

**TOWNSHIP OF LOWER
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2008**

TOWNSHIP OF LOWER
TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page No.</u>
	<u>PART I</u>	
	Independent Auditor's Report	1 - 2
	<u>CURRENT FUND</u>	
A	Comparative Balance Sheet - Statutory Basis	3 - 4
A - 1	Comparative Statement of Operations and Change in Fund Balance - Statutory Basis	5 - 6
A - 2	Statement of Revenues - Statutory Basis	7 - 10
A - 3	Statement of Expenditures - Statutory Basis	11 - 16
	<u>TRUST FUND</u>	
B	Comparative Balance Sheet - Statutory Basis	17 - 18
	<u>GENERAL CAPITAL FUND</u>	
C	Comparative Balance Sheet - Statutory Basis	19
C - 1	Statement of Fund Balance - Statutory Basis	20
	<u>GENERAL FIXED ASSETS ACCOUNT GROUP</u>	
D	Comparative Balance Sheet - Statutory Basis	21
	NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS	22 - 37
	<u>SUPPLEMENTAL SCHEDULES</u>	
	<u>CURRENT FUND</u>	
A - 4	Schedule of Cash - Treasurer	38 - 39
A - 5	Schedule of Cash - Collector	n/a
A - 6	Schedule of Cash - Clerk	n/a
A - 7	Schedule of Taxes Receivable and Analysis of Property Tax Levy	40
A - 8	Schedule of Tax Title Liens	41
A - 9	Schedule of Revenue Accounts Receivable	42
A - 10	Schedule of Appropriation Reserves - Prior Year	43 - 44
A - 11	Schedule of Federal and State Grants Receivable	45
A - 12	Schedule of Reserves for Federal and State Grants - Unappropriated	46
A - 13	Schedule of Appropriated Reserves for Federal and State Grants	47

TOWNSHIP OF LOWER
TABLE OF CONTENTS

Exhibit

Page No.

SUPPLEMENTAL SCHEDULES

TRUST FUND

B - 1	Schedule of Animal Control Cash - Treasurer	48
B - 2	Schedule of Other Trust Cash - Treasurer	49 - 50
B - 3	Schedule of Reserve for Animal Control Expenditures	51

GENERAL CAPITAL FUND

C - 2	Schedule of Cash - Treasurer	52
C - 3	Analysis of Cash	53
C - 4	Schedule of Capital Improvement Fund	54
C - 5	Schedule of Deferred Charges to Future Taxation - Funded	54
C - 6	Schedule of Deferred Charges to Future Taxation - Unfunded	55
C - 7	Schedule of Improvement Authorizations	56
C - 8	Schedule of General Serial Bonds	57
C - 8A	Schedule of Green Trust Loans Payable	58 - 59
C - 9	Schedule of Bond Anticipation Notes	60
C - 10	Schedule of Bonds and Notes Authorized But Not Issued	61

PART II

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements - Statutory Basis Performed in Accordance with Government Auditing Standards	62 - 63
Schedule of Findings and Responses	64
General Comments	65 - 66
Findings and Recommendations	67

TOWNSHIP OF LOWER

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - STATUTORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2008



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Township Council
Township of Lower
County of Cape May, New Jersey

We have audited the accompanying balance sheets – statutory basis of the various funds and account groups of the Township of Lower, State of New Jersey (the "Township"), as of December 31, 2008 and 2007 and the related statements of operations and changes in fund balance – statutory basis for the years then ended and the related statement of revenues – statutory basis and statement of expenditures – statutory basis for the year ended December 31, 2008, as listed in the accompanying table of contents. These financial statements – statutory basis are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audits.

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

As described in Note 1, the Township, prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory 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 Township's policy to prepare its financial statements on the prescribed basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the various funds and account groups of the Township, as of December 31, 2008 and 2007 and the results of operations and changes in fund balance of such funds for the years then ended, and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2008.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Township, as of December 31, 2008 and 2007 and the results of operations and changes in fund balances of such funds for the years then ended and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2008 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2009 on our consideration of the Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules as listed in the table of contents have been subjected to the auditing procedures applied to the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

June 30, 2009

**EXHIBIT - A
CURRENT FUND**

TOWNSHIP OF LOWER
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 4,626,161.42	\$ 4,738,451.57
Change and Petty Cash Funds		525.00	525.00
		<u>4,626,686.42</u>	<u>4,738,976.57</u>
Other Receivables:			
Due from State - Seniors and Veterans		15,538.42	25,165.42
		<u>15,538.42</u>	<u>25,165.42</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	959,415.55	987,507.06
Tax Title Liens Receivable	A-8	65,635.54	53,521.69
Lower Township MUA Lien	A-8	7,948.36	7,948.36
Property Acquired at Assessed Valuation		1,490,700.00	1,490,700.00
Municipal Service Fees Receivable		-	1,680.00
Lot Clearing Assessments		1,645.00	1,320.00
Revenue Accounts Receivable	A-9	13,727.52	10,383.36
		<u>2,539,071.97</u>	<u>2,553,060.47</u>
Deferred Charges:			
Special Emergency		220,000.00	420,000.00
Emergency		-	50,000.00
		<u>220,000.00</u>	<u>470,000.00</u>
		<u>7,401,296.81</u>	<u>7,787,202.46</u>
Federal and State Grant Fund:			
Cash	A-4	1,554.20	1,520.44
Grant Receivables	A-11	1,606,401.56	1,329,290.58
Due from Current Fund		116,647.51	57,772.77
		<u>1,724,603.27</u>	<u>1,388,583.79</u>
		<u>\$ 9,125,900.08</u>	<u>\$ 9,175,786.25</u>

TOWNSHIP OF LOWER
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 583,338.66	\$ 752,624.27
Reserve for Encumbrances		223,618.43	195,583.71
Prepaid Taxes		797,049.46	810,073.65
Tax Overpayments		10,842.91	33,652.54
Accounts Payable		23,067.60	51,583.54
Reserve for Revaluation		7,118.39	24,365.39
Reserve for Tax Map		16,278.50	16,278.50
Due to County Added Taxes		23,153.88	28,381.73
Due to State Permit Surcharge Fees		16,118.00	9,553.00
Due to State - Marriage Licenses		1,280.00	650.00
Due to Federal and State Grant Fund		116,647.51	57,772.77
Reserve for Garden State Preservation		144,912.20	156,783.31
		<u>1,963,425.54</u>	<u>2,137,302.41</u>
Reserve for Receivables and Other Assets		2,539,071.97	2,553,060.47
Fund Balance	A-1	<u>2,898,799.30</u>	<u>3,096,839.58</u>
		<u>7,401,296.81</u>	<u>7,787,202.46</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	40,636.92	33,125.87
Appropriated Reserves	A-13	1,630,484.85	1,331,548.83
Encumbrances Payable		53,481.50	23,909.09
		<u>1,724,603.27</u>	<u>1,388,583.79</u>
		<u>\$ 9,125,900.08</u>	<u>\$ 9,175,786.25</u>

TOWNSHIP OF LOWER
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
STATUTORY BASIS

	<u>Ref.</u>	<u>Year 2008</u>	<u>Year 2007</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	2,174,000.00	\$ 2,000,000.00
Miscellaneous Revenue Anticipated		4,603,704.49	4,880,294.98
Receipts from Delinquent Taxes		964,541.78	764,070.29
Receipts from Current Taxes		50,869,218.79	48,757,381.51
Non-Budget Revenue		418,689.69	363,180.55
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		425,751.89	518,342.48
Cancellation of Balance		1,720.87	-
Total Income		<u>59,457,627.51</u>	<u>57,283,269.81</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		9,301,330.00	8,820,150.00
Other Expenses		6,967,427.00	6,721,176.00
Deferred Charges & Statutory Expenditures		777,260.00	751,058.00
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		557,871.99	548,716.33
Other Expenses		1,923,779.67	1,839,651.84
Capital Improvements		95,000.00	160,000.00
Municipal Debt Service		2,365,616.85	2,172,174.04
Deferred Charges & Statutory Expenditures		250,000.00	200,000.00
Special District Taxes		1,942,336.00	1,728,990.53
County Taxes		8,401,097.43	7,829,003.55
County Added and Omitted Taxes		23,153.88	28,381.73
Local District School Tax		14,104,390.50	13,958,311.00
Regional High School Tax		10,762,358.03	10,253,655.10
Prior Year Revenue Refunded		10,046.44	11,434.94
Cancellation of Grants		-	5,798.49
Total Expenditures		<u>57,481,667.79</u>	<u>55,028,501.55</u>

TOWNSHIP OF LOWER
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
STATUTORY BASIS

	<u>Ref.</u>	<u>Year 2008</u>	<u>Year 2007</u>
Excess In Revenue		\$ <u>1,975,959.72</u>	\$ <u>2,254,768.26</u>
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		-	50,000.00
		<u>-</u>	<u>50,000.00</u>
Statutory Excess to Fund Balance		1,975,959.72	2,304,768.26
Fund Balance January 1	A	<u>3,096,839.58</u>	<u>2,792,071.32</u>
		5,072,799.30	5,096,839.58
Decreased by:			
Utilization as Anticipated Revenue		<u>2,174,000.00</u>	<u>2,000,000.00</u>
Fund Balance December 31	A	<u>\$ <u>2,898,799.30</u></u>	<u>\$ <u>3,096,839.58</u></u>

**TOWNSHIP OF LOWER
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS**

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated		\$ 2,174,000.00	\$ -	\$ 2,174,000.00	\$ -
Total Surplus Anticipated		2,174,000.00	-	2,174,000.00	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages		30,000.00		38,450.00	8,450.00
Other		100,000.00		152,332.50	52,332.50
Fees and Permits		70,000.00		80,301.46	10,301.46
Fines and Costs:					
Municipal Court		150,000.00		181,883.69	31,883.69
Interest and Costs on Taxes		140,000.00		174,033.62	34,033.62
Interest on Investments and Deposits		170,000.00		154,063.08	(15,936.92)
Recreation Fees		45,000.00		42,907.50	(2,092.50)
Payments in Lieu of Taxes - Yorkshire Place		13,000.00		20,424.90	7,424.90
Bulk Trash Receipts		7,000.00		24,797.73	17,797.73
Cable Franchise Fees		115,000.00		127,388.00	12,388.00
Consolidated Municipal Property Tax Relief Aid		457,650.00		465,334.00	7,684.00
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		1,437,410.00		1,437,410.00	-
Garden State Preservation Trust		156,783.31		156,783.31	-
Uniform Construction Code Fees		350,000.00		377,605.50	27,605.50
Boards of Education - Special Police		76,400.00		88,000.00	11,600.00

**TOWNSHIP OF LOWER
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS**

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Miscellaneous Revenues (continued):					
Special Items:					
State and Federal Programs Off-Set by Revenues:					
Recycling Tonnage Grant		\$ 9,474.09	\$	9,474.09	\$ -
Clean Communities		-	46,442.79	46,442.79	-
Click it or Ticket		-	4,000.00	4,000.00	-
Body Armor Grant		4,852.28		4,852.28	-
Pet Smart Charities - Spay & Neuter		-	10,000.00	10,000.00	-
Green Acres Program - Chamberlain Trust		-	132,875.00	132,875.00	-
JIF Safety		4,000.00		4,000.00	-
NJ Council on the Arts		-	6,500.00	6,500.00	-
Cops in Shops		-	1,600.00	1,600.00	-
Drunk Driving Enforcement Fund		8,471.99		8,471.99	-
Alcohol Education and Rehabilitation Fund		2,086.08		2,086.08	-
Municipal Alliance on Alcoholism and Drug Abuse		37,497.00		37,497.00	-
Clean Shores		3,241.43		3,241.43	-
Small Cities		-	250,000.00	250,000.00	-
NJ DOT		140,000.00		140,000.00	-
NJ Emergency		5,000.00		5,000.00	-
DCA - Domestic Violence Training Program		-	1,000.00	1,000.00	-
DCA - Neighborhood Preservation Program		-	100,000.00	100,000.00	-
Division of Highway Safety - Over the Limit - Under Arrest		-	5,000.00	5,000.00	-
CERT Trailer Grant		-	1,500.00	1,500.00	-
Other Special Items:					
Uniform Fire Safety Act		240,000.00		308,447.54	68,447.54
Rental Income		9,500.00		1.00	(9,499.00)
Total Miscellaneous Revenues	A-1	3,782,366.18	558,917.79	4,603,704.49	262,420.52
Receipts from Delinquent Taxes	A-1:A-2	905,000.00		964,541.78	59,541.78

Page 8 See Accompanying Notes to Financial Statements - Statutory Basis

TOWNSHIP OF LOWER
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes		\$ 16,336,235.52	\$	\$ 17,135,119.45	\$ 798,883.93
Total Amount to be Raised by Taxes for Support of Municipal Budget		<u>16,336,235.52</u>	<u>-</u>	<u>17,135,119.45</u>	<u>798,883.93</u>
Budget Totals		<u>23,197,601.70</u>	<u>558,917.79</u>	<u>24,877,365.72</u>	<u>1,120,846.23</u>
Non-Budget Revenues		<u>23,197,601.70</u>	<u>558,917.79</u>	<u>25,296,055.41</u>	<u>1,539,535.92</u>

Amount to be Raised by Taxes for Support of Municipal Budget:

Local Tax for Municipal Purposes

Total Amount to be Raised by Taxes for Support
of Municipal Budget

Budget Totals

Non-Budget Revenues

TOWNSHIP OF LOWER
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

Analysis of Realized RevenuesAllocation of Current Tax Collections:

Revenues from Collections	\$ 50,869,218.79
Allocated to:	
School, County and Other Taxes	<u>35,251,850.17</u>
Balance for Support of Municipal Budget Appropriations	15,617,368.62
Add: Appropriation	
"Reserve for Uncollected Taxes"	<u>1,517,750.83</u>
Amount for Support of Municipal	
Budget Appropriations	<u>\$ 17,135,119.45</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ <u>964,541.78</u>
	<u>\$ 964,541.78</u>

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:	
Police Reports	\$ 4,212.34
Vital Statistics	28,382.00
Dog Fund Statutory Excess	7,907.40
Lot Clearing	1,715.00
Tax Searches	1,630.00
NSF Fees	640.00
Cape May County MUA Rebate	102,929.67
Municipal Land Use Fees	69,684.65
Assessor	1,471.00
Seniors & Veterans Administrative Fee	10,683.63
Homeland Security	90,000.00
Joint Insurance Fund Dividend	99,434.00
	<u>\$ 418,689.69</u>

**TOWNSHIP OF LOWER
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS**

	Appropriations		Budget After Modification	Expenditures		(Overexpended) Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Office of Township Council	\$ 68,500.00	\$	69,500.00	\$	-	\$
Salaries and Wages	18,950.00		13,950.00	13,830.04	119.96	
Other Expenses						
Office of Township Clerk	205,000.00		205,000.00	203,157.57	1,842.43	
Salaries and Wages	8,550.00		9,450.00	9,393.78	56.22	
Other Expenses						
Elections	13,000.00		5,200.00	5,034.27	165.73	
Other Expenses						
Office of Township Solicitor	45,200.00		18,620.00	18,606.74	13.26	
Salaries and Wages	136,000.00		197,200.00	196,183.66	1,016.34	
Other Expenses						
Office of Township Manager	140,000.00		140,000.00	124,497.88	15,502.12	
Salaries and Wages	3,500.00		2,500.00	1,867.19	632.81	
Other Expenses						
Department of Revenue and Finance	292,000.00		291,000.00	287,075.16	3,924.84	
Salaries and Wages	16,000.00		16,000.00	15,232.83	767.17	
Other Expenses						
Audit Services	32,000.00		32,000.00	32,000.00	-	
Other Expenses						
Division of Tax Assessment	120,000.00		120,000.00	118,008.04	1,991.96	
Salaries and Wages	10,800.00		7,800.00	7,283.28	516.72	
Other Expenses						
Personnel	78,000.00		78,000.00	77,203.85	796.15	
Salaries and Wages	1,300.00		1,300.00	283.64	1,016.36	
Other Expenses						
Division of Tax Collection	148,500.00		149,000.00	148,826.98	173.02	
Salaries and Wages						
Other Expenses						
Liquidation of Tax Title Liens	1,000.00		-	-	-	
Miscellaneous Other Expenses	10,055.00		7,555.00	6,597.07	957.93	
Department of Planning and Development	116,500.00		116,500.00	116,449.62	50.38	
Salaries and Wages	6,550.00		5,550.00	4,159.83	1,390.17	
Other Expenses						
Engineering Services and Costs	5,500.00		4,500.00	4,482.41	17.59	
Other Expenses						
Department of Parks and Recreation	516,330.00		516,330.00	515,395.40	934.60	
Salaries and Wages	99,751.00		99,751.00	98,301.80	1,449.20	
Other Expenses						

See Accompanying Notes to Financial Statements - Statutory Basis

**TOWNSHIP OF LOWER
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS**

	Appropriations		Budget After Modification	Expenditures		(Overexpended) Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
Department of Public Works	\$	2,530,000.00	\$	2,410,911.95	\$	119,088.05
Salaries and Wages						
Other Expenses						
Sanitary Landfill		974,300.00		781,363.44		62,536.56
Miscellaneous Other Expenses		305,150.00		293,269.66		5,880.34
Public Buildings and Grounds						
Other Expenses		223,320.00		211,387.85		1,932.15
PUBLIC SAFETY:						
Department of Public Safety						
Salaries and Wages		4,251,400.00		4,110,902.94		140,497.06
Other Expenses		131,716.00		129,280.12		435.88
Uniform Fire Safety Act (PL 1983, Ch. 383)						
Salaries and Wages		179,000.00		172,882.58		6,117.42
Other Expenses		162,300.00		132,023.12		30,276.88
Emergency Management Services						
Salaries and Wages		8,000.00		8,926.32		73.68
Other Expenses		8,000.00		1,181.67		818.33
Contribution to First Aid Organizations		105,000.00		105,000.00		-
Demolition (Code Enforcement)						
Other Expenses		11,000.00		3,461.74		7,538.26
OFFICE OF NON-DEPARTMENTAL BOARDS, AUTHORITIES AND AGENCIES:						
Municipal Land Use Law (NJSA 40:55 D-1):						
Planning Board						
Salaries and Wages		3,600.00		-		-
Other Expenses		500.00		3,600.00		500.00
Zoning Board						
Salaries and Wages		3,600.00		-		-
Other Expenses		500.00		3,550.20		549.80
Animal Regulation						
Salaries and Wages		18,000.00		17,253.63		746.37
Other Expenses:						
Contractual		59,500.00		59,255.43		244.57
Miscellaneous Other Expenses		13,000.00		11,146.87		1,853.13
Municipal Court						
Salaries and Wages		216,500.00		198,324.98		15,455.02
Other Expenses		15,300.00		12,072.13		1,227.87
Public Defender						
Salaries and Wages		11,200.00		11,200.00		-
INSURANCE:						
Liability Insurance		323,494.00		314,181.55		3,312.45
Workers Compensation Insurance		588,894.00		588,894.00		-
Group Insurance for Employees		2,623,847.00		2,667,835.81		5,011.19

See Accompanying Notes to Financial Statements - Statutory Basis

**TOWNSHIP OF LOWER
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS**

	Appropriations		Expenditures		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
UNIFORM CONSTRUCTION CODE:					
State Uniform Construction Code	\$ 340,000.00	\$ 340,000.00	\$ 339,754.13	\$ 245.87	\$ -
Construction Official	11,750.00	9,750.00	8,513.52	1,236.48	-
Salaries and Wages					
Other Expenses					
UNCLASSIFIED:					
OTHER COMMON OPERATIONS FUNCTIONS					
Celebration of Public Events or Holidays	33,000.00	33,000.00	32,880.60	119.40	-
Terminal Leave	45,000.00	45,000.00	45,000.00	-	-
UTILITY EXPENSES AND BULK PURCHASES:					
Electric	216,000.00	206,000.00	198,665.20	7,334.80	-
Street Lighting	261,000.00	261,000.00	260,086.19	913.81	-
Telephone	86,000.00	86,000.00	82,891.75	3,108.25	-
Water	13,500.00	13,500.00	11,849.30	1,650.70	-
Natural Gas	37,500.00	37,500.00	28,961.61	8,538.39	-
Heating Oil	38,000.00	38,000.00	37,492.79	507.21	-
Gasoline/Diesel Fuel	345,000.00	440,000.00	413,676.70	26,323.30	-
TOTAL OPERATIONS WITHIN "CAPS"	16,286,857.00	16,288,457.00	15,781,048.82	487,408.18	-
Contingent	300.00	300.00	-	300.00	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	16,287,157.00	16,288,757.00	15,781,048.82	487,708.18	-
Detail:					
Salaries and Wages	9,336,330.00	9,301,330.00	8,993,877.77	307,452.23	-
Other Expenses	6,950,827.00	6,967,427.00	6,787,171.05	180,255.95	-
STATUTORY EXPENDITURES:					
Contributions to:					
Public Employee's Retirement System	10,460.00	10,460.00	10,460.00	-	-
Social Security System (O.A.S.I.)	712,500.00	712,500.00	677,749.74	34,750.26	-
Unemployment Compensation Insurance	44,300.00	54,300.00	51,889.27	2,410.73	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	767,260.00	777,260.00	740,099.01	37,160.99	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	17,054,417.00	17,046,017.00	16,521,147.83	524,869.17	-

See Accompanying Notes to Financial Statements - Statutory Basis

**TOWNSHIP OF LOWER
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS**

	Appropriations		Budget After Modification	Expenditures		(Overexpended) Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
OPERATIONS EXCLUDED FROM "CAPS"						
Contribution to:						
Police and Firemen's Retirement System	\$ 657,715.00	\$	657,715.00	\$ 656,606.80	\$ 1,108.20	\$
Public Employee's Retirement System	295,284.00		303,684.00	303,254.69	429.31	
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	952,999.00		961,399.00	959,861.49	1,537.51	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
Police 911 Dispatchers	473,000.00		473,000.00	421,145.74	51,854.26	
Salaries and Wages	177,348.00		177,348.00	172,270.28	5,077.72	
Other Expenses						
Special Resource Police	76,400.00		76,400.00	76,400.00	-	
Salaries and Wages						
TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS	726,748.00		726,748.00	669,816.02	56,931.98	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Drunk Driving Enforcement Fund	8,471.99		8,471.99	8,471.99	-	
Body Armor Grant	4,852.28		4,852.28	4,852.28	-	
Alcohol Education and Rehabilitation Fund	2,086.08		2,086.08	2,086.08	-	
Recycling Tonnage Grant	9,474.09		9,474.09	9,474.09	-	
Cape May County Municipal Alliance Funds						
State Share	37,497.00		37,497.00	37,497.00	-	
Local Share	9,374.00		9,374.00	9,374.00	-	
NJ Council of the Arts	-		6,500.00	6,500.00	-	
Pet Smart Charities - Spay & Neuter	-		10,000.00	10,000.00	-	
Small Cities	-		250,000.00	250,000.00	-	
Supplemental Fire Services Program						
Fire District Direct Payment	10,590.00		10,590.00	10,590.00	-	
Clean Shores	3,241.43		3,241.43	3,241.43	-	
JIF Safety	4,000.00		4,000.00	4,000.00	-	
NJ Emergency Management Grant	5,000.00		5,000.00	5,000.00	-	

See Accompanying Notes to Financial Statements - Statutory Basis

**TOWNSHIP OF LOWER
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS**

	Appropriations		Budget After Modification	Expenditures		(Overexpended) Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
Division of Highway Safety -						
Over the Limit - Under Arrest	\$ -	\$ 5,000.00	\$ 5,000.00	\$ -	\$ -	
Cops in Shops	-	1,600.00	1,600.00	-	-	
DCA - Domestic Violence Training Program	-	1,000.00	1,000.00	-	-	
DCA - Neighborhood Preservation Program	-	100,000.00	100,000.00	-	-	
Green Acres Program - Chamberlain Trust	-	132,875.00	132,875.00	-	-	
Click it or Ticket	-	4,000.00	4,000.00	-	-	
CERT Trailer Grant	-	1,500.00	1,500.00	-	-	
Clean Communities	-	46,442.79	46,442.79	-	-	
NJ DOT	140,000.00	140,000.00	140,000.00	-	-	
TOTAL PUBLIC AND PRIVATE PROGRAMS						
	234,586.87	793,504.66	793,504.66	-	-	
OFFSET BY REVENUES						
	1,914,333.87	2,481,651.66	2,423,182.17	58,469.49	-	
TOTAL OPERATIONS EXCLUDED FROM "CAPS"						
Detail:						
Salaries and Wages	557,871.99	557,871.99	506,017.73	51,854.26	-	
Other Expenses	1,356,461.88	1,923,779.67	1,917,164.44	6,615.23	-	
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	95,000.00	95,000.00	95,000.00	-	-	
TOTAL CAPITAL IMPROVEMENTS	95,000.00	95,000.00	95,000.00	-	-	
DEBT SERVICE						
Payment of Bond Principal	1,570,000.00	1,570,000.00	1,570,000.00	-	-	
Payment of Bond Anticipation Notes	52,100.00	52,100.00	52,100.00	-	-	
Interest on Bonds	414,000.00	414,000.00	413,872.50	127.50	-	
Interest on Notes	224,000.00	224,000.00	223,932.93	67.07	-	
GREEN TRUST LOAN PROGRAM:						
Loan Repayment for Principal and Interest	106,000.00	106,000.00	105,711.42	288.58	-	
TOTAL DEBT SERVICE	2,366,100.00	2,366,100.00	2,365,616.85	483.15	-	
DEFERRED CHARGES EXCLUDED FROM "CAPS"						
Special Emergency Authorization	200,000.00	200,000.00	200,000.00	-	-	
Emergency Authorization	50,000.00	50,000.00	50,000.00	-	-	
TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"	250,000.00	250,000.00	250,000.00	-	-	

**TOWNSHIP OF LOWER
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS**

	Appropriations		Expenditures		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 4,625,433.87	\$ 5,192,751.66	\$ 5,133,799.02	\$ 58,469.49	\$ 483.15
SUBTOTAL GENERAL APPROPRIATIONS	21,679,850.87	22,238,768.66	21,654,946.85	583,338.66	483.15
Reserve for Uncollected Taxes	1,517,750.83	1,517,750.83	1,517,750.83	-	
TOTAL GENERAL APPROPRIATIONS	\$ 23,197,601.70	\$ 23,756,519.49	\$ 23,172,697.68	\$ 583,338.66	\$ 483.15
Adopted Budget	\$ 23,197,601.70				
Added Appropriations N.J.S.A. 40A:4-87	558,917.79				
	\$ 23,756,519.49				
Federal and State Grants			\$ 793,504.66		
Reserve for Uncollected Taxes			1,517,750.83		
Deferred Charges			250,000.00		
Encumbered			223,618.43		
Disbursed			20,387,823.76		
Total			\$ 23,172,697.68		

**EXHIBIT - B
TRUST FUND**

TOWNSHIP OF LOWER
TRUST FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
<u>Animal Control Fund</u>			
Cash and Investments	B-1	\$ 10,863.00	\$ 12,632.40
		<u>10,863.00</u>	<u>12,632.40</u>
<u>Other Funds</u>			
Cash and Investments	B-2	1,723,111.54	1,605,527.21
Program Loans Receivable		119,893.75	128,883.72
		<u>1,843,005.29</u>	<u>1,734,410.93</u>
		<u>\$ 1,853,868.29</u>	<u>\$ 1,747,043.33</u>

TOWNSHIP OF LOWER
TRUST FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-4	\$ 10,845.00	\$ 12,615.00
Due to State of New Jersey		18.00	17.40
		<u>10,863.00</u>	<u>12,632.40</u>
<u>Other Funds</u>			
Deposits for Redemption of Tax Title			
Lien Certificates		10,492.11	15,006.00
Premiums Received at Tax Sale		42,050.00	43,950.00
Reserve for Program Loans Receivable		119,893.75	128,883.72
Reserve for Unemployment Compensation		16,011.56	40,402.02
Reserve for AFLAC Flex Trust		130.06	843.94
Reserve for Performance and Escrow Deposits		668,334.52	522,933.01
Reserve for Recreation		10,883.88	24,775.44
Reserve for Bail Escrow		725.00	725.00
Reserve for POAA		675.94	657.94
Reserve for Small Cities Revolving Loan		553,909.80	558,837.46
Reserve for Green Trust Loan		3.71	3.71
Reserve for Historic Commission		805.54	788.05
Reserve for Police Forfeiture		15,985.63	12,762.61
Reserve for Police Investigative Trust		329.62	559.35
Reserve for Joint Housing		39,305.68	38,006.92
Reserve for Public Defender		6,926.80	7,826.80
Reserve for Escrow Deposits		139,972.27	158,158.55
Reserve for DARE		3,466.15	2,911.78
Reserve for Fire Safety Fees		142,356.96	149,148.24
Reserve for Off Duty Police		11,232.50	6,897.50
Reserve for Accumulated Absences		58,902.41	19,725.89
Reserve for Encumbrances		611.40	607.00
		<u>1,843,005.29</u>	<u>1,734,410.93</u>
		<u>\$ 1,853,868.29</u>	<u>\$ 1,747,043.33</u>

EXHIBIT - C
GENERAL CAPITAL FUND

**TOWNSHIP OF LOWER
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS**

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2008</u>	<u>Balance Dec. 31, 2007</u>
Cash and Investments	C-2,C-3	\$ 2,237,655.07	\$ 1,146,861.58
Deferred Charges to Future Taxation:			
Funded	C-5	10,773,333.04	12,416,084.72
Unfunded	C-6	10,231,900.00	9,529,100.00
		<u>\$ 23,242,888.11</u>	<u>\$ 23,092,046.30</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-8	\$ 9,180,000.00	\$ 10,750,000.00
Green Trust Loans	C-8A	1,593,333.04	1,666,084.72
Bond Anticipation Notes Payable	C-9	8,431,000.00	5,704,100.00
Improvement Authorizations:			
Funded	C-7	302,188.65	142,735.60
Unfunded	C-7	2,951,489.60	3,655,267.97
Encumbrances Payable		687,479.92	1,154,507.56
Capital Improvement Fund	C-4	61,323.00	6,323.00
Fund Balance	C-1	36,073.90	13,027.45
		<u>\$ 23,242,888.11</u>	<u>\$ 23,092,046.30</u>

TOWNSHIP OF LOWER
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - STATUTORY BASIS

Balance December 31, 2007	<u>Ref.</u> C		\$	13,027.45
Increased By:				
Premium on Bond Anticipation Notes		\$		<u>23,046.45</u>
				<u>23,046.45</u>
				36,073.90
Decreased By:				
None				<u>-</u>
				-
Balance December 31, 2008	C		\$	<u><u>36,073.90</u></u>

EXHIBIT - D
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF LOWER
GENERAL FIXED ASSET ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>General Fixed Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2008</u>	<u>Balance Dec. 31, 2007</u>
Land	\$	1,904,500.00	\$ 1,904,500.00
Building		3,025,600.00	3,025,600.00
Machinery and Equipment		11,147,631.27	10,392,306.82
	\$	<u>16,077,731.27</u>	<u>\$ 15,322,406.82</u>
 <u>Investment in General Fixed Assets</u>			
Investment in General Fixed Assets	\$	16,077,731.27	\$ 15,322,406.82
	\$	<u>16,077,731.27</u>	<u>\$ 15,322,406.82</u>

TOWNSHIP OF LOWER
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements – statutory basis of the Township of Lower have been prepared in conformity with an “Other Comprehensive Basis of Accounting” (OCBOA), as established by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The more significant of the Township’s accounting policies are described below.

Description of Financial Reporting Entity

The Township of Lower is a mainland community located in the County of Cape May, State of New Jersey. The population according to the 2000 census is 22,945.

The Township is incorporated and operates under a Mayor and Council form of government. There are four council members (three elected from wards and one at-large) and the mayor, who is elected by the people. In addition, a Township Manager, since 1984, supervises all departments, and is responsible for the preparation and administration of the annual budget, and is chief executive officer.

Component Units

The financial statements, of the component units of the Township of Lower, are not presented in accordance with Governmental Accounting Standards Board Statement (GASB) No. 14. If the provisions of GASB 14 had been complied with the other entity’s financial statements would have to be, either blended, or discretely presented with the financial statements – statutory basis of the Township of Lower, the primary government.

Basis of Presentation, Fund Accounting

The financial statements – statutory basis of the Township of Lower contain all funds and account groups in accordance with the “Requirements of Audit”, as promulgated by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions, and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Lower accounts for its financial transactions through the following separate funds, which differ from the funds required by GAAP.

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 fund was created.

General Capital Funds

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

TOWNSHIP OF LOWER
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

The Township of Lower must adopt an annual budget in accordance with N.J.S.A. 40A:4 et al. State statutes require the governing body to introduce and approve the annual municipal budget no later than February 10th 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 of introduction. 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.

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

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

Cash and Investments

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank approved by the State Department of Banking and Insurance, and organized under laws of the United States or the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The cash management plan adopted by the Township of Lower requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any governmental unit. Public depositories include banks (both state and federal), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of 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 in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

Generally, the Township considers all investments that mature in one year or less, to be cash equivalents.

All certificates of deposit are recorded as cash regardless of date of maturity.

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 Fund Balance. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

TOWNSHIP OF LOWER
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories of Supplies

The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

General Fixed Assets

Property and Equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 2, as issued by the Division of Local Government Services, differs in certain respects from GAAP. The following is a brief description of the provisions of the Directive:

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation on general fixed assets is recorded in the financial statements – statutory basis.

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

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

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 by returning 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 municipal use, it will be capitalized in the General Fixed Assets Account Group. GAAP requires property to be recorded at the market value at the time of acquisition.

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 made in accordance with N.J.S.A. 40A:4-46 et al. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

TOWNSHIP OF LOWER
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation Reserves are not established under GAAP.

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 other governmental unit net of costs of the sale. The related costs of sale are recognized as revenue when received.

Fund Balance

Fund Balances included in the Current Fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues

Revenues are recorded as received in cash, except for certain amounts that are due from other governmental units. Revenue from Federal and State Grants is realized as revenue when anticipated as such in the Township's budget. 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. GAAP generally requires that grant revenue be recognized when actual expenditures financed by the grant are made.

Property Tax Revenues

Property tax revenues are collected in quarterly installments due February 1st, May 1st, August 1st, and November 1st. Property taxes unpaid on April 1, of the year following their final due date are subject to tax sale in accordance with statutes. 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 entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenues to be recognized when they are available and measurable reduced by an allowance for doubtful accounts.

**TOWNSHIP OF LOWER
 NOTES TO FINANCIAL STATEMENTS –
 STATUTORY BASIS
 YEARS ENDED DECEMBER 31, 2008 AND 2007
 (CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

School Taxes

The Township is responsible for levying, collecting and remitting school taxes for the Township of Lower School District, as well as for the Township's share of the Lower Cape May Regional High School District. Fund Balance is charged for the full amount required to be raised from taxation to operate the school districts from January 1st through December 31st. Deferred school taxes arise due to the differences in the municipal and school district fiscal year ends. As of December 31, 2008, the following is a breakdown of the school tax payable and year-end tax deferral:

Category	Amount
Regional School Tax Payable	\$ -
Regional School Tax Deferred	5,390,436.18
	\$ 5,390,436.18

County Taxes

The Township is responsible for levying, collecting and remitting county taxes for the County of Cape May. Fund Balance 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 10th of the current year. In addition, Fund Balance is charged for the County Share of Added and Omitted Taxes, certified to the County Board of Taxation by October 10th of the current year, and due to be paid to the County by February 15th 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 minimum amount of the reserve, determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established under GAAP.

Expenditures

Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order, in conjunction with the encumbrance system. Outstanding encumbrances at December 31st are recorded as a cash liability. Appropriations for principal payments on outstanding General Capital Fund bonds and notes are provided on the cash basis. Interest on General Capital Fund indebtedness is on the cash basis. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long – term debt, which is recognized when due.

TOWNSHIP OF LOWER
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences and Post – Employment 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 post employment benefits, if any, which are also funded on a “pay as you go” basis. The Township has established a reserve in the amount of \$58,902.41 to fund some of these costs. GAAP requires that the amount that would normally be liquidated with expendable financial resources, be recorded as expenditure in the operating funds, and the remaining obligations be recorded as long – term obligations.

NOTE 2: LONG-TERM DEBT

Summary of Municipal Debt

	<u>Year 2008</u>	<u>Year 2007</u>	<u>Year 2006</u>
Issued:			
General:			
Bonds, Loans and Notes	\$ 19,204,333.04	\$ 18,120,184.72	\$ 17,405,000.00
Total Issued	<u>19,204,333.04</u>	<u>18,120,184.72</u>	<u>17,405,000.00</u>
Less:			
Funds Temporarily Held to Pay			
Bonds and Notes:			
None	-	-	-
Net Debt Issued	<u>19,204,333.04</u>	<u>18,120,184.72</u>	<u>17,405,000.00</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	<u>1,801,000.00</u>	<u>3,825,000.00</u>	<u>3,254,100.00</u>
Total Authorized But Not Issued	<u>1,801,000.00</u>	<u>3,825,000.00</u>	<u>3,254,100.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 21,005,333.04</u>	<u>\$ 21,945,184.72</u>	<u>\$ 20,659,100.00</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.49%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 21,005,333.04	\$	\$ 21,005,333.04
School Debt	6,379,380.38	6,379,380.38	-
Municipal Utilities Authority	<u>16,625,000.00</u>	<u>16,625,000.00</u>	<u>-</u>
	<u>\$ 44,009,713.42</u>	<u>\$ 23,004,380.38</u>	<u>\$ 21,005,333.04</u>

TOWNSHIP OF LOWER
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Net debt \$21,005,333.04 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$4,315,911,021.00 = .49%.

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

3-1/2% of Equalized Valuation Basis	\$	151,056,885.74
Net Debt		<u>21,005,333.04</u>
Remaining Borrowing Power	\$	<u>130,051,552.70</u>

The Chief Financial Officer should revise the Annual Debt Statement to reflect foregoing net debt information.

Description of Bonds and Loans Payable

At December 31, 2008, bonds payable in the General Capital Fund consisted of the following individual issues:

\$5,680,000.00 General Improvement Bonds dated February 1, 1998, due in annual installments through February 1, 2009, bearing interest at 4.30% per annum. The balance remaining as of December 31, 2008, is \$680,000.00.

\$7,000,000.00 General Improvement Bonds dated January 1, 2002, due in annual installments through July 15, 2015, bearing interest at variable rates from 4.00% to 4.50% per annum. The balance remaining as of December 31, 2008, is \$4,620,000.00.

\$4,700,000.00 General Improvement Bonds dated December 1, 2004, due in annual installments beginning December 15, 2007 through December 15, 2016, bearing interest at variable rates from 3.375% to 3.750% per annum. The balance remaining as of December 31, 2008, is \$3,880,000.00.

\$800,000.00 State of New Jersey Green Trust Loans dated 2006, due in semi-annual installments beginning in 2007 through 2026, bearing interest at 2.00% per annum. The balance remaining as of December 31, 2008, is \$731,487.74.

\$900,000.00 State of New Jersey Green Trust Loans dated 2007, due in semi-annual installments beginning in 2007 through 2027, bearing interest at 1.00% per annum. The balance remaining as of December 31, 2008, is \$861,845.30.

	<u>Outstanding 12/31/07</u>		<u>Issues or Additions</u>		<u>Payments or Expenditures</u>		<u>Outstanding 12/31/08</u>
General Capital Fund:							
Bonds Payable	\$ 10,750,000.00	\$		\$	1,570,000.00	\$	9,180,000.00
Green Trust Loans	1,666,084.72				72,751.68		1,593,333.04
	<u>12,416,084.72</u>		<u>-</u>		<u>1,642,751.68</u>		<u>10,773,333.04</u>
Total All Funds	\$ 12,416,084.72	\$	-	\$	1,642,751.68	\$	10,773,333.04

TOWNSHIP OF LOWER
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Changes in Long-Term Debt

The following schedule represents the changes in the Long-Term Debt:

Schedule of Annual Debt Service for Principal and Interest for Serial Bonds and Green Trust Loans Issued and Outstanding

Year Ending December 31	General Capital Fund	
	Principal	Interest
2009	\$ 1,744,213.98	\$ 382,049.94
2010	1,205,705.69	327,018.25
2011	1,217,227.38	281,846.56
2012	1,248,779.65	236,219.29
2013	1,260,363.10	188,660.81
2014-2018	3,316,704.24	305,040.35
2019-2023	471,346.97	55,068.98
2024-2027	308,992.03	13,392.57
	<u>\$ 10,773,333.04</u>	<u>\$ 1,789,296.75</u>

NOTE 3: COMPENSATED ABSENCES

The Township has permitted employees to accrue unused vacation, personal and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by, either charges to operations, or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2008, the Township estimates this liability to approximate \$1,495,549.67, based on 2008 pay rates and compensated absence balances. The Township has established a reserve in the amount of \$58,902.41 to offset this liability.

NOTE 4: DEFERRED COMPENSATION ACCOUNT

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. In 1999 the Township of Lower amended the plan by resolution to comply with a private letter ruling of the Internal Revenue Service that requires assets of deferred compensation plans be held in Trust under the beneficial ownership of the Trustee, (Township of Lower) serving as Trustee, for the exclusive benefit of the plan participants and their beneficiaries, and that the assets shall not be diverted to any other purpose. The plan administrator is as follows:

ICMA Retirement Corporation

TOWNSHIP OF LOWER
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 5: TAXES COLLECTED IN ADVANCE

Taxes collected in advance include amounts set forth as cash liabilities in the financial statements as follows:

		Balance December 31, 2008		Balance December 31, 2007
	\$	797,049.46	\$	810,073.65
Prepaid Taxes - Cash Liability				

NOTE 6: RETIREMENT PLANS

Plan Descriptions

All eligible employees participate in the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) contributory defined benefit public employee retirement systems that have been established by State Statute. These systems are sponsored and administered by the State of New Jersey.

The Public Employees' Retirement System was established in January 1955, under the provisions of N.J.S.A. 43:14A, to provide coverage including post-retirement health care to substantially all full-time employees of the State or any County, Municipality, School district or public agency, provided the employee is not a member of another state-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above – mentioned formula but at a reduced rate (one-quarter of one percent for each month the member lacks of attaining the age 55).

The Police and Firemen's Retirement System was established in July 1944, under the provisions of N.J.S.A. 43:16A, to provide coverage to substantially all full-time County and Municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority"), to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation, and \$241,106,642 from the proceeds of the Bonds were deposited into the investment accounts of PERS.

TOWNSHIP OF LOWER
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
 (CONTINUED)

NOTE 6: RETIREMENT PLANS (Continued)

Funding Policy

The Contribution policy is set by New Jersey State Statutes, and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

For the Public Employees' Retirement System, the Township's contribution was \$303,254.69 for 2008 and was \$169,393.00 for 2007.

For the Police and Firemens' Retirement System, the Township's contribution was \$656,606.80 and \$464,393.00 for 2008 and 2007 respectively.

Three Year Trend Information for PERS

<u>Funding Year</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>		<u>Net Pension Obligation</u>
12/31/08	\$	303,254.69	100%	\$	-
12/31/07		169,393.00	100%		-
12/31/06		90,773.92	100%		-

Three Year Trend Information for PFRS

<u>Funding Year</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>		<u>Net Pension Obligation</u>
12/31/08	\$	656,606.80	100%	\$	-
12/31/07		464,393.00	100%		-
12/31/06		294,358.20	100%		-

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were no employees enrolled in the DCRP for the year ended December 31, 2008.

TOWNSHIP OF LOWER
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 7: CASH AND INVESTMENTS

Cash

Operating cash, in the form of checking, savings and money market savings accounts, is held in the Township's name by several commercial banking institutions. At December 31, 2008, the carrying amount of the Township's deposits was \$8,599,870.23 and the bank balance was \$8,644,964.73. Of the bank balance, \$559,332.62 was insured with Federal Deposit Insurance Corporation.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the Township's bank accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Township would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2008, all of the Township's deposits were insured by either FDIC or GUDPA and therefore not exposed to custodial credit risk. The Township does not have a policy for custodial credit risk, other than the statutory requirements of utilizing only GUDPA institutions.

Investments

Pursuant to the Enabling Act, the funds of the Township may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the Township may approve. It invests pooled monies from various State and non-State agencies in primarily short-term investments.

As of December 31, 2008, the Township did not have any investments.

NOTE 8: PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value.

Upon the filing of certified adopted budgets by the municipality, the local and regional school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof is set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes, due February 1 and May 1 of the succeeding fiscal year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date, are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency, and 18% per annum on any amount in excess of \$1,500. Pursuant to P.L. 1991, c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. The interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in the tax sale in accordance with New Jersey statutes.

**TOWNSHIP OF LOWER
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)**

NOTE 8: PROPERTY TAXES (Continued)

The New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 of each year, the municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board, on or before April 1, for review. Due to errors or delinquencies in notices sent to property owners, the April 1 deadline to file an appeal petition may be extended. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year, and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels the County Board of Taxation unsatisfactorily reviewed the petition, appeal may be made to the Tax Court of New Jersey for further hearing. Some Tax Court appeals may take several years prior to settlement, and any losses in tax collection from prior years, are charged to a reserve set aside for this purpose or directly charged to Fund Balance.

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years:

Comparative Schedule of Tax Rates

	2008	2007	2006
Tax Rate	\$ 1.061	\$ 1.020	\$ 2.880
Apportionment of Tax Rate:			
Municipal	0.349	0.324	0.844
County	0.181	0.170	0.489
Local School	0.301	0.297	0.905
Regional School	0.230	0.229	0.642

Assessed Valuation

2008	\$ 4,690,984,294	
2007	4,702,561,453	R
2006	1,521,471,771	

R = Revaluation

Comparison of Tax Levies and Collections

Year	Tax Levy	Collections	Percentage of Collections
2008	\$ 51,861,654.72	\$ 50,869,218.79	98.09%
2007	49,879,698.64	48,757,381.51	97.75%
2006	45,801,600.21	45,025,818.27	98.31%

Delinquent Taxes and Tax Title Liens

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2008	\$ 65,635.54	\$ 959,415.55	\$ 1,025,051.09	1.98%
2007	53,521.69	987,507.06	1,041,028.75	2.09%
2006	104,036.98	748,493.89	852,530.87	1.86%

TOWNSHIP OF LOWER
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)

NOTE 8: PROPERTY TAXES (Continued)

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, was as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 1,490,700.00
2007	1,490,700.00
2006	1,490,700.00

NOTE 9: ECONOMIC DEPENDENCY

The Township of Lower is not economically dependent on any one funding agency within the Township or the State of New Jersey.

NOTE 10: FUND BALANCES APPROPRIATED

The following schedule details the amount of Fund Balances available at the end of each year and the amounts utilized in the subsequent year's budgets:

	<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2008	\$ 2,898,799.30	\$ 1,949,500.00	67.25%
	2007	3,096,839.58	2,174,000.00	70.20%
	2006	2,792,071.32	2,000,000.00	71.63%
	2005	2,994,817.90	2,321,413.63	77.51%
	2004	3,588,099.64	2,640,000.00	73.58%

NOTE 11: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2008 are as follows:

<u>Amount</u>	<u>Due To</u>	<u>Due From</u>
\$ 118,368.38	Federal and State Grant Fund	Current Fund
100.00	Current Fund	General Capital Fund
\$ 118,468.38		

TOWNSHIP OF LOWER
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 12: BUDGETARY DATA

Annually, Township Council adopts the annual appropriation budgets for the Current Fund and the Capital Improvement Plan. Once approved, the Township Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Supplemental appropriations per N.J.S.A. 40A:4-46 and 54, Emergencies and Special Emergencies, become charges against the budget of the following year per N.J.S.A. 40A:4-47 except when financing is provided for by bonding ordinances.

Budget transfers between appropriation accounts are prohibited until the last two months of the year. The Township Council approves the transfers by Resolution. Budgetary transfers during the year were not significant.

NOTE 13: FEDERAL AND STATE GRANTS

In the normal course of operations, the Township receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material.

NOTE 14: GENERAL FIXED ASSETS

The following schedule is a summarization of the changes in General Fixed Assets for the year ended December 31, 2008:

	Balance as of December 31, 2007	Additions	Disposals	Balance as of December 31, 2008
Land	\$ 1,904,500.00	\$	\$	\$ 1,904,500.00
Building Improvements	3,025,600.00			3,025,600.00
Machinery & Equipment	10,392,306.82	755,324.45		11,147,631.27
Total	\$ 15,322,406.82	\$ 755,324.45	\$ -	\$ 16,077,731.27

NOTE 15: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance

The Township maintains insurance coverage for property, liability and surety bonds.

TOWNSHIP OF LOWER
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)

NOTE 16: LITIGATION

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

NOTE 17: POST- RETIREMENT BENEFITS

The Township offers medical coverage to eligible retirees and their dependants. This Benefit is administered directly by the Township.

The actuarial valuation report was based on 44 total participants. The actuarial determined valuation of these benefits has been reviewed and will be reviewed tri-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 45.

Annual OPEB Cost and Net OPEB Obligation

The Township’s annual OPEB cost represents the accrued cost for post-employment benefits under GASB 45. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events far into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the December 31, 2008 actuarial valuation, the projected unit credit cost method was used for all participants. For medical benefits, this amount initially is at 9% and is decreased by .5% per year to a 5.0% long-term trend rate for all medical benefits in 2019.

Other Post-Employment Benefit Costs and Obligations

In the December 31, 2008 actuarial valuation, the Annual Required Contribution (ARC) for the year ending December 31, 2008 was projected as follows:

	12/31/2008
Normal Cost	\$ 204,291
Amortization of Unfunded Liability	1,133,931
Total ARC	\$ 1,338,222

TOWNSHIP OF LOWER
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)

NOTE 17: POST- RETIREMENT BENEFITS (Continued)

Other Post-Employment Benefit Costs and Obligations (Continued)

The following reflects the components of the 2008 annual OPEB Costs, amounts paid, and changes to the net accrued OPEB obligation based on the January 1, 2008 actuarial valuation and actual OPEB payments made or accrued during 2008:

		<u>12/31/2008</u>
Net OPEB Obligation - Beginning of Year	\$	-
Annual OPEB Cost		1,338,222
OPEB Payments		420,208
Increase in Net OPEB Obligation		<u>918,014</u>
Net OPEB Obligation - End of Year	\$	<u><u>918,014</u></u>
Percentage of OPEB Cost Contributed		<u><u>31.40%</u></u>

Required Supplementary Information:

		<u>12/31/2008</u>
Actuarial Value of Plan Assets	\$	-
Actuarial Accrued Liability (AAL)		34,017,935
Total Unfunded AAL (UAAL)		<u><u>34,017,935</u></u>
Funded ratio		0.00%
Covered payroll	\$	<u><u>9,719,319</u></u>
UAAL as a % of Covered Payroll		<u><u>350.00%</u></u>

SUPPLEMENTARY INFORMATION

TOWNSHIP OF LOWER
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2007	A	\$ 4,738,451.57	\$ 1,520.44
Increased By Receipts:			
Taxes Receivable		\$ 50,498,755.64	\$
Reserve for Garden State Preservation Trust		144,912.20	
Due to State of New Jersey -			
Marriage Licenses		8,180.00	
Permit Surcharge Fees		32,112.00	
Due from State of New Jersey -			
Senior Citizens & Veterans		534,133.00	
Prepaid Taxes		797,049.46	
Federal and State Grants Received			463,303.81
Unappropriated Reserves			40,636.92
Program Income			1,193.76
Payroll Payable		6,137,740.70	
Miscellaneous Revenue		4,090,355.21	
Lot Clearing Assessments		2,040.00	
Municipal Service Fees Receivable		1,680.00	
Due from Trust Other Fund			344,732.08
Due from Grant Fund		38,910.74	
		62,285,868.95	849,866.57
		67,024,320.52	851,387.01

**TOWNSHIP OF LOWER
CURRENT FUND
SCHEDULE OF CASH - TREASURER**

Ref.	Current Fund	Federal and State Grant Fund
Decreased By Disbursements:		
2008 Appropriations	\$ 20,387,823.76	
2007 Appropriation Reserves	500,538.49	
Accounts Payable	50,433.54	24,370.45
County Taxes	8,401,097.43	
County Added and Omitted Taxes	23,153.88	
Local District School Tax	14,104,390.50	
Regional School District Taxes	10,762,358.03	
Fire District Taxes	1,942,336.01	
Payroll Payable	6,137,740.70	
Tax Overpayments	19,599.63	
Due to State of New Jersey - Marriage Licenses	7,550.00	
Permit Surcharge Fees	25,547.00	
Reserve for Revaluation	17,247.00	
Due from General Capital	100.00	
Matching Funds for Grants	18,243.13	
Due to Trust Other Fund		344,732.08
Due to Current Fund		38,910.74
Federal and State Grant Expenditures		441,819.54
	<u>62,398,159.10</u>	<u>849,832.81</u>
Balance December 31, 2008	\$ <u>4,626,161.42</u>	\$ <u>1,554.20</u>

TOWNSHIP OF LOWER
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2008 Levy	Added Taxes	Collections		Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2008
	Dec. 31, 2007			2007	2008			
Arrears 2007	\$ 9,072.56	\$ -	\$ -	\$ -	\$ 4,952.26	\$ 12,435.49	\$ -	\$ 16,555.79
	978,434.50	-	-	-	959,589.52	(14,461.86)	2,587.53	1,795.59
	987,507.06	-	-	-	964,541.78	(2,026.37)	2,587.53	18,351.38
2008	-	51,717,362.89	144,291.83	810,498.93	50,058,719.86	(42,319.47)	9,052.29	941,064.17
	\$ 987,507.06	\$ 51,717,362.89	\$ 144,291.83	\$ 810,498.93	\$ 51,023,261.64	\$ (44,345.84)	\$ 11,639.82	\$ 959,415.55
Ref.	A							A

\$ 50,498,755.64 Taxes Receivable
 \$ 524,506.00 Senior Citizens and Veterans
 \$ 51,023,261.64

Analysis of 2008 Property Tax Levy
 Tax Yield:
 General Property Tax \$ 49,775,026.89
 Special District Taxes 1,942,336.00
 Added Taxes (54-4-63.1 et seq.) 144,291.83

Tax Levy:
 Local District School Tax: \$ 14,104,390.50
 Levy 10,780,872.36
 Regional High School Tax 8,401,097.43
 County Taxes 23,153.88
 County Taxes Added and Omitted 1,942,336.00
 Special District Tax
 Local Tax for Municipal Purposes \$ 16,336,235.52
 Add: Additional Tax Levied 273,569.03

\$ 51,861,654.72

TOWNSHIP OF LOWER
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2007	<u>Ref.</u> A	\$ 61,470.05
Increased By:		
Transfers from Taxes Receivable	\$ 11,639.82	
Interest and Costs from Tax Sale	<u>474.03</u>	
		<u>12,113.85</u>
		73,583.90
Decreased By:		
None	<u>-</u>	
		<u>-</u>
Balance December 31, 2008		\$ <u><u>73,583.90</u></u>
Lower Township MUA Charges and Costs	A	\$ 7,948.36
Township Liens	A	<u>65,635.54</u>
		\$ <u><u>73,583.90</u></u>

TOWNSHIP OF LOWER
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Miscellaneous Revenue Anticipated:	Ref.	Balance Dec. 31, 2007	Accrued In 2008	Collected	Balance Dec. 31, 2008
Municipal Court		\$ 10,383.36	\$ 185,227.85	\$ 181,883.69	\$ 13,727.52
Interest on Taxes		-	174,033.62	174,033.62	-
PILOT - Yorkshire Place		-	20,424.90	20,424.90	-
Bulk Trash Receipts		-	24,797.73	24,797.73	-
Recreation Fees		-	42,907.50	42,907.50	-
Energy Receipts Tax		-	1,437,410.00	1,437,410.00	-
Alcoholic Beverage Licenses		-	38,450.00	38,450.00	-
Licenses Other		-	152,332.50	152,332.50	-
Fees and Permits		-	80,301.46	80,301.46	-
Garden State Preservation Trust		-	156,783.31	156,783.31	-
Interest on Investments		-	154,063.08	154,063.08	-
Cable TV Franchise Fee		-	127,388.00	127,388.00	-
Uniform Construction Code Fees		-	377,605.50	377,605.50	-
Rental Income		-	1.00	1.00	-
Uniform Fire Code		-	308,447.54	308,447.54	-
Interlocal - School Resource Police		-	88,000.00	88,000.00	-
Consolidated Municipal Property Tax Relief		-	465,334.00	465,334.00	-
Miscellaneous Revenue Not Anticipated		-	418,689.69	418,689.69	-
TOTALS	Ref.	<u>\$ 10,383.36</u>	<u>\$ 4,252,197.68</u>	<u>\$ 4,248,853.52</u>	<u>\$ 13,727.52</u>
		A		A-4	A
	Ref.		Ref.		
			Lot Clearing Assessments	\$ 1,715.00	
			Garden State Preservation Trust	156,783.31	
			Treasurer Cash Collected	4,090,355.21	
			A-4	<u>4,248,853.52</u>	

TOWNSHIP OF LOWER
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2007	Balance After Transfers	Paid or Charged	Balance Lapsed
Office of Township Council				
Other Expenses	\$ 6,055.27	\$ 4,055.27	\$ 3,850.00	\$ 205.27
Office of Township Clerk				
Salaries and Wages	7,825.73	9,325.12	5,089.02	4,236.10
Other Expenses	1,920.05	1,920.05	1,068.65	851.40
Elections				
Other Expenses	1,499.39	-		-
Office of Township Solicitor				
Salaries and Wages	1,600.00	1,600.00		1,600.00
Other Expenses	40,105.90	17,530.90	13,058.50	4,472.40
Office of Township Manager				
Salaries and Wages	5,247.34	5,247.34	2,615.40	2,631.94
Other Expenses	64.85	64.85		64.85
Revenue and Finance				
Salaries and Wages	26,702.62	27,787.72	9,875.30	17,912.42
Other Expenses	26,224.05	25,138.95	14,138.95	11,000.00
Division of Tax Assessment				
Salaries and Wages	3,592.36	4,844.47	3,034.00	1,810.47
Other Expenses	1,252.11	-		-
Division of Tax Collection				
Salaries and Wages	11,224.87	12,919.65	4,689.50	8,230.15
Other Expenses				
Miscellaneous Other Expenses	1,896.57	201.79	201.79	-
Planning and Development				
Salaries and Wages	5,096.70	5,804.28	2,863.21	2,941.07
Other Expenses	2,735.30	2,027.72	2,027.72	-
Engineering Services and Costs				
Other Expenses	3,759.25	901.25	900.00	1.25
Parks and Recreation				
Salaries and Wages	59,179.71	59,179.71	14,380.74	44,798.97
Other Expenses	24,295.23	22,795.23	21,147.56	1,647.67
Department of Public Works				
Salaries and Wages	89,171.75	89,171.75	5,503.01	83,668.74
Sanitary Landfill	143,105.32	66,805.32	61,305.15	5,500.17
Miscellaneous	36,277.63	33,277.63	32,199.01	1,078.62
Public Buildings and Grounds				
Other Expenses	19,687.48	19,687.48	16,785.00	2,902.48
Department of Public Safety				
Salaries and Wages	7,532.54	107,532.54	22,501.19	85,031.35
Other Expenses	15,275.91	15,350.91	14,970.00	380.91
Fire Safety				
Salaries and Wages	8,737.86	8,737.86		8,737.86
Other Expenses	20,219.39	20,219.39	11,589.09	8,630.30
Emergency Management Services				
Salaries and Wages	6.49	6.49		6.49
Other Expenses	4,263.32	4,413.32	4,270.15	143.17
Demolition				
Other Expenses	7,163.01	2,663.01	2,173.64	489.37

TOWNSHIP OF LOWER
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2007	Balance After Transfers	Paid or Charged	Balance Lapsed
Planning Board				
Other Expenses	\$ 6.00	\$ 6.00	\$	\$ 6.00
Zoning Board				
Other Expenses	77.81	77.81		77.81
Animal Regulation				
Salaries and Wages	1,750.00	1,750.00		1,750.00
Other Expenses:				
Miscellaneous Other Expenses	131.08	131.08		131.08
Uniform Construction Code				
Salaries and Wages	34,441.89	34,441.89	15,543.63	18,898.26
Other Expenses	3,630.53	630.53	379.79	250.74
Celebration of Public Event	3,304.51	3,304.51	1,880.00	1,424.51
Utilities:				
Electric	15,070.16	15,370.16	15,214.49	155.67
Street Lighting	26,120.57	27,120.57	27,053.65	66.92
Telephone	13,094.12	8,094.12	6,382.68	1,711.44
Water	788.69	788.69		788.69
Natural Gas	1,537.14	4,037.14	3,751.55	285.59
Heating Oil	6,087.16	11,587.16	11,178.72	408.44
Gasoline	59,918.02	51,626.02	50,384.99	1,241.03
Contingent	300.00	300.00		300.00
Social Security	11,407.34	16,407.34	10,734.41	5,672.93
Unemployment	5,456.41	5,456.41	172.47	5,283.94
PFRS	-	35,495.00	35,492.58	2.42
Municipal Court				
Salaries and Wages	14,533.37	16,533.37	4,532.08	12,001.29
Other Expenses	4,147.84	2,147.84	1,325.26	822.58
Public Defender				
Salaries and Wages	91.39	91.39		91.39
Insurance				
Liability Insurance	5,309.65	19,809.65	17,747.78	2,061.87
Group Insurance	55,355.16	19,860.16	4,616.89	15,243.27
911 Dispatchers				
Salaries and Wages	91,807.56	91,807.56	39,991.88	51,815.68
Other Expenses	12,123.58	12,123.58	5,836.66	6,286.92
TOTALS	\$ 948,207.98	\$ 948,207.98	\$ 522,456.09	\$ 425,751.89
Ref.	A		A-4	A-1

Cash Disbursed	\$ 500,538.49
Accounts Payable	21,917.60
	<u>\$ 522,456.09</u>

**TOWNSHIP OF LOWER
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	Balance Dec. 31, 2007	Anticipated Revenues	Received	Cancelled	Balance Dec. 31, 2008
State:					
Alliance Funds (Lower Consortium)	\$ 30,827.57	\$ 37,497.00	\$ 35,593.15	\$ -	\$ 32,731.42
Clean Communities	-	46,442.79	46,442.79	-	-
Housing Preservation Grant	50,000.00	-	29,475.00	-	20,525.00
Neighborhood Preservation	122,829.82	100,000.00	-	-	222,829.82
Neighborhood Preservation	300,000.00	-	-	-	300,000.00
Tree Planting	2,250.00	-	-	-	2,250.00
NJ Council on the Arts	1,000.00	6,500.00	7,500.00	-	-
NJ Office of Information Technology - 911 Grant	-	-	-	-	-
Over the Limit - Under Arrest	5,000.00	5,000.00	10,000.00	-	-
DCA - Smart Future Planning	50,000.00	-	-	-	50,000.00
DCA - Domestic Violence Training Program	-	1,000.00	913.36	-	86.64
NJ DOT Trust Fund	-	140,000.00	-	-	140,000.00
NJ DOT Trust Fund	15,948.84	-	-	-	15,948.84
Click it or Ticket	-	4,000.00	4,000.00	-	-
Federal:					
Small Cities Program	746,833.35	250,000.00	309,946.13	-	686,887.22
Cops in Shops	1,600.00	1,600.00	1,600.00	-	1,600.00
Green Acres Program - Chamberlain Trust	-	132,875.00	-	-	132,875.00
Atlantic County JIF	-	4,000.00	3,333.38	-	666.62
Cape May County MUA Mini Grant	3,001.00	-	3,000.00	-	1.00
Pet Smart Charities - Spay & Neuter	-	10,000.00	10,000.00	-	-
CERT Trailer Grant	-	1,500.00	1,500.00	-	-
TOTALS	\$ 1,329,290.58	\$ 740,414.79	\$ 463,303.81	\$ -	\$ 1,606,401.56
Ref.	A			A-1	A

TOWNSHIP OF LOWER
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVES FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

Purpose	Balance		Received	Anticipated Revenues		Balance Dec. 31, 2008
	Dec. 31, 2007					
State:						
Alcohol Education and Rehabilitation	\$	2,086.08	\$	2,086.08	\$	1,927.64
Clean Shores		3,241.43	2,122.19	3,241.43		2,122.19
Body Armor		4,852.28	4,459.81	4,852.28		4,459.81
Recycling Tonnage Grant		9,474.09	22,170.91	9,474.09		22,170.91
Drunk Driving Enforcement Fund		8,471.99	9,956.37	8,471.99		9,956.37
Emergency Management Assistance		5,000.00		5,000.00		-
Federal:						
None						-
Other:						
None						-
TOTALS	\$	33,125.87	\$	33,125.87	\$	40,636.92
		A				A

Ref.

**TOWNSHIP OF LOWER
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

Purpose	Balance Dec. 31, 2007	Budget Appropriations	Expended	Cancelled	Program Income	Balance Dec. 31, 2008
State:						
Body Armor	\$ 12,461.32	\$ 4,852.28	\$ 3,481.50	\$ -	\$ -	13,832.10
NJ Emergency Management Grant	-	5,000.00	-	-	-	5,000.00
Supplemental Fire Services Program	-	-	-	-	-	-
Fire District Direct Payment	42,117.50	10,590.00	8,869.13	(1,720.87)	-	47,834.51
Alliance Funds (Lower Consortium)	-	46,871.00	42,413.50	1,259.51	-	-
Clean Communities	-	46,442.79	46,442.79	-	-	-
Alcohol Education and Rehabilitation	-	2,086.08	2,086.08	-	-	-
Drunk Driving Enforcement Fund	1,253.59	8,471.99	7,305.84	-	-	2,419.74
Tree Planting Grant	7,500.00	-	-	-	-	7,500.00
Neighborhood Preservation	114,801.31	100,000.00	16,669.22	-	1,160.00	98,132.09
Neighborhood Rehabilitation Grant	300,000.00	-	-	-	-	300,000.00
Housing Preservation Grant	50,000.00	-	29,475.00	-	-	20,525.00
NJ DOT Trust Fund	15,948.84	-	-	-	-	15,948.84
NJ DOT Trust Fund	-	140,000.00	-	-	-	140,000.00
DCA - Domestic Violence Training Program	-	1,000.00	913.33	-	-	86.67
DCA - Smart Future Planning	50,000.00	4,000.00	50,000.00	-	-	-
Click it or Ticket	-	4,000.00	4,000.00	-	-	-
Municipal Stormwater Grant	10,680.00	9,474.09	10,500.00	-	-	180.00
Recycling Tonnage Grant	-	-	9,474.09	-	-	-
NJ Office of Information Technology - 911 Grant	14,153.15	3,937.50	3,937.50	-	-	10,215.65
Division of Highway Safety - Over the Limit - Under Arrest	1,440.00	5,000.00	6,440.00	-	-	-
Hazardous Site Discharge Remediation	933.07	-	-	-	-	933.07
Clean Shores	-	3,241.43	3,241.43	-	-	-
CERT Trailer Grant	-	1,500.00	-	-	-	1,500.00
NJ Council on the Arts	-	6,500.00	6,500.00	-	-	-
Federal:						
Small Cities Program	702,393.94	250,000.00	230,421.63	-	-	721,972.31
Local Law Enforcement Block Grant	1,520.44	-	-	-	33.76	1,554.20
Cops in Shops	-	1,600.00	1,600.00	-	-	-
Green Acres Program - Chamberlain Trust	-	132,875.00	-	-	-	132,875.00
Other:						
Beautification of Township	6,345.67	4,000.00	4,000.00	-	-	6,345.67
Atlantic County JIF	-	-	-	-	-	-
Pet Smart Charities - Spay & Neuter	-	10,000.00	7,530.00	-	-	2,470.00
TOTALS	\$ 1,331,548.83	\$ 793,504.66	\$ 495,301.04	\$ (461.36)	\$ 1,193.76	\$ 1,630,484.85
Ref.	A		A-4		A-1	A
		Cash Disbursed	\$ 441,819.54	A-4		
		Encumbered	53,481.50	A		
			<u>\$ 495,301.04</u>			

TOWNSHIP OF LOWER
TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2007	<u>Ref.</u> B		\$	12,632.40
Increased By Receipts:				
Dog Licenses Fees		\$ 6,447.00		
State License Fees		3,778.80		
Other		<u>435.40</u>		
				<u>10,661.20</u>
				23,293.60
Decreased By Disbursements:				
State of New Jersey		3,778.20		
Animal Control Expenditures		745.00		
Due to Current Fund		<u>7,907.40</u>		
				<u>12,430.60</u>
Balance December 31, 2008	B		\$	<u><u>10,863.00</u></u>

TOWNSHIP OF LOWER
TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

	Ref.	Other
Balance December 31, 2007	B	\$ 1,605,527.21
Increased By Receipts:		
Due from Federal and State Grant Fund	\$	344,732.08
Unemployment		61,084.82
AFLAC Flex		3,082.46
DARE Receipts		1,044.37
Police Forfeiture		3,223.02
Police Investigative		60.27
Redemption of Tax Title Liens		195,214.11
Premiums Received at Tax Sale		28,300.00
Historic Commission		17.49
P.O.A.A.		18.00
Public Defender		700.00
Dedicated Recreation Fees		9,559.00
Off Duty Police		8,900.00
Joint Housing		1,298.76
Grant Reserves		61,863.30
Accumulated Absences		45,000.00
Performance Deposits		145,401.51
Escrows		246,909.85
Loan Repayments		8,989.97
		1,165,399.01
		2,770,926.22

TOWNSHIP OF LOWER
TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

	<u>Ref.</u>	<u>Other</u>
Decreased By Disbursements:		
Due from Federal and State Grant Fund	\$	344,732.08
Payment of Unemployment Claims		85,475.28
AFLAC Flex		3,796.34
DARE Expenditures		490.00
Police Investigative		290.00
Refund of Tax Sale Certificates		199,728.00
Refund of Premiums		30,200.00
Excess Fire Safety Fees		6,791.28
Off Duty Police		4,565.00
Public Defender		1,600.00
Dedicated Recreation Fees		23,446.16
Accumulated Absences		5,823.48
Escrows		265,096.13
Grant Reserves		66,790.96
Loans Issued		8,989.97
		<u>1,047,814.68</u>
Balance December 31, 2008	B	\$ <u><u>1,723,111.54</u></u>

TOWNSHIP OF LOWER
TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2007	<u>Ref.</u> B		\$	12,615.00
Increased By:				
Dog Licenses Fees Collected		\$		6,447.00
Other Fees Collected				435.40
				6,882.40
				19,497.40
Decreased By:				
Statutory Excess Due to Current Fund				7,907.40
Animal Control Expenditures				745.00
				8,652.40
Balance December 31, 2008	B		\$	10,845.00

License Fees Collected	<u>Year</u>			
	2006	\$		5,817.00
	2007			5,580.00
		\$		11,397.00

TOWNSHIP OF LOWER
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2007	<u>Ref.</u> C	\$ 1,146,861.58
Increased By Receipts:		
Bond Anticipation Notes Issued	\$ 8,431,000.00	
Premium on Bond Anticipation Notes Issued	23,046.45	
Due from Current Fund		
Capital Improvement Fund	95,000.00	
Paydown on Bond Anticipation Note	52,200.00	
Due from Cape May County	189,996.00	
	<hr/>	<u>8,791,242.45</u>
		<u>9,938,104.03</u>
Decreased By Disbursements:		
Improvement Authorizations	841,841.40	
Encumbrances Payable	1,154,507.56	
Bond Anticipation Notes Paid	5,704,100.00	
	<hr/>	<u>7,700,448.96</u>
Balance December 31, 2008	C	\$ <u><u>2,237,655.07</u></u>

**TOWNSHIP OF LOWER
GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2008
	Balance Dec. 31, 2007	Notes Issued	Loans Issued	Misc.	Improvement Authorizations	Misc.	From	To	
Fund Balance	\$ 13,027.45	\$ -	\$ -	\$ 23,046.45	\$ -	\$ -	\$ 40,000.00	\$ -	\$ 36,073.90
Capital Improvement Fund	6,323.00			95,000.00					61,323.00
Encumbrances Payable	1,154,507.56					1,154,507.56		687,479.92	687,479.92
Improvement Authorizations									
Ord.									
01-08 Installation of Water Lines and Related Improvements	8,785.33				30,360.53				8,785.33
01-15 Acq. Vehicle & Office Equipment	507.00				45,311.76				507.00
03-03 Various Capital Improvements	129,398.96				988,700.00		6,010.70		99,038.43
04-07 Various Capital Improvements	181,271.22	936,600.00		52,100.00	341,507.28		25,347.27		129,948.76
05-08 Various Capital Improvements	643,096.57	1,904,650.00		100.00	1,904,750.00				276,242.02
05-09 Recreation Development Project	177,920.77	442,250.00			11,400.37		628.00		165,892.40
05-10 Town Hall Improvements	765.19								765.19
05-13 Various Road Improvements	160,146.11	2,375,000.00			141,855.33		203,278.38		515,012.40
05-19 Various Road Improvements	29,429.13	68,400.00			45.34				29,383.79
05-20 Engineering Services	3,279.12				(18,810.88)		18,390.00		3,700.00
06-04 Recreation Development Project	8,001.32				7,481.00				520.32
06-13 Various Capital Improvements	(71,195.03)	950,000.00			1,125.79		2,294.92		250,384.26
07-09 Bennett's Crossing Recreation Field	(551,154.00)	627,000.00			30,271.69		24,808.31		20,786.00
07-14 Various Capital Improvements	(747,248.12)	1,127,100.00			232,456.24		204,402.36		(57,006.72)
08-15 ADA Improvements to Township Hall	-			189,996.00	603.30				189,392.70
08-20 Various Capital Improvements	-				18,233.65		202,319.98	40,000.00	(180,553.63)
Total	\$ 1,146,861.58	\$ 8,431,000.00	\$ -	\$ 360,242.45	\$ 841,841.40	\$ 6,858,607.56	\$ 727,479.92	\$ 727,479.92	\$ 2,237,655.07

Ref.

TOWNSHIP OF LOWER
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>		
Balance December 31, 2007	C		\$ 6,323.00
Increased By:			
Current Fund Budget Appropriation		\$ 95,000.00	
			<u>95,000.00</u>
			101,323.00
Decreased By:			
Appropriated to Finance Improvement Authorizations		<u>40,000.00</u>	
			<u>40,000.00</u>
Balance December 31, 2008	C		\$ <u><u>61,323.00</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>		
Balance December 31, 2007	C		\$ 12,416,084.72
Increased By:			
None		\$ -	
			<u>-</u>
			12,416,084.72
Decreased By:			
2008 Budget Appropriation to Pay Bonds		<u>1,642,751.68</u>	
			<u>1,642,751.68</u>
Balance December 31, 2008	C		\$ <u><u>10,773,333.04</u></u>

**TOWNSHIP OF LOWER
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2007		Funded	Deferred Charges to Future Taxation	Other	Paid or Charged	Balance December 31, 2008		
				Funded	Unfunded					Funded	Unfunded	
General Improvements												
01-08	Installation of Water Lines and Related Improvements	05/21/01	\$ 520,010	\$ 8,785.33	\$ -	\$ -	\$ -	\$ -	\$ 8,785.33	\$ -	\$ -	
01-15	Acq. Vehicle & Office Equipment	08/20/01	25,000	507.00	-	-	-	-	507.00	-	-	
03-03	Various Capital Improvements	4/7/2003	1,365,000	129,398.96	-	-	-	-	99,038.43	-	-	
04-07	Various Capital Improvements	4/19/2004	1,800,000	-	181,271.22	-	-	-	-	129,948.76	-	
05-08	Various Capital Improvements	5/2/2005	2,005,000	-	643,096.57	-	-	-	-	276,242.02	-	
05-09	Recreation Development Project	5/2/2005	555,000	-	177,920.77	-	-	-	-	165,892.40	-	
05-10	Town Hall Improvements	5/16/2005	18,441	765.19	-	-	-	-	765.19	-	-	
05-13	Various Road Improvements	7/6/2005	2,500,000	-	860,146.11	-	-	-	-	515,012.40	-	
05-19	Various Road Improvements	10/3/2005	72,000	-	29,429.13	-	-	-	-	29,383.79	-	
05-20	Engineering Services	10/3/2005	46,250	3,279.12	-	-	-	-	3,700.00	-	-	
06-04	Recreation Development Project Bennett's Crossing	2/22/2006	88,266	-	8,001.32	-	-	-	-	-	520.32	
06-13	Various Capital Improvements	7/5/2006	660,000	-	253,804.97	-	-	-	-	-	250,384.26	
07-09	Bennett's Crossing Recreation Field	3/19/2007	2,365,000	-	75,846.00	-	-	-	-	-	20,766.00	
07-14	Various Capital Improvements	7/2/2007	189,996	-	1,425,751.88	-	-	-	-	-	988,893.28	
08-15	ADA Improvements to Township Hall	8/18/2008	795,000	-	-	189,996.00	-	-	603.30	189,392.70	-	
08-20	Various Capital Improvements	10/6/2008	-	-	-	40,000.00	755,000.00	-	220,553.63	-	574,446.37	
				\$ 142,735.60	\$ 3,655,257.97	\$ 229,996.00	\$ 755,000.00	\$ -	\$ 1,529,321.32	\$ 302,188.65	\$ 2,951,489.60	
				C	C	C	C	C	C	C	C	
Ref.				Capital Improvement Fund	\$ 40,000.00	Cash Disbursed	\$ 841,841.40					
				Contribution from Cape May County	189,996.00	Encumbered	687,479.92					
				\$ 229,996.00	\$ -	\$ 229,996.00	\$ -	\$ 1,529,321.32	\$ -	\$ -	\$ -	

**TOWNSHIP OF LOWER
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Decreased	Balance Dec. 31, 2008
			Date	Amount	Interest Rate	Balance Dec. 31, 2007		
General Improvements	02/01/98	\$ 5,680,000	2/1/2009	\$ 680,000.00	4.300%	\$ 1,350,000.00	\$ 680,000.00	
General Improvements	01/10/02	7,000,000	7/15/2009	610,000.00	4.250%	5,220,000.00	4,620,000.00	
			7/15/2010	630,000.00	4.250%			
			7/15/2011	640,000.00	4.250%			
			7/15/2012	670,000.00	4.250%			
			7/15/2013	680,000.00	4.375%			
General Improvements	12/15/2004	4,700,000	7/15/2014	690,000.00	4.375%	300,000.00	3,880,000.00	
			7/15/2015	700,000.00	4.500%			
			12/15/2009	380,000.00	3.375%			
General Improvements			12/15/2010	500,000.00	3.375%	4,180,000.00		
			12/15/2011	500,000.00	3.375%			
			12/15/2012	500,000.00	3.500%			
			12/15/2013	500,000.00	3.500%			
			12/15/2014	500,000.00	3.500%			
			12/15/2015	500,000.00	3.625%			
12/15/2016	500,000.00	3.750%						
Ref. \$							\$ 10,750,000.00	
							\$ 1,570,000.00	
							\$ 9,180,000.00	

TOWNSHIP OF LOWER
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans				Balance Dec. 31, 2007	Increased	Decreased	Balance Dec. 31, 2008
			Date	Outstanding December 31, 2008	Interest Rate	Amount				
Recreation Development Various	2006	\$ 800,000	2009	\$ 35,292.38	2.000%					
			2010	36,001.76						
			2011	36,725.40						
			2012	37,463.58						
			2013	38,216.58						
			2014	38,984.74						
			2015	39,768.34						
			2016	40,567.68						
			2017	41,383.08						
			2018	42,214.90						
			2019	43,063.40						
			2020	43,928.98						
			2021	44,811.96						
			2022	45,712.68						
			2023	46,631.52						
			2024	47,568.78						
			2025	48,524.94						
		2026	24,627.04							
						\$ 766,084.72		\$ 34,596.98	\$ 731,487.74	

**TOWNSHIP OF LOWER
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans			Interest Rate	Balance Dec. 31, 2007	Increased	Decreased	Balance Dec. 31, 2008
			Date	Outstanding December 31, 2008	Amount					
Recreation Development	2007	\$ 900,000	2009	\$ 38,921.60		1.000%	\$ 900,000.00	\$	\$ 38,154.70	\$ 861,845.30
Various			2010	39,703.93						
			2011	40,501.98						
			2012	41,316.07						
			2013	42,146.52						
			2014	42,993.66						
			2015	43,857.84						
			2016	44,739.38						
			2017	45,638.64						
			2018	46,555.98						
			2019	47,491.76						
			2020	48,446.34						
			2021	49,420.11						
			2022	50,413.45						
			2023	51,426.77						
			2024	52,460.44						
			2025	53,514.90						
			2026	54,590.55						
			2027	27,705.38						
							\$ 1,666,084.72	\$	72,751.68	\$ 1,593,333.04
								\$		

Ref. C

**TOWNSHIP OF LOWER
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2007	Increased	Decreased	Balance Dec. 31, 2008
04-07	Various Capital Improvements	6/2/2005	5/31/2007	5/30/2008	4.000%	\$ 988,700.00	\$	\$ 988,700.00	\$ -
04-07	Various Capital Improvements	6/2/2005	5/30/2008	5/29/2009	2.500%	-	936,600.00		936,600.00
05-08	Various Capital Improvements	5/31/2006	5/31/2007	5/30/2008	4.000%	1,300,650.00		1,300,650.00	-
05-08	Various Capital Improvements	5/31/2006	5/30/2008	5/29/2009	2.500%	-	1,300,650.00		1,300,650.00
05-09	Recreation Development Project	5/31/2006	5/31/2007	5/30/2008	4.000%	442,250.00		442,250.00	-
05-09	Recreation Development Project	5/31/2006	5/30/2008	5/29/2009	2.500%	-	442,250.00		442,250.00
05-13	Various Road Improvements	5/31/2006	5/31/2007	5/30/2008	4.000%	675,000.00		675,000.00	-
05-13	Various Road Improvements	5/31/2006	5/30/2008	5/29/2009	2.500%	-	675,000.00		675,000.00
05-19	Various Road Improvements	5/31/2006	5/31/2007	5/30/2008	4.000%	68,400.00		68,400.00	-
05-19	Various Road Improvements	5/31/2006	5/30/2008	5/29/2009	2.500%	-	68,400.00		68,400.00
05-08	Various Capital Improvements	4/4/2007	4/4/2007	4/4/2008	3.730%	604,100.00		604,100.00	-
05-08	Various Capital Improvements	4/4/2007	4/3/2008	4/3/2009	2.000%	-	604,000.00		604,000.00
05-13	Various Road Improvements	4/4/2007	4/4/2007	4/4/2008	3.730%	1,000,000.00		1,000,000.00	-
05-13	Various Road Improvements	4/4/2007	4/3/2008	4/3/2009	2.000%	-	1,700,000.00		1,700,000.00
06-13	Various Capital Improvements	5/31/2007	5/31/2007	5/30/2008	4.000%	625,000.00		625,000.00	-
06-13	Various Capital Improvements	5/31/2007	5/30/2008	5/29/2009	2.500%	-	625,000.00		625,000.00
07-14	Various Capital Improvements	5/29/2008	5/29/2008	5/29/2009	2.500%	-	352,100.00		352,100.00
06-13	Various Capital Improvements	4/3/2008	4/3/2008	4/3/2009	2.000%	-	325,000.00		325,000.00
07-09	Various Capital Improvements	4/3/2008	4/3/2008	4/3/2009	2.000%	-	627,000.00		627,000.00
07-14	Various Capital Improvements	4/3/2008	4/3/2008	4/3/2009	2.000%	-	775,000.00		775,000.00
						\$ 5,704,100.00	\$ 8,431,000.00	\$ 5,704,100.00	\$ 8,431,000.00
						C	C	C	C
						Ref.			

**TOWNSHIP OF LOWER
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ord. Number	Improvement Description	Balance Dec. 31, 2007	2008 Authorizations	Bond, Notes or Grants Issued	Balance Dec. 31, 2008
05-08	Various Capital Improvements	\$ -	\$ -	\$ -	-
05-13	Various Road Improvements	700,000.00		700,000.00	-
06-13	Various Capital Improvements	325,000.00		325,000.00	-
07-09	Bennett's Crossing	627,000.00		627,000.00	-
07-14	Various Capital Improvements	2,173,000.00		1,127,100.00	1,045,900.00
08-20	Various Capital Improvements	-	755,000.00		755,000.00
		<u>\$ 3,825,000.00</u>	<u>\$ 755,000.00</u>	<u>\$ 2,779,100.00</u>	<u>\$ 1,800,900.00</u>
Ref.		C			C

TOWNSHIP OF LOWER

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2008



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538

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

To the Honorable Mayor and
Members of the Township Council
Township of Lower
County of Cape May, New Jersey

We have audited the financial statements – statutory basis of the Township of Lower, State of New Jersey (the "Township"), as of and for the year ended December 31, 2008, and have issued our report thereon dated June 30, 2009. Our report disclosed that, as described in Note 1 to the financial statements, the Township prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township'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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with the statutory basis of accounting prescribed by the Division, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Township Council, others within the entity, and the Division as well as other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

June 30, 2009

**TOWNSHIP OF LOWER
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2008**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unqualified Opinion issued on the Financial Statements – Statutory Basis, presented in accordance with an “Other Comprehensive Basis of Accounting” dated June 30, 2009.**

Internal control over financial reporting:

- | | |
|---|----------------------|
| 1) Material Weakness identified? | NO |
| 2) Significant Deficiencies identified that are not considered to be a Material Weakness? | NONE REPORTED |

Non-Compliance material to Financial Statements – Statutory Basis noted? **NO**

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – STATUTORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements – statutory basis that are required to be reported.

MANAGEMENT RESPONSES

Not Applicable.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings.

TOWNSHIP OF LOWER

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent, for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." On July 1, 2005 the Township's bid threshold was increased to \$29,000 with the appointment of a Qualified Purchasing Agent "QPA".

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

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

The minutes indicate that bids were sought by public advertising for the following items:

- Digital Video and/or Audio Recording Security System, Management, Remote Transmission and Operator Review System
- HVAC Service Agreement
- One (1) Ford F-250 Crew Cab 4x4
- Extension of Various Storm Sewer Outfalls
- Millman Roof Replacement Project
- Electrical Repair Service
- HVAC & Mechanical Improvements to the Lower Township Recreational Center
- Furnish and Supply of Rubber Bill Check Valves
- Two (2) 2009 Dodge Chargers with V8 Hemi Engines with Police Package
- Various Auto Parts
- Asphalt Supply
- HVAC Replacement for Millman Center
- Two (2) 2009 Black Dodge Durangos
- Three (3) 2009 Dodge Durangos

Collection of Interest on Delinquent Taxes and Assessments

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

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

BE IT RESOLVED by the Township Council of the Township of Lower, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the Township of Lower, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

TOWNSHIP OF LOWER

GENERAL COMMENTS (CONTINUED)

Collection of Interest on Delinquent Taxes and Assessments - Continued

BE IT FURTHER RESOLVED by the Township Council of the Township of Lower, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2008.

This Resolution shall take effect January 1, 2008.

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

Delinquent Taxes and Tax Title Liens

The tax sale was held and was complete. Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number</u>
2008	13
2007	13
2006	22

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

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent taxes and charges, as well as current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2008 and 2009 Taxes	25
Delinquent Taxes	25
Total	<u>50</u>

Deposit of Municipal Funds

N.J.S.A. 40A:5-15 states:

"All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository."

Our examination revealed that municipal funds were deposited within the mandated time.

TOWNSHIP OF LOWER

FINDINGS AND RECOMMENDATIONS

NONE

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to contact me.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

June 30, 2009