

**TOWNSHIP OF UPPER FREEHOLD**

**COUNTY OF MONMOUTH**

**REPORT OF AUDIT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2010**



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**FOR THE YEAR ENDED  
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**TOWNSHIP OF UPPER FREEHOLD**  
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**TOWNSHIP OF UPPER FREEHOLD**  
**PART 1**  
**REPORT OF AUDIT OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Township Committee  
Township of Upper Freehold  
Cream Ridge, New Jersey 08514

We have audited the accompanying statements of assets, liabilities, reserves and fund balance-- regulatory basis of the various funds of the Township of Upper Freehold, in the County of Monmouth, State of New Jersey as of December 31, 2010 and 2009, and the related statements of operations and changes in fund balance-- regulatory basis for the years then ended, and the related statement of revenues-- regulatory basis, statement of expenditures-- regulatory basis, and statement of general fixed assets group of accounts for the year ended December 31, 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements previously referred to have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects on the financial statements of the requirement that the Township prepare its financial statements in accordance with the accounting practices discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Upper Freehold, in the County of Monmouth, State of New Jersey, as of December 31, 2010 and 2009, or the results of its operations and changes in fund balance for the years then ended.

Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance-- regulatory basis of the various funds of the Township of Upper Freehold, in the County of Monmouth, State of New Jersey, as of December 31, 2010 and 2009, and the results of its operations and changes in fund balance-- regulatory basis of such funds for the years then ended, and the revenues-- regulatory basis, expenditures-- regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2010 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 20, 2011 on our consideration of the Township of Upper Freehold, in the County of Monmouth, State of New Jersey's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Upper Freehold's basic financial statements. The supplementary financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Respectfully submitted,

  
BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Michael D. Cesaro  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
June 20, 2011

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

The Honorable Mayor and  
Members of the Township Committee  
Township of Upper Freehold  
Cream Ridge, New Jersey 08514

We have audited the financial statements (regulatory basis) of the Township of Upper Freehold, in the County of Monmouth, State of New Jersey, as of and for the year ended December 31, 2010, and have issued our report thereon dated June 20, 2011, which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township of Upper Freehold's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township'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 Township'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 Township of Upper Freehold's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs which is described in the accompanying Schedule of Findings and Recommendations as finding no.: 2010-1.

The Township of Upper Freehold's response to the finding identified in our report is described in the accompanying Schedule of Findings and Recommendations. We did not audit the Township of Upper Freehold's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of the Township, the Division of Local Government Services, Department of Community Affairs, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Michael D. Cesaro  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
June 20, 2011

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
 Statements of Assets, Liabilities, Reserves and Fund Balance  
 --Regulatory Basis  
 As of December 31, 2010 and 2009

<u>ASSETS</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Regular Fund:			
Cash:			
Treasurer	SA-1	\$ 3,133,125.82	\$ 2,901,824.76
Collector	SA-2	263,829.60	344,301.91
Change Funds	SA-3	200.00	200.00
		3,397,155.42	3,246,326.67
Receivables and Other Assets with Full Reserves:			
Taxes Receivable	SA-4	347,733.61	436,047.25
Tax Title Liens Receivable	SA-5	310,304.46	234,982.53
Property Acquired for Taxes--Assessed Valuation		11,600.00	11,600.00
Revenue Accounts Receivable	SA-6	2,538.86	4,329.30
Accounts Receivable -Interlocal Services Agreement - Animal Control Services	SA-9	270.00	270.00
Due Trust Other Fund	SB-4	21,368.16	15,787.22
Due Trust - Open Space	SB-12	65,105.12	
Due from General Capital Fund	SC-10		3,046.19
Accounts Receivable -Interlocal Services Agreement - Fire Expenses	SA-8	16,772.31	16,577.31
		775,692.52	722,639.80
Deferred Charges:			
Special Emergency Authorizations (40A:4-53)	SA-10	130,000.00	120,000.00
Emergency Authorizations (40A:4-46)	A-3	15,000.00	
		145,000.00	120,000.00
		4,317,847.94	4,088,966.47
Federal and State Grant Fund:			
Due from Current Fund	SA-7	41,117.33	184,723.34
Federal and State Grants Receivable	SA-26	207,057.06	217,744.93
		248,174.39	402,468.27
		\$ 4,566,022.33	\$ 4,491,434.74

(Continued)

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
 Statements of Assets, Liabilities, Reserves and Fund Balance  
 --Regulatory Basis  
 As of December 31, 2010 and 2009

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Regular Fund:			
Appropriation Reserves	A-3;SA-12	\$ 214,712.21	\$ 282,538.85
Reserve for Encumbrances	SA-13	52,010.78	89,453.74
Contracts Payable	SA-22	57,699.20	25,699.20
Due to State of New Jersey -- State Training Fees	SA-15	3,323.87	2,037.07
Prepaid Taxes	SA-16	143,159.27	159,901.63
Tax Overpayments	SA-17	14,678.09	10,820.75
Due to General Capital Fund	SC-10	2,500.00	
Due to Federal and State Grant Fund	SA-7	41,117.33	184,723.34
Due Trust - Open Space	SB-12		7,759.66
Accounts Payable	SA-21	8,925.00	1,185.00
Due to State of New Jersey--Senior Citizen's and Veteran's Deductions	SA-18	6,192.82	8,335.97
Due to County for Added and Omitted Taxes	SA-19	51,410.49	38,203.97
Reserve for Special Road Work		6,000.00	6,000.00
Reserve for Garden State Preservation Trust Fund	SA-14	7,090.00	10,635.66
Reserve for Polling Places	SA-11	800.00	800.00
Reserve for Preparation and Revision of the Master Plan	SA-24	154,516.90	157,902.60
Reserve for Reassessment Program	SA-23	220.00	
Reserve for Payment of Bonds	SA-1	290,321.00	
Reserve for Soil Witnessing Fees	SA-25	4,522.62	4,787.12
		<u>1,059,199.58</u>	<u>990,784.56</u>
Reserves for Receivables and Other Assets		775,692.52	722,639.80
Fund Balance	A-1	<u>2,482,955.84</u>	<u>2,375,542.11</u>
		<u>4,317,847.94</u>	<u>4,088,966.47</u>
Federal and State Grant Fund:			
Reserve for Encumbrances	SA-13	8,326.57	3,044.58
Unappropriated Reserves	SA-27	3,164.81	3,909.27
Appropriated Reserves	SA-28	236,683.01	395,514.42
		<u>248,174.39</u>	<u>402,468.27</u>
		<u>\$ 4,566,022.33</u>	<u>\$ 4,491,434.74</u>

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

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
 Statements of Operations and Changes in  
 Fund Balance -- Regulatory Basis  
 For the Years Ended December 31, 2010 and 2009

<u>Revenue and Other Income Realized</u>	<u>2010</u>	<u>2009</u>
Fund Balance Utilized	\$ 1,740,000.00	\$ 2,050,000.00
Miscellaneous Revenues Anticipated	1,290,776.18	1,346,038.22
Receipts from Delinquent Taxes	392,898.18	398,809.00
Receipts from Current Taxes	24,594,140.76	23,600,896.43
Non-Budget Revenue	131,980.28	155,165.83
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	224,100.26	378,891.80
Cancellation of Reserves for Federal and State Grants	348.76	472.72
Refund of Prior Year Expenditures	169,246.65	
Liquidation of Reserve for:		
Due from General Capital Fund	3,046.19	
	<hr/>	<hr/>
Total Income	28,546,537.26	27,930,274.00
	<hr/>	<hr/>
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Operations--Within "CAPS":		
Salaries and Wages	1,141,705.00	1,280,650.00
Other Expenses	1,336,100.00	1,470,600.00
Deferred Charges and Statutory Expenditures--		
Within "CAPS"	240,803.66	251,711.00
Operations--Excluded from "CAPS":		
Salaries and Wages		30,000.00
Other Expenses	161,245.02	310,291.50
Capital Improvements Excluded from "CAPS"		200,000.00
Municipal Debt Service	1,454,299.76	975,734.38
Deferred Charges -- Excluded from "CAPS"	62,500.00	103,250.00
Senior Citizens' Deduction Disallowed by Tax Collector--		
Prior Year Taxes	750.00	1,080.14
County Taxes	3,496,407.48	3,435,800.91
Due County for Added and Omitted Taxes	51,410.49	38,203.97
Regional School Taxes	17,980,849.58	17,474,912.47
Municipal Open Space Tax	786,822.72	816,259.66
Cancellation of Accounts Receivable -		
Reserve for Federal, State and Other Grants -- Appropriated	348.76	472.72
Refund of Prior Year Revenue		3,477.00
Reserves Created:		
Due from Trust Other Fund	5,580.94	2,194.66
Due from Trust - Open Space	65,105.12	
Due from General Capital Fund		3,046.19
Due from Borough of Allentown - Fire Expenses	195.00	40.00
	<hr/>	<hr/>
Total Expenditures	26,784,123.53	26,397,724.60

(Continued)

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
 Statements of Operations and Changes in  
 Fund Balance -- Regulatory Basis  
 For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Excess in Revenues	\$ 1,762,413.73	\$ 1,532,549.40
Adjustments to Income before Surplus:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>85,000.00</u>	
Statutory Excess to Surplus	1,847,413.73	1,532,549.40
Fund Balance Jan. 1	<u>2,375,542.11</u>	<u>2,892,992.71</u>
	4,222,955.84	4,425,542.11
Decreased by:		
Utilized as Revenue	<u>1,740,000.00</u>	<u>2,050,000.00</u>
Balance Dec. 31	<u>\$ 2,482,955.84</u>	<u>\$ 2,375,542.11</u>

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

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Revenues -- Regulatory Basis  
For the Year Ended December 31, 2010

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Fund Balance Anticipated	\$ 1,740,000.00		\$ 1,740,000.00	
Miscellaneous Revenue				
Fines and Costs:				
Municipal Court	52,800.00		38,390.12	\$ (14,409.88)
Interest and Cost on Taxes	75,000.00		89,730.16	14,730.16
Interest on Investments and Deposits	28,900.00		114,584.79	85,684.79
Recreation Fees	11,360.00		20,875.00	9,515.00
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	501,523.00		501,523.00	
Consolidated Municipal Property Tax Relief Aid (N.J.S.A. 52:27D-118.34)	9,868.00		9,868.00	
Garden State Preservation Trust	10,635.66		10,635.66	
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S. 40A:4-36 and N.J.A.C. 5:23-4.17):				
Uniform Construction Code Fees	71,000.00		110,089.42	39,089.42
State and Federal Revenue Off-Set with Appropriations:				
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services:				
State and Federal Revenues Off-Set with Appropriations:				
Uniform Fire Safety Act Fees				
State	5,200.00		6,850.35	1,650.35
Local	330.00		662.00	332.00
Recycling Tonnage Grant	3,909.27		3,909.27	
Alcohol Education and Rehabilitation Fund		\$ 251.37	251.37	
Clean Communities	18,713.04		18,713.04	
Municipal Alliance on Alcoholism and Drug Abuse	39,694.00		39,694.00	
Other Special Items:				
Reserve for Payment of Bonds - General Capital Fund	250,000.00		250,000.00	
General Capital Surplus	75,000.00		75,000.00	
Miscellaneous Revenue Anticipated	1,153,932.97	251.37	1,290,776.18	136,591.84
Receipts from Delinquent Taxes	375,000.00		392,898.18	17,898.18
Amounts to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes including Reserve for Uncollected Taxes	1,915,067.03		2,598,245.93	683,178.90
Budget Totals	5,184,000.00	251.37	6,021,920.29	837,668.92
Non-Budget Revenues			131,980.28	131,980.28
	<u>\$ 5,184,000.00</u>	<u>\$ 251.37</u>	<u>\$ 6,153,900.57</u>	<u>\$ 969,649.20</u>

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Revenues -- Regulatory Basis  
For the Year Ended December 31, 2010

Analysis of Realized Revenues

Allocation of Current Tax Collections:	
Revenue from Collections	\$ 24,594,140.76
Allocated to:	
School, County and Local Open Space Taxes	<u>22,868,467.52</u>
Balance for Support of Municipal Budget Appropriations	1,725,673.24
Add: Appropriation "Reserve for Uncollected Taxes"	<u>872,572.69</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 2,598,245.93</u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 391,217.84
Tax Title Lien Collections	<u>1,680.34</u>
	<u>\$ 392,898.18</u>
Interest on Investments and Deposits:	
Current Fund	\$ 109,003.85
Trust--Other Fund	<u>5,580.94</u>
	<u>\$ 114,584.79</u>

Analysis of Non-Budget Revenue

Miscellaneous Revenue not Anticipated:	
Revenue Accounts Receivable:	
Clerk:	
Licenses, Fees and Permits	\$ 7,934.08
Planning Board Fees	1,725.00
Zoning Board Fees	850.00
Health Officer:	
Fees and Permits	13,020.00
Tax Assessor:	
Fees and Permits	150.00
Cable Franchise Fees	23,120.98
Collector:	
Tax Search Fees	<u>10.00</u>
	\$ 46,810.06
Treasurer:	
Administrative Fee for Senior Citizen and Veterans Deductions	1,150.00
Cell Tower Lease	38,829.42
Recycling Fees	9,400.21
Miscellaneous Reimbursements	19,076.44
Farmland Lease	8,460.00
Discovery Fees	310.21
Miscellaneous	<u>7,943.94</u>
	<u>85,170.22</u>
	<u>\$ 131,980.28</u>

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

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2010

	Appropriations		Expended			Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<b>OPERATIONS - WITHIN "CAPS"</b>						
<b>General Government</b>						
General Administration						
Salaries and Wages	\$ 87,000.00	\$ 87,000.00	\$ 85,804.25		\$ 1,195.75	
Other Expenses	49,850.00	30,350.00	14,352.96	\$ 9,550.57		6,446.47
Human Resources						
Other Expenses	57,960.00	30,460.00	23,806.60	1,425.00		5,228.40
Education Programs for Employees	14,100.00	9,600.00	3,104.92	227.00		6,268.08
Mayor and Township Committee						
Salaries and Wages	18,405.00	18,405.00	18,404.88			0.12
Other Expenses	500.00	500.00	63.00			437.00
Township Clerk						
Salaries and Wages	72,500.00	72,500.00	72,121.48			378.52
Other Expenses						
Printing and Legal Advertising	4,000.00	4,000.00	1,521.27	73.88		2,404.85
Codification and Revision of Ordinance	6,500.00	6,500.00				6,500.00
Miscellaneous Other Expenses	4,200.00	4,200.00	3,254.57	85.47		859.96
Financial Administration						
Salaries and Wages	103,500.00	103,586.00	103,585.69			0.31
Other Expenses	25,670.00	25,670.00	21,607.96	379.15		3,682.89
Audit Services	29,000.00	29,000.00	29,000.00			
Collection of Taxes						
Salaries and Wages	61,030.00	60,944.00	60,916.07			27.93
Other Expenses	10,400.00	10,400.00	9,161.01	109.90		1,129.09
Assessment of Taxes						
Salaries and Wages	84,900.00	84,900.00	84,877.29			22.71
Other Expenses						
Reassessment Program (N.J.S.A. 40A:4-53 + \$70,000.00)		70,000.00	70,000.00			
Revision of Tax Map	8,000.00	8,000.00	2,427.30			5,572.70
Miscellaneous Other Expenses	7,750.00	6,050.00	4,902.12	1,133.72		14.16

(Continued)

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
 Statement of Expenditures -- Regulatory Basis  
 For the Year Ended December 31, 2010

	Appropriations		Expended			Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>OPERATIONS - WITHIN "CAPS" (Cont'd)</u>						
Legal Services and Costs						
Other Expenses	\$ 84,000.00	\$ 91,500.00	\$ 75,510.95	\$ 7,812.31	\$ 8,176.74	
Engineering Services						
Other Expenses	18,400.00	13,400.00	5,249.97		8,150.03	
Municipal Court						
Salaries and Wages	90,500.00	83,500.00	82,943.51		556.49	
Other Expenses	21,750.00	21,750.00	13,462.60	2,245.89	6,041.51	
Public Defender						
Other Expenses	2,700.00	2,700.00	1,775.00		925.00	
Insurance						
General Liability	47,500.00	47,500.00	46,630.18		869.82	
Workers Compensation	34,400.00	34,400.00	34,392.71		7.29	
Employee Group Health	328,000.00	346,200.00	333,926.64	363.65	11,909.71	
<u>Land Use Administration</u>						
Planning Board						
Salaries and Wages	30,500.00	30,200.00	29,867.95		332.05	
Other Expenses						
Engineering	5,500.00	5,500.00	1,243.91		4,256.09	
Legal	3,700.00	3,700.00	1,814.40	617.63	1,267.97	
Professional Consultants - Planning	5,040.00	5,040.00	42.60		4,997.40	
Miscellaneous Other Expenses	2,850.00	2,850.00	1,345.11		1,504.89	
Zoning Board of Adjustments						
Salaries and Wages	5,600.00	5,600.00	5,467.06		132.94	
Other Expenses						
Engineering	250.00	250.00			250.00	
Legal	1,380.00	1,380.00	787.50		592.50	
Miscellaneous Other Expenses	725.00	725.00	331.33	61.19	332.48	
Planner	460.00	460.00			460.00	
<u>Public Safety</u>						
Police						
Salaries and Wages	100.00	100.00			100.00	

(Continued)

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2010

	Appropriations		Expended			Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>OPERATIONS - WITHIN "CAPS" (Cont'd)</u>						
<u>Public Safety (Cont'd)</u>						
911 Emergency Telecommunications System						
Other Expenses	\$ 14,693.00	\$ 14,693.00	\$ 12,942.84		\$ 1,750.16	
Office of Emergency Management						
Salaries and Wages	11,240.00	11,240.00	11,231.76		8.24	
Other Expenses	2,075.00	2,075.00	774.85	\$ 38.67	1,261.48	
Aid to Volunteer Fire Companies						
Hope Volunteer Fire Company	81,000.00	81,000.00	81,000.00			
First Aid Organization Contributions						
Allentown	64,000.00	64,000.00	64,000.00			
New Egypt	7,000.00	7,000.00			7,000.00	
Fire						
Salaries and Wages	207,500.00	207,500.00	203,906.44		3,593.56	
Other Expenses	9,200.00	9,200.00	1,863.17	1,274.97	6,061.86	
Municipal Prosecutor						
Miscellaneous Other Expenses	26,792.00	26,792.00	24,586.90	2,204.76	0.34	
<u>Public Works</u>						
Roads Repairs and Maintenance						
Salaries and Wages	135,000.00	165,000.00	144,170.73		20,829.27	
Salaries and Wages (N.J.S.A. 40A-46 + \$15,000.00)		15,000.00	15,000.00			
Other Expenses	64,950.00	64,950.00	40,168.30	7,734.78	17,046.92	
Maintenance of Traffic Light - Contractual	1,700.00	1,700.00	764.65		935.35	
Trash Collection						
Other Expenses	9,000.00	9,000.00	6,737.50	1,575.00	687.50	
Recycling						
Salaries and Wages	9,825.00	9,825.00	9,618.32		206.68	
Other Expenses	12,000.00	16,000.00	11,484.20	2,983.20	1,532.60	
Public Building and Grounds						
Salaries and Wages	100.00	100.00			100.00	
Other Expenses	16,250.00	16,250.00	12,404.04	318.79	3,527.17	
Vehicle Maintenance						
Other Expenses	25,500.00	25,500.00	19,293.70	1,975.23	4,231.07	

(Continued)

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2010

	Appropriations		Expended			Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>OPERATIONS - WITHIN "CAPS" (Cont'd)</u>						
<u>Health and Human Services</u>						
Board of Health						
Salaries and Wages	\$ 25,260.00	\$ 25,260.00	\$ 25,014.28		\$ 245.72	
Other Expenses	1,300.00	1,300.00	599.53	\$ 465.00	235.47	
Senior Citizens' Transportation						
Other Expenses	3,600.00	4,100.00	2,886.00		1,214.00	
Housing Inspection						
Salaries and Wages	1,690.00	1,690.00	1,643.87		46.13	
Employee Immunization						
Other Expenses	50.00	50.00			50.00	
Environmental Commission (N.J.S.A. 40:56A-1 et. seq)						
Other Expenses	750.00	750.00	96.52		653.48	
Dog Regulation						
Other Expenses	7,000.00	7,000.00	1,919.23	541.50	4,539.27	
<u>Parks and Recreation</u>						
Recreation Services and Programs						
Salaries and Wages	25,800.00	25,800.00	25,800.00			
Other Expenses	600.00	600.00	63.64		536.36	
Education						
Aid to Allentown Public Library Association	4,000.00	4,000.00	4,000.00			
Interest on Tax Appeals	1,000.00	1,000.00			1,000.00	

(Continued)

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
 Statement of Expenditures -- Regulatory Basis  
 For the Year Ended December 31, 2010

	Appropriations		Expended			Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>OPERATIONS - WITHIN "CAPS" (Cont'd)</u>						
<u>Utility Expenses and Bulk Purchases</u>						
Electricity	\$ 25,500.00	\$ 28,500.00	\$ 25,481.22		\$ 3,018.78	
Street Lighting	36,000.00	35,500.00	28,841.73	\$ 559.82		6,098.45
Telephone	24,755.00	24,755.00	18,908.50	171.55		5,674.95
Fuel Oil	7,000.00	8,000.00	6,049.77	950.00		1,000.23
Gas	6,000.00	6,500.00	5,276.28	576.85		646.87
Gasoline	31,500.00	31,500.00	17,939.30	3,000.00		10,560.70
Landfill/Solid Waste Disposal Costs	20,500.00	24,500.00	17,089.95	2,804.06		4,605.99
<u>Uniform Construction Code -</u>						
<u>Appropriations Offset by Dedicated</u>						
<u>Revenues (N.J.A.C. 5:23-4.17)</u>						
Construction Code Official						
Salaries and Wages	55,000.00	55,000.00	54,399.22			600.78
Other Expenses	7,800.00	7,800.00	1,500.45	751.24		5,548.31
Sub-Code Officials						
Building Sub-Code Official						
Salaries and Wages	27,500.00	27,500.00	27,342.39			157.61
Building Inspector						
Salaries and Wages	12,000.00	12,000.00	11,957.27			42.73
Plumbing Sub-Code Official						
Salaries and Wages	18,405.00	17,405.00	17,227.75			177.25
Electrical Sub-Code Official						
Salaries and Wages	17,700.00	16,400.00	16,290.75			109.25
Fire Protection Sub-Code Official						
Salaries and Wages	5,650.00	5,250.00	5,141.76			108.24
<hr/>						
Total Operations within "CAPS"	2,392,805.00	2,477,805.00	2,219,119.60	52,010.78	206,674.62	
<hr/>						
Detail:						
Salaries and Wages	1,106,705.00	1,141,705.00	1,112,732.72			28,972.28
Other Expenses	1,286,100.00	1,336,100.00	1,106,386.88	52,010.78		177,702.34
<hr/>						

(Continued)

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2010

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<u>Deferred Charges and Statutory Expenditures</u>						
<u>-- Municipal Within "CAPS"</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 112,701.15	\$ 112,701.15	\$ 112,701.15			
Social Security System (O.A.S.I.)	100,000.00	100,000.00	98,934.12		\$ 1,065.88	
Police and Firemen's Retirement System	27,102.51	27,102.51	27,102.51			
Defined Contribution Retirement Program	1,000.00	1,000.00	1,000.00			
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	240,803.66	240,803.66	239,737.78		1,065.88	
<u>Total General Appropriations for Municipal Purposes within "CAPS"</u>	2,633,608.66	2,718,608.66	2,458,857.38	\$ 52,010.78	207,740.50	
<u>OPERATIONS - EXCLUDED FROM "CAPS"</u>						
Public Employees Retirement System	6,042.85	6,042.85	6,042.85			
Police and Firemen's Retirement System of NJ	19,234.49	19,234.49	19,234.49			
<u>Interlocal Municipal Service Agreements</u>						
Local Health Services						
Other Expenses	58,300.00	58,300.00	58,300.00			
Other Expenses - Epidemiology	4,075.00	4,075.00	3,886.00		189.00	
Other Expenses - Services of Visiting Nurse	3,225.00	3,225.00	3,066.00		159.00	
<u>Additional Appropriations Offset by Revenues</u>						
Uniform Fire Safety Act						
Fire Official						
Other Expenses	6,800.00	6,800.00	1,176.29		5,623.71	
Total Other Operations - Excluded from "CAPS"	97,677.34	97,677.34	91,705.63	\$	5,971.71	

(Continued)

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2010

	Appropriations		Expended			Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd)</u>						
<u>Public and Private Programs Offset by Revenues</u>						
Alliance to Prevent Alcoholism and Drug Abuse	\$ 39,694.00	\$ 39,694.00	\$ 39,694.00			
Alcohol Education and Rehab. Fund (N.J.S.A. 40A-87 + \$251.37)		251.37	251.37			
Recycling Tonnage Grant	3,909.27	3,909.27	3,909.27			
Matching Funds for Grants	1,000.00	1,000.00			\$ 1,000.00	
Clean Communities Grant	18,713.04	18,713.04	18,713.04			
Total Public and Private Programs Offset by Revenues	63,316.31	63,567.68	62,567.68		1,000.00	
Total Operations - Excluded from "CAPS"	160,993.65	161,245.02	154,273.31		6,971.71	
Detail:						
Other Expenses	160,993.65	161,245.02	154,273.31		6,971.71	

(Continued)

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2010

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<u>Municipal Debt Service - Excluded from "CAPS"</u>						
Payment of Bond Principal	\$ 700,000.00	\$ 700,000.00	\$ 700,000.00			
Interest on Bonds	728,425.00	728,425.00	728,418.76			\$ 6.24
Interest on Notes	25,900.00	25,900.00	25,881.00			19.00
<b>Total Municipal Debt Service - Excluded from "CAPS"</b>	<b>1,454,325.00</b>	<b>1,454,325.00</b>	<b>1,454,299.76</b>			<b>25.24</b>
<u>Deferred Charges - Municipal - Excluded from "CAPS"</u>						
Special Emergency Authorizations - 5 Years	60,000.00	60,000.00	60,000.00			
Deferred Charges to Future Taxation - Ord. 2000-72	2,500.00	2,500.00	2,500.00			
<b>Total Deferred Charges - Municipal - Excluded from "CAPS"</b>	<b>62,500.00</b>	<b>62,500.00</b>	<b>62,500.00</b>			
<b>Total General Appropriations for Municipal Purposes Excluded from "CAPS"</b>	<b>1,677,818.65</b>	<b>1,678,070.02</b>	<b>1,671,073.07</b>		<b>\$ 6,971.71</b>	<b>25.24</b>
<b>Subtotal General Appropriations</b>	<b>4,311,427.31</b>	<b>4,396,678.68</b>	<b>4,129,930.45</b>	<b>\$ 52,010.78</b>	<b>214,712.21</b>	<b>\$ 25.24</b>
<b>Reserve for Uncollected Taxes</b>	<b>872,572.69</b>	<b>872,572.69</b>	<b>872,572.69</b>			
<b>Total General Appropriations</b>	<b>\$ 5,184,000.00</b>	<b>\$ 5,269,251.37</b>	<b>\$ 5,002,503.14</b>	<b>\$ 52,010.78</b>	<b>\$ 214,712.21</b>	<b>\$ 25.24</b>
Appropriation by 40A:4-87		\$ 251.37				
Appropriation by 40A:4-46		15,000.00				
Appropriation by 40A:4-53		70,000.00				
Budget		5,184,000.00				
		<u>\$ 5,269,251.37</u>				
Reserve for Federal and State Grants -- Appropriated			\$ 62,567.68			
Reserve for Uncollected Taxes			872,572.69			
Appropriation by 40A:4-53			70,000.00			
Deferred Charges -- Excluded from "CAPS"			62,500.00			
Disbursed			<u>3,934,862.77</u>			
			<u>\$ 5,002,503.14</u>			

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

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST FUND**  
 Statements of Assets, Liabilities, Reserves and Fund Balance  
 --Regulatory Basis  
 As of December 31, 2010 and 2009

<u>ASSETS</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Animal Control Fund:			
Cash	SB-1	\$ 3,240.17	\$ 8,263.97
Other Funds:			
Cash	SB-1	3,899,295.74	4,004,697.61
Municipal Open Space Fund:			
Cash	SB-1	392,738.37	365,876.10
Due Current Fund	SB-12		7,759.66
		<u>392,738.37</u>	<u>373,635.76</u>
		<u>\$ 4,295,274.28</u>	<u>\$ 4,386,597.34</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	SB-2	\$ 3,240.17	\$ 8,263.97
Other Funds:			
Due Current Fund - Trust Other	SB-4	21,368.16	15,787.22
Payroll Deductions Payable	SB-7	10,493.21	3,449.00
Reserve for Unemployment Compensation Insurance	SB-8	22,266.32	20,502.21
Reserve for Escrow Deposits	SB-9	1,340,111.87	1,147,396.72
Reserve for Encumbrances - Escrow Deposits	SB-18	53,878.79	483,503.00
Premiums Received at Tax Sale	SB-5	106,900.00	82,100.00
Reserve for Tax Title Lien Redemptions	SB-6	55,197.00	15,700.97
Reserve for Alliance for Prevention of Alcoholism and Drug Abuse	SB-19	8,250.28	12,557.82
Reserve for COAH Development Fee	SB-13	2,121,457.52	2,033,695.02
Reserve for Encumbrances - COAH Development Fee	SB-16	725.33	8,400.25
Reserve for Public Defender Fees	SB-14	330.00	
Reserve for Snow Removal Trust	SB-17	83,550.15	126,250.15
Reserve for Encumbrances - Snow Removal Trust	SB-17	25,000.00	
Reserve for Recreation Trust	SB-15	49,767.11	55,355.25
		<u>3,899,295.74</u>	<u>4,004,697.61</u>
Municipal Open Space Fund:			
Reserve for Open Space, Recreation, Farmland and Historic Preservation	SB-10	142,560.53	45,837.34
Due Current Fund	SB-12	65,105.12	
Due General Capital Fund	SB-1		5,866.00
Reserve for Encumbrances - Open Space, Recreation, Farmland and Historic Preservation	SB-11	185,072.72	321,932.42
		<u>392,738.37</u>	<u>373,635.76</u>
		<u>\$ 4,295,274.28</u>	<u>\$ 4,386,597.34</u>

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

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST--MUNICIPAL OPEN SPACE FUND**  
**Statement of Revenues--Regulatory Basis**  
**For the Year Ended December 31, 2010**

	Anticipated <u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Amount to be Raised by Taxation	\$ 776,000.00	\$ 786,822.72	\$ 10,822.72
Reserve Funds	45,837.34	45,837.34	
Miscellaneous		1,864.84	1,864.84
	<u>\$ 821,837.34</u>	<u>\$ 834,524.90</u>	<u>\$ 12,687.56</u>

Analysis of Realized Revenues

Current Year Levy	\$ 786,822.72
Reserve Funds	45,837.34
Miscellaneous:	
Interest on Investments	<u>1,864.84</u>
	<u>\$ 834,524.90</u>

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

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST--MUNICIPAL OPEN SPACE FUND**  
**Statement of Expenditures--Regulatory Basis**  
**For the Year Ended December 31, 2010**

	Appropriations		Expended			Unexpended Balance Canceled
	Original Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Development of Lands for Recreation and Conservation	\$ 20,000.00	\$ 20,000.00	\$ 848.04	\$ 8,085.24		\$ 11,066.72
Maintenance of Lands for Recreation and Conservation:						
Salary & Wages	117,000.00	117,000.00	114,829.21			2,170.79
Other Expenses	39,850.00	39,850.00	30,838.38	1,963.98		7,047.64
Acquisition of Lands for Recreation and Conservation	25,000.00	25,000.00	4,009.50	607.50		20,383.00
Acquisition of Farmland	274,502.34	274,502.34	11,799.75	174,416.00		88,286.59
Debt Service						
Payment of Bond Principal	150,000.00	150,000.00	150,000.00			
Interest on Bonds	167,375.00	167,375.00	167,375.00			
Interest on Notes	28,110.00	28,110.00	28,037.75			72.25
	<u>\$ 821,837.34</u>	<u>\$ 821,837.34</u>	<u>\$ 507,737.63</u>	<u>\$ 185,072.72</u>		<u>\$ 129,026.99</u>

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

**TOWNSHIP OF UPPER FREEHOLD**  
**GENERAL CAPITAL FUND**  
 Statements of Assets, Liabilities, Reserves and Fund Balance  
 --Regulatory Basis  
 As of December 31, 2010 and 2009

<u>ASSETS</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Cash	SC-1	\$ 5,956,292.80	\$ 14,937,936.90
Deferred Charges to Future Taxation--Funded	SC-3	22,575,000.00	23,425,000.00
Deferred Charges to Future Taxation--Unfunded	SC-4	1,345,668.45	268,168.45
State of New Jersey - Green Acres Grant Receivable	SC-5		53,875.00
Due Current Fund	SC-10	2,500.00	
Due from Trust - Open Space Fund	SC-1		5,866.00
Due from Township of Washington		100,000.00	100,000.00
New Jersey Transportation Trust Fund	SC-8	160,000.00	
		<u>\$ 30,139,461.25</u>	<u>\$ 38,790,846.35</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u> 			
Bond Anticipation Notes	SC-11		\$ 8,627,000.00
General Serial Bonds	SC-12	\$ 22,575,000.00	23,425,000.00
Due Current Fund	SC-10		3,046.19
Capital Improvement Fund	SC-7	944,777.52	944,777.52
Improvement Authorizations:			
Funded	SC-8	1,038,923.24	1,213,107.71
Unfunded	SC-8	1,343,168.45	265,668.45
Reserve for Encumbrances	SC-9	2,578,653.53	2,693,351.46
Reserve for Emergency Vehicles and Appurtenances		241,915.00	241,915.00
Reserve for Acquisition of Office Equipment and Computers		10,500.00	10,500.00
Reserve for Stone Hill Road Paving		10,000.00	10,000.00
Reserve for State of New Jersey - Green Acres Grant Receivable	SC-5		53,875.00
Reserve for Payment of Bonds	SC-6	1,234,035.22	1,065,116.73
Fund Balance	C-1	162,488.29	237,488.29
		<u>\$ 30,139,461.25</u>	<u>\$ 38,790,846.35</u>

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

**TOWNSHIP OF UPPER FREEHOLD**  
GENERAL CAPITAL FUND  
Statement of Fund Balance--Regulatory Basis  
For the Year Ended December 31, 2010

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Balance Dec. 31, 2009	\$ 237,488.29
Decreased by:	
Payment to Current Fund as Anticipated Revenue	<u>75,000.00</u>
Balance Dec. 31, 2010	<u><u>\$ 162,488.29</u></u>

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

**TOWNSHIP OF UPPER FREEHOLD**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
Statement of General Fixed Asset Group of Accounts  
For the Year Ended December 31, 2010

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
General Fixed Assets:				
Land	\$ 5,663,500.00			\$ 5,663,500.00
Buildings and Improvements	2,551,100.00			2,551,100.00
Vehicles and Equipment	2,973,469.00	\$ 33,044.77		3,006,513.77
<b>Total General Fixed Assets</b>	<b>\$ 11,188,069.00</b>	<b>\$ 33,044.77</b>	<b>\$ -</b>	<b>\$ 11,221,113.77</b>
<b>Total Investment in General Fixed Assets</b>	<b>\$ 11,188,069.00</b>			<b>\$ 11,221,113.77</b>

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

**TOWNSHIP OF UPPER FREEHOLD**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2010**

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Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Financial Reporting Entity** - The Township of Upper Freehold is a New Jersey municipal corporation and a suburb of Trenton, New Jersey, located in Monmouth County. The 2009 estimated population is 6,878.

The form of Government is known as a Township pursuant to N.J.S.A. 40A:63-1 et seq. The government consists of five (5) Committee Members who are elected at large to three (3) year staggered terms. Under the statutes the Mayor is the chairman of the Township Committee and head of the municipal government. The Mayor presides at meetings of the Committee and has the right to vote on all matters before the Committee. The Township Committee acts as the legislative body of the municipality and has executive responsibilities not assigned by law to the Mayor.

**Component Units** - The Township of Upper Freehold had no component units as defined by Governmental Accounting Standards Board Statement No. 14.

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

In accordance with the "Requirements", the Township of Upper Freehold accounts for its financial transactions through the use of separate funds which are described as follows:

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

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

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

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

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

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

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

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

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

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

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

**Interfunds** - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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

**Inventories of Supplies** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

**General Fixed Assets** - Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

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

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

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

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

**Fund Balance** - Fund Balance included in the current fund represents an amount available for anticipation as revenue in future years budgets, with certain restrictions.

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

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

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

**School Taxes** - The municipality is responsible for levying, collecting and remitting school taxes for the Upper Freehold Regional School District. Operations is charged for the full amount required to be raised from taxation to operate the regional school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2009 and decreased by the amount deferred at December 31, 2010.

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

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

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

Appropriations for principal and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

**Appropriation Reserves** - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

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

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

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

Note 2: **CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Of the Township's bank balance of \$13,912,552.50 as of December 31, 2010, \$1,228,182.84 was uninsured and uncollateralized.

Note 3: **PROPERTY TAXES**

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

**Comparative Schedule of Tax Rates**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Tax Rate	<u>\$1.911</u>	<u>\$1.769</u>	<u>\$1.659</u>	<u>\$1.632</u>	<u>\$1.596</u>
Apportionment of Tax Rate:					
Municipal	\$0.148	\$0.129	\$0.135	\$0.112	\$0.112
Municipal Open Space Fund	0.060	0.060	0.040	0.040	0.040
County	0.256	0.241	0.233	0.239	0.239
County Open Space Preservation					
Trust Fund	.015	0.015	0.015	0.014	0.013
Regional School	1.432	1.324	1.236	1.227	1.192

**Assessed Valuation**

2010	\$1,294,055,971.00
2009	1,347,652,649.00
2008	1,349,984,787.00
2007	1,320,518,129.00
2006	1,280,840,868.00

Note 3: **PROPERTY TAXES (CONT'D)****Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2010	\$25,085,429.66	\$24,594,140.76	98.04%
2009	24,098,402.90	23,600,896.43	97.94%
2008	22,758,475.39	22,300,859.35	97.98%
2007	22,194,856.77	21,680,706.12	97.68%
2006	21,074,885.00	20,503,869.11	97.29%

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2010	\$310,304.46	\$347,733.61	\$658,038.07	2.62%
2009	234,982.53	436,047.25	671,029.78	2.78%
2008	194,101.67	416,431.79	610,533.46	2.68%
2007	157,334.00	480,687.26	638,021.26	2.87%
2006	131,761.09	550,059.20	681,820.29	3.23%

The following comparison is made of the number of tax title liens receivable on December 31 of the last five years:

<u>Year</u>	<u>Number</u>
2010	204
2009	172
2008	13
2007	8
2006	7

Note 4: **PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2010	\$11,600.00
2009	11,600.00
2008	11,600.00
2007	11,600.00
2006	11,600.00

Note 5: **FUND BALANCES APPROPRIATED**

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

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<b><u>Current Fund</u></b>			
2010	\$2,482,955.84	\$1,625,000.00	65.45%
2009	2,375,542.11	1,740,000.00	73.24%
2008	2,892,992.71	2,050,000.00	70.86%
2007	3,884,515.19	2,900,000.00	74.65%
2006	4,710,187.93	3,345,000.00	71.02%

Note 6: **INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$86,473.28	\$43,617.33
Federal and State Grant Fund	41,117.33	
Trust-- Other Funds		86,473.28
General Capital Fund	2,500.00	
	<u>\$130,090.61</u>	<u>\$130,090.61</u>

Note 7: **PENSION PLANS**

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

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295

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

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

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

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Pension Deferral</u>	<u>Funded by State</u>	<u>Paid by Township</u>
2010	\$60,102.00	\$58,642.00	\$118,744.00	---	---	\$118,744.00
2009	56,948.00	51,942.00	108,890.00	---	---	108,890.00
2008	54,895.00	42,305.00	97,200.00	---	\$19,440.00	77,760.00

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

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

Note 7: **PENSION PLANS (CONT'D)**

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

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Pension Deferral</u>	<u>Funded by State</u>	<u>Paid by Township</u>
2010	\$27,513.00	\$18,824.00	\$46,337.00	---	---	\$46,337.00
2009	15,438.00	10,748.00	26,186.00	---	---	26,186.00
2008	20,466.00	12,826.00	33,292.00	---	---	33,292.00

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The Township's contributions were as follows:

<u>Fiscal Year</u>	<u>Total Liability</u>	<u>Funded by Township</u>
2010	\$ 1,000.00	\$ 1,000.00
2009	982.95	982.95
2008	681.88	681.88

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

**Note 8: OTHER POST EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 7, the Township provides for the post employment payment of Medicare Supplement premiums, at its cost, to certain retirees and thereafter the surviving spouse. The retiree must meet the following requirements to qualify for this benefit:

1. The retiree shall be at least sixty-five (65) years of age at the time of retirement.
2. The retiree shall have served the Township for twenty-five (25) years as a full-time employee and/or constitutional officer and shall have retired in "good standing".
3. The retiree shall have been a member during the retiree's employment and at the time of retirement in a State and/or local retirement system.

All of the criteria set forth above shall have been complied with and met at the time of actual retirement in order for the benefit to be paid by the Township for the retiree and/or surviving spouse where applicable.

The Township funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits. During the year 2010, there were two retired employees who received this benefit resulting in the payment of \$7,512.40 in related Medicare Supplement premiums.

**Note 9: COMPENSATED ABSENCES**

In the first year of employment, an employee is entitled to one day of sick leave for each month of employment. Thereafter, sick leave is earned on the basis of 12 days a year, or one day for each full month of employment. Unused sick leave is cumulative from year to year to a maximum of 24 days. At the end of the year, employees receive compensation at their hourly rate for one-half of all hours accumulated above the maximum 24 days.

Vacation days are earned at the following rate:

<u>Years of Service</u>	<u>Amount of Vacation Leave</u>
Twelve months or less	Five-sixth of one day per month during the first 12 months of service
One to five years	Ten working days during each 12-month period.
Six to fourteen years	Ten working days plus one additional day for each year of service during each 12-month period.
Fifteen years or more	Twenty working days during each 12-month period.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2010, accrued benefits for compensated absences are valued at \$53,000.30.

Note 10: **LEASE OBLIGATIONS**

At December 31, 2010, the Township had lease agreements in effect for the following:

Operating:  
Postage Meter and Scale

The following is an analysis of operating leases.

Operating Leases - Future minimum rental payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2011	\$3,144.00
2012	1,572.00

Rental payments under operating leases for the year 2010 were \$3,144.00.

Note 11: **CAPITAL DEBT**

**Summary of Debt**

	<b><u>Year 2010</u></b>	<b><u>Year 2009</u></b>	<b><u>Year 2008</u></b>
<b><u>Issued</u></b>			
General:			
Bonds and Notes	\$22,575,000.00	\$32,052,000.00	\$20,361,875.00
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds and Notes	1,345,668.45	267,168.45	3,213,031.13
Total Issued and Authorized but Not Issued	23,920,668.45	32,319,168.45	23,574,906.13
Deductions:			
Funds Temporarily Held To Pay Bonds	6,024,356.22	14,191,116.73	5,099,114.40
Net Debt	\$17,896,312.23	\$18,128,051.72	\$18,475,791.73

**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 indicated a statutory net debt of 1.35%.

	<b><u>Gross Debt</u></b>	<b><u>Deductions</u></b>	<b><u>Net Debt</u></b>
Regional School District	\$49,698,004.08	\$49,698,004.08	
General	23,920,668.45	6,024,356.22	\$17,896,312.23
	\$73,618,672.53	\$55,722,360.30	\$17,896,312.23

Net Debt \$17,896,312.23 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$1,321,713,905.67 equals 1.35%

Note 11: **CAPITAL DEBT (CONT'D)**

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$46,259,986.70
Net Debt	<u>17,896,312.23</u>
Remaining Borrowing Power	<u><u>\$28,363,674.47</u></u>

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

<u>Year</u>	<u>Principal</u>	<u>General Interest</u>	<u>Total</u>
2011	\$ 950,000.00	\$ 869,793.76	\$ 1,819,793.76
2012	1,075,000.00	839,793.76	1,914,793.76
2013	1,125,000.00	803,168.76	1,928,168.76
2014	1,200,000.00	764,543.76	1,964,543.76
2015	1,200,000.00	723,293.76	1,923,293.76
2016-20	7,170,000.00	2,898,406.30	10,068,406.30
2021-25	6,655,000.00	1,388,468.76	8,043,468.76
2026-29	3,200,000.00	338,000.00	3,538,000.00
	<u>\$22,575,000.00</u>	<u>\$8,625,468.86</u>	<u>\$31,200,468.86</u>

Note 12: **DEFERRED COMPENSATION SALARY ACCOUNT**

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

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

Note 13: **DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

	<b><u>Balance Dec. 31, 2010</u></b>	<b><u>2011 Budget Appropriation</u></b>
Current Fund:		
Special Emergency Authorizations	\$130,000.00	\$74,000.00
Emergency Authorizations	15,000.00	15,000.00

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

Note 14: **SCHOOL TAXES**

Upper Freehold Regional High School Tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	<b><u>Balance Dec. 31,</u></b>	
	<b><u>2010</u></b>	<b><u>2009</u></b>
Balance of Tax	\$9,266,913.12	\$8,713,935.87
Deferred	9,266,913.12	8,713,935.87
	---	---

Note 15: **JOINT INSURANCE POOL**

The Township of Upper Freehold is a member of the Monmouth County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

- Workers' Compensation and Employer's Liability
- Casualty and Crime Coverage
- Environmental Liability
- Property – Blanket Building and Grounds
- Public Official's Liability
- General and Automobile Liability

The Township's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$500,000 for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2010, which can be obtained from:

Monmouth County Municipal Joint Insurance Fund  
Park 80 West, Plaza One  
Saddlebrook, New Jersey 07663

Note 16: **NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE**

On January 21, 2010, the governing body resolved to change The Township's method of funding its New Jersey Unemployment Compensation Insurance to the "Contribution Method" from the "Benefit Reimbursement Method". Under the "Benefit Reimbursement Method", the Township was 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 Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Township Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010	None	\$ 6,671.36	\$22,266.32
2009	\$52,000.00	40,892.00	20,502.21
2008	None	12,347.60	6,167.63

Note 17: **LITIGATION**

The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**SUPPLEMENTAL EXHIBITS**

**SUPPLEMENTAL EXHIBITS**

**CURRENT FUND**

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Current Cash--Treasurer  
For the Year Ended December 31, 2010

	<u>Regular</u>	<u>Federal and State Grant Fund</u>
Balance Dec. 31, 2009	\$ 2,901,824.76	---
Increased by Receipts:		
Collector	\$ 25,116,195.53	
Petty Cash	250.00	
Revenue Accounts Receivable	195,279.60	
Miscellaneous Revenues not Anticipated	85,170.22	
Due General Capital Fund	3,046.19	
Due from the Borough of Allentown - Fire Expenses	66,741.00	
Due from State of New Jersey (Ch. 73, P.L. 1976)	57,500.00	
Recreation Fees	20,875.00	
Energy Receipts Tax	501,523.00	
Consolidated Municipal Property Tax Relief Aid	9,868.00	
Reserve for Garden State Preservation Trust Fund	7,090.00	
Reserve for Payment of Bonds - General Capital Fund	250,000.00	
Reserve for Payment of Bonds	290,321.00	
Reserve for Polling Places	800.00	
Reserve for Soil Witnessing Fees	2,038.00	
Uniform Fire Safety Act Fees - State and Local	7,512.35	
Interest on Investments and Deposits	109,003.85	
General Capital Fund Surplus	75,000.00	
Due to State of New Jersey--State Training Fees	9,761.58	
Refund of Prior Year Expenditures	169,246.65	
Due Current Fund -- Federal and State Grant Fund		\$ 143,606.01
Federal and State Grants Receivable		72,162.33
	<u>26,977,221.97</u>	<u>\$ 215,768.34</u>
Balance Forward	29,879,046.73	215,768.34

(Continued)

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Current Cash--Treasurer  
For the Year Ended December 31, 2010

	<u>Regular</u>	<u>Federal and State Grant Fund</u>
Balance Brought Forward	\$ 29,879,046.73	\$ 215,768.34
Decreased by Disbursements:		
Petty Cash	\$ 250.00	
2010 Budget Appropriations	3,934,862.77	
2009 Appropriation Reserves	138,967.33	
Due Trust - Open Space	859,687.50	
Due from the Borough of Allentown - Fire Expenses	66,936.00	
County Taxes	3,496,407.48	
County Share of Added and Omitted Taxes	38,203.97	
Regional School Taxes	17,980,849.58	
Refund of Tax Overpayments	32,222.29	
Due to State of New Jersey -- State Training Fees	8,474.78	
Accounts Payable	1,185.00	
Due Current Fund -- Federal and State Grant Fund	143,606.01	
Reserve for Polling Places	800.00	
Reserve for Preparation and Revision of the Master Plan	3,385.70	
Reserve for Reassessment Program	37,780.00	
Reserve for Soil Witnessing Fees	2,302.50	
Reserve for Federal and State Grants Appropriated	<u>215,768.34</u>	
	<u>26,745,920.91</u>	<u>215,768.34</u>
Balance Dec. 31, 2010	<u><u>\$ 3,133,125.82</u></u>	<u><u>\$ -</u></u>

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Current Cash--Collector  
For the Year Ended December 31, 2010

Balance Dec. 31, 2009		\$	344,301.91
Increased by Receipts:			
Taxes Receivable	\$ 24,765,063.82		
Revenue Accounts Receivable	10.00		
Prepaid Taxes	140,085.75		
Tax Overpayments	39,153.15		
Tax Title Liens	1,680.34		
Interest and Costs on Taxes	<u>89,730.16</u>		
			<u>25,035,723.22</u>
			25,380,025.13
Decreased by:			
Payments to Treasurer			<u>25,116,195.53</u>
Balance Dec. 31, 2010		\$	<u><u>263,829.60</u></u>

**TOWNSHIP OF UPPER FREEHOLD**  
CURRENT FUND  
Schedule of Change Funds  
For the Year Ended December 31, 2010

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	<u>Office</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Municipal Court		\$ 100.00
Tax Collector		<u>100.00</u>
		<u>\$ 200.00</u>

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
 Statement of Taxes Receivable and Analysis of Property Tax Levy  
 For the Year Ended December 31, 2010

Year	Balance	2010 Levy	Added Taxes	Collections		Due from State of New Jersey	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2009			2009	2010				Dec. 31, 2010
2005	\$ 2,070.71							\$ 2,070.71	
2006	4,359.20							4,359.20	
2007	5,194.51							5,194.51	
2008	1,052.31							1,052.31	
2009	423,370.52		\$ 750.00		\$ 391,217.84		\$ 25,775.22	7,127.46	
	436,047.25		750.00		391,217.84		25,775.22	19,804.19	
2010		\$ 25,085,492.66		\$ 159,901.63	24,373,845.98	\$ 60,393.15	102,241.24	41,377.05	\$ 347,733.61
	\$ 436,047.25	\$ 25,085,492.66	\$ 750.00	\$ 159,901.63	\$ 24,765,063.82	\$ 60,393.15	\$ 128,016.46	\$ 61,181.24	\$ 347,733.61

Analysis of 2010 Tax Levy

Tax Yield

General Purpose Tax	\$ 24,729,409.61
Added/Omitted Taxes (54:4-63.1 et seq.)	<u>356,083.05</u>
	<u>\$ 25,085,492.66</u>

Tax Levy

Regional School Tax	18,533,826.83
County Taxes:	
County Tax	\$ 3,122,806.06
County Library Tax	178,856.93
County Open Space Tax	194,744.49
Due County for Added/Omitted Taxes (54:4-63.1 et seq.)	<u>51,410.49</u>
Total County Taxes	3,547,817.97
Municipal Open Space Tax	786,822.72
Local Tax for Municipal Purposes	1,915,067.03
Add: Additional Tax Levied	<u>301,958.11</u>
Local Tax for Municipal Purposes Levied	<u>2,217,025.14</u>
	<u>\$ 25,085,492.66</u>

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
**Statement of Tax Title Liens**  
**For the Year Ended December 31, 2010**

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Balance Dec. 31, 2009		\$ 234,982.53
Increased by:		
Transfers from Taxes Receivable	\$ 61,181.24	
Interest and Costs Accrued at Tax Sale	<u>15,821.03</u>	
		<u>77,002.27</u>
		311,984.80
Decreased by:		
Collections		<u>1,680.34</u>
Balance Dec. 31, 2010		<u><u>\$ 310,304.46</u></u>

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Revenue Accounts Receivable  
For the Year Ended December 31, 2010

	Balance	Accrued	Collected by		Balance
	<u>Dec. 31, 2009</u>	<u>in 2010</u>	<u>Collector</u>	<u>Treasurer</u>	<u>Dec. 31, 2010</u>
Clerk:					
Licenses, Fees and Permits		\$ 7,934.08		\$ 7,934.08	
Construction Code Official:					
Fees and Permits		110,089.42		110,089.42	
Planning Board:					
Subdivision Fees		1,725.00		1,725.00	
Zoning Board of Adjustment:					
Fees and Permits		850.00		850.00	
Health Officer:					
Fees and Permits		13,020.00		13,020.00	
Municipal Court:					
Fines and Costs	\$ 4,329.30	36,599.68		38,390.12	\$ 2,538.86 Dec. 2010
Tax Assessor:					
Fees and Permits		150.00		150.00	
Cable Franchise Fees		23,120.98		23,120.98	
Tax Search Fees		10.00	\$ 10.00		
	<u>\$ 4,329.30</u>	<u>\$ 193,499.16</u>	<u>\$ 10.00</u>	<u>\$ 195,279.60</u>	<u>\$ 2,538.86</u>

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Due To Federal and State Grant Fund  
For the Year Ended December 31, 2010

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Balance Dec. 31, 2009	\$ 184,723.34
Decreased by:	
Disbursements	143,606.01
Balance Dec. 31, 2010	\$ 41,117.33

Exhibit SA-8

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Accounts Receivable - Interlocal Services Agreement - Fire Expenses  
For the Year Ended December 31, 2010

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Balance Dec. 31, 2009	\$ 16,577.31
Increased by:	
Fire Expenses Paid	66,936.00
	83,513.31
Decreased by:	
Receipts	66,741.00
Balance Dec. 31, 2010	\$ 16,772.31

Exhibit SA-9

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Due From Interlocal Services Agreement - Animal Control Services  
For the Year Ended December 31, 2010

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Balance Dec. 31, 2009	\$ 270.00
Increased by:	
Animal Control Services Paid	-
	270.00
Decreased by:	
Receipts	-
Balance Dec. 31, 2010	\$ 270.00



**TOWNSHIP OF UPPER FREEHOLD**  
CURRENT FUND  
Statement of Reserve for Polling Places  
For the Year Ended December 31, 2010

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Balance Dec. 31, 2009	\$ 800.00
Increased by:	
Receipts	<u>800.00</u>
	1,600.00
Decreased by:	
Disbursed	<u>800.00</u>
Balance Dec. 31, 2010	<u><u>\$ 800.00</u></u>

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
 Statement of 2009 Appropriation Reserves  
 For the Year Ended December 31, 2010

	Balance		Balances After	Paid or	Balance
	<u>December 31, 2009</u>				
	<u>Encumbered</u>	<u>Reserved</u>	<u>Modification</u>	<u>Charged</u>	<u>Lapsed</u>
<b><u>OPERATIONS – WITHIN "CAPS"</u></b>					
<b><u>General Government</u></b>					
General Administration					
Salaries and Wages		\$ 8,276.39	\$ 8,276.39	\$ 8,276.39	
Other Expenses	\$ 2,309.12	20,839.65	23,148.77	11,402.66	\$ 11,746.11
Human Resources					
Other Expenses	3,598.60	7,823.98	11,422.58	9,380.20	2,042.38
Education Program for Employees	289.00	424.46	713.46	170.00	543.46
Mayor and Township Committee					
Salaries and Wages		84.04	84.04		84.04
Other Expenses	40.00	633.05	673.05	295.00	378.05
Township Clerk					
Salaries and Wages		571.41	571.41	357.28	214.13
Other Expenses:					
Printing and Legal Advertising	289.28	1,177.79	1,467.07	319.16	1,147.91
Codification and Revision of Ordinance		759.50	759.50		759.50
Miscellaneous Other Expenses	2.33	1,108.99	1,111.32	2.33	1,108.99
Financial Administration					
Salaries and Wages		528.90	528.90		528.90
Other Expenses	2,228.76	1,257.07	3,485.83	2,146.36	1,339.47
Collection of Taxes					
Salaries and Wages		1,540.16	1,540.16		1,540.16
Other Expenses	124.99	290.38	415.37	124.99	290.38
Assessment of Taxes					
Salaries and Wages		52.69	52.69		52.69
Other Expenses					
Revision of Tax Map	1,560.00	6,100.33	7,660.33	3,042.25	4,618.08
Miscellaneous Other Expenses	441.62	703.85	1,145.47	441.62	703.85
Legal Services and Costs					
Other Expenses	5,298.54	26,352.47	28,131.01	16,585.70	11,545.31
Engineering Services					
Other Expenses	7,798.20	1,026.92	8,825.12	8,750.95	74.17
Municipal Court					
Salaries and Wages		659.11	659.11		659.11
Other Expenses	2,559.29	3,483.36	6,042.65	2,524.40	3,518.25
Public Defender					
Other Expenses		652.00	652.00		652.00
<b><u>Land Use Administration</u></b>					
Planning Board					
Salaries and Wages		378.38	378.38		378.38
Other Expenses:					
Engineering		2,692.00	2,692.00	239.75	2,452.25
Legal		935.50	935.50		935.50
Professional Consultants - Planning	52.00	1,843.80	1,895.80	318.50	1,577.30
Miscellaneous Other Expenses	178.63	865.16	1,043.79	202.30	841.49
Zoning Board of Adjustment					
Salaries and Wages		102.74	102.74		102.74
Other Expenses:					
Engineering		181.50	181.50		181.50
Legal		750.00	750.00	45.00	705.00
Miscellaneous Other Expenses	50.46	92.45	142.91	50.46	92.45
Planner		500.00	500.00		500.00
Insurance					
Liability Insurance		4,697.35	4,697.35	4,697.00	0.35
Workers Compensation Insurance		3.60	3.60	-	3.60
Group Insurance Plan for Employees		2,996.48	2,996.48	2,996.00	0.48
<b><u>Public Safety</u></b>					
Police					
Salaries and Wages		100.00	100.00		100.00
Contract with Regional High School Board of Education for Transportation of Local Pupils (N.J.S. 18A:39-12)		97,000.46	97,000.46	-	97,000.46
911 Emergency Telecommunications System					
Other Expenses		64.82	64.82		64.82
Office of Emergency Management					
Salaries and Wages		6.48	6.48		6.48
Other Expenses		775.59	775.59	-	775.59
First Aid Organization Contributions					
New Egypt		7,000.00	7,000.00		7,000.00

(Continued)

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
 Statement of 2009 Appropriation Reserves  
 For the Year Ended December 31, 2010

	Balance				
	<u>December 31, 2009</u>				
	<u>Encumbered</u>	<u>Reserved</u>	<u>Balances After</u>	<u>Paid or</u>	<u>Balance</u>
			<u>Modification</u>	<u>Charged</u>	<u>Lapsed</u>
<u>OPERATIONS – WITHIN "CAPS" (Cont'd)</u>					
<u>Public Safety (Cont'd)</u>					
Fire					
Salaries and Wages		\$ 16,614.58	\$ 16,614.58	-	\$ 16,614.58
Other Expenses	\$ 4,592.18	2,009.51	6,601.69	\$ 5,595.63	1,006.06
<u>Public Works</u>					
Road Repairs and Maintenance					
Salaries and Wages		2,925.33	5,425.33	5,138.33	287.00
Other Expenses	3,863.86	5,518.66	9,382.52	8,711.22	671.30
Maintenance of Traffic Light - Contractual	36.82	1,098.70	1,135.52	581.64	553.88
Trash Collection					
Other Expenses	1,400.00	867.56	2,267.56	525.00	1,742.56
Recycling					
Salaries and Wages		590.84	590.84		590.84
Other Expenses	1,982.00	4,770.66	6,752.66	1,814.80	4,937.86
Public Buildings and Grounds					
Salaries and Wages		100.00	100.00		100.00
Other Expenses	861.28	4,390.95	5,252.23	807.81	4,444.42
Vehicle Maintenance					
Other Expenses	4,542.73	4,587.02	9,129.75	4,963.00	4,166.75
<u>Health and Human Services</u>					
Board of Health					
Salaries and Wages		103.24	103.24		103.24
Other Expenses	59.04	561.59	620.63	59.03	561.60
Senior Citizens' Transportation					
Other Expenses		671.00	801.00	793.00	8.00
Housing Inspection					
Salaries and Wages		46.11	46.11		46.11
Environmental Commission (N.J.S.A. 40:56A-1 et. seq.)					
Other Expenses		71.36	101.36	100	1.36
Dog Regulation					
Salaries and Wages		67.49	67.49		67.49
Other Expenses	649.00	2,457.91	3,106.91	649.07	2,457.84
<u>Parks and Recreation</u>					
Recreation Services and Programs					
Salaries And Wages		3.28	3.28		3.28
Other Expenses	\$ 68.59	234.46	303.05	68.58	234.47
Maintenance of Parks					
Salaries And Wages			-		
Other Expenses		89.44	89.44		89.44
Interest on Tax Appeals					
		1,000.00	1,000.00		1,000.00
<u>Utility Expenses and Bulk Purchases</u>					
Electricity	2,471.73	1,513.52	3,985.25	3,059.57	925.68
Street Lighting	2,029.13	1,064.84	3,953.97	3,931.79	22.18
Telephone and Telegraph	82.97	3,050.92	3,133.89	1,685.12	1,448.77
Fuel Oil	2,000.00	3,783.45	5,783.45	2,624.24	3,159.21
Gas	300.00	1,559.00	1,859.00	1,218.75	640.25
Gasoline	3,000.00	2,239.47	5,239.47	1,445.76	3,793.71
Landfill/Solid Waste Disposal Costs	3,077.90	3,639.78	6,717.68	1,263.28	5,454.40
<u>Uniform Construction Code</u>					
Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Construction Official					
Salaries and Wages		146.84	146.84		146.84
Other Expenses	101.69	306.64	408.33	107.65	300.68
Subcode Officials:					
Building Sub-Code Official					
Salaries and Wages		111.11	111.11		111.11

(Continued)

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of 2009 Appropriation Reserves  
For the Year Ended December 31, 2010

	Balance		Balances After Modification	Paid or Charged	Balance Lapsed
	December 31, 2009 Encumbered	Reserved			
<b>OPERATIONS -- WITHIN "CAPS" (Cont'd)</b>					
<b>Uniform Construction Code (Cont'd)</b>					
Building Inspector					
Salaries and Wages		\$ 3,374.82	\$ 3,374.82	\$ 368.00	\$ 3,006.82
Plumbing Sub-Code Official					
Salaries and Wages		611.66	611.66		611.66
Electrical Sub-Code Official					
Salaries and Wages		738.22	738.22		738.22
Fire Protection Sub-Code Official					
Salaries and Wages		468.11	468.11		468.11
<b>Total Operations -- Within "CAPS"</b>	<b>\$ 57,939.74</b>	<b>276,720.88</b>	<b>334,660.62</b>	<b>117,879.57</b>	<b>216,781.05</b>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES--</b>					
<b>-- MUNICIPAL -- WITHIN "CAPS"</b>					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)		1,592.90	1,592.90		1,592.90
Defined Contribution Retirement Program		1,017.05	1,017.05		1,017.05
<b>Total Deferred Charges and Statutory Expenditures -- Municipal -- Within "CAPS"</b>		<b>2,609.95</b>	<b>2,609.95</b>		<b>2,609.95</b>
<b>Total General Appropriations for Municipal Purposes Within -- "CAPS"</b>	<b>\$ 57,939.74</b>	<b>279,330.83</b>	<b>337,270.57</b>	<b>117,879.57</b>	<b>219,391.00</b>
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>					
Interlocal Municipal Service Agreement					
Local Health Services					
Other Expenses	29,150.00		29,150.00	29,150.00	
Other Expenses - Epidemiology	831.00		831.00	831.00	
Other Expenses - Service of Visiting Nurse	1,533.00		1,533.00		1,533.00
Additional Appropriations Offset by Revenues					
Uniform Fire Safety Act					
Fire Official					
Other Expenses		3,208.02	3,208.02	31.76	3,176.26
<b>Total Operations -- Excluded from "CAPS"</b>	<b>31,514.00</b>	<b>3,208.02</b>	<b>34,722.02</b>	<b>30,012.76</b>	<b>4,709.26</b>
<b>Total General Appropriations</b>	<b>\$ 89,453.74</b>	<b>\$ 282,538.85</b>	<b>\$ 371,992.59</b>	<b>\$ 147,892.33</b>	<b>\$ 224,100.26</b>
Accounts Payable				\$ 8,925.00	
Disbursed				138,967.33	
				<u>\$ 147,892.33</u>	

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Reserve for Encumbrances  
For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009		
Current Fund	\$ 89,453.74	
Federal and State Grant Fund	<u>3,044.58</u>	
		\$ 92,498.32
Increased by Encumbered in 2010:		
Current Fund	52,010.78	
Federal and State Grant Fund	<u>8,326.57</u>	
		<u>60,337.35</u>
		152,835.67
Decreased by:		
Transferred to Appropriation Reserves:		
Current Fund	89,453.74	
Federal and State Grant Fund	<u>3,044.58</u>	
		<u>92,498.32</u>
Balance Dec. 31, 2010		<u><u>\$ 60,337.35</u></u>
<u>Analysis of Balance Dec. 31, 2010</u>		
Current Fund	\$ 52,010.78	
Federal and State Grant Fund	<u>8,326.57</u>	
		<u><u>\$ 60,337.35</u></u>

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Reserve for Garden State Preservation Trust Fund  
For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009	\$ 10,635.66
Increased by:	
Receipts	<u>7,090.00</u>
	17,725.66
Decreased by:	
Realized as Revenue in 2010 Budget	<u>10,635.66</u>
Balance Dec. 31, 2010	<u><u>\$ 7,090.00</u></u>

## Exhibit SA-15

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Due to State of New Jersey  
Uniform Construction Code--State Training Fees  
For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009	\$ 2,037.07
Increased by:	
Collections	<u>9,761.58</u>
	11,798.65
Decreased by:	
Payments	<u>8,474.78</u>
Balance Dec. 31, 2010	<u><u>\$ 3,323.87</u></u>

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Prepaid Taxes  
For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009 (2010 Taxes)		\$ 159,901.63
Increased by:		
Collections--2011 Taxes	\$ 140,085.75	
Transferred from Overpayments	<u>3,073.52</u>	
		<u>143,159.27</u>
		303,060.90
Decreased by:		
Application to 2010 Taxes Receivable		<u>159,901.63</u>
Balance Dec. 31, 2010 (2011 Taxes)		<u><u>\$ 143,159.27</u></u>

Exhibit SA-17

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Tax Overpayments  
For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009		\$ 10,820.75
Increased by:		
Overpayments in 2010		<u>39,153.15</u>
		49,973.90
Decreased by:		
Refunds	\$ 32,222.29	
Applied to Prepaid Taxes	<u>3,073.52</u>	
		<u>35,295.81</u>
Balance Dec. 31, 2010		<u><u>\$ 14,678.09</u></u>

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Due to State of New Jersey  
Senior Citizens' and Veterans' Deductions  
For the Year Ended December 31, 2010

Balance Dec. 31, 2009		\$ 8,335.97
Increased by:		
Collections		<u>57,500.00</u>
		65,835.97
Decreased by:		
Accrued in 2010:		
Senior Citizens' Deductions per Billings	\$ 4,250.00	
Veterans' Deductions per Billings	<u>53,500.00</u>	
	57,750.00	
Deductions Allowed by Tax Collector--2010 Taxes	<u>3,000.00</u>	
	60,750.00	
Deductions Disallowed by Tax Collector--2010 Taxes	<u>356.85</u>	
Subtotal--2010 Taxes	60,393.15	
Deduct:		
2009 Veterans' and Senior Citizens' Deduction Disallowed by Collector	<u>750.00</u>	
		<u>59,643.15</u>
Balance Dec. 31, 2010		<u><u>\$ 6,192.82</u></u>

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
 Statement of Due County for Added and Omitted Taxes  
 For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009		
Added Taxes (2009)	\$ 38,203.97	
Omitted Taxes (2009)	---	
		\$ 38,203.97
Increased by County Share of 2010 Levy:		
Added Taxes (R.S.54:4-63.1 et seq.)	51,410.49	
Omitted Taxes (R.S.54:4-63.12 et seq.)	---	
		51,410.49
		89,614.46
Decreased by:		
Payments:		
Added Taxes (2009)	38,203.97	
Omitted Taxes (2009)	---	
		38,203.97
Balance Dec. 31, 2010		
Added Taxes (2010)	51,410.49	
Omitted Taxes (2010)	---	
		\$ 51,410.49

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Regional School Tax  
For the Year Ended December 31, 2010

Balance Dec. 31, 2009		
School Tax Deferred	\$	8,713,935.87
Increased by:		
Levy--School Year July 1, 2009 to June 30, 2010		18,533,826.83
		27,247,762.70
Decreased by:		
Payments		17,980,849.58
Balance Dec. 31, 2010		
School Tax Deferred	\$	9,266,913.12
2010 Liability for Local School Tax:		
Tax Paid	\$	17,980,849.58
Less: Tax Payable Dec. 31, 2009		---
Amount Charged to 2010 Operations	\$	17,980,849.58

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Accounts Payable  
For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009		\$ 1,185.00
Increased by:		
Transferred from 2009 Budget Appropriation Reserves		<u>8,925.00</u>
		10,110.00
Decreased by:		
Disbursements		<u>1,185.00</u>
Balance Dec. 31, 2010		<u><u>\$ 8,925.00</u></u>

## Exhibit SA-22

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Contracts Payable  
For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009		\$ 25,699.20
Increased by:		
Awards - Reassessment Program		<u>32,000.00</u>
Balance Dec. 31, 2010		<u><u>\$ 57,699.20</u></u>

## Exhibit SA-23

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Reserve for Reassessment Program  
For the Year Ended December 31, 2010

---

Increased by:		
Special Emergency Authorization		\$ 70,000.00
Decreased by:		
Contracts Payable	\$ 32,000.00	
Disbursed	<u>37,780.00</u>	
		<u>69,780.00</u>
Balance Dec. 31, 2010		<u><u>\$ 220.00</u></u>

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Reserve for Preparation and Revision of the Master Plan  
For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009	\$ 157,902.60
Decreased by:	
Disbursed	3,385.70
Balance Dec. 31, 2010	\$ 154,516.90

Exhibit SA-25

**TOWNSHIP OF UPPER FREEHOLD**  
**CURRENT FUND**  
Statement of Reserve for Soil Witnessing Program  
For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009	\$ 4,787.12
Increased by:	
Receipts	2,038.00
	6,825.12
Decreased by:	
Disbursed	2,302.50
Balance Dec. 31, 2010	\$ 4,522.62

**TOWNSHIP OF UPPER FREEHOLD**  
**FEDERAL AND STATE GRANT FUND**  
Statement of Federal, State and Other Grants Receivable  
For the Year Ended December 31, 2010

<u>Program</u>	<u>Balance Dec. 31, 2009</u>	<u>Accrued</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2010</u>
Federal Grants:					
Community Block Development Grant	\$ 180,439.00				\$ 180,439.00
N.J. Transportation Trust Fund Authority	20,923.56		\$ 20,923.56		
Total Federal Grants	201,362.56		20,923.56		180,439.00
State Grants:					
Alcohol Education and Rehab. Fund		\$ 251.37	\$ 251.37		
Clean Communities Grant		18,713.04	18,713.04		
GovConnect Grant	500.00				500.00
Recycling Tonnage Grant		3,164.81	3,164.81		
Municipal Alliance on Alcoholism and Drug Abuse	13,532.37	39,694.00	29,109.55	\$ 348.76	23,768.06
Total State Grants	14,032.37	61,823.22	51,238.77	348.76	24,268.06
Other Grants:					
Monmouth County Historical Grant	2,350.00				2,350.00
Total Federal, State and Other Grants	\$ 217,744.93	\$ 61,823.22	\$ 72,162.33	\$ 348.76	\$ 207,057.06

**TOWNSHIP OF UPPER FREEHOLD**  
**FEDERAL AND STATE GRANT FUND**  
Statement of Reserve for Federal and State Grants -- Unappropriated  
For the Year Ended December 31, 2010

Program	Balance <u>Dec. 31, 2009</u>	Federal and State Grants <u>Receivable</u>	Realized as Miscellaneous Revenue in <u>2010 Budget</u>	Balance <u>Dec. 31, 2010</u>
State Grants:				
Alcohol Education and Rehabilitation		\$ 251.37	\$ 251.37	
Clean Communities Grant		18,713.04	18,713.04	
Recycling Tonnage Grant	\$ 3,909.27	3,164.81	3,909.27	\$ 3,164.81
Municipal Alliance on Alcoholism and Drug Abuse		39,694.00	39,694.00	
Total State Grants	3,909.27	61,823.22	62,567.68	3,164.81
Total Federal and State Grants	\$ 3,909.27	\$ 61,823.22	\$ 62,567.68	\$ 3,164.81

**TOWNSHIP OF UPPER FREEHOLD**  
**FEDERAL AND STATE GRANT FUND**  
Statement of Reserve for Federal, State and Other Grants -- Appropriated  
For the Year Ended December 31, 2010

	<u>Balance</u>		Transferred from 2010 Budget Appropriation	<u>Canceled</u>	<u>Expended</u>		<u>Balance</u> Dec. 31, 2010
	<u>Dec. 31, 2009</u>	<u>Reserved</u>			<u>Paid or</u> <u>Charged</u>	<u>Encumbered</u>	
Federal Grants:							
Community Block Development Grant		\$ 179,838.00					\$ 179,838.00
N.J. Transportation Trust Fund Authority		169,246.65			\$ 169,246.65		
		349,084.65			169,246.65		179,838.00
State Grants:							
Drunk Driving Enforcement Grant		2,280.43					2,280.43
Clean Communities Grant		25,020.90	\$ 18,713.04		9,785.70		33,948.24
GovConnect Grant		502.20					502.20
NJDEP Environmental Service Program		4,500.00					4,500.00
Recycling Tonnage Grant		2,183.53	3,909.27				6,092.80
Stormwater Regulation Grant		349.57					349.57
Alcohol Education and Rehabilitation		1,105.35	251.37			\$ 180.00	1,176.72
Municipal Alliance on Alcoholism and Drug Abuse	\$ 3,044.58	10,487.79	39,694.00	\$ 348.76	36,735.99	8,146.57	7,995.05
Total State Grants	3,044.58	46,429.77	62,567.68	348.76	46,521.69	8,326.57	56,845.01
Total Federal and State Grants	\$ 3,044.58	\$ 395,514.42	\$ 62,567.68	\$ 348.76	\$ 215,768.34	\$ 8,326.57	\$ 236,683.01

**SUPPLEMENTAL EXHIBITS**

**TRUST FUND**

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST FUND**  
 Statement of Cash--Treasurer  
 For the Year Ended December 31, 2010

	<u>Animal Control</u>	<u>Municipal Open Space</u>	<u>Other</u>
Balance Dec. 31, 2009	\$ 8,263.97	\$ 365,876.10	\$ 4,004,697.61
Increased by Receipts:			
Animal Control License Fees	\$ 5,418.00		
State Registration Fees	1,500.00		
Due from Current Fund - Open Space, Recreation, Farmland and Historic Preservation		\$ 859,687.50	
Due to Current Fund - Trust Other Funds			\$ 5,580.94
Due to General Capital Fund - Open Space, Recreation, Farmland and Historic Preservation			
Net Payroll			913,539.61
Payroll Deductions			609,613.09
Reserve for Unemployment Compensation Insurance			8,435.47
Reserve for Escrow Deposits			600,764.41
Reserve for Open Space, Recreation, Farmland and Historic Preservation		1,864.84	
Reserve for Tax Title Lien Redemptions			213,529.23
Premiums Received at Tax Sale			68,600.00
Reserve for COAH Development Fee			127,445.84
Reserve for Recreation Trust			51,189.00
Reserve for Alliance for Prevention of Alcoholism and Drug Abuse			12,085.76
Reserve for Public Defender Fees			2,430.00
	<u>6,918.00</u>	<u>861,552.34</u>	<u>2,613,213.35</u>
	15,181.97	1,227,428.44	6,617,910.96
Decreased by Disbursements:			
Expenditures Under R.S.4:19-15.11	10,441.80		
State Registration Fees	1,500.00		
Due to General Capital Fund - Open Space, Recreation, Farmland and Historic Preservation		5,866.00	
Net Payroll			913,539.61
Payroll Deductions			602,568.88
Reserve for Escrow Deposits			354,170.47
Reserve for Encumbrances - Escrow Deposits			483,503.00
Reserve for Open Space, Recreation, Farmland and Historic Preservation		507,737.63	
Reserve for Encumbrances - Open Space, Recreation, Farmland and Historic Preservation		321,086.44	
Reserve for Tax Title Lien Redemptions			174,033.20
Premiums Received at Tax Sale			43,800.00
Reserve for COAH Development Fee			38,958.01
Reserve for Encumbrances - COAH Development Fee			8,400.25
Reserve for Unemployment Compensation Insurance			6,671.36
Reserve for Snow Removal Trust			17,700.00
Reserve for Public Defender Fees			2,100.00
Reserve for Alliance for Prevention of Alcoholism and Drug Abuse			16,393.30
Reserve for Recreation Trust			56,777.14
	<u>11,941.80</u>	<u>834,690.07</u>	<u>2,718,615.22</u>
Balance Dec. 31, 2010	<u>\$ 3,240.17</u>	<u>\$ 392,738.37</u>	<u>\$ 3,899,295.74</u>

**TOWNSHIP OF UPPER FREEHOLD**  
**ANIMAL CONTROL TRUST FUND**  
 Statement of Reserve for Animal Control Fund Expenditures  
 For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009	\$ 8,263.97
Increased by:	
Animal Control License Fees Collected	5,418.00
	13,681.97
Decreased by:	
Expenditures Under R.S.4:19-15.11-Cash	10,441.80
Balance Dec. 31, 2010	\$ 3,240.17

License Fees Collected

<u>Year</u>	<u>Amount</u>
2008	\$ 6,581.10
2009	6,192.18
	\$ 12,773.28

**TOWNSHIP OF UPPER FREEHOLD**  
**ANIMAL CONTROL TRUST FUND**  
 Statement of Due to State of New Jersey  
 For the Year Ended December 31, 2010

---

Increased by:	
State Registration Fees Collected	\$ 1,500.00
Decreased by:	
Payments	\$ 1,500.00

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST -- OTHER FUND**  
 Statement of Due to Current Fund  
 Trust-Other Funds  
 For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009	\$ 15,787.22
Increased by:	
Municipal Share - Interest Earned on Escrow Deposits	5,580.94
Balance Dec. 31, 2010	\$ 21,368.16

## Exhibit SB-5

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST -- OTHER FUND**  
 Statement of Premiums Received at Tax Sale  
 For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009	\$ 82,100.00
Increased by Receipts:	
Premiums Received at 2010 Tax Sale	68,600.00
	150,700.00
Decreased by:	
Refunds	43,800.00
Balance Dec. 31, 2010	\$ 106,900.00

## Exhibit SB-6

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST -- OTHER FUND**  
 Statement of Reserve for Tax Title Lien Redemptions  
 For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009	\$ 15,700.97
Increased by:	
Receipts	213,529.23
	229,230.20
Decreased by:	
Disbursements	174,033.20
Balance Dec. 31, 2010	\$ 55,197.00

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST -- OTHER FUND**  
 Statement of Payroll Deductions Payable  
 For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009		\$ 3,449.00
Increased by:		
Receipts		609,613.09
		613,062.09
Decreased by:		
Disbursed		602,568.88
Balance Dec. 31, 2010		\$ 10,493.21

## Exhibit SB-8

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST -- OTHER FUND**  
 Statement of Reserve for New Jersey  
 Unemployment Compensation Insurance  
 For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009		\$ 20,502.21
Increased by:		
Employee Contributions	\$ 8,273.11	
Interest Earned on Investments	162.36	
		8,435.47
		28,937.68
Decreased by:		
Disbursements		6,671.36
Balance Dec. 31, 2010		\$ 22,266.32

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST -- OTHER FUND**  
Statement of Reserve for Escrow Deposits  
For the Year Ended December 31, 2010

Balance Dec. 31, 2009		\$ 1,147,396.72
Increased by:		
Deposits Received	\$ 592,633.63	
Interest Earned - Developers	8,130.78	
		600,764.41
		1,748,161.13
Decreased by:		
Professional Planning Review and Refunds:		
Encumbered	53,878.79	
Disbursed	354,170.47	
		408,049.26
Balance Dec. 31, 2010		\$ 1,340,111.87

A Schedule of the Reserve for Escrow Deposits is Maintained by the Treasurer's Office.

**Exhibit SB-10**

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST -- MUNICIPAL OPEN SPACE FUND**  
Statement of Reserve for Open Space, Recreation, Farmland and Historic Preservation  
For the Year Ended December 31, 2010

Balance Dec. 31, 2009		\$ 45,837.34
Increased by:		
Tax Levy - Due from Current Fund	\$ 786,822.72	
Reserve for Encumbrances - Cancelled Receipts -	845.98	
Interest Earned	1,864.84	
		789,533.54
		835,370.88
Decreased by:		
Transfer to Reserve for Encumbrances Disbursements		
	185,072.72	
	507,737.63	
		692,810.35
Balance Dec. 31, 2010		\$ 142,560.53

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST -- MUNICIPAL OPEN SPACE FUND**  
 Statement of Reserve for Encumbrances-  
 Open Space, Recreation, Farmland and Historic Preservation  
 For the Year Ended December 31, 2010

Balance Dec. 31, 2009		\$ 321,932.42
Increased by:		
2010 Encumbrances		<u>185,072.72</u>
		507,005.14
Decreased by:		
Cancelled	\$ 845.98	
Disbursements	<u>321,086.44</u>	
		<u>321,932.42</u>
Balance Dec. 31, 2010		<u><u>\$ 185,072.72</u></u>

## Exhibit SB-12

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST -- MUNICIPAL OPEN SPACE FUND**  
 Statement of Due from Current Fund  
 Open Space, Recreation, Farmland and Historic Preservation  
 For the Year Ended December 31, 2010

Balance Dec. 31, 2009 (Due from)		\$ 7,759.66
Increased by:		
Tax Levy		<u>786,822.72</u>
		794,582.38
Decreased by:		
Receipts		<u>859,687.50</u>
Balance Dec. 31, 2010 (Due to)		<u><u>\$ 65,105.12</u></u>

## Exhibit SB-13

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST -- OTHER FUND**  
 Statement of Reserve for COAH Development Fee  
 For the Year Ended December 31, 2010

Balance Dec. 31, 2009		\$ 2,033,695.02
Increased by:		
Developer's Contributions	\$ 106,801.22	
Interest Earned	<u>20,644.62</u>	
		<u>127,445.84</u>
		2,161,140.86
Decreased by:		
Encumbered	725.33	
Disbursements	<u>38,958.01</u>	
		<u>39,683.34</u>
Balance Dec. 31, 2010		<u><u>\$ 2,121,457.52</u></u>

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST -- OTHER FUND**  
 Statement of Reserve for Public Defender Fees  
 For the Year Ended December 31, 2010

---

Increased by:		
Receipts	\$	2,430.00
Decreased by:		
Disbursed		<u>2,100.00</u>
Balance Dec. 31, 2010	\$	<u><u>330.00</u></u>

## Exhibit SB-15

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST -- OTHER FUND**  
 Statement of Reserve for Recreation Trust  
 For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009	\$	55,355.25
Increased by:		
Receipts		<u>51,189.00</u>
		106,544.25
Decreased by:		
Disbursements		<u>56,777.14</u>
Balance Dec. 31, 2010	\$	<u><u>49,767.11</u></u>

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST -- OTHER FUND**  
 Statement of Reserve for Encumbrances-COAH Development Fee  
 For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009		\$ 8,400.25
Increased by:		
2010 Encumbrances		725.33
		9,125.58
Decreased by:		
Disbursed		8,400.25
Balance Dec. 31, 2010		\$ 725.33

**Exhibit SB-17**

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST -- OTHER FUND**  
 Statement of Reserve for Snow Removal Trust Fund  
 For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009		\$ 126,250.15
Decreased by:		
2010 Encumbrances	\$ 25,000.00	
Disbursements	17,700.00	
		42,700.00
Balance Dec. 31, 2010		\$ 83,550.15

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST -- OTHER FUND**  
Statement of Reserve for Encumbrances-  
Escrow Deposits  
For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009	\$ 483,503.00
Increased by:	
2010 Encumbrances	53,878.79
	537,381.79
Decreased by:	
Disbursements	483,503.00
Balance Dec. 31, 2010	\$ 53,878.79

## Exhibit SB-19

**TOWNSHIP OF UPPER FREEHOLD**  
**TRUST -- OTHER FUND**  
Reserve for Alliance for Prevention of Alcoholism and Drug Abuse  
Statement of Reserve for Municipal Drug Alliance  
For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009	\$ 12,557.82
Increased by:	
Receipts	12,085.76
	24,643.58
Decreased by:	
Disbursements	16,393.30
Balance Dec. 31, 2010	\$ 8,250.28

**SUPPLEMENTAL EXHIBITS**  
**GENERAL CAPITAL FUND**

**TOWNSHIP OF UPPER FREEHOLD**  
**GENERAL CAPITAL FUND**  
Statement of General Capital--Treasurer  
For the Year Ended December 31, 2010

Balance Dec. 31, 2009		\$ 14,937,936.90
Increased by Receipts:		
Reserve for Payment of Bonds	\$ 418,918.49	
Trust - Open Space Fund	5,866.00	
		424,784.49
		15,362,721.39
Decreased by Disbursements:		
Current Fund	3,046.19	
Current Fund Anticipated Revenue -		
General Capital Surplus	75,000.00	
Reserve for Payment of Bonds	250,000.00	
Improvement Authorizations	451,382.40	
Bond Anticipation Notes	8,627,000.00	
		9,406,428.59
Balance Dec. 31, 2010		\$ 5,956,292.80

**TOWNSHIP OF UPPER FREEHOLD**  
**GENERAL CAPITAL FUND**  
 Analysis of General Capital Cash  
 For the Year Ended December 31, 2010

	Receipts		Disbursements				Transfers		Balance Dec. 31, 2010
	Balance Dec. 31, 2009	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To		
	Fund Balance	\$ 237,488.29				\$ 75,000.00			
Capital Improvement Fund	944,777.52							944,777.52	
Reserve for Encumbrances	2,693,351.46					\$ 2,693,351.46	\$ 2,578,653.53	2,578,653.53	
Due from Current Fund	3,046.19				3,046.19	2,500.00		(2,500.00)	
Due from Trust Fund - Open Space Trust Fund	(5,866.00)	\$ 5,866.00							
State of New Jersey - Green Acres Grant Receivable	(53,875.00)						53,875.00		
State of New Jersey - Transportation Trust Fund Receivable						160,000.00		(160,000.00)	
Due from Township of Washington	(100,000.00)							(100,000.00)	
Reserve for Stone Hill Road Paving	10,000.00							10,000.00	
Reserve for Emergency Vehicles and Appurtenances	241,915.00							241,915.00	
Reserve for Acquisition of Office Equipment and Computers	10,500.00							10,500.00	
Reserve for Payment of Bonds	1,065,116.73	418,918.49			250,000.00			1,234,035.22	
Reserve for State of New Jersey - Green Acres Grant Receivable	53,875.00					53,875.00			
Bond Sale Proceeds Pledged to the Payment of Bond Anticipation Notes	8,626,000.00			\$ 8,626,000.00					
Improvement Authorizations:									
Ordinance									
<u>Number</u>									
95-6	Acquisition of a Fire Truck and Related Equipment	24,713.76							24,713.76
96-25	Reconstruction of Various Streets								
2000-72	Acquisition of a Fire Truck and Related Equipment	(2,500.00)		\$ 2,500.00			2,500.00		(2,500.00)
2000-74;	Engineering, Construction of Improvements and Equipping of								
2002-102	Bryon Johnson Memorial Park and Other Recreational Facilities	13,687.56							13,687.56
2002-98	Various Road Improvements	76,502.56		1,900.00					74,602.56
02-100; 03-119	Acquisition and Development of Lands for Outdoor Recreation								
172-06;182-06	and Conservation Purposes	142,716.21		321,269.30		2,255,553.55	2,557,931.75		123,825.11
02-105; 05-148;	Construction of New Municipal Offices and Improvements to								
06-171	the Existing Municipal Buildings	5,925.18			389.00				5,536.18
2003-116	Purchase of Computer Systems	1,465.46				1,401.90			63.56
2004-143	Purchase of Fire Fighting Equipment	1,767.00							1,767.00
05-157;07-191									
08-212	Various Road Improvements	246.43					2,124.80		2,371.23
2005-159	Various Road Improvements	16,500.00							16,500.00
06-164;08-195	Acquisition with the State of New Jersey of Certain								
	Property for Conservation and Open Space and the								
	Development of Outdoor Recreation	23,113.88		26,079.90	611.00		111,768.40		108,191.38
2008-198	Various Capital Improvements	428,519.09		12,767.50			4,931.00		420,682.59
2008-211	Acquisition of Fire Fighting Equipment	63,329.13		19,059.47			7,346.80		51,616.46
2009-220	Removal of Underground Storage Tank	705.10							705.10
09-231;10-239	Road Improvements	414,916.35		66,114.29		321,698.08	9,248.71		36,352.69
2010-238	Improvements to Sharon Station Road and Chambers Road			1,691.94			160,000.00		158,308.06
		\$ 14,937,936.90	\$ 424,784.49	\$ 451,382.40	\$ 8,627,000.00	\$ 328,046.19	\$ 5,488,379.99	\$ 5,488,379.99	\$ 5,956,292.80

**TOWNSHIP OF UPPER FREEHOLD**  
**GENERAL CAPITAL FUND**  
Statement of Deferred Charges to Future Taxation -- Funded  
For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009	\$ 23,425,000.00
Decreased by:	
2010 Budget Appropriation to Pay:	
Serial Bonds	<u>850,000.00</u>
Balance Dec. 31, 2010	<u><u>\$ 22,575,000.00</u></u>

**TOWNSHIP OF UPPER FREEHOLD**  
**GENERAL CAPITAL FUND**  
 Statement of Deferred Charges to Future Taxation--Unfunded  
 For the Year Ended December 31, 2010

Ordinance Number	Improvement Description	Balance Dec. 31, 2009	2010 Authorizations	Funded by Budget Appropriation	Balance Dec. 31, 2010		
					Balance Dec. 31, 2010	Expenditures	Unexpended Improvement Authorizations
General Improvements:							
2000-72	Acquisition of a Fire Truck and Related Equipment	\$ 10,531.13		\$ 2,500.00	\$ 8,031.13	\$ 2,500.00	\$ 5,531.13
02-105; 05-148; 06-171	Construction of New Municipal Offices and Improvements to the Existing Municipal Buildings	2,000.00			2,000.00		2,000.00
06-164;08-195	Acquisition with the State of New Jersey of Certain Property for Conservation and Open Space and the Development of Outdoor Recreation	53,875.00			53,875.00		53,875.00
2008-198	Various Capital Improvements	1,250.00			1,250.00		1,250.00
2009-231	Paving of Ellisdale Road	200,512.32			200,512.32		200,512.32
2010-238	Improvements to Sharon Station Road and Chambers Road		\$ 1,080,000.00		1,080,000.00		1,080,000.00
		<u>\$ 268,168.45</u>	<u>\$ 1,080,000.00</u>	<u>\$ 2,500.00</u>	<u>\$ 1,345,668.45</u>	<u>\$ 2,500.00</u>	<u>\$ 1,343,168.45</u>

**TOWNSHIP OF UPPER FREEHOLD**  
**GENERAL CAPITAL FUND**  
Schedule of Due from State of New Jersey - Green Acres Grant Receivable  
For the Year Ended December 31, 2010

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Balance Dec. 31, 2009	\$ 53,875.00
Decreased by:	
Cancelled	<u>\$ 53,875.00</u>

**TOWNSHIP OF UPPER FREEHOLD**  
**GENERAL CAPITAL FUND**  
 Statement of Reserve for Payment of Bonds  
 For the Year Ended December 31, 2010

---

Balance Dec. 31, 2009	\$ 1,065,116.73
Increased by:	
Receipts	<u>418,918.49</u>
	1,484,035.22
Decreased by:	
Current Fund Anticipated Revenue - Reserve for Payment of Bonds	<u>250,000.00</u>
Balance Dec. 31, 2010	<u><u>\$ 1,234,035.22</u></u>

**TOWNSHIP OF UPPER FREEHOLD**  
**GENERAL CAPITAL FUND**  
 Statement of Capital Improvement Fund  
 For the Year Ended December 31, 2010

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Balance Dec. 31, 2009	\$ 944,777.52
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>-</u>
Balance Dec. 31, 2010	<u><u>\$ 944,777.52</u></u>

**TOWNSHIP OF UPPER FREEHOLD**  
**GENERAL CAPITAL FUND**  
 Statement of Improvement Authorizations  
 For the Year Ended December 31, 2010

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2009		Other Financing Sources	2010 Authorizations		Balance Dec. 31, 2010	
				Funded	Unfunded		Deferred Charges to Future Taxation Unfunded	Transfer from Reserve for Encumbrances	Paid or Charged	Funded
General Improvements:										
95-6	Acquisition of a Fire Truck and Related Equipment	7-6-95	\$ 250,000.00	\$ 24,713.76						\$ 24,713.76
2000-72	Acquisition of a Fire Truck and Related Equipment	10-23-00	350,000.00		\$ 8,031.13				\$ 2,500.00	\$ 5,531.13
2000-74; 2002-102	Engineering, Construction of Improvements and Equipping of Bryon Johnson Memorial Park and Other Recreational Facilities	12-21-00; 10-2-02	1,500,000.00	13,687.56						13,687.56
2002-98	Various Road Improvements	8-21-02	2,000,000.00	76,502.56					1,900.00	74,602.56
02-100; 03-119; 172-06;182-06	Acquisition and Development of Lands for Outdoor Recreation and Conservation Purposes	9-18-02;10-23-03 6-1-06;11-28-06	12,580,000.00	142,716.21			\$ 2,557,931.75	2,576,822.85		123,825.11
02-105; 05-148; 06-171	Construction of New Municipal Offices and Improvements to the Existing Municipal Buildings	1-2-03;2-17-05 5-18-06	2,600,000.00	5,536.18	2,000.00					5,536.18 2,000.00
2003-116	Purchase of Computer Systems	8-21-03	25,000.00	1,465.46					1,401.90	63.56
2004-143	Purchase of Fire Fighting Equipment	12-16-04	195,000.00	1,767.00						1,767.00
05-157;07-191 08-212	Various Road Improvements	9-8-05	3,200,000.00	246.43				2,124.80		2,371.23
2005-159	Various Road Improvements	10-6-05	20,000.00	16,500.00						16,500.00
06-164;08-195	Acquisition with the State of New Jersey of Certain Property for Conservation and Open Space and the Development of Outdoor Recreation	2-27-06	5,450,000.00	22,502.88	53,875.00			111,768.40	26,079.90	108,191.38 53,875.00
2008-198	Various Capital Improvements	5-1-08	535,000.00	428,519.09	1,250.00			4,931.00	12,767.50	420,682.59 1,250.00
2008-211	Acquisition of Fire Fighting Equipment	10-16-08	107,000.00	63,329.13				7,346.80	19,059.47	51,616.46
2009-220	Removal of Underground Storage Tank and Installation of Replacemen	3-5-09	5,000.00	705.10						705.10
09-231;10-239	Road Improvements	9-3-09;10-21-10	640,000.00	414,916.35	200,512.32			9,248.71	387,812.37	36,352.69 200,512.32
2010-238	Improvements to Sharon Station Road and Chambers Road	10-7-10	1,240,000.00			\$ 160,000.00	\$ 1,080,000.00		1,691.94	158,308.06 1,080,000.00
				\$ 1,213,107.71	\$ 265,668.45	\$ 160,000.00	\$ 1,080,000.00	\$ 2,693,351.46	\$ 3,030,035.93	\$ 1,038,923.24 \$ 1,343,168.45
New Jersey Transportation Trust Fund						\$ 160,000.00				
								Disbursed	\$ 451,382.40	
								Reserve for Encumbrances	2,578,653.53	
									\$ 3,030,035.93	

**TOWNSHIP OF UPPER FREEHOLD**  
**GENERAL CAPITAL FUND**  
Statement of Reserve for Encumbrances  
For the Year Ended December 31, 2010

Balance Dec. 31, 2009		\$ 2,693,351.46
Increased by:		
2010 Encumbrances Charged to Improvement Authorizations		2,578,653.53
		5,272,004.99
Decreased by:		
Transferred to Improvement Authorizations		2,693,351.46
Balance Dec. 31, 2010		\$ 2,578,653.53

## Exhibit SC-10

**TOWNSHIP OF UPPER FREEHOLD**  
**GENERAL CAPITAL FUND**  
Statement of Due from/to Current Fund  
For the Year Ended December 31, 2010

Balance Dec. 31, 2009 (Due to)		\$ 3,046.19
Decreased by:		
Disbursements	\$ 3,046.19	
2010 Budget Appropriation- Deferred Charges to Future Taxation - Ord. 2000-72	2,500.00	
		5,546.19
Balance Dec. 31, 2010 (Due from)		\$ 2,500.00

**TOWNSHIP OF UPPER FREEHOLD**  
**GENERAL CAPITAL FUND**  
 Statement of Bond Anticipation Notes  
 For the Year Ended December 31, 2010

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Notes</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2009</u>	<u>Decreased</u>
06-164;08-195	Acquisition with the State of New Jersey of Certain Property for Conservation and Open Space and the Development of Outdoor Recreation	08/31/06	08/13/09	01/13/10	1.50%	\$ 4,033,611.00	\$ 4,033,611.00
02-100; 03-119; 172-06;182-06	Acquisition and Development of Lands for Outdoor Recreation and Conservation Purposes	05/08/08	08/13/09	01/13/10	1.50%	4,500,000.00	4,500,000.00
02-105; 05-148; 06-171	Construction of New Municipal Offices and Improvements to the Existing Municipal Buildings	08/31/06	08/13/09	01/13/10	1.50%	<u>93,389.00</u>	<u>93,389.00</u>
						<u>\$ 8,627,000.00</u>	<u>\$ 8,627,000.00</u>
							\$ 1,000.00
							<u>8,626,000.00</u>
							<u>\$ 8,627,000.00</u>
Paid by Capital Cash Paid by Bond Sale Proceeds Pledged to the Payment of Bond Anticipation Notes							

**TOWNSHIP OF UPPER FREEHOLD**  
**GENERAL CAPITAL FUND**  
**Statement of General Serial Bonds**  
**For the Year Ended December 31, 2010**

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2009	Paid by Budget Appropriation	Balance Dec. 31, 2010						
			Outstanding Dec. 31, 2010	Dec. 31, 2010										
General Bonds of 2003	12/15/2003	\$ 12,680,000.00	12/15/2011	\$ 550,000.00	4.00%	\$ 11,030,000.00	\$ 450,000.00	\$ 10,580,000.00						
			12/15/2012	650,000.00	4.00%									
			12/15/2013	700,000.00	4.00%									
			12/15/14;15	750,000.00	4.00%									
			12/15/2016	800,000.00	4.00%									
			12/15/2017	850,000.00	4.00%									
			12/15/2018	900,000.00	4.00%									
			12/15/2019	900,000.00	4.125%									
			12/15/2020	900,000.00	4.25%									
			12/15/2021	930,000.00	4.375%									
			12/15/22;23	950,000.00	4.375%									
			Open Space Bonds of 2009	11/15/2009	4,750,000.00				11/15/2011	150,000.00	2.000%	\$ 4,750,000.00	150,000.00	4,600,000.00
									11/15/2012;13	175,000.00	2.500%			
11/15/2014	200,000.00	2.500%												
11/15/2015	200,000.00	2.750%												
11/15/2016	200,000.00	3.000%												
11/15/2017;18	225,000.00	3.250%												
11/15/2019	250,000.00	3.500%												
11/15/2020	250,000.00	3.500%												
11/15/2021	250,000.00	3.625%												
11/15/2022-24	275,000.00	4.000%												
11/15/2025	275,000.00	4.250%												
11/15/2026	300,000.00	4.000%												
11/15/2027-29	300,000.00	4.250%												
General Bonds of 2009	11/15/2009	7,645,000.00				11/15/2011	250,000.00	2.000%	\$ 7,645,000.00	250,000.00	7,395,000.00			
			11/15/2012-14	250,000.00	2.500%									
			11/15/2015	250,000.00	2.750%									
			11/15/2016	300,000.00	3.000%									
			11/15/2017	300,000.00	3.250%									
			11/15/2018	325,000.00	3.250%									
			11/15/2019	325,000.00	3.500%									
			11/15/2020	420,000.00	3.500%									
			11/15/2021	475,000.00	3.625%									
			11/15/2022-24	500,000.00	4.000%									
			11/15/2025	500,000.00	4.250%									
			11/15/2026	500,000.00	4.000%									
			11/15/2027-29	500,000.00	4.250%									
			<u>\$ 23,425,000.00</u>									<u>\$ 850,000.00</u>	<u>\$ 22,575,000.00</u>	
Paid by Budget Appropriation - Open Space Fund							\$ 150,000.00							
Paid by Budget Appropriation -Current Fund							<u>700,000.00</u>							
							<u>\$ 850,000.00</u>							

**TOWNSHIP OF UPPER FREEHOLD**  
**GENERAL CAPITAL FUND**  
Statement of Bonds and Notes Authorized But Not Issued  
For the Year Ended December 31, 2010

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2009</u>	<u>2010 Authorizations</u>	<u>Funded by Budget Appropriation</u>	<u>Notes Paid by Capital Cash</u>	<u>Balance Dec. 31, 2010</u>
General Improvements:						
2000-72	Acquisition of a Fire Truck and Related Equipment	\$ 10,531.13		\$ 2,500.00		\$ 8,031.13
06-164;08-195	Acquisition with the State of New Jersey of Certain Property for Conservation and Open Space and the Development of Outdoor Recreation	53,264.00			\$ 611.00	53,875.00
02-105; 05-148; 06-171	Construction of New Municipal Offices and Improvements to the Existing Municipal Buildings	1,611.00			389.00	2,000.00
2008-198	Various Capital Improvements	1,250.00				1,250.00
09-231;10-239	Road Improvements	200,512.32				200,512.32
2010-238	Improvements to Sharon Station Road and Chambers Road		\$ 1,080,000.00			1,080,000.00
		<u>\$ 267,168.45</u>	<u>\$ 1,080,000.00</u>	<u>\$ 2,500.00</u>	<u>\$ 1,000.00</u>	<u>\$ 1,345,668.45</u>

**TOWNSHIP OF UPPER FREEHOLD**  
**PART 2**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**TOWNSHIP OF UPPER FREEHOLD**  
**Schedule of Findings and Recommendations**  
**For the Year Ended December 31, 2010**

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***Schedule of Financial Statement Findings***

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

**Finding No. 2010-1**

**Criteria or Specific Requirement**

Pursuant to Governmental Accounting Standards Board Statement No. 45 and requirements prescribed by the Division of Local Government Services, municipalities are required to disclose the liability of non-pension benefits that they have contractually or otherwise agreed to provide employees once they have retired.

**Condition**

The Township did not determine the liability for post-employment health care and prescription benefits required to be disclosed in the Notes to Financial Statements.

**Context**

During the year 2010, there were two retired employees who received these benefits resulting in the payment of \$7,512.40 in related Medicare Supplement premiums.

**Effect**

Non-compliance with Governmental Accounting Standards Board Statement No. 45 and rules promulgated by the Division of Local Government Services.

**Cause**

The Township did not contract an actuary to determine the liability due to budgetary constraints.

**Recommendation**

That the Township engage an actuary in order to provide the necessary information to comply with Governmental Accounting Standards Board Statement No. 45.

**View of Responsible Officials and Planned Corrective Action**

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

**TOWNSHIP OF UPPER FREEHOLD**  
**Summary Schedule of Prior Year Audit Findings**  
**And Recommendations as Prepared by Management**

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This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

None.

**TOWNSHIP OF UPPER FREEHOLD**  
**Officials in Office and Surety Bonds**

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The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Stanley Moslowski, Jr.	Mayor	(B)
Lorisue H. Mount	Deputy Mayor	(B)
Stephen J. Alexander	Committee Member	(B)
Robert Faber	Committee Member	(B)
Dr. Robert A. Frascella	Committee Member	(B)
Dianne Kelly	Administrator and Chief Financial Officer	(A)
Dana L. Tyler	Municipal Clerk	(B)
Barbara Pater	Tax Collector and Tax Search Officer	(A)
Ronald Gafgen	Building Inspector, Zoning Officer, Public Officer, Construction Code Official, and Building Subcode Official	(B)
J. Stephen Walters	Assessor	(B)
Susan H. Babbitt	Clerk of the Planning Board, and Secretary to the Zoning Board of Adjustment	(B)
Bonnie L. Goldman	Judge of the Municipal Court	(A)
Lynn A. Richards	Municipal Court Administrator	(A)
Granville D. Magee, Esq.	Attorney	
Granville M. Magee, Esq.	Attorney	
Glenn R. Gerken, P.E.	Engineer	

(A) Statutory Position Bond - Monmouth County Joint Insurance Pool \$50,000.00. Amounts in excess of \$50,000.00 covered by Municipal Excess Liability Joint Insurance Fund to \$950,000.00

(B) Public Officials Bond - Monmouth County Joint Insurance Pool \$50,000.00. Amounts in excess of \$50,000.00 covered by Municipal Excess Liability Joint Insurance Fund to \$950,000.00

All of the bonds were examined and were properly executed.

**APPRECIATION**

I express my appreciation for the assistance and courtesies rendered by the Township officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

A handwritten signature in black ink, appearing to read "Michael D. Cesaro". The signature is written in a cursive style with a long horizontal flourish at the end.

Michael D. Cesaro  
Certified Public Accountant  
Registered Municipal Accountant

