School Tax Payable | 60 |
| A-21 Schedule of Reserve for Grants - Appropriated | 61 |
| A-22 Schedule of Reserve for Grants - Unappropriated | 62 |
| A-23 Schedule of Reserve for Local Grants - Appropriated | 63 |
| A-24 Schedule of Reserve for Local Grants - Unappropriated | 64 |
| A-25 Schedule of Due Camden County Municipal Utilities Authority | 65 |
| <u>TRUST FUND</u> | 66 |
| B-1 Schedule of Trust Fund Cash | 67 |
| B-2 Schedule of Trust Fund Cash and Reconciliation per N.J.S.A. 40A:5-5 | 68 |
| B-3 Schedule of Reserve for Dog Fund Expenditures | 69 |

INDEX (CONTINUED)

| | <u>Page</u> |
|---|-------------|
| <u>GENERAL CAPITAL FUND</u> | 70 |
| C-1 Schedule of General Capital Cash | 71 |
| C-2 Analysis of General Capital Fund Cash | 72 |
| C-3 Schedule of Grants Receivable | 73 |
| C-4 Schedule of Deferred Charges to Future Taxation - Unfunded | 74 |
| C-5 Schedule of Capital Improvement Fund | 75 |
| C-6 Schedule of Improvement Authorizations | 76 |
| C-7 Schedule of Bond Anticipation Notes Payable | 77 |
| C-8 Schedule of Bonds and Notes Authorized But Not Issued | 78 |
| <u>SEWER UTILITY FUND</u> | 79 |
| D-4 Schedule of Utility Cash | 80 |
| D-5 Schedule of Utility Cash and Reconciliation per N.J.S.A. 40A:5-5 - Treasurer | 81 |
| D-6 Schedule of Consumer Accounts Receivable | 81-82 |
| D-7 Schedule of Sewer Liens Receivable | 82 |
| D-8 Schedule of Fixed Capital | 83 |
| D-9 Schedule of 2009 Appropriation Reserves | 84 |
| D-10 Schedule of Encumbrances Payable | 84 |
| D-11 Statement of Down Payments on Improvements | 85 |
| <u>PART II</u> | 86 |
| General Comments | 87-88 |
| Other Comments | 89 |
| Findings and Recommendations | 90 |

PART I

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
21 W. High Street • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Lawnside
County of Camden, New Jersey

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Lawnside as of June 30, 2010 and 2009, and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statements of revenues – regulatory basis, and statement of expenditures – regulatory basis of the various funds, as listed in the table of contents for the year ended June 30, 2010. These financial statements are the responsibility of the Borough of Lawnside's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Borough of Lawnside prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

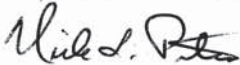
In our opinion, because of the effects of preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Lawnside as of June 30, 2010 and 2009, or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough of Lawnside as of June 30, 2010 and 2009, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended June 30, 2010 on the modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2010 on our consideration of the Borough of Lawnside's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Borough of Lawnside taken as a whole. The supplemental schedules listed in the table of contents are not a required part of the financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by New Jersey Treasurer Circular Letter 04-04 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and is also not a required part of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

December 16, 2010

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

| | <u>ASSETS</u> | <u>Ref.</u> | <u>Balance June 30, 2010</u> | <u>Balance June 30, 2009</u> |
|--|---|-------------|----------------------------------|----------------------------------|
| <u>Regular Fund</u> | | | | |
| | Cash | A-4 | 32,795.13 | 622,163.03 |
| | Change Fund | A-6 | 225.00 | 225.00 |
| | Investments - Bond Anticipation Notes | A-7 | 432,011.80 | 468,011.80 |
| | | | <u>465,031.93</u> | <u>1,090,399.83</u> |
| Receivables and Other Assets with Full Reserves: | | | | |
| | Delinquent Property Taxes Receivable | A-10 | 492,540.23 | 568,312.24 |
| | Tax Title Liens Receivable | A-11 | 100,844.71 | 33,338.21 |
| | Property Acquired for Taxes - Assessed Valuation | A-12 | 820,773.00 | 820,773.00 |
| | Revenue Accounts Receivable | A-13 | 18,172.71 | 14,873.71 |
| | Due Camden County Municipal Utilities Authority | | | 3,433.87 |
| | Restitution Receivable | | 820.00 | 820.00 |
| | Contract Overpayment Receivable | | 36,114.60 | 36,114.60 |
| | Due from Employees | | 214.18 | 214.18 |
| | Protested Checks | | 5,190.15 | 5,190.15 |
| | Due from County of Camden | A-2 | 25,000.00 | |
| | Due from Animal Control Trust Fund | B | 7,846.51 | 7,807.07 |
| | Due from Sewer Operating Fund | D | 45,329.23 | 173,341.28 |
| | Prepaid Local School Taxes | A-20 | 16,729.00 | |
| | | | <u>1,569,574.32</u> | <u>1,664,218.31</u> |
| Deferred Charges: | | | | |
| | Expenditure Without Appropriation | A-14 | 24,628.45 | 24,628.45 |
| | Overexpenditure of Appropriation Reserves | A-14 | 96,285.40 | 132,769.52 |
| | Overexpenditure of Appropriations | | | 13,882.48 |
| | Special Emergency Authorization | A-15 | 58,980.00 | |
| | Deficit in Operations | A-1 | 493,124.16 | |
| | | | <u>673,018.01</u> | <u>171,280.45</u> |
| | | | <u>2,707,624.26</u> | <u>2,925,898.59</u> |
| <u>Federal and State Grant Fund</u> | | | | |
| | Grants Receivable | A-9 | 373,148.72 | 355,401.59 |
| | Due from Current Fund | A | 122,215.86 | 189,403.53 |
| | Overexpenditure of Grant | | | 35,638.59 |
| | | | <u>495,364.58</u> | <u>580,443.71</u> |
| | | | <u>3,202,988.84</u> | <u>3,506,342.30</u> |

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | <u>Ref.</u> | <u>Balance June 30, 2010</u> | <u>Balance June 30, 2009</u> |
|---|-------------|----------------------------------|----------------------------------|
| <u>Regular Fund</u> | | | |
| Liabilities: | | | |
| Appropriation Reserves | A-3:A-16 | 115,544.13 | 121,159.13 |
| Encumbrances Payable | A-17 | 62,442.06 | 159,102.61 |
| Accounts Payable | A-18 | 10,174.00 | 10,174.00 |
| Contract Payable | A-3 | 58,980.00 | |
| Due State of New Jersey - | | | |
| Senior Citizen and Veterans Deductions | A-19 | 5,862.50 | 362.50 |
| Prepaid Taxes | | 13,500.98 | 8,920.86 |
| Tax Overpayments | | 5,231.18 | 15,413.01 |
| Payroll Taxes Payable | | 24,030.83 | 11,547.30 |
| Reserve for Local Grants - Appropriated | A-23 | 578.34 | |
| Reserve for Local Grants - Unappropriated | A-24 | 325.00 | 325.00 |
| Due Camden County Municipal Utilities Authority | A-25 | 81,090.50 | |
| Due General Capital Fund | C | 368,264.57 | 14,798.15 |
| Due Unemployment Compensation Fund | B | 2,742.57 | 2,742.57 |
| Due Trust Other | B | 99,032.96 | 134,697.16 |
| Due Federal and State Grant Fund | A | 122,215.86 | 189,403.53 |
| | | <hr/> | <hr/> |
| | | 970,015.48 | 668,645.82 |
| Reserve for Receivables | | 1,569,574.32 | 1,664,218.31 |
| Fund Balance | A-1 | 168,034.46 | 593,034.46 |
| | | <hr/> | <hr/> |
| | | 2,707,624.26 | 2,925,898.59 |
| <u>Federal and State Grant Fund</u> | | | |
| Encumbrances Payable | A-17 | 30,243.32 | 31,262.44 |
| Accounts Payable | A-18 | 18,437.04 | 18,437.04 |
| Reserve for Grants - Appropriated | A-21 | 415,812.86 | 504,857.01 |
| Reserve for Grants - Unappropriated | A-22 | 11,933.72 | 6,949.58 |
| Unallocated Receipts | | 18,937.64 | 18,937.64 |
| | | <hr/> | <hr/> |
| | | 495,364.58 | 580,443.71 |
| | | <hr/> | <hr/> |
| | | 3,202,988.84 | 3,506,342.30 |
| | | <hr/> <hr/> | <hr/> <hr/> |

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

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

| <u>Revenue and Other Income Realized</u> | <u>Ref.</u> | <u>Year 2010</u> | <u>Year 2009</u> |
|---|-------------|------------------|------------------|
| Fund Balance Utilized | A-2 | 425,000.00 | 725,000.00 |
| Miscellaneous Revenue Anticipated | A-2 | 1,537,649.50 | 1,349,065.87 |
| Receipts from Delinquent Taxes | A-2 | 514,618.42 | 412,509.24 |
| Receipts from Current Taxes | A-2 | 6,560,313.64 | 7,594,976.17 |
| Non-Budget Revenue | A-2 | 134,306.67 | 150,710.31 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-16 | 120,490.13 | 197,089.52 |
| Encumbrances Canceled | A-17 | 34,850.79 | |
| Interfund Loans Returned | | 4,518.83 | 45,734.62 |
| Total Income | | 9,331,747.98 | 10,475,085.73 |
| <u>Expenditures</u> | | | |
| Budget Appropriations Within "CAPS" | | | |
| Operations: | | | |
| Salaries and Wages | A-3 | 1,244,556.13 | 1,274,510.15 |
| Other Expenses | A-3 | 1,822,290.00 | 1,678,732.00 |
| Deferred Charges and Statutory Expenditures | A-3 | 307,225.19 | 236,361.03 |
| Budget Appropriations Excluded from "CAPS" | | | |
| Operations: | | | |
| Salaries and Wages | A-3 | 221,063.87 | 211,709.00 |
| Other Expenses | A-3 | 99,281.13 | 11,743.70 |
| Capital Improvements | | | 157,000.00 |
| Debt Service | A-3 | 36,000.00 | 25,000.00 |
| County Taxes | | 1,629,645.82 | 1,644,860.05 |
| Due County for Added Taxes | | 2,838.05 | 11,158.29 |
| Local District School Tax | A-19 | 4,457,235.00 | 4,165,720.00 |
| Interfund Loans Advanced | | 63,716.95 | 61,365.83 |
| Total Expenditures | | 9,883,852.14 | 9,478,160.05 |
| Excess in Revenue | | | 996,925.68 |
| Deficit in Revenue | | 552,104.16 | |
| Adjustments to Income before Fund Balance: | | | |
| Expenditures included above which are by Statute | | | |
| Deferred Charges to Budget of Succeeding Year | A-15 | 58,980.00 | 5,282.15 |
| Statutory Excess to Fund Balance | | | 1,002,207.83 |
| Deficit in Operations to be Raised in Budget of Succeeding Year | | 493,124.16 | |
| <u>Fund Balance</u> | | | |
| Balance July 1 | A | 593,034.46 | 315,826.63 |
| | | 593,034.46 | 1,318,034.46 |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | A-1 | 425,000.00 | 725,000.00 |
| Balance June 30 | A | 168,034.46 | 593,034.46 |

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

STATEMENT OF REVENUES - REGULATORY BASIS

| | Ref. | Anticipated | | Realized | Excess or (Deficit) |
|--|------|--------------|-------------------------|--------------|------------------------|
| | | Budget | Special NJS 40A:4-87 | | |
| Fund Balance Anticipated | A-1 | 425,000.00 | | 425,000.00 | |
| Miscellaneous Revenues: | | | | | |
| Licenses: | | | | | |
| Other | A-13 | 20,000.00 | | 20,423.06 | 423.06 |
| Fees and Permits | A-13 | 2,000.00 | | 2,941.62 | 941.62 |
| Fines and Costs: | | | | | |
| Municipal Court | A-13 | 110,000.00 | | 68,101.17 | (41,898.83) |
| Interest and Costs on Taxes | A-13 | 90,145.00 | | 115,539.50 | 25,394.50 |
| Interest on Investments and Deposits | A-13 | 7,262.00 | | 3,828.71 | (3,433.29) |
| Rent of Municipal Property | A-13 | 25,000.00 | | | (25,000.00) |
| Extraordinary Aid | A-13 | 450,000.00 | | 450,000.00 | |
| Energy Receipts Tax | A-13 | 668,658.00 | | 668,658.00 | |
| Uniform Construction Code | A-13 | 5,000.00 | | 15,410.31 | 10,410.31 |
| Equipment Grant | A-9 | 10,935.00 | | 10,935.00 | |
| Camden County - Recreation Grant | A | | 25,000.00 | 25,000.00 | |
| Drunk Driving Enforcement | A-9 | | 6,812.13 | 6,812.13 | |
| Liquidate Reserve - Due from Sewer Operating Fund | A-13 | 170,000.00 | | 150,000.00 | (20,000.00) |
| Total Miscellaneous Revenues | | 1,559,000.00 | 31,812.13 | 1,537,649.50 | (53,162.63) |
| Receipts from Delinquent Taxes | A-2 | 530,000.00 | | 514,618.42 | (15,381.58) |
| Subtotal General Revenues | | 2,514,000.00 | 31,812.13 | 2,477,267.92 | (68,544.21) |
| Amount to be Raised by Taxation | A-2 | 1,631,000.00 | | 975,970.58 | (655,029.42) |
| Budget Totals | | 4,145,000.00 | 31,812.13 | 3,453,238.50 | (723,573.63) |
| Non-Budget Revenue | A-2 | | | 134,306.67 | |
| | | 4,145,000.00 | 31,812.13 | 3,587,545.17 | |
| Ref. | | A-3 | A-3 | | |

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

STATEMENT OF REVENUES - REGULATORY BASIS

| <u>Analysis of Realized Revenue</u> | | |
|---|-------------|-------------------|
| | <u>Ref.</u> | |
| Allocation of Current Tax Collections: | | |
| Revenue from Collections | A-10 | 6,560,313.64 |
| Allocated to: | | |
| School and County Taxes | A-10 | 6,089,718.87 |
| Balance for Support of Municipal Budget Appropriation | | <u>470,594.77</u> |
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3 | 505,375.81 |
| Amount for Support of Municipal Budget Appropriation | A-2 | <u>975,970.58</u> |
| Receipts from Delinquent Taxes: | | |
| Delinquent Tax Collection | A-10 | 509,430.50 |
| Tax Title Lien Collection | A-11 | 5,187.92 |
| | A-2 | <u>514,618.42</u> |

| <u>Analysis of Non-Budget Revenue</u> | | |
|--|------|-------------------|
| Miscellaneous Revenue Not Anticipated: | | |
| Revenue Accounts Receivable: | | |
| Administrative Fee | A-13 | 925.00 |
| Franchise Agreement | A-13 | 57,383.15 |
| Impact Study | A-13 | 15,005.00 |
| Miscellaneous | A-13 | 60,993.52 |
| | A-2 | <u>134,306.67</u> |

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

| | Appropriations | | Paid or Charged | Expended | |
|---------------------------------|----------------|----------------------------|-----------------|------------|-----------|
| | Budget | Budget After Modifications | | Encumbered | Reserved |
| OPERATIONS WITHIN "CAPS" | | | | | |
| GENERAL GOVERNMENT | | | | | |
| General Administration | | | | | |
| Salaries & Wages | 132,000.00 | 132,000.00 | 120,986.65 | | 11,013.35 |
| Other Expenses | 24,500.00 | 23,000.00 | 22,358.89 | 577.30 | 63.81 |
| Mayor and Council | | | | | |
| Salaries & Wages | 52,260.00 | 52,260.00 | 51,319.42 | | 940.58 |
| Other Expenses | 11,000.00 | 10,000.00 | 8,940.65 | 515.98 | 543.37 |
| Municipal Clerk | | | | | |
| Salaries & Wages | 90,025.00 | 90,025.00 | 86,977.00 | | 3,048.00 |
| Other Expenses | 3,600.00 | 3,650.00 | 3,606.59 | | 43.41 |
| Financial Administration | | | | | |
| Salaries & Wages | 66,950.00 | 66,950.00 | 62,291.82 | | 4,658.18 |
| Other Expenses | 7,300.00 | 6,600.00 | 6,316.53 | | 283.47 |
| Audit Services - Contractual | 52,000.00 | 52,000.00 | 45,600.00 | | 6,400.00 |
| Collection of Taxes | | | | | |
| Salaries & Wages | 87,000.00 | 87,000.00 | 84,383.00 | | 2,617.00 |
| Other Expenses | 14,600.00 | 12,600.00 | 8,420.23 | 4,042.28 | 137.49 |
| Assessment of Taxes | | | | | |
| Salaries & Wages | 16,800.00 | 16,800.00 | 16,554.04 | | 245.96 |
| Other Expenses | 7,550.00 | 64,030.00 | 63,582.34 | | 447.66 |
| Legal Services and Costs | | | | | |
| Other Expenses | 90,000.00 | 117,370.00 | 110,116.47 | 7,223.08 | 30.45 |
| Municipal Court | | | | | |
| Salaries & Wages | 79,500.00 | 79,500.00 | 77,051.00 | | 2,449.00 |
| Other Expenses | 11,700.00 | 6,655.00 | 3,998.74 | 828.06 | 1,828.20 |
| Public Defender | | | | | |
| Other Expenses | 10,000.00 | 10,000.00 | 8,099.97 | 625.00 | 1,275.03 |
| Engineering Services and Costs | | | | | |
| Other Expenses | 35,000.00 | 40,100.00 | 40,057.88 | | 42.12 |

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

EXHIBIT A-3
(Continued)

STATEMENT OF EXPENDITURES - REGULATORY BASIS

| | Appropriations | | Paid or Charged | Expended | | Reserved |
|--------------------------------------|----------------|----------------------------|-----------------|------------|-----------|----------|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| Planning Board | | | | | | |
| Salaries and Wages | 4,950.00 | 4,950.00 | 4,760.50 | | 189.50 | |
| Other Expenses | 13,900.00 | 13,900.00 | 9,546.74 | 2,197.79 | 2,155.47 | |
| Zoning Board of Adjustment | | | | | | |
| Salaries and Wages | 11,350.00 | 11,350.00 | 10,650.59 | | 699.41 | |
| Other Expenses | 8,000.00 | 5,500.00 | 4,714.70 | 775.00 | 10.30 | |
| INSURANCE | | | | | | |
| Liability Insurance | 117,500.00 | 130,000.00 | 129,900.62 | | 99.38 | |
| Employee Group Insurance | 492,000.00 | 492,000.00 | 487,614.72 | | 4,385.28 | |
| State Disability Insurance | 3,000.00 | 3,000.00 | 852.88 | | 2,147.12 | |
| Unemployment Insurance | 20,000.00 | 20,000.00 | 20,000.00 | | | |
| PUBLIC SAFETY FUNCTIONS | | | | | | |
| Police | | | | | | |
| Salaries and Wages | 428,936.13 | 428,936.13 | 403,522.47 | | 25,413.66 | |
| Other Expenses | 73,100.00 | 70,100.00 | 65,018.55 | 3,118.95 | 1,962.50 | |
| Office of Emergency Management | | | | | | |
| Salaries and Wages | 3,215.00 | 3,615.00 | 3,524.25 | | 90.75 | |
| Other Expenses | 900.00 | 200.00 | | | 200.00 | |
| Aid to Volunteer Ambulance Squads | 48,000.00 | 48,000.00 | 45,220.25 | | 2,779.75 | |
| Fire | | | | | | |
| Salaries and Wages | 4,245.00 | 4,245.00 | 3,331.84 | | 913.16 | |
| Other Expenses | 45,500.00 | 44,500.00 | 35,322.52 | 2,477.64 | 6,699.84 | |
| Prosecutor | | | | | | |
| Salaries and Wages | 10,715.00 | 10,715.00 | 10,399.96 | | 315.04 | |
| PUBLIC WORKS FUNCTIONS | | | | | | |
| Road Repairs and Maintenance | | | | | | |
| Other Expenses | 25,000.00 | 28,000.00 | 27,099.89 | 894.88 | 5.23 | |
| Public Works - Other | | | | | | |
| Salaries and Wages | 250,000.00 | 229,000.00 | 228,025.73 | | 974.27 | |
| Other Expenses | 37,000.00 | 37,700.00 | 31,908.13 | 5,745.46 | 46.41 | |
| Solid Waste Collection - Contractual | 180,000.00 | 188,000.00 | 186,457.69 | | 1,542.31 | |

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

| | Appropriations | | Paid or Charged | Expended | |
|---|----------------|----------------------------|-----------------|------------|----------|
| | Budget | Budget After Modifications | | Encumbered | Reserved |
| Recycling | | | | | |
| Salaries and Wages | | | | | |
| Other Expenses | 23,500.00 | 23,500.00 | 22,812.24 | 621.51 | 66.25 |
| Public Buildings and Grounds | | | | | |
| Other Expenses | 44,600.00 | 44,700.00 | 41,981.73 | 2,704.93 | 13.34 |
| HEALTH & HUMAN SERVICES | | | | | |
| Board of Health | | | | | |
| Salaries and Wages | 3,410.00 | 3,410.00 | 3,309.00 | 34.92 | 66.08 |
| Other Expenses | 3,100.00 | 1,875.00 | 702.62 | 370.00 | 802.38 |
| Dog Regulation | | | | | |
| Other Expenses | 5,200.00 | 5,200.00 | 4,904.36 | | 295.64 |
| PARK & RECREATION FUNCTIONS | | | | | |
| Parks and Playgrounds | | | | | |
| Salaries and Wages | 20,000.00 | 20,000.00 | 16,847.50 | | 3,152.50 |
| Other Expenses | 18,550.00 | 15,450.00 | 14,077.18 | 1,054.08 | 318.74 |
| Senior Citizens | | | | | |
| Other Expenses | 3,100.00 | 3,100.00 | 3,000.00 | | 100.00 |
| Celebration of Public Events, Holidays or Anniversaries | | | | | |
| Other Expenses | 9,700.00 | 9,700.00 | 6,008.00 | 100.00 | 3,592.00 |
| UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17) | | | | | |
| Construction Official | | | | | |
| Salaries & Wages | 3,800.00 | 3,800.00 | 3,640.00 | | 160.00 |
| Other Expenses | 37,160.00 | 41,760.00 | 39,954.59 | 1,746.17 | 59.24 |

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

| | Appropriations | | Expended | | |
|---|----------------|----------------------------|-----------------|------------|------------|
| | Budget | Budget After Modifications | Paid or Charged | Encumbered | Reserved |
| UNCLASSIFIED | | | | | |
| Access Channel Service | 5,000.00 | 5,000.00 | 4,800.00 | | 200.00 |
| Electricity | 65,000.00 | 75,000.00 | 72,331.22 | | 2,668.78 |
| Street Lighting | 86,500.00 | 86,500.00 | 83,240.61 | | 3,259.39 |
| Telephone | 39,000.00 | 30,500.00 | 29,947.84 | 549.98 | 2.18 |
| Water | 10,000.00 | 8,100.00 | 7,888.61 | 211.39 | |
| Fuel Oil | 10,000.00 | 4,500.00 | 3,997.73 | | 502.27 |
| Sewerage | 500.00 | 500.00 | | | 500.00 |
| Gasoline | 40,000.00 | 40,000.00 | 33,219.90 | 1,606.00 | 5,174.10 |
| Total Operations Within "CAPS" | 2,997,216.13 | 3,066,846.13 | 2,921,196.38 | 38,020.40 | 107,629.35 |
| Salaries & Wages | 1,265,156.13 | 1,244,556.13 | 1,187,574.77 | 34.92 | 56,946.44 |
| Other Expenses | 1,732,060.00 | 1,822,290.00 | 1,733,621.61 | 37,985.48 | 50,682.91 |
| DEFERRED CHARGES & STATUTORY EXPENDITURES | | | | | |
| Deferred Charges: | | | | | |
| Overexpenditure of Appropriation Reserves | 36,484.12 | 36,484.12 | 36,484.12 | | |
| Overexpenditure of Reserve for Grants | 35,638.59 | 35,638.59 | 35,638.59 | | |
| Overexpenditure of Appropriations | 13,882.48 | 13,882.48 | 13,882.48 | | |
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Public Employees' Retirement System | 45,116.00 | 45,116.00 | 45,116.00 | | |
| Social Security System (O.A.S.I.) | 130,000.00 | 119,350.00 | 111,435.22 | | 7,914.78 |
| Police and Firemen's Pension Fund | 56,754.00 | 56,754.00 | 56,754.00 | | |
| Total Deferred Charges & Statutory Expenditures Within "CAPS" | 317,875.19 | 307,225.19 | 299,310.41 | | 7,914.78 |
| Total Appropriations Within "CAPS" | 3,315,091.32 | 3,374,071.32 | 3,220,506.79 | 38,020.40 | 115,544.13 |

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

| | Appropriations | | Paid or Charged | Expended | |
|--|---------------------|----------------------------|---------------------|------------------|-------------------|
| | Budget | Budget After Modifications | | Encumbered | Reserved |
| OPERATIONS EXCLUDED FROM "CAPS" | | | | | |
| Cash Surplus: | | | | | |
| Police | | | | | |
| Salaries and Wages | 221,063.87 | 221,063.87 | 221,063.87 | | |
| Contribution to (Chapter 108, P. L. 2003): | | | | | |
| Public Employees' Retirement System | 35,268.00 | 35,268.00 | 35,268.00 | | |
| Police and Firemen's Pension Fund | 21,266.00 | 21,266.00 | 21,266.00 | | |
| PUBLIC & PRIVATE PROGRAMS | | | | | |
| OFFSET BY REVENUES | | | | | |
| Equipment Grant | 10,935.00 | 10,935.00 | 10,935.00 | | |
| Camden County - Recreation Grant | 25,000.00 | 25,000.00 | 25,000.00 | | |
| Drunk Driving Enforcement | 6,812.13 | 6,812.13 | 6,812.13 | | |
| Total Operations Excluded from "CAPS" | <u>288,532.87</u> | <u>320,345.00</u> | <u>320,345.00</u> | | |
| Salaries and Wages | 221,063.87 | 221,063.87 | 221,063.87 | | |
| Other Expenses | 67,469.00 | 99,281.13 | 99,281.13 | | |
| DEBT SERVICE | | | | | |
| Payment of Bond Anticipation Notes | 36,000.00 | 36,000.00 | 36,000.00 | | |
| Total Appropriations Excluded from "CAPS" | <u>324,532.87</u> | <u>356,345.00</u> | <u>356,345.00</u> | | |
| Subtotal General Appropriations | 3,639,624.19 | 3,730,416.32 | 3,576,851.79 | 38,020.40 | 115,544.13 |
| RESERVE FOR UNCOLLECTED TAXES | 505,375.81 | 505,375.81 | 505,375.81 | | |
| | <u>4,145,000.00</u> | <u>4,235,792.13</u> | <u>4,082,227.60</u> | <u>38,020.40</u> | <u>115,544.13</u> |
| Ref. | A-2 | A-3 | | A-17 | A |
| | | | | | |
| | Ref. | | | | |
| Special Emergency Appropriation by 40A: 4-55 | A-15 | 58,980.00 | | | |
| Appropriation by 40A: 4-87 | A-2 | 31,812.13 | | | |
| Budget | A-2 | 4,145,000.00 | | | |
| | | <u>4,235,792.13</u> | | | |

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

EXHIBIT A-3
(Continued)

STATEMENT OF EXPENDITURES - REGULATORY BASIS

| | Appropriations | | Paid or Charged | Expended | |
|---|----------------|----------------------------|---------------------|------------|----------|
| | Budget | Budget After Modifications | | Encumbered | Reserved |
| Reserve for Uncollected Taxes | | | 505,375.81 | | |
| Deferred Charges | | | 86,005.19 | | |
| Reserve for Federal & State Grants - Appropriated | | | 17,747.13 | | |
| Reserve for Local Grants Appropriated | | | 25,000.00 | | |
| Investment - General Capital Note Principal | | | 36,000.00 | | |
| Contracts Payable | | | 58,980.00 | | |
| Payroll Taxes Withheld | | | 306,640.37 | | |
| Disbursed | | | 3,046,479.10 | | |
| | | | <u>4,082,227.60</u> | | |

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

TRUST FUND

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

| <u>ASSETS</u> | <u>Ref.</u> | <u>Balance June 30, 2010</u> | <u>Balance June 30, 2009</u> |
|---|-------------|----------------------------------|----------------------------------|
| <u>Animal Control Trust Fund</u> | | | |
| Cash | B-1 | 5,631.32 | 9,556.84 |
| Due from Bank | | 42.00 | 42.00 |
| Deficit in Reserve for Dog Fund Expenditures | B-3 | 2,238.59 | |
| | | <u>7,911.91</u> | <u>9,598.84</u> |
| <u>Unemployment Compensation Fund</u> | | | |
| Cash | B-1 | 2,065.44 | 2,055.55 |
| Due from Current Fund | A | 2,742.57 | 2,742.57 |
| | | <u>4,808.01</u> | <u>4,798.12</u> |
| <u>Other Funds</u> | | | |
| Cash | B-1 | 390,171.58 | 408,594.59 |
| Due from Camden County - CDBG | | 47,352.00 | 39,971.00 |
| Due from Bank | | 145.00 | 145.00 |
| Due from Current Fund | A | 99,032.96 | 134,697.16 |
| Due from Utility Operating Fund | D | 3,540.83 | |
| | | <u>540,242.37</u> | <u>583,407.75</u> |
| | | <u>552,962.29</u> | <u>597,804.71</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| <u>Animal Control Trust Fund</u> | | | |
| Due Current Fund | A | 7,846.51 | 7,807.07 |
| Due State of New Jersey | | 65.40 | 70.80 |
| Reserve for Dog Fund Expenditures | | | 1,720.97 |
| | | <u>7,911.91</u> | <u>9,598.84</u> |
| <u>Unemployment Compensation Fund</u> | | | |
| Reserve for Unemployment Claims | | 4,808.01 | 4,798.12 |
| <u>Other Funds</u> | | | |
| Reserve for: | | | |
| Off-Duty Police Fees | | 1,073.20 | 10,700.76 |
| Fire Safety Penalty Monies | | 3,143.56 | 1,762.39 |
| Confiscated Funds | | 15,298.83 | 6,601.06 |
| Premiums Received at Tax Sale | | 426,195.87 | 434,051.02 |
| Deposits for Redemption of Tax Sale Certificates | | 21,557.52 | 12,039.45 |
| Developers Escrow | | 11,265.48 | 34,884.64 |
| Security Deposits | | 1,047.80 | 1,047.80 |
| Bequests - Community Center | | 40,267.61 | 42,349.63 |
| Community Development Block Grant | | 20,392.50 | 39,971.00 |
| | | <u>540,242.37</u> | <u>583,407.75</u> |
| | | <u>552,962.29</u> | <u>597,804.71</u> |

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

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

| <u>ASSETS</u> | <u>Ref.</u> | <u>Balance June 30, 2010</u> | <u>Balance June 30, 2009</u> |
|---|-------------|----------------------------------|----------------------------------|
| Grants Receivable | C-3 | 89,342.17 | 89,342.17 |
| Deferred Charges to Future Taxation: | | | |
| Unfunded | C-4 | 1,394,409.02 | 1,295,509.02 |
| Due Current Fund | A | 368,264.57 | 14,798.15 |
| | | <u>1,852,015.76</u> | <u>1,399,649.34</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Bond Anticipation Notes Payable | C-7 | 932,011.80 | 468,011.80 |
| Improvement Authorizations: | | | |
| Funded | C-6 | 53,600.19 | 64,279.69 |
| Unfunded | C-6 | 768,430.99 | 794,247.57 |
| Encumbrances Payable | C-6 | 33,725.00 | 1,762.50 |
| Contracts Payable | | 54,347.78 | 54,347.78 |
| Capital Improvement Fund | C-5 | 9,900.00 | 17,000.00 |
| | | <u>1,852,015.76</u> | <u>1,399,649.34</u> |

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

SEWER UTILITY FUND

COMPARATIVE BALANCE SHEET - SEWER UTILITY FUND - REGULATORY BASIS

| <u>ASSETS</u> | <u>Ref.</u> | <u>Balance June 30, 2010</u> | <u>Balance June 30, 2009</u> |
|---|-------------|----------------------------------|----------------------------------|
| <u>Operating Fund</u> | | | |
| Cash | D-4 | 72,026.64 | 229,290.01 |
| Receivables with Full Reserves: | | | |
| Consumer Accounts Receivable | D-6 | 55,066.29 | 32,380.32 |
| Sewer Liens Receivable | D-7 | 298.38 | |
| Due from Bank | | 185.00 | 185.00 |
| | | <u>55,549.67</u> | <u>32,565.32</u> |
| Deferred Charges: | | | |
| Overexpenditure of Appropriation | D-3 | 484.60 | |
| Operating Deficit | D-1 | 10,974.34 | |
| | | <u>11,458.94</u> | |
| Total Operating Fund | | <u>139,035.25</u> | <u>261,855.33</u> |
| <u>Capital Fund</u> | | | |
| Fixed Capital | D-8 | 829,050.62 | 829,050.62 |
| Due from Sewer Operating Fund | D | 5,000.00 | |
| Total Capital Fund | | <u>834,050.62</u> | <u>829,050.62</u> |
| | | <u>973,085.87</u> | <u>1,090,905.95</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| <u>Operating Fund</u> | | | |
| Liabilities: | | | |
| Appropriation Reserves | D-3:D-9 | 9,003.24 | 4,509.16 |
| Encumbrances Payable | D-10 | 1,812.27 | 13,049.25 |
| Due to Current Fund | A | 45,329.23 | 173,341.28 |
| Due to Trust Other | B | 3,540.83 | |
| Due to Sewer Capital Fund | D | 5,000.00 | |
| Utility Rent Overpayments | | 922.30 | 2,258.35 |
| Prepaid Rents | | 17,877.71 | 20,751.95 |
| | | <u>83,485.58</u> | <u>213,909.99</u> |
| Reserve for Receivables | | 55,549.67 | 32,565.32 |
| Fund Balance | | | 15,380.02 |
| Total Operating Fund | | <u>139,035.25</u> | <u>261,855.33</u> |
| <u>Capital Fund</u> | | | |
| Down Payments on Improvements | D-11 | 5,000.00 | |
| Reserve for Amortization | | 829,050.62 | 829,050.62 |
| Total Capital Fund | | <u>834,050.62</u> | <u>829,050.62</u> |
| | | <u>973,085.87</u> | <u>1,090,905.95</u> |

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

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

| <u>Revenue and Other Income Realized</u> | <u>Ref.</u> | <u>Year 2010</u> | <u>Year 2009</u> |
|---|-------------|-------------------|-------------------|
| Fund Balance Utilized | D-2 | 15,380.02 | 60,000.00 |
| Sewer Rents | D-2 | 164,263.33 | 132,999.96 |
| Miscellaneous | D-2 | 8,074.98 | 17,478.45 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | D-9 | 4,509.16 | 12,600.50 |
| Encumbrances Canceled | D-10 | 1,798.17 | |
| Total Income | | <u>194,025.66</u> | <u>223,078.91</u> |
| <u>Expenditures</u> | | | |
| Operating | D-3 | 173,184.60 | 200,850.00 |
| Capital Improvements | D-3 | 5,000.00 | |
| Deferred Charges and Statutory Expenditures | D-3 | 27,300.00 | 12,500.00 |
| Total Expenditures | | <u>205,484.60</u> | <u>213,350.00</u> |
| Excess in Revenue | | | 9,728.91 |
| Deficit in Revenue | | 11,458.94 | |
| Adjustments to Income before Fund Balance: | | | |
| Expenditures included above which are by Statute | | | |
| Deferred Charges to Budget of Succeeding Year | D-3 | 484.60 | |
| Operating Deficit to be Raised in Succeeding Year | D | <u>10,974.34</u> | |
| <u>Fund Balance</u> | | | |
| Balance July 1 | D | 15,380.02 | 65,651.11 |
| | | 15,380.02 | 75,380.02 |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | D-1 | 15,380.02 | 60,000.00 |
| Balance June 30 | | | <u>15,380.02</u> |

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

STATEMENT OF REVENUES - REGULATORY BASIS

| | <u>Ref.</u> | <u>Anticipated Budget 2010</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|-------------------------------|-------------|--|-------------------|--------------------------------|
| Operating Surplus Anticipated | D-1 | 25,000.00 | 15,380.02 | (9,619.98) |
| Sewer Rents | D-2 | 162,000.00 | 164,263.33 | 2,263.33 |
| Miscellaneous | D-2 | 18,000.00 | 8,074.98 | (9,925.02) |
| | | <u>205,000.00</u> | <u>187,718.33</u> | <u>(17,281.67)</u> |
| | Ref. | D-3 | | |

Analysis of Realized Revenue

| | <u>Ref.</u> | |
|-------------------------------|-------------|-------------------|
| Rents: | | |
| Consumer Accounts Receivable: | | |
| Collected | D-6 | 162,004.98 |
| Overpayments Applied | D-6 | 2,258.35 |
| | D-2 | <u>164,263.33</u> |
| Miscellaneous: | | |
| Penalties | | 2,691.39 |
| Interest on Investments | | 697.10 |
| Miscellaneous | | 4,686.49 |
| | D-2:D-4 | <u>8,074.98</u> |

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

EXHIBIT D-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

| | <u>Appropriations</u> | | <u>Expended</u> | | <u>Overexpended</u> |
|--|-----------------------|------------------------|-------------------|-----------------|---------------------|
| | <u>Budget</u> | <u>Paid or Charged</u> | <u>Encumbered</u> | <u>Reserved</u> | |
| Operating: | | | | | |
| Salaries and Wages | 100,000.00 | 99,931.02 | | 68.98 | |
| Other Expenses | 72,700.00 | 71,372.33 | 1,812.27 | | 484.60 |
| Capital Improvements: | | | | | |
| Down payment on Improvements | 5,000.00 | 5,000.00 | | | |
| Deferred Charges and Statutory Expenditures: | | | | | |
| Statutory Expenditures: | | | | | |
| Social Security System (O.A.S.I.) | 11,800.00 | 7,737.56 | | 4,062.44 | |
| Unemployment Compensation Insurance | 15,000.00 | 10,549.55 | | 4,450.45 | |
| State Disability Insurance | 500.00 | 78.63 | | 421.37 | |
| | <u>205,000.00</u> | <u>194,669.09</u> | <u>1,812.27</u> | <u>9,003.24</u> | <u>484.60</u> |
| Ref. | D-2 | | D-10 | D | D |
| Disbursed | | | | | |
| Due Sewer Capital Fund | | 189,669.09 | | | |
| | | <u>5,000.00</u> | | | |
| | | <u>194,669.09</u> | | | |

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

GENERAL FIXED ASSETS

EXHIBIT E

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

| | <u>Balance</u> <u>June 30, 2010</u> | <u>Balance</u> <u>June 30, 2009</u> |
|------------------------------------|--|--|
| General Fixed Assets: | | |
| Land | 146,233.00 | 146,233.00 |
| Building | 2,051,215.00 | 2,051,215.00 |
| Improvements | 468,590.00 | 468,590.00 |
| Equipment | 1,346,805.00 | 1,346,805.00 |
| | <u>4,012,843.00</u> | <u>4,012,843.00</u> |
| Investment in General Fixed Assets | <u>4,012,843.00</u> | <u>4,012,843.00</u> |

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF LAWNSIDE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Lawnside was incorporated in 1926 and is located in Camden County, New Jersey.

The Borough is governed by an elected mayor and six elected council representatives. The Borough is managed daily by the Borough Administrator.

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

Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Borough is obligated for debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of the taxes. The Borough has no component units.

B. Change in Accounting Period

On March 28, 1991, Governor James Florio signed into law Chapter 75, P.L. 1991, entitled the "Fiscal Year Change Law." This law requires some municipalities to change their accounting period from a "calendar year" to a "fiscal year", which begins on July 1st and ends on June 30th, the same as the fiscal year currently used by the State of New Jersey. The Borough of Lawnside was required under the provisions of the law to change its' accounting and reporting period consistent with this statute.

C. Description of Funds and Account Groups

The accounting policies of the Borough conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its transactions through the following separate funds and accounts as presented below. This presentation differs from the three fund, two account group presentation as required by GAAP.

BOROUGH OF LAWNSIDE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Description of Funds and Account Groups (Continued)

Current Fund – Resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Fund – Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund – Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

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

General Fixed Assets – All fixed assets used in governmental fund type operations are accounted for in the general fixed asset account group, rather than in governmental funds.

D. Basis of Accounting

The accounting principles and practices prescribed for municipalities in the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

Revenues – are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Borough budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet 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. Fund balance utilized to balance the budget is recorded as revenue and budgeted transfers from other funds are also recorded as revenue when anticipated in the budget. This method of revenue recognition differs from accounting principles generally accepted in the United States of America which recognizes revenue in the accounting period in which it is earned net of allowances for doubtful accounts.

Expenditures – are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at June 30 are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at June 30 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal

BOROUGH OF LAWNSIDE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

year. Lapsed appropriation reserves are recorded as income. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. Appropriations for principal payments on outstanding general capital and utility capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis while interest on utility capital indebtedness is on the accrual basis. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received.

Under accounting principles generally accepted in the United States of America, appropriation reserves do not exist and encumbrances do not constitute expenditures.

Property Taxes – The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August and November. Any taxes that have not been paid by the 11th day of the 11th month in the year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with N.J.S.A. 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county. The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Borough’s annual budget protects the Borough from those taxes not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year, and is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a “Reserve for Uncollected Taxes” would not be an appropriation.

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

Foreclosed Property – Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Under accounting principles generally accepted in the United States of America, foreclosed property would be recorded at historical cost and no reserve would be provided.

BOROUGH OF LAWNSIDE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

Interfunds – Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. Under accounting principles generally accepted in the United States of America, interfunds are not reserved.

Insurance – Cost of insurance for all funds are recorded as expenditures at the time of payment. Under accounting principles generally accepted in the United States of America, insurance costs chargeable to future periods would be recorded as prepayments on the balance sheet.

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. Under accounting principles generally accepted in the United States of America, inventory would be recorded as an asset on the balance sheet.

Proprietary Fund – Cash Flows Statement - In accordance with the reporting requirements of the Division of Local Government Services, the utility fund's financial statements do not include a statement of cash flows.

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

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems are not capitalized.

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Borough capitalizes fixed assets with an original cost in excess of \$1,000.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital has not been accounted for separately.

BOROUGH OF LAWNSIDE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

Property and equipment purchased by the Sewer Utility Fund is recorded in the respective capital account at cost and are adjusted for dispositions and abandonment. Contributions in aid of construction are not capitalized. The balances in Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represent charges to operations for the costs of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

General Long Term Debt – General Long Term Debt is accounted for in the General Capital Fund. Accounting principles generally accepted in the United States of America require General Long Term Debt to be accounted for in the General Long Term Debt Account Group.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Appeals and Other Contingent Losses – Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

E. Comparative Data

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

NOTE 2: BUDGETARY INFORMATION

The Borough must adopt an annual budget in accordance with N.J.S.A. 40A:4 et. al. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. This protects the Borough from taxes not paid currently. Once approved, the Borough may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per N.J.S.A. 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Borough can also make amendments for any special item of revenue made available by any public or private funding source as per N.J.S.A. 40A:4-87.

BOROUGH OF LAWNSIDE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 2: BUDGETARY INFORMATION (CONTINUED)

The Borough amended its' budget during the year to include an appropriation for a Special Emergency – Revaluation Program and for Special Items of Revenue.

NOTE 3: CASH

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (G.U.D.P.A.) or in qualified investments established in New Jersey Statutes N.J.S.A. 40A:5-15.1(a) that are treated as cash equivalents. At June 30, 2010 and 2009, the carrying amount of the Borough's deposits was \$502,915.11 and \$1,271,885.02 respectively. As of June 30, 2010 and 2009, \$0 of the municipality's bank balance of \$650,352.93 and \$2,000,688.03, respectively, was exposed to custodial credit risk.

NOTE 4: INVESTMENTS

As of June 30, 2010, the Borough held an investment in bond anticipation notes with the Borough General Capital Fund in the amount of \$432,011.80.

Interest Rate Risk - The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes N.J.S.A. 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk - New Jersey Statutes N.J.S.A. 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Borough or bonds or other obligations of the Borough school district, Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk - The Borough places no limit on the amount the Borough may invest in any one issuer.

BOROUGH OF LAWNSIDE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 5: FUND BALANCES APPROPRIATED

Fund balances which were appropriated and included as anticipated revenue in their own respective funds for the years ended June 30 were as follows:

| | <u>Year</u> | <u>Balance June 30</u> | <u>Budget of Succeeding Year</u> |
|--------------|-------------|----------------------------|--|
| Current Fund | 2010 | 168,034.46 | None |
| | 2009 | 593,034.46 | 400,000.00 |
| | 2008 | 315,826.63 | 725,000.00 |
| | 2007 | 740,903.00 | 925,000.00 |
| | 2006 | 685,846.00 | 666,000.00 |
| Utility Fund | 2010 | None | 5,000.00 |
| | 2009 | 15,380.02 | 25,000.00 |
| | 2008 | 65,651.11 | 60,000.00 |
| | 2007 | 72,494.27 | 60,000.00 |
| | 2006 | 90,442.00 | 67,000.00 |

NOTE 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At June 30, 2010, the following deferred charges are shown on the balance sheets of the various funds.

| | <u>Balance June 30, 2010</u> | <u>2011 Budget Appropriation</u> | <u>Balance to Succeeding Budgets</u> |
|-----------------------------------|----------------------------------|--------------------------------------|--|
| Current Fund: | | | |
| Expenditure Without Appropriation | 24,628.45 | 24,628.45 | |
| Overexpenditure of Appropriation | | | |
| Reserves | 96,285.40 | 96,285.40 | |
| Special Emergency Authorization | 58,980.00 | 30,000.00 | 28,980.00 |
| Operating Deficit | 493,124.16 | | 493,124.16 |
| Animal Control Trust: | | | |
| Deficit in Reserve | 2,238.59 | 2,173.19 | 65.40 |
| Sewer Operating Fund: | | | |
| Overexpenditure of Appropriation | 484.60 | | 484.60 |
| Operating Deficit | 10,974.34 | | 10,974.34 |
| | <u>686,715.54</u> | <u>153,087.04</u> | <u>533,628.50</u> |

BOROUGH OF LAWNSIDE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 7: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ended June 30, 2010.

| | Balance <u>June 30, 2009</u> | Balance <u>June 30, 2010</u> |
|--------------|---------------------------------|---------------------------------|
| Land | 146,233.00 | 146,233.00 |
| Buildings | 2,051,215.00 | 2,051,215.00 |
| Improvements | 468,590.00 | 468,590.00 |
| Equipment | 1,346,805.00 | 1,346,805.00 |
| | <u>4,012,843.00</u> | <u>4,012,843.00</u> |

NOTE 8: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended June 30, 2010:

| | <u>Due From</u> | <u>Due To</u> |
|------------------------------|-------------------|-------------------|
| Current Fund | | |
| Animal Control Trust | 7,846.51 | |
| Sewer Operating Fund | 45,329.23 | |
| General Capital Fund | | 368,264.57 |
| Unemployment Compensation | | 2,742.57 |
| Trust Other | | 99,032.96 |
| Federal & State Grant Fund | | 122,215.86 |
| Federal and State Grant Fund | | |
| Current Fund | 122,215.86 | |
| Animal Control Trust | | |
| Current Fund | | 7,846.51 |
| Unemployment Compensation | | |
| Current Fund | 2,742.57 | |
| Trust Other | | |
| Current Fund | 99,032.96 | |
| Sewer Utility Operating | 3,540.83 | |
| General Capital Fund | | |
| Current Fund | 368,264.57 | |
| Sewer Operating Fund | | |
| Current Fund | | 45,329.23 |
| Trust Other | | 3,540.83 |
| Sewer Capital Fund | | 5,000.00 |
| Sewer Capital Fund | | |
| Sewer Operating Fund | 5,000.00 | |
| | <u>653,972.53</u> | <u>653,972.53</u> |

The various interfunds are being reviewed by the Chief Financial Officer for disposition.

BOROUGH OF LAWNSIDE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 9: LONG-TERM DEBT

During the fiscal year 2010, the following changes occurred in the municipal debt of the Borough:

| | <u>Balance</u> <u>June 30, 2009</u> | <u>Issued/</u> <u>Authorized</u> | <u>Retired/</u> <u>Reduction</u> | <u>Balance</u> <u>June 30, 2010</u> |
|--|--|-------------------------------------|-------------------------------------|--|
| <u>ISSUED:</u> | | | | |
| Current Fund: | | | | |
| Bond Anticipation Notes | 468,011.80 | 500,000.00 | 36,000.00 | 932,011.80 |
| Net Debt Issued | <u>468,011.80</u> | <u>500,000.00</u> | <u>36,000.00</u> | <u>932,011.80</u> |
| <u>AUTHORIZED BUT NOT ISSUED:</u> | | | | |
| Current Fund: | | | | |
| Bonds & Notes | 827,497.22 | 134,900.00 | 500,000.00 | 462,397.22 |
| Authorized but not Issued | <u>827,497.22</u> | <u>134,900.00</u> | <u>500,000.00</u> | <u>462,397.22</u> |
| Total Debt Issued and Authorized but Not Issued | <u>1,295,509.02</u> | <u>634,900.00</u> | <u>536,000.00</u> | <u>1,394,409.02</u> |

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .55%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|----------------------|---------------------|---------------------|---------------------|
| School District Debt | 1,572,048.02 | 1,572,048.02 | None |
| Utility Debt | None | None | None |
| General Debt | 1,394,409.02 | None | 1,394,409.02 |
| | <u>2,966,457.04</u> | <u>1,572,048.02</u> | <u>1,394,409.02</u> |

Net Debt \$1,394,409.02/Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended
\$251,888,001 = .55%

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

| | |
|---|---------------------|
| 3 1/2% of Equalized Valuation Basis (Municipal) | 8,816,080.04 |
| Net Debt | 1,394,409.02 |
| Remaining Borrowing Power | <u>7,421,671.02</u> |

A revised annual debt statement should be filed by the chief financial officer.

BOROUGH OF LAWNSIDE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 10: NOTES PAYABLE

The Borough had three Bond Anticipation notes outstanding as of June 30, 2010. One in the amount of \$346,011.80 that will mature on December 8, 2010 and one in the amount of \$86,000 that will mature on January 10, 2011, both at an interest rate of 0% that were used for various capital improvements, and one in the amount of \$500,000 that will mature on November 30, 2010 at an interest rate of 2.83% that was used for Oak Avenue Redevelopment project.

NOTE 11: PENSION FUNDS

Description of Plans - All eligible employees of the Borough are covered by either the Public Employees' Retirement System (P.E.R.S.) or the Police and Firemen's Retirement System (P.F.R.S.), cost-sharing multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the P.E.R.S. and P.F.R.S. The reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts/achieve.htm>.

Public Employees' Retirement System (P.E.R.S.) - The Public Employees' Retirement System (P.E.R.S.) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death disability and medical benefits to certain qualified members. P.E.R.S. is a cost-sharing multiple-employer plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

Police and Firemen's Retirement System (P.F.R.S.) - The Police and Firemen's Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county or municipal police and fire-fighters and State fire-fighters appointed after June 30, 1944. Plan members and employer contributions may be amended by State of New Jersey legislation.

Funding Policy - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. P.E.R.S. provide for employee contributions of 5.5% of employees' annual compensation, as defined. P.F.R.S. provides for employee contributions of 8.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in P.E.R.S and P.F.R.S. The P.E.R.S. and P.F.R.S. rates in effect for 2010 are 8.95% and 25.88% of covered payroll, respectively as reported on June 30, 2007. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Borough's contributions to P.E.R.S for the years ended June 30, 2010, 2009 and 2008 were \$80,384, \$43,560 and \$55,939 respectively, equal to the required contributions for each year. The Borough's contributions to P.F.R.S for the years ended June 30, 2010, 2009 and 2008 were \$78,020, \$54,834 and \$147,216 respectively, equal to the required contributions for each year.

BOROUGH OF LAWNSIDE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 12: ACCUMULATED ABSENCE BENEFITS

Borough employees are granted vacation benefits in varying amounts depending on their length of service with the Borough. All employees are granted fifteen sick days and three personal days per year. The Borough does not permit employees to accrue unused vacation. Unused sick leave can be accumulated and carried forward to subsequent years but is not reimbursable upon retirement or termination.

NOTE 13: POST-RETIREMENT BENEFITS

The Borough does not provide for any post-retirement benefits for health care.

NOTE 14: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. The following is a comparison of the liability for the previous two years:

| | <u>Balance</u> <u>June 30, 2010</u> | <u>Balance</u> <u>June 30, 2009</u> |
|--------------------------------|--|--|
| Prepaid Taxes - Cash liability | <u>13,500.98</u> | <u>8,920.86</u> |

NOTE 15: ECONOMIC DEPENDENCY

The Borough is not economically dependent on any one business or industry within the Borough.

NOTE 16: RISK MANAGEMENT

The Borough is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough maintains commercial insurance coverage for property, liability and surety bonds. The Borough is a member of the Camden County Municipal Joint Insurance Fund which includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into this fund for sufficient insurance coverage. There is an unknown contingent liability with the Camden County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have been no claims in excess of coverage and no reduction in coverage during the year.

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.

BOROUGH OF LAWNSIDE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 17: PROPERTY TAX INFORMATION

COMPARISON OF TAX RATE INFORMATION

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|----------------------------|-------------|-------------|-------------|
| Tax Rate: | 4.522 | 4.484 | 4.237 |
| Apportionment of Tax Rate: | | | |
| Municipal | 0.929 | 0.938 | 0.820 |
| County | 0.996 | 0.985 | 0.941 |
| Local School | 2.597 | 2.561 | 2.476 |
| Assessed Valuation | 162,300,031 | 160,728,433 | 154,372,482 |

COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

| | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|---------------------------|--------------|--------------|--------------|
| Tax Levy | 7,064,126.83 | 8,126,749.13 | 7,072,755.61 |
| Cash Collections | 6,560,313.64 | 7,787,976.17 | 6,625,018.25 |
| Percentage of Collections | 92.87% | 95.83% | 93.67% |

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

| | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|---------------------------|-------------|-------------|-------------|
| Amount of Tax Title Liens | 100,844.71 | 33,338.21 | 9,652.30 |
| Delinquent Taxes | 492,540.23 | 568,312.24 | 470,581.83 |
| Total Delinquent | 593,384.94 | 601,650.45 | 480,234.13 |
| Percentage of Tax Levy | 8.40% | 7.40% | 6.79% |

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on June 30, on the basis of the last assessed valuation of such properties was as follows:

| | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|--|-------------|-------------|-------------|
| Property Acquired for Taxes (Assessed Valuation) | 820,773.00 | 820,773.00 | 820,773.00 |

BOROUGH OF LAWNSIDE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 18: LITIGATION

It is the Borough of Lawnside Counsel's opinion there exists no litigation or contingent liability that may be pending against the Borough of Lawnside that would have an adverse effect on the financial position in the future.

SUPPLEMENTARY DATA

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
21 W. High Street • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

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

Honorable Mayor and Members
of the Borough Council
Borough of Lawnside
County of Camden, New Jersey

We have audited the financial statements – regulatory basis of the Borough of Lawnside as of and for the year ended June 30, 2010, and have issued our report thereon dated December 16, 2010. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the Borough of Lawnside prepares its financial statements on a basis of accounting prescribed by Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Borough of Lawnside's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Lawnside's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Lawnside'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 Lawnside'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 which are described in the General Comments Section of the audit report.

This report is intended solely for the information and use of the management, the governing body, federal and state awarding agencies and pass-through entities and the Division of Local Government Services, Department of Community Affairs, and State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

December 16, 2010

SCHEDULE 1

BOROUGH OF LAWNSIDE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2010

| State Funding Department/Program | State Grant Number | Program Amount | Funds Received | Grant Period | | Amount of Expenditures | Cumulative Expenditures |
|--|---------------------------------|----------------|-------------------|--------------|-----|------------------------|-------------------------|
| | | | | From | To | | |
| Department of Community Affairs | | | | | | | |
| Special Purpose Grants: | | | | | | | |
| Community Center Expansion | N/A | 500,000.00 | 495,000.00 | 1/1/05 | N/A | 62,814.50 | 356,741.50 |
| Recreation Park Improvements | N/A | 55,000.00 | 55,000.00 | 1/1/06 | N/A | 23,352.50 | 55,000.00 |
| Storage Shed | N/A | 50,000.00 | 50,000.00 | 1/1/06 | N/A | 5,064.00 | 49,856.75 |
| Demolition - Tax Map Update | N/A | 45,000.00 | 45,000.00 | 1/1/06 | N/A | 29.93 | 45,000.00 |
| Municipal Alliance For Drug & Alcohol Abuse | N/A | 7,087.00 | 7,087.00 | 1/1/08 | N/A | 2,859.44 | 6,942.00 |
| Domestic Preparedness Grant | N/A | 10,935.00 | | 1/1/09 | N/A | 4,572.83 | 4,572.83 |
| Department of Law and Public Safety | | | | | | | |
| Municipal Court Alcohol Education & Rehabilitation | 9735-760-098-Y900-001-X100-6020 | 1,194.37 | 1,194.37 | 1/1/07 | N/A | 1,194.37 | 1,194.37 |
| Body Armor Fund | 1020-718-066-1020-001-YCJS-6120 | 965.08 | 965.08 | 1/1/08 | N/A | 122.19 | 122.19 |
| Drunk Driving Enforcement | 6400-100-078-640-YYYY | 6,812.13 | 6,812.13 | 1/1/09 | N/A | 6,781.52 | 6,781.52 |
| | | | <u>661,058.58</u> | | | <u>106,791.28</u> | <u>526,211.16</u> |

CURRENT FUND

SCHEDULE OF CASH

| | | | |
|---|------------------|--------------|-------------------------|
| Balance June 30, 2009 | <u>Ref.</u> A | | 622,163.03 |
| Increased by Receipts: | | | |
| Taxes Receivable | A-10 | 7,013,822.76 | |
| Tax Title Liens Receivable | A-11 | 5,187.92 | |
| Revenue Accounts Receivable | A-13 | 1,629,209.04 | |
| Due State of New Jersey - Senior Citizen and Veterans Deductions | A-19 | 46,250.00 | |
| Grants Unappropriated | A-22 | 4,984.14 | |
| Due Camden County Municipal Utilities Authority | A-25 | 84,524.37 | |
| Prepaid Taxes | | 13,500.98 | |
| Tax Overpayments | | 3,373.17 | |
| Due from General Capital Fund | | 353,466.42 | |
| Due from Sewer Operating Fund | | 62,262.38 | |
| Due from Trust Fund | | 16,900.00 | |
| | | <hr/> | 9,233,481.18 |
| | | | <hr/> |
| | | | 9,855,644.21 |
| Decreased by Disbursements: | | | |
| 2010 Budget Appropriations | A-3 | 3,046,479.10 | |
| 2009 Appropriation Reserves | A-16 | 669.00 | |
| Encumbrances Payable | A-17 | 126,369.82 | |
| Local District School Tax | A-20 | 4,473,964.00 | |
| Reserve for Grants - Appropriated | A-21 | 105,692.40 | |
| Tax Overpayments Refunded | | 7,304.48 | |
| Due Sewer Operating Fund | | 84,250.33 | |
| Due Trust Other | | 56,479.19 | |
| Payroll Taxes | | 289,156.89 | |
| County Taxes | | 1,629,645.82 | |
| Due County for Added and Omitted Taxes | | 2,838.05 | |
| | | <hr/> | 9,822,849.08 |
| | | | <hr/> |
| Balance June 30, 2010 | A | | <u><u>32,795.13</u></u> |

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

| | | |
|--|--------------------|--------------|
| Balance June 30, 2010 | <u>Ref.</u> A-4 | 32,795.13 |
| Increased by Receipts: | | |
| Cash Receipts Record | | 5,756,782.39 |
| | | 5,789,577.52 |
| Decreased by Disbursements: | | |
| Cash Disbursements Record | | 6,199,217.87 |
| | | (409,640.35) |
| Balance December 31, 2010 | A-5 | (409,640.35) |
| <u>Cash Reconciliation - December 31, 2010</u> | | |
| Balance per Statement Susquehanna Bank | | 121,584.63 |
| Add: Deposit in Transit | | 14,531.82 |
| | | 136,116.45 |
| Less: Outstanding Checks | | 545,756.80 |
| Balance December 31, 2010 | A-5 | (409,640.35) |

EXHIBIT A-6

STATEMENT OF CHANGE FUNDS

| <u>Office</u> | Balance <u>June 30, 2009</u> | Balance <u>June 30, 2010</u> |
|-----------------|---------------------------------|---------------------------------|
| Municipal Court | 100.00 | 100.00 |
| Collector | 100.00 | 100.00 |
| Borough Clerk | 25.00 | 25.00 |
| | <u>225.00</u> | <u>225.00</u> |
| Ref. | A | A |

EXHIBIT A-7

SCHEDULE OF INVESTMENTS - BOND ANTICIPATION NOTES

| | | |
|-----------------------|------------------|--------------------------|
| Balance June 30, 2009 | <u>Ref.</u> A | 468,011.80 |
| Decreased by: | | |
| Payment of Principal | A-3 | <u>36,000.00</u> |
| Balance June 30, 2010 | A | <u><u>432,011.80</u></u> |

SCHEDULE OF INVESTMENTS AND RECONCILIATION
PER N.J.S.A. 40A:5-5

| | | |
|-----------------------------|--------------------|--------------------------|
| Balance June 30, 2010 | <u>Ref.</u> A-7 | 432,011.80 |
| Decreased by Disbursements: | | |
| Cash Disbursements Record | | <u>25,000.00</u> |
| Balance December 31, 2010 | A-8 | <u><u>407,011.80</u></u> |

Schedule of Investments - December 31, 2010

| <u>Date of Issue</u> | <u>Date of Maturity</u> | <u>Interest Rate</u> | <u>Amount</u> |
|--------------------------|-----------------------------|--------------------------|--------------------------|
| 12/1/04 | 12/8/11 | None | 274,573.80 |
| 12/1/05 | 12/8/11 | None | 46,438.00 |
| 1/10/07 | 1/10/11 | None | 86,000.00 |
| | | | <u><u>407,011.80</u></u> |

SCHEDULE OF GRANTS RECEIVABLE

| <u>Grant</u> | Balance June 30, 2009 | 2010 Budget Revenue Realized | Balance June 30, 2010 |
|--|--------------------------|------------------------------------|--------------------------|
| State: | | | |
| Transportation Trust Fund: | | | |
| Gloucester Avenue | 13,531.50 | | 13,531.50 |
| Pear Street | 39,733.80 | | 39,733.80 |
| Ashland Avenue - Phase 2 | 22,500.00 | | 22,500.00 |
| Carver Avenue | 7,100.92 | | 7,100.92 |
| Charman Avenue | 74,750.37 | | 74,750.37 |
| Statewide Local Domestic Preparedness Grant | 22,785.00 | 10,935.00 | 33,720.00 |
| Special Purpose Grant | 50,000.00 | | 50,000.00 |
| Special Purpose Grant - Community Center Renovations | 125,000.00 | | 125,000.00 |
| Drunk Driving Enforcement | | 6,812.13 | 6,812.13 |
| | <u>355,401.59</u> | <u>17,747.13</u> | <u>373,148.72</u> |
| Ref. | A | A-2 | A |

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| Year | Balance June 30, 2009 | 2010 Levy | Added Taxes | Collected | | Canceled | Overpayments Applied | Transferred to Tax Title Liens | Balance June 30, 2010 |
|------|--------------------------|--------------|----------------|-----------|--------------|----------|-------------------------|--------------------------------------|--------------------------|
| | | | | 2009 | 2010 | | | | |
| 2001 | 4,124.22 | | | 1,137.84 | | | | | 2,986.38 |
| 2002 | 1,770.64 | | | 1,770.64 | | | | | 763.00 |
| 2003 | 763.00 | | | | 305.28 | | | | 2,574.41 |
| 2004 | 2,879.69 | | | | 3,884.80 | | | | 2,120.58 |
| 2005 | 6,005.38 | | | | 3,346.34 | | | | 305.44 |
| 2006 | 3,651.78 | | | | 5,063.00 | | | | 4,816.60 |
| 2007 | 9,879.60 | | | | 16,397.91 | | | | 6,969.47 |
| 2008 | 23,367.38 | | 770.48 | | 477,524.69 | | | 28,819.57 | 10,296.77 |
| 2009 | 515,870.55 | | 770.48 | | 509,430.50 | | | 28,819.57 | 30,832.65 |
| 2010 | 568,312.24 | 7,064,126.83 | 770.48 | 8,920.86 | 6,545,142.26 | 4,274.95 | 6,250.52 | 37,830.66 | 461,707.58 |
| Ref. | 568,312.24 | 7,064,126.83 | 770.48 | 8,920.86 | 7,054,572.76 | 4,274.95 | 6,250.52 | 66,650.23 | 492,540.23 |
| | A | | | | | | | A-11 | A |
| | Cash | | | Ref. | | | | | |
| | Due State of New Jersey | | | A-4 | 7,013,822.76 | | | | |
| | | | | A-19 | 40,750.00 | | | | |
| | | | | | 7,054,572.76 | | | | |

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield

| | | | |
|---------------------------------|--|--------------|--------------|
| General Purpose Tax: | | | |
| Business Personalty Tax | | 11,995.41 | |
| General Property Tax | | 7,040,014.73 | |
| | | | |
| | | 7,052,010.14 | |
| Added Taxes (54:4-63.1 et seq.) | | 12,116.69 | |
| | | | 7,064,126.83 |

Tax Levied

| | <u>Ref.</u> | | |
|---|-------------|--------------|--------------|
| Local District School Tax (Abstract) | A-20 | | 4,457,235.00 |
| County Taxes: | | | |
| County Tax (Abstract) | | 1,470,090.47 | |
| County Library Tax (Abstract) | | 106,370.97 | |
| County Open Space Tax (Abstract) | | 53,184.38 | |
| Due County for Added Taxes (54:4-63.1 et seq.) | | 2,838.05 | |
| | | | |
| Total County Taxes | | | 1,632,483.87 |
| Local Tax for Municipal Purposes | A-2 | 1,631,000.00 | |
| Add: Additional Taxes Levied | | (656,592.04) | |
| | | | |
| | | 974,407.96 | |
| | | | 7,064,126.83 |

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

| | <u>Ref.</u> | | |
|---|-------------|-----------|-------------|
| Balance June 30, 2009 | A | | 33,338.21 |
| Increased by: | | | |
| Transfers from Taxes Receivable | A-10 | 66,650.23 | |
| Interest and Costs Accrued by Sale of May 27, 2010 | | 6,044.19 | |
| | | <hr/> | 72,694.42 |
| | | | <hr/> |
| | | | 106,032.63 |
| Decreased by: | | | |
| Collections | A-4 | | 5,187.92 |
| | | | <hr/> |
| Balance June 30, 2010 | A | | <hr/> <hr/> |

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

| | <u>Ref.</u> | |
|-----------------------|-------------|------------------------|
| Balance June 30, 2009 | A | <hr/> 820,773.00 |
| Balance June 30, 2010 | A | <hr/> <hr/> 820,773.00 |

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| | <u>Balance June 30, 2009</u> | <u>Accrued in 2010</u> | <u>Collected</u> | <u>Balance June 30, 2010</u> |
|--|----------------------------------|----------------------------|---------------------|----------------------------------|
| <u>Miscellaneous Revenue Anticipated</u> | | | | |
| Licenses: | | | | |
| Other | | 32,128.58 | 20,423.06 | 11,705.52 |
| Fees and Permits | | 3,172.10 | 2,941.62 | 230.48 |
| Fines and Costs: | | | | |
| Municipal Court | 14,873.71 | 57,734.85 | 68,101.17 | 4,507.39 |
| Interest and Costs on Taxes | | 115,539.50 | 115,539.50 | |
| Interest on Investments and Deposits | | 3,833.03 | 3,828.71 | 4.32 |
| Rent of Municipal Property | | | | |
| Extraordinary Aid | | 450,000.00 | 450,000.00 | |
| Energy Receipts Tax | | 668,658.00 | 668,658.00 | |
| Uniform Construction Code | | 17,135.31 | 15,410.31 | 1,725.00 |
| Liquidate Reserve - Due from Sewer Operating Fund | | 150,000.00 | 150,000.00 | |
| <u>Miscellaneous Revenue Not Anticipated</u> | | | | |
| Administrative Fee | | 925.00 | 925.00 | |
| Franchise Agreement | | 57,383.15 | 57,383.15 | |
| Impact Study | | 15,005.00 | 15,005.00 | |
| Miscellaneous | | 60,993.52 | 60,993.52 | |
| | <u>14,873.71</u> | <u>1,632,508.04</u> | <u>1,629,209.04</u> | <u>18,172.71</u> |
| Ref. | A | | A-4 | A |

SCHEDULE OF DEFERRED CHARGES

| | <u>Balance June 30, 2009</u> | <u>Reduced in 2010</u> | <u>Balance June 30, 2010</u> |
|---|----------------------------------|----------------------------|----------------------------------|
| Expenditure Without Appropriation | 24,628.45 | | 24,628.45 |
| Overexpenditure of Appropriation Reserves | 132,769.52 | 36,484.12 | 96,285.40 |
| Overexpenditure of Appropriations | 13,882.48 | 13,882.48 | |
| Overexpenditure of Grant | 35,638.59 | 35,638.59 | |
| | <u>206,919.04</u> | <u>86,005.19</u> | <u>120,913.85</u> |
| Ref. | A | A-3 | A |

STATEMENT OF DEFERRED CHARGES
N.J.S. 40A:4-55 SPECIAL EMERGENCY

| <u>Date</u> <u>Authorized</u> | <u>Purpose</u> | <u>Net Amount</u> <u>Authorized</u> | <u>1/5 of</u> <u>Net Amount</u> <u>Authorized</u> | <u>Added</u> <u>in 2010</u> | <u>Balance</u> <u>June 30, 2010</u> |
|----------------------------------|---------------------|--|---|--------------------------------|--|
| 6/2/10 | Revaluation Program | 58,980.00 | 11,796.00 | 58,980.00 | 58,980.00 |
| | | | Ref. | A-3 | A |

SCHEDULE OF 2009 APPROPRIATION RESERVES

| | Balance June 30, 2009 | Balance After Transfers | Paid or Charged | Balance Lapsed |
|--------------------------------------|--------------------------|----------------------------|--------------------|-------------------|
| Salaries and Wages: | | | | |
| Financial Administration | 3,294.69 | 1,994.69 | | 1,994.69 |
| Legal Services and Costs | 4,730.58 | 30.58 | | 30.58 |
| Zoning | 1,384.31 | 84.31 | | 84.31 |
| Police | 13,995.09 | 11,590.09 | | 11,590.09 |
| Other Expenses: | | | | |
| Audit Services | 390.00 | 1,990.00 | | 1,990.00 |
| Collection of Taxes | 4,646.83 | 646.83 | | 646.83 |
| Legal Services and Costs | 0.90 | 5,500.90 | | 5,500.90 |
| Engineering | 1,003.75 | 1,003.75 | 329.00 | 674.75 |
| Police | 1,721.81 | 1,021.81 | | 1,021.81 |
| Fire | 6,386.53 | 2,386.53 | | 2,386.53 |
| Public Works | 5,750.74 | 5,250.74 | | 5,250.74 |
| Solid Waste Collection - Contractual | 725.00 | 14,825.00 | | 14,825.00 |
| Public Buildings and Grounds | 2,715.23 | 1,525.23 | | 1,525.23 |
| Board of Health | 3,600.00 | 1,100.00 | 340.00 | 760.00 |
| Parks and Playgrounds | 773.59 | 73.59 | | 73.59 |
| Social Security | 8,602.17 | 6,702.17 | | 6,702.17 |
| Ambulance | 8.75 | 4,003.75 | | 4,003.75 |
| Other Accounts - No Change | 61,429.16 | 61,429.16 | | 61,429.16 |
| | <u>121,159.13</u> | <u>121,159.13</u> | <u>669.00</u> | <u>120,490.13</u> |
| Ref. | A | | A-4 | A-1 |

SCHEDULE OF ENCUMBRANCES PAYABLE

| | <u>Ref.</u> | <u>Current Fund</u> | <u>Grant Fund</u> |
|---------------------------------------|-------------|-------------------------|-------------------------|
| Balance June 30, 2009 | A | 159,102.61 | 31,262.44 |
| Increased by: | | | |
| Charges to 2010 Appropriations | A-3 | 38,020.40 | |
| Reserve for Grants - Appropriated | A-21 | | 1,098.88 |
| Reserve for Local Grants Appropriated | A-23 | 24,421.66 | |
| | | <u>62,442.06</u> | |
| | | 221,544.67 | 32,361.32 |
| Decreased by: | | | |
| Payments | A-4 | 124,251.82 | 2,118.00 |
| Canceled | A-1 | 34,850.79 | |
| | | <u>159,102.61</u> | |
| Balance June 30, 2010 | A | <u><u>62,442.06</u></u> | <u><u>30,243.32</u></u> |

SCHEDULE OF ACCOUNTS PAYABLE

| | <u>Ref.</u> | <u>Current Fund</u> | <u>Grant Fund</u> |
|-----------------------|-------------|-------------------------|-------------------------|
| Balance June 30, 2009 | A | <u>10,174.00</u> | <u>18,437.04</u> |
| Balance June 30, 2010 | A | <u><u>10,174.00</u></u> | <u><u>18,437.04</u></u> |

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

| | <u>Ref.</u> | |
|---|-------------|------------------------|
| Balance June 30, 2009 | A | 362.50 |
| Increased by: | | |
| Receipts | A-4 | <u>46,250.00</u> |
| | | 46,612.50 |
| Decreased by: | | |
| 2010 Deductions Per Tax Duplicate | | 43,750.00 |
| 2010 Deductions Allowed by Collector | | 875.00 |
| 2010 Deductions Disallowed by Collector | | <u>(3,875.00)</u> |
| | A-10 | <u>40,750.00</u> |
| Balance June 30, 2010 | A | <u><u>5,862.50</u></u> |

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

| | <u>Ref.</u> | |
|--|-------------|---------------------------|
| Increased by: | | |
| Levy - School Year July 1, 2009 to June 30, 2010 | A-10 | 4,457,235.00 |
| Decreased by: | | |
| Payments | A-4 | <u>4,473,964.00</u> |
| Balance June 30, 2010 | A | <u><u>(16,729.00)</u></u> |

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

| | Balance June 30, 2009 | Transferred from 2010 Budget Appropriation | Paid or Charged | Balance June 30, 2010 |
|--|--------------------------|---|--------------------|--------------------------|
| State Grants: | | | | |
| Municipal Court Alcohol Education and Rehabilitation | 1,194.37 | | 1,194.37 | 145.00 |
| Municipal Alliance on Drug and Alcohol Abuse | 3,004.44 | | 2,859.44 | 3,597.12 |
| Cyberdistrict Grant | 3,597.12 | | | 49,522.60 |
| Liveable Communities Grant | 49,522.60 | | | |
| Transportation Trust Fund: | | | | |
| Pear Street | 5,155.58 | | | 5,155.58 |
| Ashland Avenue - Phase 2 | 4,150.00 | | | 4,150.00 |
| Charman Avenue | 19,025.75 | | | 19,025.75 |
| Statewide Domestic Preparedness Program | 7,477.48 | 10,935.00 | 4,572.83 | 13,839.65 |
| Special Purpose Grants: | | | | |
| Community Center Expansion | 206,073.00 | | 62,814.50 | 143,258.50 |
| Community Center Renovations | 167,409.00 | | | 167,409.00 |
| Recreation Park Improvements | 23,352.50 | | 23,352.50 | |
| Storage Shed | 5,207.25 | | 5,064.00 | 143.25 |
| Demolition - Tax Map Update | 29.93 | | 29.93 | |
| Clean Communities Grant | 8,089.76 | | | 8,089.76 |
| Body Armor Fund | 965.08 | | 122.19 | 842.89 |
| Recycling Tonnage | 603.15 | | | 603.15 |
| Drunk Driving Enforcement | | 6,812.13 | 6,781.52 | 30.61 |
| | 504,857.01 | 17,747.13 | 106,791.28 | 415,812.86 |
| Ref. | A | A-3 | | A |
| | Disbursed | Ref. | 105,692.40 | |
| | Encumbered | A-4 | 1,098.88 | |
| | | A-17 | | |
| | | | 106,791.28 | |

EXHIBIT A-22

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

| | <u>Balance June 30, 2009</u> | <u>Received</u> | <u>Balance June 30, 2010</u> |
|-------------------|----------------------------------|-----------------|----------------------------------|
| State Grants: | | | |
| Clean Communities | 4,813.60 | 4,984.14 | 9,797.74 |
| Recycling Tonnage | 2,135.98 | | 2,135.98 |
| | <u>6,949.58</u> | <u>4,984.14</u> | <u>11,933.72</u> |
| | <u>A</u> | <u>A-4</u> | <u>A</u> |

EXHIBIT A-23

SCHEDULE OF RESERVE FOR LOCAL GRANTS - APPROPRIATED

| | Transferred from 2010 Budget Appropriation | Paid or Charged | Balance June 30, 2010 |
|----------------------------------|---|--------------------|--------------------------|
| Camden County - Recreation Grant | 25,000.00 | 24,421.66 | 578.34 |
| Ref. | A-3 | A-17 | A |

SCHEDULE OF RESERVE FOR LOCAL GRANTS - UNAPPROPRIATED

| | <u>Balance</u> <u>June 30, 2009</u> | <u>Balance</u> <u>June 30, 2010</u> |
|----------------|--|--|
| Dare Donations | 325.00 | 325.00 |
| Ref. | <u>A-4</u> | <u>A</u> |

SCHEDULE OF DUE CAMDEN COUNTY MUNICIPAL UTILITIES AUTHORITY

| | | |
|-----------------------|------------------|------------------|
| Balance June 30, 2009 | <u>Ref.</u> A | (3,433.87) |
| Increased by: | | |
| Receipts | A-4 | 84,524.37 |
| Balance June 30, 2010 | A | <u>81,090.50</u> |

TRUST FUND

EXHIBIT B-1

SCHEDULE OF TRUST FUND CASH

| | Ref. | Animal Control Trust Fund | Unemployment Compensation Fund | Other Funds |
|------------------------------------|------|------------------------------|-----------------------------------|-------------|
| Balance June 30, 2009 | B-1 | 9,556.84 | 2,055.55 | 408,594.59 |
| Increased by Receipts: | | | | |
| Dog License Fees: | | | | |
| Municipal Share | B-3 | 4,624.20 | | |
| State Share | | 289.80 | | |
| Off-Duty Police Fees | | | | 75,215.82 |
| Confiscated Funds | | | | 8,645.05 |
| Deposits for Tax Sale Certificates | | | | 265,482.10 |
| Premiums Received | | | | 56,200.00 |
| Developers Escrow Deposits | | | | 4,155.54 |
| Fire Penalty Monies | | | | 1,380.00 |
| Interest Earned | | 39.44 | 9.89 | 981.92 |
| | | 4,953.44 | 9.89 | 412,060.43 |
| | | 14,510.28 | 2,065.44 | 820,655.02 |
| Decreased by Disbursements: | | | | |
| Paid to State of New Jersey | | 295.20 | | |
| Expenditures Under RS 4:19-15.11 | B-3 | 8,583.76 | | |
| Off-Duty Police Expenses | | | | 84,386.59 |
| Premiums Redeemed | | | | 64,100.00 |
| Tax Sale Certificates Redeemed | | | | 259,891.16 |
| Developers Fees | | | | 15,140.18 |
| Community Center Expenses | | | | 2,240.00 |
| Transfer to Current Fund | | | | 4,725.51 |
| | | 8,878.96 | | 430,483.44 |
| Balance June 30, 2010 | B-1 | 5,631.32 | 2,065.44 | 390,171.58 |

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

| | <u>Ref.</u> | <u>Animal Control Trust Fund</u> | <u>Unemployment Compensation Fund</u> | <u>Other Funds</u> |
|-----------------------------|-------------|--|---|--------------------|
| Balance June 30, 2010 | B-1 | 5,631.32 | 2,065.44 | 390,171.58 |
| Increased by Receipts: | | | | |
| Cash Receipts Record | | 2,367.45 | 5.35 | 450,622.19 |
| | | 7,998.77 | 2,070.79 | 840,793.77 |
| Decreased by Disbursements: | | | | |
| Cash Disbursements Record | | 4,476.44 | | 508,272.22 |
| Balance December 31, 2010 | B-2 | <u>3,522.33</u> | <u>2,070.79</u> | <u>332,521.55</u> |

Cash Reconciliation - December 31, 2010

| | | | | |
|---|-----|-----------------|-----------------|-------------------|
| Balance per Statement Susquehanna Bank | | 3,522.33 | 2,070.79 | 343,776.09 |
| Less: Outstanding Checks | | | | 11,254.54 |
| Balance December 31, 2010 | B-2 | <u>3,522.33</u> | <u>2,070.79</u> | <u>332,521.55</u> |

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

| | | |
|---|------------------|------------------------|
| Balance June 30, 2009 | <u>Ref.</u> B | 1,720.97 |
| Increased by: | | |
| Municipal Share of Dog License Fees | B-1 | 4,624.20 |
| | | <hr/> 6,345.17 |
| Decreased by: | | |
| Expenditures Under R.S.4:19-15.11: Cash | B-1 | 8,583.76 |
| Balance June 30, 2010 | B | <hr/> <hr/> (2,238.59) |

License Fees Collected

| <u>Year</u> | <u>Amount</u> |
|-------------|----------------|
| 2008 | 2,837.80 |
| 2009 | 4,166.60 |
| | <hr/> 7,004.40 |
| | <hr/> <hr/> |

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH

| | <u>Ref.</u> | | |
|----------------------------|-------------|------------|------------|
| Increased by: | | | |
| Bond Anticipation Note | C-7 | | 500,000.00 |
| Decreased by: | | | |
| Improvement Authorizations | C-6 | 144,771.08 | |
| Encumbrances Payable | C-2 | 1,762.50 | |
| Due Current Fund | C-2 | 353,466.42 | |
| | | <hr/> | <hr/> |
| | | | 500,000.00 |

ANALYSIS OF GENERAL CAPITAL FUND CASH

| | Receipts | | Disbursements | | Balance June 30, 2010 |
|--|--------------------------|-------------------------------|-------------------------------|---------------|--------------------------|
| | Balance June 30, 2009 | Bond Anticipation Notes | Improvement Authorizations | Miscellaneous | |
| Capital Improvement Fund | 17,000.00 | | | | 9,900.00 |
| Due Current Fund | (14,798.15) | | | 353,466.42 | (368,264.57) |
| Improvement Authorizations: | | | | | |
| Ordinance # | | | | | |
| 2001-04 Storm Drainage and Road Construction | 35,961.75 | | | | 35,961.75 |
| 2005-04 Purchase of Fire Engine | 30,881.80 | | | | 30,881.80 |
| Construction of Salt and Sand Building | 11,685.06 | | | | 11,685.06 |
| Purchase of Alcotest System for Police Department | 452.00 | | | | 452.00 |
| Purchase of Turnout Gear and Fire Fighting Equipment | 4,601.47 | | | | 4,601.47 |
| Purchase and Installation of Computer System and Tax and Finance Software | 2,025.00 | | | | 2,025.00 |
| Purchase of Chipper | 4,301.00 | | | | 4,301.00 |
| Replacement of Roof | 10,950.00 | | | | 10,950.00 |
| Road Construction - Mott Street | 52,500.00 | | | | 52,500.00 |
| Road Construction - Center Oak Avenue | 23,292.16 | | | | 23,292.16 |
| Purchase of Court Recorder | 350.00 | | | | 350.00 |
| 2007-08 Various Capital Improvements | 5,745.00 | | | | 5,745.00 |
| 2008-03 Completion of Storm Water Management Systems & Road Construction for Ashland Avenue, Carver Avenue & Charmin | 46,779.69 | | 1,029.50 | | 45,750.19 |
| 2008-07 Improvements to Wayne R. Bryant Senior Center | 15,000.00 | | 35,528.00 | | (20,528.00) |
| 2009-06 Oak Avenue Redevelopment Project | (213,494.89) | 500,000.00 | 108,213.58 | | 177,166.53 |
| 2010-05 Purchase of Leaf Machine | | | | | (30,850.00) |
| Purchase of Cleaning Machine | | | | | 225.00 |
| Purchase of Dump Truck | | | | | 3,525.00 |
| Municipal Building Improvements | | | | | 1,600.00 |
| Grants Receivable | (89,342.17) | | | | (89,342.17) |
| Encumbrances Payable | 1,762.50 | | | | 33,725.00 |
| Contracts Payable | 54,347.78 | | | | 54,347.78 |
| | 500,000.00 | | 144,771.08 | | |
| | C-7 | | C-6 | | |
| | | | | 355,228.92 | |
| | | | | C-1 | |

SCHEDULE OF GRANTS RECEIVABLE

| | <u>Balance June 30, 2009</u> | <u>Balance June 30, 2010</u> |
|---------------------------------------|----------------------------------|----------------------------------|
| New Jersey Transportation Trust Fund: | | |
| Storm Drainage and Road Construction | 843.42 | 843.42 |
| Road Construction - Center Oak Avenue | 88,498.75 | 88,498.75 |
| | <u>89,342.17</u> | <u>89,342.17</u> |
| Ref. | <u>C</u> | <u>C</u> |

SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Ref.</u> | |
|---|-------------|------------------------|
| Balance June 30, 2009 | C | 17,000.00 |
| Decreased by: | | |
| Amount Appropriated to Finance Improvement Authorization | C-6 | <u>7,100.00</u> |
| Balance June 30, 2010 | C | <u><u>9,900.00</u></u> |

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ordinance | Improvement Description | Date | Amount | 2010 Authorizations | | | | Balance June 30, 2010 | | | |
|-----------|--|----------|------------|-----------------------|------------|--------------------------|-------------------------------------|-----------------------|-----------------------|----------|------------|
| | | | | Funded | | Capital Improvement Fund | Deferred Charges to Future Taxation | | Unfunded | | |
| | | | | Balance June 30, 2009 | Unfunded | | | | Balance June 30, 2009 | Unfunded | |
| 2001-04 | Storm Drainage and Road Construction | 10/04/00 | 367,500.00 | | 74,232.77 | | 74,232.77 | | | | |
| 2005-04 | Purchase of Fire Engine | 10/06/05 | 393,750.00 | | 35,108.00 | | 35,108.00 | | | | |
| | Construction of Salt and Sand Building | | 52,500.00 | | 11,685.06 | | 11,685.06 | | | | |
| | Purchase of Alcotest System for Police Department | | 12,600.00 | | 452.00 | | 452.00 | | | | |
| | Purchase of Turnout Gear & Fire Fighting Equipment | | 25,200.00 | | 4,601.47 | | 4,601.47 | | | | |
| | Purchase and Installation of Computer System & Tax and Finance Software | | 25,200.00 | | 2,025.00 | | 2,025.00 | | | | |
| | Purchase of Chipper | | 31,500.00 | | 4,301.00 | | 4,301.00 | | | | |
| | Replacement of Roof | | 61,950.00 | | 10,950.00 | | 10,950.00 | | | | |
| | Road Construction - Mott Street | | 52,500.00 | 2,500.00 | 50,000.00 | | 50,000.00 | | | | |
| | Road Construction - Center Oak Avenue | | 194,250.00 | | 23,292.16 | | 23,292.16 | | | | |
| | Purchase of Court Recorder | | 7,350.00 | | 350.00 | | 350.00 | | | | |
| 2007-08 | Various Capital Improvements | 1/10/07 | 102,000.00 | | 5,745.00 | | 5,745.00 | | | | |
| 2008-03 | Reappropriation of Unexpended Balance of Previous Ordinance per 40A:2-39: Completion of Storm Water Management Systems & Road Construction for Ashland Avenue, Carver Avenue & Charmin | | | 46,779.69 | | | | | | | |
| | Improvements to Wayne R. Bryant Senior Center | 12/05/07 | 54,579.69 | | | | | | 1,029.50 | | |
| 2008-07 | Oak Avenue Redevelopment Project | 6/04/08 | 300,000.00 | 15,000.00 | 285,000.00 | | | | 35,528.00 | | 264,472.00 |
| 2009-06 | Purchase of Leaf Machine | 6/30/09 | 500,000.00 | | 286,505.11 | | | | 109,338.58 | | 177,166.53 |
| 2010-05 | Purchase of Cleaning Machine | 6/2/10 | 35,000.00 | | | | | | 32,600.00 | | 2,400.00 |
| | Purchase of Dump Truck | 6/2/10 | 4,500.00 | | | | | | | 225.00 | 4,275.00 |
| | Municipal Building Improvements | 6/2/10 | 70,500.00 | | | | | | 3,525.00 | | 66,975.00 |
| | | 6/2/10 | 32,000.00 | | | | | | 1,600.00 | | 30,400.00 |
| | | | Ref. | 64,279.69 | 794,247.57 | | 134,900.00 | | 178,496.08 | | 768,430.99 |
| | | | | C | C | C-5 | C-4 | C | C | C | C |
| | | | | | | Disbursed | Ref. | | 144,771.08 | | |
| | | | | | | Encumbered | C-1 | | 33,725.00 | | |
| | | | | | | | C | | 178,496.08 | | |

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| Ordinance | Purpose | Date of Issue of Original Note | Date of Issue | Date of Maturity | Interest Rate | Balance June 30, 2009 | Increased | Decreased | Balance June 30, 2010 |
|-----------|---|--------------------------------|---------------|------------------|---------------|-----------------------|------------|-----------|-----------------------|
| 2001-04 | Storm Drainage and Road Construction | 12/07/05 | 12/08/09 | 12/08/10 | None | 52,838.00 | | 3,200.00 | 49,638.00 |
| 2005-04 | Purchase of Fire Engine | 12/01/04 | 12/08/09 | 12/08/10 | None | 63,173.80 | | 3,800.00 | 59,373.80 |
| | Construction of Salt and Sand Building | 12/01/04 | 12/08/09 | 12/08/10 | None | 47,400.00 | | 1,300.00 | 46,100.00 |
| | Purchase of Alcotest System for Police Department | 12/01/04 | 12/08/09 | 12/08/10 | None | 11,000.00 | | 500.00 | 10,500.00 |
| | Purchase of Turnout Gear and Fire Fighting Equipment | 12/01/04 | 12/08/09 | 12/08/10 | None | 18,400.00 | | 2,800.00 | 15,600.00 |
| | Purchase and Installation of Computer System and Tax and Finance Software | 12/01/04 | 12/08/09 | 12/08/10 | None | 18,000.00 | | 3,000.00 | 15,000.00 |
| | Purchase of Chipper | 12/01/04 | 12/08/09 | 12/08/10 | None | 27,600.00 | | 1,200.00 | 26,400.00 |
| | Replacement of Roof | 12/01/04 | 12/08/09 | 12/08/10 | None | 52,000.00 | | 3,500.00 | 48,500.00 |
| | Road Construction - Mott Street | 12/01/04 | 12/08/09 | 12/08/10 | None | 43,600.00 | | 3,200.00 | 40,400.00 |
| | Road Construction - Center Oak Avenue | 12/01/04 | 12/08/09 | 12/08/10 | None | 31,000.00 | | 2,000.00 | 29,000.00 |
| 2007-08 | Purchase of Court Recorder | 12/01/04 | 12/08/09 | 12/08/10 | None | 6,000.00 | | 500.00 | 5,500.00 |
| 2009-06 | Various Capital Improvements | 1/10/07 | 1/10/10 | 1/10/11 | None | 97,000.00 | 500,000.00 | 11,000.00 | 86,000.00 |
| | Oak Avenue Redevelopment Project | 12/1/09 | 12/1/09 | 11/30/10 | 2.83% | | | | 500,000.00 |
| | | | | | | 468,011.80 | 500,000.00 | 36,000.00 | 932,011.80 |
| | | | | | Ref. | C | C-1 | C-4 | C |

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| <u>Ordinance Number</u> | <u>Improvement Description</u> | <u>Balance June 30, 2009</u> | <u>2009 Authorizations</u> | <u>Bond Anticipation Notes Issued</u> | <u>Balance June 30, 2010</u> |
|-----------------------------|---|----------------------------------|--------------------------------|---|----------------------------------|
| 2004-01 | Storm Drainage and Road Construction | 38,271.02 | | | 38,271.02 |
| 2005-04 | Purchase of Fire Engine | 4,226.20 | | | 4,226.20 |
| 2008-07 | Improvements to Wayne R. Bryant Senior Center | 285,000.00 | | | 285,000.00 |
| 2009-06 | Oak Avenue Redevelopment Project | 500,000.00 | | 500,000.00 | |
| 2010-05 | Purchase of Leaf Machine | | 33,250.00 | | 33,250.00 |
| | Purchase of Cleaning Machine | | 4,275.00 | | 4,275.00 |
| | Purchase of Dump Truck | | 66,975.00 | | 66,975.00 |
| | Municipal Building Improvements | | 30,400.00 | | 30,400.00 |
| Ref. | | <u>827,497.22</u> | <u>134,900.00</u> | <u>500,000.00</u> | <u>462,397.22</u> |
| | | | C-6 | C-7 | |

SEWER UTILITY FUND

SCHEDULE OF UTILITY CASH

| | | | |
|------------------------|------------------|------------|-------------------------|
| Balance June 30, 2009 | <u>Ref.</u> D | | 229,290.01 |
| Increased by: | | | |
| Rents Collected | D-6 | 141,253.03 | |
| Rent Overpayments | | 922.30 | |
| Prepaid Rents | | 17,877.71 | |
| Miscellaneous Revenues | D-2 | 8,074.98 | |
| Due Current Fund | | 84,250.33 | |
| Due Trust Other | | 3,540.83 | |
| | | <hr/> | <u>255,919.18</u> |
| | | | 485,209.19 |
| Decreased by: | | | |
| Budget Appropriations | D-3 | 189,669.09 | |
| Encumbrances Payable | D-10 | 11,251.08 | |
| Due Current Fund | | 212,262.38 | |
| | | <hr/> | <u>413,182.55</u> |
| Balance June 30, 2010 | D | | <u><u>72,026.64</u></u> |

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

| | | |
|--|--------------------|-------------------------|
| Balance June 30, 2010 | <u>Ref.</u> D-4 | 72,026.64 |
| Increased by: | | |
| Cash Receipts Record | | <u>179,054.58</u> |
| | | 251,081.22 |
| Decreased by: | | |
| Cash Disbursements Record | | <u>185,335.73</u> |
| Balance December 31, 2010 | D-5 | <u><u>65,745.49</u></u> |
| <u>Cash Reconciliation - December 31, 2010</u> | | |
| Balance per Statement | | |
| Susquehanna Bank | | 84,258.12 |
| Add: Deposit in Transit | | <u>2,720.94</u> |
| | | 86,979.06 |
| Less: Outstanding Checks | | <u>21,233.57</u> |
| Balance December 31, 2010 | D-5 | <u><u>65,745.49</u></u> |

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

| | <u>Ref.</u> | |
|-----------------------|-------------|-------------------------|
| Balance June 30, 2009 | D | 32,380.32 |
| Increased by: | | |
| Utility Rents Levied | | 187,142.45 |
| | | <u>219,522.77</u> |
| Decreased by: | | |
| Collected in 2009 | D | 20,751.95 |
| Collected in 2010 | D-4 | 141,253.03 |
| Overpayments Applied | | 2,258.35 |
| Transfer to Liens | D-7 | 193.15 |
| | | <u>164,456.48</u> |
| Balance June 30, 2010 | D | <u><u>55,066.29</u></u> |

SCHEDULE OF SEWER LIENS RECEIVABLE

| | <u>Ref.</u> | |
|---|-------------|----------------------|
| Increased by: | | |
| Transfer from Consumer Accounts Receivable | D-6 | 193.15 |
| Interest and Costs Accrued by Sale of May 27, 2010 | | 105.23 |
| | | <u>298.38</u> |
| Balance June 30, 2010 | D | <u><u>298.38</u></u> |

SCHEDULE OF FIXED CAPITAL

| | <u>Balance</u> <u>June 30, 2009</u> | <u>Balance</u> <u>June 30, 2010</u> |
|---------------------------------------|--|--|
| Garage | 4,270.00 | 4,270.00 |
| Dump Truck | 3,000.00 | 3,000.00 |
| Meters | 185.40 | 185.40 |
| Chlorinators | 3,184.00 | 3,184.00 |
| Moisture Balance | 375.00 | 375.00 |
| Electric Lines | 3,600.00 | 3,600.00 |
| Laterals | 6,048.00 | 6,048.00 |
| Plant and Pumping Stations | 628,607.50 | 628,607.50 |
| Laboratory Equipment | 272.34 | 272.34 |
| Fence - Pumping Station | 1,250.00 | 1,250.00 |
| Alarm System - Pumping Station | 670.00 | 670.00 |
| Electric Pumps | 1,850.00 | 1,850.00 |
| Sump Pump | 3,122.00 | 3,122.00 |
| Water Line | 1,250.00 | 1,250.00 |
| Diaphragm Pump | 1,564.00 | 1,564.00 |
| Water Wagon - Sludge Pump Vehicles | 1,875.00 | 1,875.00 |
| Electrical Installations | 1,086.15 | 1,086.15 |
| Miscellaneous Equipment | 1,709.80 | 1,709.80 |
| General | 18,747.48 | 18,747.48 |
| Truck Chassis and Cab with Stake Body | 7,070.00 | 7,070.00 |
| Steel Plates | 575.00 | 575.00 |
| Equipment - Sewer Jetter | 16,368.24 | 16,368.24 |
| Tractor Loader Backhoe | 38,560.00 | 38,560.00 |
| Sewer Jetter and Accessories | 52,339.97 | 52,339.97 |
| Electric Generator | 16,208.70 | 16,208.70 |
| Pumping Station Improvements | 15,262.04 | 15,262.04 |
| | <u>829,050.62</u> | <u>829,050.62</u> |
| Ref. | D | D |

EXHIBIT D-9

SCHEDULE OF 2009 APPROPRIATION RESERVES

| | | <u>Balance June 30, 2009</u> | <u>Balance Lapsed</u> |
|----------------------------|------|----------------------------------|---------------------------|
| Operating: | | | |
| Other Accounts - No Change | | 4,509.16 | 4,509.16 |
| | | <u>4,509.16</u> | <u>4,509.16</u> |
| | Ref. | D | D-1 |

EXHIBIT D-10

SCHEDULE OF ENCUMBRANCES PAYABLE

| | | | |
|--------------------------------|------------------|------------------|------------------------|
| Balance June 30, 2009 | <u>Ref.</u> D | | 13,049.25 |
| Increased by: | | | |
| Charges to 2010 Appropriations | D-3 | | 1,812.27 |
| | | | <u>14,861.52</u> |
| Decreased by: | | | |
| Payments | D-4 | 11,251.08 | |
| Canceled | D-1 | 1,798.17 | |
| | | <u>13,049.25</u> | |
| Balance June 30, 2010 | D | | <u><u>1,812.27</u></u> |

STATEMENT OF DOWN PAYMENTS ON IMPROVEMENTS

| | <u>Ref.</u> | |
|---------------------------|-------------|------------------------|
| Increased by: | | |
| 2010 Budget Appropriation | D-3 | <u>5,000.00</u> |
| Balance June 30, 2010 | D | <u><u>5,000.00</u></u> |

PART II

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-4 states "Every contract or agreement awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertisement for various items.

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on July 1, 2009, adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED, by the Mayor and Council of the Borough of Lawnside, County of Camden and State of New Jersey, that the rate of interest to be collected on delinquent taxes in and for the Borough of Lawnside for the FY2010, shall be and is hereby established at 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 to be calculated from the due date to date of actual payment;

BE IT FURTHER RESOLVED, by the Mayor and Council of the Borough of Lawnside, County of Camden and State of New Jersey, that the rate of interest to be collected on delinquent sewer rentals and assessments in and for the Year FY2010, shall be and is hereby established at 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 to be calculated from the due date to date of actual payment;

BE IT FURTHER RESOLVED, that a grace period of ten (10) days after the due date be granted for the payments of taxes and sewer rentals;

BE IT FURTHER RESOLVED, that a 6% penalty may be charged on any delinquency in excess of \$10,000.00 if not paid by the end of the fiscal year; and

BE IT FURTHER RESOLVED, that interest in the amount of 18% payable to the Borough of Lawnside on all delinquencies wherein the Borough holds a Tax Title Lien.

It appears from an examination of the collector's records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on May 27, 2010 and was complete.

The following comparison is made of the number of tax title liens receivable on June 30 of the last three years.

| <u>Year</u> | <u>Number of Liens</u> |
|-------------|------------------------|
| 2010 | 31 |
| 2009 | 24 |
| 2008 | 9 |

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

OTHER COMMENTS

Accounting Procedures:

Material Weakness:

There was an overexpenditure of an appropriation. This was a budgetary issue arising from lack of oversight of the budget process. Corrective action has been taken to alleviate the problem.

Control Deficiency:

An analysis of amounts on deposit in the tax title lien redemption account and the tax sale premium account is not being maintained. (2010-1)

Quarterly statements that detail an accounting of funds are not being sent to escrow applicants as required by N.J.S.A. 40:55D-53.2(c). (2010-2)

Purchasing:

Control Deficiency:

Purchase orders and supporting documentation were not available for some expenditures as required by N.J.S.A. 40A:5-16. (2010-3)

An emergency purchase was entered into without the proper written confirmation as required by N.J.S.A. 40A:11-6. The Governing Body has addressed this issue and will ensure that all future emergency purchases are confirmed by resolution.

Payroll:

Control Deficiency:

Payments were made by voucher for some services rendered by Borough employees. These payments were not included on the employees form W-2. (2010-4)

Information Return Forms 1099 were not issued to vendors that required them for services rendered. The vendor listing has been reviewed and the necessary steps to insure that the required forms be issued in the future has been taken.

FINDINGS AND RECOMMENDATIONS

2010-1: Finding: An analysis of amounts on deposit in the tax title lien redemption account and the tax sale premium account is not being maintained.

Recommendation: A detailed analysis of amounts on deposit be maintained for the tax title lien redemption account and the tax sale premium account.

2010-2: Finding: Quarterly statements that detail an accounting of funds are not being sent to escrow applicants as required by N.J.S.A. 40:55D-53.2(c).

Recommendation: Quarterly statements detailing an accounting of funds be sent to escrow applicants.

2010-3: Finding: Purchase orders and supporting documentation were not available for some expenditures as required by N.J.S.A. 40A:5-16.

Recommendation: Purchase orders and supporting documentation be maintained on file for all expenditures made.

2010-4: Finding: Payments were made by voucher for some services rendered by Borough employees. These payments were not included on the employees form W-2.

Recommendation: All payments made to employees be included on their form W-2.

* Recommendations 2010-1, 2010-2 and 2010-4 appeared in prior reports and corrective action was not taken.

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any question arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

We received the complete cooperation of all the officials of the Borough and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252