TOWNSHIP OF LOWER

REPORT OF AUDIT

FOR THE YEAR ENDED

DECEMBER 31, 2009

TOWNSHIP OF LOWER
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TOWNSHIP OF LOWER

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS - STATUTORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2009

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, 2009 and 2008 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, 2009, 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, 2009 and 2008 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, 2009.

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, 2009 and 2008 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, 2009 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2010 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 accompanying schedules of federal and state awards are presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations;* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid,* and are not a required part of the financial statements of the Township. The supplemental schedules and the schedules of federal and state awards 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, 2010

EXHIBIT - A
CURRENT FUND

Exhibit A

TOWNSHIP OF LOWER
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	Ref.	Balance Dec. 31, 2009	Balance Dec. 31, 2008
Assets			
Regular Fund:			
Cash:			
Treasurer	A-4	$ 5,190,280.22	$ 4,626,161.42
Change and Petty Cash Funds		525.00	525.00
		5,190,805.22	4,626,686.42
Other Receivables:			
Due from State - Seniors and Veterans		18,454.73	15,538.42
		18,454.73	15,538.42
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	1,125,344.60	959,415.55
Tax Title Liens Receivable	A-8	101,634.27	65,635.54
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
Lot Clearing Assessments		8,470.00	1,645.00
Revenue Accounts Receivable	A-9	10,494.19	13,727.52
Due from Grant Fund		34,321.09	-
		2,778,912.51	2,539,071.97
Deferred Charges:			
Special Emergency		20,000.00	220,000.00
Emergency		-	-
		20,000.00	220,000.00
		8,008,172.46	7,401,296.81
Federal and State Grant Fund:			
Cash	A-4	1,569.18	1,554.20
Grant Receivables	A-11	1,608,786.22	1,606,401.56
Due from Current Fund		-	116,647.51
		1,610,355.40	1,724,603.27
		$ 9,618,527.86	$ 9,125,900.08

Exhibit A

TOWNSHIP OF LOWER
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	Ref.	Balance Dec. 31, 2009	Balance Dec. 31, 2008
Liabilities, Reserves and Fund Balance			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	$ 859,738.63	$ 583,338.66
Reserve for Encumbrances		342,338.36	223,618.43
Prepaid Taxes		822,091.14	797,049.46
Tax Overpayments		14,018.05	10,842.91
Accounts Payable		867.77	23,067.60
Reserve for Revaluation		-	7,118.39
Reserve for Tax Map		4,036.50	16,278.50
Due to County Added Taxes		83,622.36	23,153.88
Due to State Permit Surcharge Fees		27,157.00	16,118.00
Due to State - Marriage Licenses		1,045.00	1,280.00
Due to Federal and State Grant Fund		-	116,647.51
Reserve for Garden State Preservation		131,155.13	144,912.20
		2,286,069.94	1,963,425.54
Reserve for Receivables and Other Assets		2,778,912.51	2,539,071.97
Fund Balance	A-1	2,943,190.01	2,898,799.30
		8,008,172.46	7,401,296.81
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	78,538.71	40,636.92
Appropriated Reserves	A-13	1,263,736.04	1,630,484.85
Encumbrances Payable		233,759.56	53,481.50
Due to Current Fund		34,321.09	-
		1,610,355.40	1,724,603.27
		$ 9,618,527.86	$ 9,125,900.08

Exhibit A-1

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

	Ref.	Year 2009	Year 2008
Revenue and Other Income Realized			
Fund Balance Utilized		$ 1,949,500.00	$ 2,174,000.00
Miscellaneous Revenue Anticipated		4,480,611.41	4,603,704.49
Receipts from Delinquent Taxes		946,047.21	964,541.78
Receipts from Current Taxes		53,572,096.36	50,869,218.79
Non-Budget Revenue		460,817.37	418,689.69
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		370,593.13	425,751.89
Cancellation of Balance		-	1,720.87
Total Income		61,779,665.48	59,457,627.51
Expenditures			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		9,687,457.00	9,301,330.00
Other Expenses		6,972,254.00	6,967,427.00
Deferred Charges & Statutory Expenditures		1,981,500.00	777,260.00
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		564,956.37	557,871.99
Other Expenses		1,070,327.44	1,923,779.67
Capital Improvements		140,000.00	95,000.00
Municipal Debt Service		2,465,542.24	2,365,616.85
Deferred Charges & Statutory Expenditures		201,900.00	250,000.00
Special District Taxes		1,952,216.00	1,942,336.00
County Taxes		9,047,944.11	8,401,097.43
County Added and Omitted Taxes		83,622.36	23,153.88
Local District School Tax		14,370,876.00	14,104,390.50
Regional High School Tax		11,204,651.19	10,762,358.03
Prior Year Revenue Refunded		8,206.97	10,046.44
Interfund Advances		34,321.09	-
Total Expenditures		59,785,774.77	57,481,667.79

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

	Ref.	Year 2009	Year 2008
Excess In Revenue		$ 1,993,890.71	$ 1,975,959.72
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year		-	-
		-	-
Statutory Excess to Fund Balance		1,993,890.71	1,975,959.72
Fund Balance January 1	A	2,898,799.30	3,096,839.58
		4,892,690.01	5,072,799.30
Decreased by:			
Utilization as Anticipated Revenue		1,949,500.00	2,174,000.00
Fund Balance December 31	A	$ 2,943,190.01	$ 2,898,799.30

TOWNSHIP OF LOWER
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

	Ref.	Anticipated Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated		$ 1,949,500.00	$	$ 1,949,500.00	$ -
Total Surplus Anticipated		1,949,500.00	-	1,949,500.00	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages		35,000.00		38,700.00	3,700.00
Other		150,000.00		155,520.50	5,520.50
Fees and Permits		75,000.00		80,709.24	5,709.24
Fines and Costs:					
Municipal Court		180,000.00		157,919.64	(22,080.36)
Interest and Costs on Taxes		150,000.00		199,900.71	49,900.71
Interest on Investments and Deposits		140,000.00		64,750.10	(75,249.90)
Recreation Fees		40,000.00		42,548.00	2,548.00
Payments in Lieu of Taxes - Yorkshire Place		18,000.00		20,225.70	2,225.70
Bulk Trash Receipts		15,000.00		20,116.90	5,116.90
Cable Franchise Fees		115,000.00		122,093.55	7,093.55
Consolidated Municipal Property Tax Relief Aid		337,959.00		337,959.00	-
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)		1,517,216.00		1,517,216.00	-
Garden State Preservation Trust		144,912.20		144,912.20	-
Uniform Construction Code Fees		350,000.00		359,728.45	9,728.45
Boards of Education - Special Police		100,000.00		100,000.00	-

See Accompanying Notes to Financial Statements - Statutory Basis

TOWNSHIP OF LOWER
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

	Ref.	Anticipated Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Miscellaneous Revenues (continued):					
Special Items:					
State and Federal Programs Off-Set by Revenues:					
Recycling Tonnage Grant		$ 22,170.91	$	$ 22,170.91	$ -
Clean Communities			59,535.96	59,535.96	-
Click it or Ticket			4,000.00	4,000.00	-
Body Armor Grant		4,459.81		4,459.81	-
Edward Byrne Memorial Justice Aid Grant			31,275.00	31,275.00	-
Local Government Energy Audits Program			20,133.00	20,133.00	-
JIF Safety		4,000.00		4,000.00	-
Division of Culture Heritage		5,528.00	136.80	5,664.80	-
Drunk Driving Enforcement Fund		9,956.37		9,956.37	-
Alcohol Education and Rehabilitation Fund		1,927.64		1,927.64	-
Municipal Alliance on Alcoholism and Drug Abuse		33,497.00		33,497.00	-
NJ Emergency Management Grant			5,000.00	5,000.00	-
Clean Shores		2,122.19		2,122.19	-
Small Cities			150,000.00	150,000.00	-
Small Cities Block Grant - ARRA			262,388.00	262,388.00	
2009 Summer Shore Initiative			1,600.00	1,600.00	-
DCA - Neigborhood Preservation Program		125,000.00		125,000.00	-
Division of Highway Safety - Over the Limit - Under Arrest			11,000.00	11,000.00	-
NJDOT - Reconstruction of Station/Bayshore Rd. to States Ave.			130,000.00	130,000.00	-
Other Special Items:					
Uniform Fire Safety Act		280,000.00		234,580.74	(45,419.26)
Total Miscellaneous Revenues	A-1	3,856,749.12	675,068.76	4,480,611.41	(51,206.47)
Receipts from Delinquent Taxes	A-1:A-2	905,000.00		946,047.21	41,047.21

See Accompanying Notes to Financial Statements - Statutory Basis

TOWNSHIP OF LOWER
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

	Ref.	Anticipated Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes		$ 17,214,611.04	$	$ 18,005,616.98	$ 791,005.94
Total Amount to be Raised by Taxes for Support of Municipal Budget		17,214,611.04	-	18,005,616.98	791,005.94
Budget Totals		23,925,860.16	675,068.76	25,381,775.60	780,846.68
Non-Budget Revenues				460,817.37	460,817.37
		$ 23,925,860.16	$ 675,068.76	$ 25,842,592.97	$ 1,241,664.05

See Accompanying Notes to Financial Statements - Statutory Basis

Exhibit A-2

TOWNSHIP OF LOWER
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS

Analysis of Realized Revenues

Allocation of Current Tax Collections:		
Revenues from Collections		$ 53,572,096.36
Allocated to:		
School, County and Other Taxes		37,083,088.49
Balance for Support of Municipal Budget Appropriations		16,489,007.87
Add: Appropriation "Reserve for Uncollected Taxes"		1,516,609.11
Amount for Support of Municipal Budget Appropriations		$ 18,005,616.98
Receipts from Delinquent Taxes:		
Delinquent Tax Collections		$ 944,426.98
Tax Title Lien Collections		1,620.23
		$ 946,047.21
Analysis of Non-Budget Revenues:		
Miscellaneous Revenue Not Anticipated:		
Police Reports	$ 3,743.36	
Vital Statistics	24,750.00	
Restitution	1,292.99	
Lot Clearing	6,000.00	
Tax Searches	420.00	
NSF Fees	600.00	
Cape May County MUA Rebate	145,684.48	
Municipal Land Use Fees	37,732.84	
Assessor	1,293.25	
Seniors & Veterans Administrative Fee	10,155.25	
Tax Premium	8,550.00	
Joint Insurance Fund Dividend	96,489.00	
Auction Proceeds	12,696.54	
Fire Safety	61,652.32	
Vending	2,119.00	
Lower Cape May Regional	25,542.25	
Miscellaneous	22,096.09	
		$ 460,817.37

TOWNSHIP OF LOWER
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Expenditures			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Office of Township Council						
Salaries and Wages	$ 63,000.00	$ 63,000.00	$ 62,825.00	$	$ 175.00	$
Other Expenses	18,950.00	18,950.00	18,928.38	20.00	1.62	
Office of Township Clerk						
Salaries and Wages	211,000.00	211,000.00	209,858.14		1,141.86	
Other Expenses	9,300.00	9,300.00	7,388.51	361.13	1,550.36	
Elections						
Other Expenses	6,500.00	6,500.00	5,217.29		1,282.71	
Office of Township Solicitor						
Salaries and Wages	19,500.00	20,500.00	20,160.00		340.00	
Other Expenses	162,000.00	162,000.00	107,440.94	14,813.28	39,745.78	
Office of Township Manager						
Salaries and Wages	175,100.00	175,100.00	161,375.99		13,724.01	
Other Expenses	2,750.00	2,750.00	1,297.12		1,452.88	
Department of Revenue and Finance						
Salaries and Wages	318,500.00	318,500.00	304,298.83		14,201.17	
Other Expenses	16,000.00	16,000.00	15,199.30	35.00	765.70	
Audit Services						
Other Expenses	32,000.00	32,000.00	32,000.00		-	
Division of Tax Assessment						
Salaries and Wages	123,500.00	132,000.00	130,168.43		1,831.57	
Other Expenses	8,000.00	8,000.00	7,256.23	69.90	673.87	
Division of Tax Collection						
Salaries and Wages	159,000.00	159,000.00	156,317.55		2,682.45	
Other Expenses						
Liquidation of Tax Title Liens	1,000.00	1,000.00			1,000.00	
Miscellaneous Other Expenses	9,525.00	9,525.00	5,226.64	228.34	4,070.02	
Department of Planning and Development						
Salaries and Wages	124,000.00	150,300.00	147,442.02		2,857.98	
Other Expenses	6,550.00	6,550.00	3,745.59	1,008.90	1,795.51	
Engineering Services and Costs						
Other Expenses	9,000.00	16,900.00	6,720.33	8,962.50	1,217.17	
Department of Parks and Recreation						
Salaries and Wages	540,000.00	521,500.00	494,160.07		27,339.93	
Other Expenses	97,635.00	99,635.00	84,229.14	8,183.37	7,222.49	

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	Encumbered	Reserved	
Department of Public Works						
Salaries and Wages	$ 2,591,332.00	$ 2,559,832.00	$ 2,521,163.44	$	$ 38,668.56	$
Other Expenses						
Sanitary Landfill	974,300.00	869,600.00	709,518.88		160,081.12	
Miscellaneous Other Expenses	377,650.00	394,650.00	282,758.64	101,968.42	9,922.94	
Public Buildings and Grounds						
Other Expenses	230,550.00	250,550.00	222,508.54	23,104.55	4,936.91	
Gypsy Moth Control						
Other Expenses	5,000.00	3,000.00	2,945.77		54.23	
PUBLIC SAFETY:						
Department of Public Safety						
Salaries and Wages	4,378,500.00	4,294,500.00	4,134,996.81		159,503.19	
Other Expenses	131,716.00	105,016.00	78,964.37	26,026.18	25.45	
Uniform Fire Safety Act (PL 1983, Ch. 383)						
Salaries and Wages	187,725.00	187,725.00	186,035.38		1,689.62	
Other Expenses	124,675.00	124,675.00	108,882.61	968.18	14,824.21	
Emergency Management Services						
Salaries and Wages	9,900.00	9,900.00	9,258.39		641.61	
Other Expenses	8,000.00	3,000.00			3,000.00	
Contribution to First Aid Organizations	105,000.00	105,000.00	90,000.00	15,000.00	-	
Demolition (Code Enforcement)						
Other Expenses	11,000.00	35,000.00	11,548.22	21,360.00	2,091.78	
OFFICE OF NON-DEPARTMENTAL BOARDS, AUTHORITIES AND AGENCIES:						
Municipal Land Use Law (NJSA 40:55 D-1):						
Planning Board						
Other Expenses	4,100.00	4,100.00	3,600.00		500.00	
Zoning Board						
Other Expenses	4,100.00	4,100.00	3,600.00		500.00	
Animal Regulation						
Salaries and Wages	18,000.00	19,000.00	18,665.92		334.08	
Other Expenses:						
Contractual	79,720.00	79,720.00	79,720.00		-	
Miscellaneous Other Expenses	14,000.00	14,000.00	13,395.75	450.00	154.25	
Municipal Court						
Salaries and Wages	210,000.00	210,000.00	193,705.69		16,294.31	
Other Expenses	15,500.00	15,500.00	10,574.35	617.69	4,307.96	
Public Defender						
Salaries and Wages	11,200.00	11,200.00	11,200.00		-	
INSURANCE:						
Liability Insurance	470,643.00	470,643.00	343,907.53	55,354.00	71,381.47	
Workers Compensation Insurance	607,670.00	607,670.00	607,670.00		-	
Group Insurance for Employees	2,515,860.00	2,473,360.00	2,383,816.79	1,384.48	88,158.73	

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	Encumbered	Reserved	
UNIFORM CONSTRUCTION CODE:						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	$ 339,000.00	$ 312,700.00	$ 305,020.74	$	$ 7,679.26	$
Other Expenses	11,750.00	11,750.00	4,398.39	896.94	6,454.67	
UNCLASSIFIED:						
OTHER COMMON OPERATIONS FUNCTIONS						
Celebration of Public Events or Holidays	33,060.00	33,060.00	27,480.25	5,485.00	94.75	
Terminal Leave						
Salaries & Wages	130,000.00	331,700.00	331,700.00		-	
UTILITY EXPENSES AND BULK PURCHASES:						
Electric	200,000.00	209,000.00	196,207.53	12,792.47	-	
Street Lighting	278,000.00	291,000.00	266,261.98	24,738.02	-	
Telephone	86,000.00	86,000.00	72,525.44	1,934.44	11,540.12	
Water	13,500.00	13,500.00	11,673.30		1,826.70	
Natural Gas	37,500.00	37,500.00	35,365.15	2,134.85	-	
Heating Oil	47,000.00	47,000.00	13,587.90	5,511.63	27,900.47	
Gasoline/Diesel Fuel	440,000.00	294,450.00	240,225.85	1,533.04	52,691.11	
TOTAL OPERATIONS WITHIN "CAPS"	16,814,761.00	16,659,411.00	15,514,139.11	334,942.31	810,329.58	-
Contingent	300.00	300.00	-	-	300.00	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	16,815,061.00	16,659,711.00	15,514,139.11	334,942.31	810,629.58	-
Detail:						
Salaries and Wages	9,609,257.00	9,687,457.00	9,398,352.40	-	289,104.60	-
Other Expenses	7,205,804.00	6,972,254.00	6,115,786.71	334,942.31	521,524.98	-
STATUTORY EXPENDITURES:						
Contributions to:						
Public Employee's Retirement System	394,400.00	394,400.00	393,006.40		1,393.60	
Social Security System (O.A.S.I.)	731,200.00	731,200.00	715,476.16		15,723.84	
Police and Firemen's Retirement System	682,100.00	682,100.00	682,066.00		34.00	
DCRP	2,000.00	2,000.00	1,070.10		929.90	
Unemployment Compensation Insurance	63,000.00	171,800.00	147,290.49		24,509.51	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	1,872,700.00	1,981,500.00	1,938,909.15	-	42,590.85	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	18,687,761.00	18,641,211.00	17,453,048.26	334,942.31	853,220.43	-

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	Encumbered	Reserved	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
Police 911 Dispatchers						
Salaries and Wages	$ 455,000.00	$ 455,000.00	$ 449,179.42	$	$ 5,820.58	$
Other Expenses	179,310.00	179,310.00	171,216.33	7,396.05	697.62	
Special Resource Police						
Salaries and Wages	100,000.00	100,000.00	100,000.00		-	
TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS	734,310.00	734,310.00	720,395.75	7,396.05	6,518.20	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Drunk Driving Enforcement Fund	9,956.37	9,956.37	9,956.37		-	
Body Armor Grant	4,459.81	4,459.81	4,459.81		-	
Alcohol Education and Rehabilitation Fund	1,927.64	1,927.64	1,927.64		-	
Recycling Tonnage Grant	22,170.91	22,170.91	22,170.91		-	
Cape May County Municipal Alliance Funds						
State Share	33,497.00	33,497.00	33,497.00		-	
Local Share	8,374.00	8,374.00	8,374.00		-	
Division of Culture Heritage	5,528.00	5,664.80	5,664.80		-	
Clean Communities		59,535.96	59,535.96		-	
Clean Shores	2,122.19	2,122.19	2,122.19		-	
Supplemental Fire Services Program						
Fire District Direct Payment	8,869.13	8,869.13	8,869.13		-	
Neighborhood Preservations Program	125,000.00	125,000.00	125,000.00		-	
JIF Safety	4,000.00	4,000.00	4,000.00		-	
Edward Byrne Memorial Justice Aid Grant		31,275.00	31,275.00		-	
Division of Highway Safety -						
Over the Limit - Under Arrest	-	11,000.00	11,000.00		-	
Local Government Energy Audits Program	-	20,133.00	20,133.00		-	
NJ Emergency Management Grant	-	5,000.00	5,000.00		-	
Small Cities	-	150,000.00	150,000.00		-	
Small Cities Block Grant - ARRA	-	262,388.00	262,388.00		-	
Click it or Ticket	-	4,000.00	4,000.00		-	
2009 Summer Shore Initiative	-	1,600.00	1,600.00		-	
NJDOT - Reconstruction of Station/Bayshore						
Road to States Ave.	-	130,000.00	130,000.00		-	
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	225,905.05	900,973.81	900,973.81	-	-	-
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	960,215.05	1,635,283.81	1,621,369.56	7,396.05	6,518.20	-
Detail:						
Salaries and Wages	564,956.37	564,956.37	559,135.79	-	5,820.58	-
Other Expenses	395,258.68	1,070,327.44	1,062,233.77	7,396.05	697.62	-

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	Encumbered	Reserved	
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	$ 95,000.00	$ 140,000.00	$ 140,000.00	$	$ -	$
TOTAL CAPITAL IMPROVEMENTS	95,000.00	140,000.00	140,000.00	-	-	-
DEBT SERVICE						
Payment of Bond Principal	1,670,000.00	1,670,000.00	1,670,000.00			-
Interest on Bonds	497,725.00	497,725.00	497,677.50			47.50
Interest on Notes	190,650.00	190,650.00	190,619.99			30.01
GREEN TRUST LOAN PROGRAM:						
Loan Repayment for Principal and Interest	106,000.00	107,550.00	107,244.75			305.25
TOTAL DEBT SERVICE	2,464,375.00	2,465,925.00	2,465,542.24	-	-	382.76
DEFERRED CHARGES EXCLUDED FROM "CAPS"						
Special Emergency Authorization	200,000.00	200,000.00	200,000.00			-
Ordinance # 07-14	1,900.00	1,900.00	1,900.00			-
TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"	201,900.00	201,900.00	201,900.00	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	3,721,490.05	4,443,108.81	4,428,811.80	7,396.05	6,518.20	382.76
SUBTOTAL GENERAL APPROPRIATIONS	22,409,251.05	23,084,319.81	21,881,860.06	342,338.36	859,738.63	382.76
Reserve for Uncollected Taxes	1,516,609.11	1,516,609.11	1,516,609.11		-	
TOTAL GENERAL APPROPRIATIONS	$ 23,925,860.16	$ 24,600,928.92	$ 23,398,469.17	$ 342,338.36	$ 859,738.63	$ 382.76

Adopted Budget	$ 23,925,860.16
Added Appropriations N.J.S.A. 40A:4-87	675,068.76
	$ 24,600,928.92

Federal and State Grants	$ 900,973.81
Reserve for Uncollected Taxes	1,516,609.11
Deferred Charges	200,000.00
Disbursed	20,780,886.25
Total	$ 23,398,469.17

See Accompanying Notes to Financial Statements - Statutory Basis

EXHIBIT - B
TRUST FUND

Exhibit B

TOWNSHIP OF LOWER
TRUST FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	Ref.	Balance Dec. 31, 2009	Balance Dec. 31, 2008
Assets			
Animal Control Fund			
Cash and Investments	B-1	$ 10,898.40	$ 10,863.00
		10,898.40	10,863.00
Other Funds			
Cash and Investments	B-2	1,821,443.17	1,723,111.54
Program Loans Receivable		119,893.75	119,893.75
		1,941,336.92	1,843,005.29
		$ 1,952,235.32	$ 1,853,868.29

Exhibit B

TOWNSHIP OF LOWER
TRUST FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	Ref.	Balance Dec. 31, 2009	Balance Dec. 31, 2008
Liabilities, Reserves and Fund Balance			
Animal Control Fund			
Reserve for Animal Control Expenditures	B-4	$ 10,869.00	$ 10,845.00
Due to State of New Jersey		29.40	18.00
		10,898.40	10,863.00
Other Funds			
Deposits for Redemption of Tax Title Lien Certificates		6,105.74	10,492.11
Premiums Received at Tax Sale		64,700.00	42,050.00
Reserve for Program Loans Receivable		119,893.75	119,893.75
Reserve for Unemployment Compensation		37,866.72	16,011.56
Reserve for AFLAC Flex Trust		-	130.06
Reserve for Performance and Escrow Deposits		644,574.11	668,334.52
Reserve for Recreation		13,578.51	10,883.88
Reserve for Bail Escrow		725.00	725.00
Reserve for POAA		685.94	675.94
Reserve for Small Cities Revolving Loan		568,453.37	553,909.80
Reserve for Green Trust Loan		-	3.71
Reserve for Historic Commission		813.32	805.54
Reserve for Police Forfeiture		9,854.51	15,985.63
Reserve for Police Investigative Trust		414.74	329.62
Reserve for Joint Housing		39,848.98	39,305.68
Reserve for Public Defender		5,339.80	6,926.80
Reserve for Escrow Deposits		153,873.86	139,972.27
Reserve for DARE		3,667.15	3,466.15
Reserve for Fire Safety Fees		80,704.64	142,356.96
Reserve for Off Duty Police		4,500.00	11,232.50
Reserve for Accumulated Absences		181,153.78	58,902.41
Reserve for Tax Maps		2,200.00	-
Reserve for Encumbrances		2,383.00	611.40
		1,941,336.92	1,843,005.29
		$ 1,952,235.32	$ 1,853,868.29

EXHIBIT - C
GENERAL CAPITAL FUND

Exhibit C

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

	Ref.		Balance Dec. 31, 2009		Balance Dec. 31, 2008
Assets					
Cash and Investments			1,916,619.52		2,237,655.07
Cash Held to Pay Bond Anticipation Notes			300,000.00		-
Total Cash	C-2,C-3	$	2,216,619.52	$	2,237,655.07
Deferred Charges to Future Taxation:					
Funded	C-5		18,129,119.03		10,773,333.04
Unfunded	C-6		1,710,000.00		10,231,900.00
		$	22,055,738.55	$	23,242,888.11
Liabilities, Reserves and Fund Balance					
Serial Bonds Payable	C-8	$	16,310,000.00	$	9,180,000.00
Green Trust Loans	C-8A		1,819,119.03		1,593,333.04
Bond Anticipation Notes Payable	C-9		300,000.00		8,431,000.00
Improvement Authorizations:					
Funded	C-7		1,677,673.91		302,188.65
Unfunded	C-7		1,108,562.23		2,951,489.60
Encumbrances Payable			641,216.48		687,479.92
Capital Improvement Fund	C-4		45,323.00		61,323.00
Fund Balance	C-1		153,843.90		36,073.90
		$	22,055,738.55	$	23,242,888.11

Exhibit C-1

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

	Ref.		
Balance December 31, 2008	C		$ 36,073.90
Increased By:			
Premium on Bond Anticipation Notes		$ 117,770.00	
			117,770.00
			153,843.90
Decreased By:			
None		-	
			-
Balance December 31, 2009	C		$ 153,843.90

EXHIBIT - D
GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit D

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

	Ref.	Balance Dec. 31, 2009	Balance Dec. 31, 2008
General Fixed Assets			
Land		$ 1,904,500.00	$ 1,904,500.00
Building		3,025,600.00	3,025,600.00
Machinery and Equipment		11,348,714.35	11,147,631.27
		$ 16,278,814.35	$ 16,077,731.27
Investment in General Fixed Assets			
Investment in General Fixed Assets		$ 16,278,814.35	$ 16,077,731.27
		$ 16,278,814.35	$ 16,077,731.27

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, 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.

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.

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.

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.

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, 2009, 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		5,814,215.01
	$	5,814,215.01

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.

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 $181,153.78 to fund some of these costs. GAAP requires that the amount that would normally be liquidated with expendable financial resources, be recorded as an expenditure in the operating funds, and the remaining obligations be recorded as long – term obligations.

NOTE 2: LONG-TERM DEBT

Summary of Municipal Debt

	Year 2009	Year 2008	Year 2007
Issued:			
General:			
Bonds, Loans and Notes	$ 18,429,119.03	$ 19,204,333.04	$ 18,120,184.72
Total Issued	18,429,119.03	19,204,333.04	18,120,184.72
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
Reserve to Pay BANs	300,000.00	-	-
Net Debt Issued	18,129,119.03	19,204,333.04	18,120,184.72
Authorized But Not Issued:			
General:			
Bonds and Notes	1,710,000.00	1,801,000.00	3,825,000.00
Total Authorized But Not Issued	1,710,000.00	1,801,000.00	3,825,000.00
Net Bonds and Notes Issued and Authorized But Not Issued	$ 19,839,119.03	$ 21,005,333.04	$ 21,945,184.72

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 0.45%.

	Gross Debt	Deductions	Net Debt
General Debt	$ 20,139,119.03	$ 300,000.00	$ 19,839,119.03
School Debt	5,959,138.85	5,959,138.85	-
Municipal Utilities Authority	20,125,000.00	20,125,000.00	-
	$ 46,223,257.88	$ 26,384,138.85	$ 19,839,119.03

NOTE 2: LONG-TERM DEBT (Continued)

Net debt $19,839,119.03 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, $4,395,085,469.00 = .45%.

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

3-1/2% of Equalized Valuation Basis	$	222,022,347.52
Net Debt		19,839,119.03
Remaining Borrowing Power	$	202,183,228.49

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, 2009, 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, 2009, is $0.00.

$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, 2009, is $4,010,000.00.

$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, 2009, is $3,500,000.00.

$8,800,000.00 General Improvement Bonds dated April 1, 2009, due in annual installments beginning April 1, 2010 through April 1, 2018, bearing interest at variable rates from 3.000% to 4.000% per annum. The balance remaining as of December 31, 2009, is $8,800,000.00.

$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, 2009, is $696,195.36.

$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, 2009, is $822,923.67.

$300,000.00 State of New Jersey Green Trust Loans dated 2009, due in semi-annual installments beginning in 2010 through 2029, bearing interest at 1.00% per annum. The balance remaining as of December 31, 2009, is $300,000.00.

NOTE 2: LONG-TERM DEBT (Continued)

	Outstanding 12/31/08	Issues or Additions	Payments or Expenditures	Outstanding 12/31/09
General Capital Fund:				
Bonds Payable	$ 9,180,000.00	$ 8,800,000.00	$ 1,670,000.00	$ 16,310,000.00
Green Trust Loans	1,593,333.04	300,000.00	74,214.01	1,819,119.03
Total All Funds	$ 10,773,333.04	$ 9,100,000.00	$ 1,744,214.01	$ 18,129,119.03

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
2010	$ 1,918,423.92	$ 616,704.98
2011	2,030,201.25	548,777.65
2012	2,162,014.29	477,389.61
2013	2,273,863.76	401,065.11
2014	2,285,750.42	321,928.44
2015-2019	6,608,406.35	556,675.56
2020-2024	561,596.90	60,234.92
2025-2029	288,862.14	9,617.23
	$ 18,129,119.03	$ 2,992,393.50

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, 2009, the Township estimates this liability to approximate $2,174,661.31, based on 2009 pay rates and compensated absence balances. The Township has established a reserve in the amount of $181,153.78 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

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, 2009	Balance December 31, 2008
Prepaid Taxes - Cash Liability	$ 822,091.14	$ 797,049.46

NOTE 6: RETIREMENT PLANS

Plan Descriptions

All eligible employees participate in the Public Employees' Retirement System (PERS) or the Police and Firemens' 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.

The Police and Firemens' 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.

The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

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.

NOTE 6: RETIREMENT PLANS (Continued)

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.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service. Retirement benefits for age and service are available at age 60 and, under recently enacted legislation are generally determined to be 1/55 of final average salary for each year of service credit. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years service credit, or they may elect deferred retirement after achieving eight to ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:3B. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55, and generally determined to be 2% of final average compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final average compensation equals the average compensation for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek special retirement after achieving 20 or 25 years of creditable service, or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55, equal to 2% of final average compensation for each year of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer.

NOTE 6: PENSION PLANS (Continued)

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. In accordance with Chapter 415, P.L. 1999, the member rate was set at 5.5% of base salary. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Members contribute at a uniform rate of 8.5% of base salary.

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.

For the Public Employees' Retirement System, the Township's contribution was $393,006.40 for 2009 and was $303,254.69 for 2008.

For the Police and Firemens' Retirement System, the Township's contribution was $682,066.00 and $656,606.80 for 2009 and 2008 respectively.

For the DCRP, the Township's contribution was $3,676.58 for 2009.

Three Year Trend Information for PERS

Funding Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	$ 393,006.40	100%	$ -
12/31/08	303,254.69	100%	-
12/31/07	169,393.00	100%	-

Three Year Trend Information for PFRS

Funding Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	$ 682,066.00	100%	$ -
12/31/08	656,606.80	100%	-
12/31/07	464,393.00	100%	-

NOTE 6: PENSION PLANS (Continued)

Funding Policy (Continued)

Three Year Trend Information for DCRP

Funding Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	$ 3,676.58	100%	$ -
12/31/08	-	100%	-
12/31/07	-	100%	-

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, 2009, the carrying amount of the Township's deposits was $9,240,810.49 and the bank balance was $9,563,361.69. Of the bank balance, $537,867.08 was insured with Federal Deposit Insurance Corporation and $9,025,494.61 with GUDPA.

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, 2009, 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, 2009, 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.

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.

NOTE 8: PROPERTY TAXES (Continued)

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

	2009	2008	2007
Tax Rate	$ 1.112	$ 1.061	$ 1.020
Apportionment of Tax Rate:			
Municipal	0.366	0.349	0.324
County	0.193	0.181	0.170
Local School	0.306	0.301	0.297
Regional School	0.247	0.230	0.229

Assessed Valuation

2009	$ 4,709,617,022	
2008	4,690,984,294	
2007	4,702,561,453	R

R = Revaluation

Comparison of Tax Levies and Collections

Year	Tax Levy	Collections	Percentage of Collections
2009	$ 54,827,639.46	$ 53,572,096.36	97.71%
2008	51,861,654.72	50,869,218.79	98.09%
2007	49,879,698.64	48,757,381.51	97.75%

Delinquent Taxes and Tax Title Liens

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2009	$ 101,634.27	$ 1,125,344.60	$ 1,226,978.87	2.24%
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%

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:

Year	Amount
2009	$ 1,490,700.00
2008	1,490,700.00
2007	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:

	Year	Balance December 31st	Utilized in Budget of Succeeding Year	Percent Utilized
Current Fund	2009	$ 2,943,190.01	$ 2,160,000.00	73.39%
	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%

NOTE 11: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2009 are as follows:

Amount	Due To	Due From
$ 34,321.09	Current Fund	Federal and State Grant Fund
$ 34,321.09		

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, 2009:

	Balance as of December 31, 2008	Additions	Disposals	Balance as of December 31, 2009
Land	$ 1,904,500.00	$	$	$ 1,904,500.00
Building Improvements	3,025,600.00			3,025,600.00
Machinery & Equipment	11,147,631.27	341,378.08	140,295.00	11,348,714.35
Total	$ 16,077,731.27	$ 341,378.08	$ 140,295.00	$ 16,278,814.35

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.

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 fare 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, 2009 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, 2009 actuarial valuation, the Annual Required Contribution (ARC) for the year ending December 31, 2009 was projected as follows:

		12/31/2009
Normal Cost	$	204,291
Amortization of Unfunded Liability		1,133,931
Total ARC	$	1,338,222

NOTE 17: POST- RETIREMENT BENEFITS (Continued)

Other Post-Employment Benefit Costs and Obligations (Continued)

The following reflects the components of the 2009 annual OPEB Costs, amounts paid, and changes to the net accrued OPEB obligation based on the January 1, 2009 actuarial valuation and actual OPEB payments made or accrued during 2009:

		12/31/2009
Net OPEB Obligation - Beginning of Year	$	918,014
Annual OPEB Cost		1,338,222
OPEB Payments		420,208
Increase in Net OPEB Obligation		918,014
Net OPEB Obligation - End of Year	$	1,836,028
Percentage of OPEB Cost Contributed		31.40%

Required Supplementary Information:

		12/31/2009
Actuarial Value of Plan Assets	$	-
Actuarial Accrued Liability (AAL)		34,017,935
Total Unfunded AAL (UAAL)		34,017,935
Funded ratio		0.00%
Covered payroll	$	9,719,319
UAAL as a % of Covered Payroll		350.00%

NOTE 18: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2009 and the date the financial statements were issued for possible disclosure and recognition in the financial statement and no items have come to the attention of the City that would require disclosure.

SUPPLEMENTARY INFORMATION

TOWNSHIP OF LOWER
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	Ref.	Current Fund		Federal and State Grant Fund	
Balance December 31, 2008	A		$ 4,626,161.42		$ 1,554.20
Increased By Receipts:					
Taxes Receivable		$ 53,208,795.24		$	
Tax Title Liens		1,620.23			
Reserve for Garden State Preservation Trust		131,155.13			
Due to State of New Jersey -					
Marriage Licenses		4,120.00			
Permit Surcharge Fees		29,341.00			
Due from State of New Jersey -					
Senior Citizens & Veterans		507,762.33			
Prepaid Taxes		822,091.14			
Tax Overpayments		14,018.05			
Federal and State Grants Received				857,952.23	
Unappropriated Reserves				78,538.71	
Program Income				14.98	
Payroll Payable		6,348,034.20			
Miscellaneous Revenue		3,899,960.90			
Lot Clearing Assessments		12,825.00			
Due to Lower Township MUA		28,882.79			
Due from Capital		12,006,895.43			
Due from Trust Other Fund					
Due from Current Fund				150,968.60	
			77,015,501.44		1,087,474.52
			81,641,662.86		1,089,028.72

TOWNSHIP OF LOWER
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	Ref.	Current Fund		Federal and State Grant Fund	
Decreased By Disbursements:					
2009 Appropriations		$ 20,780,886.25		$	
2008 Appropriation Reserves		212,745.53			
Reserve for Encumbrances		222,750.66			
Accounts Payable		23,067.60		30,981.50	
Refund of Prior Revenue		8,206.97			
County Taxes		9,047,944.11			
County Added and Omitted Taxes		23,153.88			
Local District School Tax		14,370,876.00			
Regional School District Taxes		11,204,651.19			
Fire District Taxes		1,952,216.00			
Payroll Payable		6,348,034.20			
Tax Overpayments		10,842.91			
Due to State of New Jersey -					
Marriage Licenses		4,355.00			
Permit Surcharge Fees		18,302.00			
Reserve for Revaluation		19,360.39			
Matching Funds for Grants		17,243.13			
Due to Lower Township MUA		28,882.79			
Due from Capital		12,006,895.43			
Federal and State Grant Expenditures		150,968.60		1,056,478.04	
			76,451,382.64		1,087,459.54
Balance December 31, 2009	A		$ 5,190,280.22		$ 1,569.18

Exhibit A-7

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

Year	Balance Dec. 31, 2008	2009 Levy	Added Taxes	Collections 2008	Collections 2009	Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2009
Arrears	$ 18,351.38	$	$	$	$ 11,709.72	$ -	$	$ 6,641.66
2008	941,064.17				932,717.26	6,640.08	11,945.40	3,041.59
	959,415.55	-	-	-	944,426.98	6,640.08	11,945.40	9,683.25
2009		54,321,889.96	505,749.50	797,049.46	52,775,046.90	(116,380.91)	23,500.84	1,115,661.35
	$ 959,415.55	$ 54,321,889.96	$ 505,749.50	$ 797,049.46	$ 53,719,473.88	$ (109,740.83)	$ 35,446.24	$ 1,125,344.60
Ref.	A							A

	$ 53,208,795.24	Taxes Receivable
	510,678.64	Senior Citizens and Veterans
	$ 53,719,473.88	

Analysis of 2009 Property Tax Levy

Tax Yield:			
General Property Tax		$ 52,369,673.96	
Special District Taxes		1,952,216.00	
Added Taxes (54:4-63.1 et seq.)		505,749.50	
			$ 54,827,639.46
Tax Levy:			
Local District School Tax:			
Levy		$ 14,370,876.00	
Regional High School Tax		11,628,430.02	
County Taxes		9,047,944.11	
County Taxes Added and Omitted		83,622.36	
Special District Tax		1,952,216.00	
Local Tax for Municipal Purposes	$ 17,214,611.04		
Add: Additional Tax Levied	529,939.93		
		17,744,550.97	
			$ 54,827,639.46

Exhibit A-8

TOWNSHIP OF LOWER
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	Ref.				
Balance December 31, 2008	A			$	73,583.90
Increased By:					
Transfers from Taxes Receivable		$	35,446.24		
Interest and Costs from Tax Sale			2,172.72		
					37,618.96
					111,202.86
Decreased By:					
Collections			1,620.23		
					1,620.23
Balance December 31, 2009				$	109,582.63
Lower Township MUA Charges and Costs	A			$	7,948.36
Township Liens	A				101,634.27
				$	109,582.63

Exhibit A-9

TOWNSHIP OF LOWER
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Balance Dec. 31, 2008	Accrued In 2009	Collected	Balance Dec. 31, 2009
Miscellaneous Revenue Anticipated:					
Municipal Court		$ 13,727.52	$ 154,686.31	$ 157,919.64	$ 10,494.19
Interest on Taxes		-	199,900.71	199,900.71	-
PILOT - Yorkshire Place		-	20,225.70	20,225.70	-
Bulk Trash Receipts		-	20,116.90	20,116.90	-
Recreation Fees		-	42,548.00	42,548.00	-
Energy Receipts Tax		-	1,517,216.00	1,517,216.00	-
Alcoholic Beverage Licenses		-	38,700.00	38,700.00	-
Licenses Other		-	155,520.50	155,520.50	-
Fees and Permits		-	80,709.24	80,709.24	-
Garden State Preservation Trust		-	144,912.20	144,912.20	-
Interest on Investments		-	64,750.10	64,750.10	-
Cable TV Franchise Fee		-	122,093.55	122,093.55	-
Uniform Construction Code Fees		-	359,728.45	359,728.45	-
Uniform Fire Code		-	234,580.74	234,580.74	-
Interlocal - School Resource Police		-	100,000.00	100,000.00	-
Consolidated Municipal Property Tax Relief		-	337,959.00	337,959.00	-
Miscellaneous Revenue Not Anticipated		-	460,817.37	460,817.37	-
TOTALS		$ 13,727.52	$ 4,054,464.77	$ 4,057,698.10	$ 10,494.19
	Ref.	A		A-4	A

	Ref.	
Lot Clearing Assessments		$ 12,825.00
Garden State Preservation Trust		144,912.20
Treasurer Cash Collected	A-4	3,899,960.90
		$ 4,057,698.10

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

	Balance Dec. 31, 2008	Balance After Transfers	Paid or Charged	Balance Lapsed
Office of Township Council				
Salaries and Wages	$	$ 1,000.00	$ 400.00	$ 600.00
Other Expenses	119.96	3,869.96	3,750.00	119.96
Office of Township Clerk				
Salaries and Wages	1,842.43	2,342.43		2,342.43
Other Expenses	149.22	149.22	(737.74)	886.96
Elections				
Other Expenses	165.73	165.73		165.73
Office of Township Solicitor				
Salaries and Wages	13.26	13.26		13.26
Other Expenses	19,571.34	33,571.34	31,666.47	1,904.87
Office of Township Manager				
Salaries and Wages	15,502.12	2.12		2.12
Other Expenses	993.96	993.96	361.15	632.81
Revenue and Finance				
Salaries and Wages	3,924.84	3,924.84		3,924.84
Other Expenses	777.12	777.12	34.95	742.17
Division of Tax Assessment				
Salaries and Wages	1,991.96	1,991.96		1,991.96
Other Expenses	911.34	911.34	394.62	516.72
Personnel				
Salaries and Wages	796.15	1,696.15		1,696.15
Other Expenses	1,055.35	1,055.35	38.99	1,016.36
Division of Tax Collection				
Salaries and Wages	173.02	1,473.02		1,473.02
Other Expenses				
Miscellaneous Other Expenses	1,181.90	1,181.90	223.97	957.93
Planning and Development				
Salaries and Wages	50.38	5,750.38	1,300.00	4,450.38
Other Expenses	1,546.56	1,546.56	156.39	1,390.17
Engineering Services and Costs				
Other Expenses	189.53	189.53	169.44	20.09
Parks and Recreation				
Salaries and Wages	934.60	7,634.60	2,900.00	4,734.60
Other Expenses	15,735.06	15,535.06	15,535.06	-
Department of Public Works				
Salaries and Wages	119,088.05	54,788.05		54,788.05
Sanitary Landfill	64,819.06	68,319.06	68,102.26	216.80
Miscellaneous	34,657.11	38,857.11	34,419.53	4,437.58
Public Buildings and Grounds				
Other Expenses	18,380.24	18,380.24	18,144.43	235.81
Department of Public Safety				
Salaries and Wages	140,497.06	140,497.06	56,448.11	84,048.95
Other Expenses	74,170.96	74,170.96	73,452.10	718.86
Fire Safety				
Salaries and Wages	6,117.42	6,117.42		6,117.42
Other Expenses	31,532.85	31,532.85	1,315.07	30,217.78
Emergency Management Services				
Salaries and Wages	73.68	73.68		73.68
Other Expenses	848.23	848.23		848.23
Demolition				
Other Expenses	8,233.60	4,983.60	695.33	4,288.27

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

	Balance Dec. 31, 2008	Balance After Transfers	Paid or Charged	Balance Lapsed
Planning Board				
Other Expenses	$ 1,746.15	$ 1,746.15	$ 1,246.15	$ 500.00
Zoning Board				
Other Expenses	549.80	549.80		549.80
Animal Regulation				
Salaries and Wages	746.37	746.37		746.37
Other Expenses:				
Contractual	244.57	244.57	244.57	-
Miscellaneous Other Expenses	1,853.13	2,053.13	2,028.09	25.04
Uniform Construction Code				
Salaries and Wages	245.87	9,745.87	6,000.00	3,745.87
Other Expenses	3,741.48	3,741.48	2,247.22	1,494.26
Celebration of Public Event	4,544.98	4,544.98	4,425.58	119.40
Terminal Leave		10,000.00	10,000.00	-
Utilities:				
Electric	24,824.51	24,824.51	17,489.71	7,334.80
Street Lighting	27,115.21	44,115.21	43,201.40	913.81
Telephone	4,517.13	4,517.13	3,010.71	1,506.42
Water	1,650.70	1,650.70		1,650.70
Natural Gas	13,640.31	13,640.31	7,057.65	6,582.66
Heating Oil	4,007.51	9,007.51	8,877.59	129.92
Gasoline	26,323.30	26,323.30	15,407.06	10,916.24
Contingent	300.00	300.00		300.00
Social Security	34,750.26	34,750.26		34,750.26
Unemployment	2,410.73	2,410.73		2,410.73
PFRS	1,108.20	1,108.20		1,108.20
PERS	429.31	429.31		429.31
Municipal Court				
Salaries and Wages	15,455.02	15,455.02		15,455.02
Other Expenses	2,723.82	2,723.82	1,504.64	1,219.18
Insurance				
Liability Insurance	3,312.45	3,312.45		3,312.45
Group Insurance	5,296.19	5,296.19	3,602.01	1,694.18
911 Dispatchers				
Salaries and Wages	51,854.26	51,854.26		51,854.26
Other Expenses	7,521.74	7,521.74	1,251.45	6,270.29
TOTALS	$ 806,957.09	$ 806,957.09	$ 436,363.96	$ 370,593.13
Ref.	A		A-4	A-1

Cash Disbursed	$ 435,496.19
Accounts Payable	867.77
	$ 436,363.96

Exhibit A-11

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

Purpose	Balance Dec. 31, 2008	Anticipated Revenues	Received	Cancelled	Balance Dec. 31, 2009
State:					
Alliance Funds (Lower Consortium)	$ 32,731.42	$ 33,497.00	$ 34,985.55	$	$ 31,242.87
Clean Communities	-	59,535.96	59,535.96		-
Housing Preservation Grant	20,525.00		20,525.00		-
Neighborhood Preservation	222,829.82	125,000.00	123,451.74		224,378.08
Neighborhood Preservation	300,000.00		67,986.00		232,014.00
Tree Planting	2,250.00				2,250.00
Division of Culture Heritage	-	5,664.80	4,146.00		1,518.80
NJ Emergency Management Grant	-	5,000.00	5,000.00		-
Over the Limit - Under Arrest	-	11,000.00	6,000.00		5,000.00
DCA - Smart Future Planning	50,000.00		5,000.00		45,000.00
DCA - Domestic Violence Training Program	86.64				86.64
NJ DOT Trust Fund	140,000.00		140,000.00		-
NJ DOT Trust Fund	15,948.84				15,948.84
NJDOT - Reconstruction of Station/Bayshore Rd. to States Ave.	-	130,000.00			130,000.00
Click it or Ticket	-	4,000.00	4,000.00		-
Local Government Energy Audits Program	-	20,133.00			20,133.00
Federal:					
Small Cities Program	686,887.22	412,388.00	336,241.23		763,033.99
Cops in Shops	1,600.00		1,600.00		-
2009 Summer Shore Initiative		1,600.00	300.00		1,300.00
Edward Byrne Memorial Justice Aid Grant	-	31,275.00	31,275.00		-
Green Acres Program - Chamberlain Trust	132,875.00				132,875.00
Atlantic County JIF	666.62	4,000.00	662.62		4,004.00
Cape May County MUA Mini Grant	1.00				1.00
TOTALS	$ 1,606,401.56	$ 843,093.76	$ 840,709.10	$ -	$ 1,608,786.22
Ref.	A			A-1	A

Exhibit A-12

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

Purpose	Balance Dec. 31, 2008	Received	Anticipated Revenues	Balance Dec. 31, 2009
State:				
Alcohol Education and Rehabilitation	$ 1,927.64	$ 3,016.62	$ 1,927.64	$ 3,016.62
Clean Shores	2,122.19	2,709.86	2,122.19	2,709.86
Body Armor	4,459.81		4,459.81	-
Recycling Tonnage Grant	22,170.91	59,893.14	22,170.91	59,893.14
Drunk Driving Enforcement Fund	9,956.37	12,919.09	9,956.37	12,919.09
Federal:				
None	-			-
Other:				
None	-			-
TOTALS	$ 40,636.92	$ 78,538.71	$ 40,636.92	$ 78,538.71
Ref.	A			A

Exhibit A-13

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

Purpose	Balance Dec. 31, 2008	Budget Appropriations	Expended	Program Income	Balance Dec. 31, 2009
State:					
Body Armor	$ 13,832.10	$ 4,459.81	$ 6,180.00	$	$ 12,111.91
NJ Emergency Management Grant	5,000.00	5,000.00	4,237.50		5,762.50
Supplemental Fire Services Program					
Fire District Direct Payment	-	8,869.13	8,869.13		-
Alliance Funds (Lower Consortium)	47,834.51	41,871.00	32,076.83		57,628.68
Clean Communities	-	59,535.96	59,535.96		-
Alcohol Education and Rehabilitation	-	1,927.64	1,927.64		-
Drunk Driving Enforcement Fund	2,419.74	9,956.37	5,451.00		6,925.11
Tree Planting Grant	7,500.00				7,500.00
Neighborhood Preservation	98,132.09				98,132.09
Neighborhood Preservation	101,160.00				101,160.00
Neighborhood Preservation	-	125,000.00	124,257.95		742.05
Neighborhood Rehabilitation Grant	300,000.00		73,596.00		226,404.00
Housing Preservation Grant	20,525.00		20,525.00		-
NJ DOT Trust Fund	15,948.84				15,948.84
NJ DOT Trust Fund	140,000.00		140,000.00		-
NJDOT - Reconstruction of Station/Bayshore Rd. to States Ave.	-	130,000.00			130,000.00
DCA - Domestic Violence Training Program	86.67				86.67
Click it or Ticket	-	4,000.00	4,000.00		-
Municipal Stormwater Grant	180.00				180.00
Recycling Tonnage Grant	-	22,170.91	22,170.91		-
NJ Office of Information Technology - 911 Grant	10,215.65				10,215.65
Division of Highway Safety - Over the Limit - Under Arrest	-	11,000.00	7,000.00		4,000.00
Hazardous Site Discharge Remediation	933.07				933.07
Clean Shores	-	2,122.19	2,122.19		-
CERT Trailer Grant	1,500.00				1,500.00
Division of Culture Heritage	-	5,664.80	5,664.80		-
Local Government Energy Audits Program	-	20,133.00			20,133.00
Federal:					
Small Cities Program	721,972.31	150,000.00	716,295.30		155,677.01
Small Cities Block Grant - ARRA	-	262,388.00			262,388.00
Local Law Enforcement Block Grant	1,554.20			14.98	1,569.18
2009 Summer Shore Initiative	-	1,600.00	1,600.00		-
Green Acres Program - Chamberlain Trust	132,875.00				132,875.00
Edward Byrne Memorial Justice Aid Grant	-	31,275.00	25,757.39		5,517.61
Other:					
Beautification of Township	6,345.67				6,345.67
Atlantic County JIF	-	4,000.00	4,000.00		-
Pet Smart Charities - Spay & Neuter	2,470.00		2,470.00		-
TOTALS	$ 1,630,484.85	$ 900,973.81	$ 1,267,737.60	$ 14.98	$ 1,263,736.04
Ref.	A		A-4	A-1	A

Cash Disbursed	$ 1,056,478.04
Encumbered	211,259.56
	$ 1,267,737.60

Exhibit B-1

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

	Ref.				
Balance December 31, 2008	B			$	10,863.00
Increased By Receipts:					
Dog Licenses Fees		$	5,148.00		
State License Fees			3,370.20		
Other			1,065.00		
					9,583.20
					20,446.20
Decreased By Disbursements:					
State of New Jersey			3,358.80		
Animal Control Expenditures			4,338.70		
Due to Current Fund			1,850.30		
					9,547.80
Balance December 31, 2009	B			$	10,898.40

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

	Ref.	Other	
Balance December 31, 2008	B		$ 1,723,111.54
Increased By Receipts:			
Unemployment		$ 155,803.21	
AFLAC Flex		805.52	
DARE Receipts		1,011.00	
Police Forfeiture		915.17	
Police Investigative		1,050.12	
Redemption of Tax Title Liens		202,856.98	
Premiums Received at Tax Sale		39,600.00	
Historic Commission		7.78	
P.O.A.A.		10.00	
Public Defender		13.00	
Dedicated Recreation Fees		20,453.40	
Off Duty Police		96,400.00	
Joint Housing		543.30	
Grant Reserves		45,533.69	
Accumulated Absences		341,700.00	
Performance Deposits		23,780.27	
Escrows		113,289.87	
Green Trust		300,001.00	
Tax Maps		2,200.00	
Reserve for Encumbrances		2,383.00	
			1,348,357.31
			3,071,468.85

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

	Ref.	Other	
Decreased By Disbursements:			
Due from Federal and State Grant Fund		$ 300,004.71	
Payment of Unemployment Claims		133,948.05	
AFLAC Flex		935.58	
DARE Expenditures		810.00	
Police Investigative		965.00	
Police Forfeiture		7,046.29	
Refund of Tax Sale Certificates		207,243.35	
Refund of Premiums		16,950.00	
Excess Fire Safety Fees		61,652.32	
Off Duty Police		103,132.50	
Public Defender		1,600.00	
Dedicated Recreation Fees		17,758.77	
Accumulated Absences		219,448.63	
Performance Deposits		47,540.68	
Escrows		99,388.28	
Grant Reserves		30,990.12	
Reserve for Encumbrances		611.40	
			1,250,025.68
Balance December 31, 2009	B		$ 1,821,443.17

Exhibit B-3

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

	Ref.				
Balance December 31, 2008	B			$	10,845.00
Increased By:					
Dog Licenses Fees Collected		$	5,148.00		
Other Fees Collected			1,065.00		
					6,213.00
					17,058.00
Decreased By:					
Statutory Excess Due to Current Fund			1,850.30		
Animal Control Expenditures			4,338.70		
					6,189.00
Balance December 31, 2009	B			$	10,869.00

License Fees Collected	Year		
	2007	$	5,580.00
	2008		6,447.00
		$	12,027.00

Exhibit C-2

TOWNSHIP OF LOWER
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	Ref.		
Balance December 31, 2008	C		$ 2,237,655.07
Increased By Receipts:			
Bond Anticipation Notes Issued		$ 300,000.00	
Premium on Bond Anticipation Notes Issued		117,770.00	
Bonds and Loans Issued		9,100,000.00	
Due from Current Fund			
Capital Improvement Fund		140,000.00	
Paydown on Bond Anticipation Note		3,900.00	
			9,661,670.00
			11,899,325.07
Decreased By Disbursements:			
Improvement Authorizations		562,225.63	
Encumbrances Payable		687,479.92	
Bond Anticipation Notes Paid		8,433,000.00	
			9,682,705.55
Balance December 31, 2009	C		$ 2,216,619.52

TOWNSHIP OF LOWER
GENERAL CAPITAL FUND
ANALYSIS OF CASH

			Receipts			Disbursements		Transfers		
		Balance Dec. 31, 2008	Notes Issued	Bonds and Loans Issued	Misc.	Improvement Authorizations	Misc.	From	To	Balance Dec. 31, 2009
Fund Balance		$ 36,073.90	$	$	$ 117,770.00	$	$	$	$	$ 153,843.90
Capital Improvement Fund		61,323.00			140,000.00			156,000.00		45,323.00
Reserve to Pay Bond Anticipation Note		-	300,000.00							300,000.00
Encumbrances Payable		687,479.92					687,479.92		641,216.48	641,216.48
Improvement Authorizations										
Ord. Number										
01-08	Installation of Water Lines and Related Improvements	8,785.33				8,726.02		59.31		-
01-15	Acq. Vehicle & Office Equipment	507.00				507.00				-
03-03	Various Capital Improvements	99,038.43				46,067.37		4,606.17		48,364.89
04-07	Various Capital Improvements	129,948.76		936,600.00		29,836.52	936,600.00	12,226.92		87,885.32
05-08	Various Capital Improvements	276,242.02		1,904,650.00		121,567.77	1,904,650.00	51,547.61		103,126.64
05-09	Recreation Development Project	165,892.40		442,250.00		12,627.10	442,250.00	3,718.18		149,547.12
05-10	Town Hall Improvements	765.19				765.19				-
05-13	Various Road Improvements	515,012.40		2,375,000.00		(125.03)	2,375,000.00	151,914.21		363,223.22
05-19	Various Road Improvements	29,383.79		68,400.00			68,400.00			29,383.79
05-20	Engineering Services	3,700.00				(7,955.00)		6,565.00		5,090.00
06-04	Recreation Development Project	520.32				520.32				-
06-13	Various Capital Improvements	250,384.26		950,000.00	2,000.00	41,210.13	952,000.00	44,703.45		164,470.68
07-09	Bennett's Crossing Recreation Field	20,766.00		627,000.00		19,311.19	627,000.00	1,454.81		-
07-14	Various Capital Improvements	(57,006.72)		1,796,100.00	1,900.00	56,102.91	1,127,100.00	36,586.82		521,203.55
08-15	ADA Improvementes to Township Hall	189,392.70				39,014.00				150,378.70
08-20	Various Capital Improvements	(180,553.63)				192,845.54		47,079.00		(420,478.17)
09-11	Roads/Drainage	-							55,000.00	55,000.00
09-12	Various Capital Improvements	-				1,204.60		280,755.00	101,000.00	(180,959.60)
		$ 2,237,655.07	$ 300,000.00	$ 9,100,000.00	$ 261,670.00	$ 562,225.63	$ 9,120,479.92	$ 797,216.48	$ 797,216.48	$ 2,216,619.52
	Ref.	C								C

Exhibit C-4

TOWNSHIP OF LOWER
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.		
Balance December 31, 2008	C		$ 61,323.00
Increased By:			
Current Fund Budget Appropriation		$ 140,000.00	
			140,000.00
			201,323.00
Decreased By:			
Appropriated to Finance Improvement Authorizations		156,000.00	
			156,000.00
Balance December 31, 2009	C		$ 45,323.00

Exhibit C-5

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	Ref.		
Balance December 31, 2008	C		$ 10,773,333.04
Increased By:			
Bond and Green Trust Proceeds		$ 9,100,000.00	
			9,100,000.00
			19,873,333.04
Decreased By:			
2009 Budget Appropriation to Pay Bonds		1,744,214.01	
			1,744,214.01
Balance December 31, 2009	C		$ 18,129,119.03

Exhibit C-6

TOWNSHIP OF LOWER
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. Number	Improvement Description	Balance Dec. 31, 2008	2009 Authorizations	Loans & Serial Bonds Issued	Budget Appropriation	Balance Dec. 31, 2009	Analysis of Balance: Bond Anticipation Note	Analysis of Balance: Expenditures	Analysis of Balance: Unexpended Improvement Authorization
04-07	Various Capital Improvements	$ 881,613.70	$	$ 881,613.70	$	$ -	$	$	$ -
05-08	Various Capital Improvements	1,904,650.00		1,904,650.00		-			-
05-09	Various Road Improvements	442,250.00		442,250.00		-			-
05-13	Various Road Improvements	2,375,000.00		2,375,000.00		-			-
05-19	Various Road Improvements	68,400.00		68,400.00		-			-
06-04	Recreation Development Project Bennett's Crossing	54,986.30		54,986.30		-			-
06-13	Recreation Development Project	950,000.00		950,000.00		-			-
07-14	Various Capital Improvements	2,173,000.00		1,796,100.00	1,900.00	375,000.00			375,000.00
08-20	Various Capital Improvements	755,000.00	-			755,000.00		420,478.17	334,521.83
09-11	Roads/Drainage	-	245,000.00			245,000.00			245,000.00
09-12	Various Capital Improvements	-	335,000.00			335,000.00		180,959.60	154,040.40
		$ 9,604,900.00	$ 580,000.00	$ 8,473,000.00	$ 1,900.00	$ 1,710,000.00	$ -	$ 601,437.77	$ 1,108,562.23
	Ref.	C			C-10				C

Improvement Authorization - Unfunded	$ 1,108,562.23
Less:	
Unexpended Proceeds of Bond Anticipation Notes:	
None	
	$ 1,108,562.23

TOWNSHIP OF LOWER
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2008 Funded	Balance December 31, 2008 Unfunded	2009 Authorizations Funded	2009 Authorizations Deferred Charges to Future Taxation	2009 Authorizations Other	Paid or Charged	Balance December 31, 2009 Funded	Balance December 31, 2009 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	99,038.43	-				50,673.54	48,364.89	-
04-07	Various Capital Improvements	4/19/2004	1,600,000	-	129,948.76				42,063.44	87,885.32	
05-08	Various Capital Improvements	5/2/2005	2,005,000	-	276,242.02				173,115.38	103,126.64	
05-09	Recreation Development Project	5/2/2005	555,000	-	165,892.40				16,345.28	149,547.12	
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	-	515,012.40				151,789.18	363,223.22	
05-19	Various Road Improvements	10/3/2005	72,000	-	29,383.79					29,383.79	
05-20	Engineering Services	10/3/2005	46,250	3,700.00	-				(1,390.00)	5,090.00	
06-04	Recreation Development Project Bennett's Crossing	2/22/2006	88,266	-	520.32				520.32	-	
06-13	Various Capital Improvements	7/5/2006		-	250,384.26				85,913.58	164,470.68	
07-09	Bennett's Crossing Recreation Field	3/19/2007	660,000	-	20,766.00				20,766.00	-	
07-14	Various Capital Improvements	7/2/2007	2,365,000	-	988,893.28				92,689.73	521,203.55	375,000.00
08-15	ADA Improvements to Township Hall	8/18/2008	189,996	189,392.70	-				39,014.00	150,378.70	
08-20	Various Capital Improvements	10/6/2008	795,000	-	574,446.37				239,924.54	-	334,521.83
09-11	Roads/Drainage	8/17/2009	300,000	-	-	55,000.00	245,000.00			55,000.00	245,000.00
09-12	Various Capital Improvements	8/17/2009	436,000	-	-	101,000.00	335,000.00		281,959.60		154,040.40
				$ 302,188.65	$ 2,951,489.60	$ 156,000.00	$ 580,000.00	$ -	$ 1,203,442.11	$ 1,677,673.91	$ 1,108,562.23
			Ref.	C	C					C	C

Capital Improvement Fund	$ 156,000.00	Cash Disbursed	$ 562,225.63
		Encumbered	641,216.48
	$ 156,000.00		$ 1,203,442.11

Exhibit C-8

TOWNSHIP OF LOWER
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2009 Date	Amount	Interest Rate	Balance Dec. 31, 2008	Increased	Decreased	Balance Dec. 31, 2009
General Improvements	02/01/98	$ 5,680,000		$		$ 680,000.00	$	$ 680,000.00	$ -
General Improvements	01/10/02	7,000,000	7/15/2010	630,000.00	4.250%	4,620,000.00		610,000.00	4,010,000.00
			7/15/2011	640,000.00	4.250%				
			7/15/2012	670,000.00	4.250%				
			7/15/2013	680,000.00	4.375%				
			7/15/2014	690,000.00	4.375%				
			7/15/2015	700,000.00	4.500%				
General Improvements	12/15/2004	4,700,000	12/15/2010	500,000.00	3.375%	3,880,000.00		380,000.00	3,500,000.00
			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%				
General Improvements	4/1/2009	8,800,000	4/1/2010	700,000.00	3.000%	-	8,800,000.00		8,800,000.00
			4/1/2011	800,000.00	3.000%				
			4/1/2012	900,000.00	3.000%				
			4/1/2013	1,000,000.00	3.000%				
			4/1/2014	1,000,000.00	3.000%				
			4/1/2015	1,000,000.00	3.125%				
			4/1/2016	1,000,000.00	3.500%				
			4/1/2017	1,200,000.00	4.000%				
			4/1/2018	1,200,000.00	4.000%				
					Ref.	$ 9,180,000.00	$ 8,800,000.00	$ 1,670,000.00	$ 16,310,000.00
						C			C

Exhibit C-8A

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

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2009 Date	Amount	Interest Rate	Balance Dec. 31, 2008	Increased	Decreased	Balance Dec. 31, 2009
Recreation Development									
Various	2006	$ 800,000	2010	$ 36,001.76	2.000%	$ 731,487.74	$	$ 35,292.38	$ 696,195.36
			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					

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

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2009 Date	Amount	Interest Rate	Balance Dec. 31, 2008	Increased	Decreased	Balance Dec. 31, 2009
Recreation Development									
Various	2007	$ 900,000	2010	$ 39,703.90	1.000%	$ 861,845.30	$	$ 38,921.63	$ 822,923.67
			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					

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

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2009 Date	Amount	Interest Rate	Balance Dec. 31, 2008	Increased	Decreased	Balance Dec. 31, 2009
Bennet's Crossing	2009	$ 300,000	2010	$ 12,718.23	1.000%	$ -	$ 300,000.00	$	$ 300,000.00
			2011	12,973.87					
			2012	13,234.64					
			2013	13,500.66					
			2014	13,772.02					
			2015	14,048.84					
			2016	14,331.22					
			2017	14,619.28					
			2018	14,913.13					
			2019	15,212.88					
			2020	15,518.66					
			2021	15,830.58					
			2022	16,148.78					
			2023	16,473.37					
			2024	16,804.48					
			2025	17,142.26					
			2026	17,486.82					
			2027	17,838.30					
			2028	18,196.85					
			2029	9,235.13					
						$ 1,593,333.04	$ 300,000.00	$ 74,214.01	$ 1,819,119.03
					Ref.	C			C

Exhibit C-9

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, 2008	Increased	Decreased	Balance Dec. 31, 2009
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	5/30/2008	5/29/2009	2.500%	1,300,650.00		1,300,650.00	-
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	5/30/2008	5/29/2009	2.500%	675,000.00		675,000.00	-
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	4/3/2008	4/3/2009	2.000%	604,000.00		604,000.00	-
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	5/30/2008	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	-
07-09	Various Capital Improvements	5/31/2007	4/2/2009	4/1/2010	2.500%	-	300,000.00		300,000.00
07-14	Various Capital Improvements	4/3/2008	4/3/2008	4/3/2009	2.000%	775,000.00		775,000.00	-
						$ 8,431,000.00	$ 300,000.00	$ 8,431,000.00	$ 300,000.00
					Ref.	C			C

Exhibit C-10

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

Ord. Number	Improvement Description	Balance Dec. 31, 2008	2009 Authorizations	Bonds, Notes or Grants Issued	Budget Appropriation	Balance Dec. 31, 2009
07-14	Various Capital Improvements	$ 1,045,900.00	$	$ 669,000.00	1,900.00	$ 375,000.00
08-20	Various Capital Improvements	755,000.00				755,000.00
09-11	Roads/Drainage	-	245,000.00			245,000.00
09-12	Various Capital Improvements	-	335,000.00			335,000.00
		$ 1,800,900.00	$ 580,000.00	$ 669,000.00	$ 1,900.00	$ 1,710,000.00
	Ref.	C				C

TOWNSHIP OF LOWER

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2009

FORD-SCOTT
& ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710

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, 2009, and have issued our report thereon dated June 30, 2010. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Lower'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, 2010

TOWNSHIP OF LOWER
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2009

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, 2010.**
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.

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:

Ten (10) Roll Off Containers
GMC W5500 Diesel with Sign Aerial Lift Kit
Mobile Data Terminals for Police Vehicles
Independence Day Festival
Construction, Administration, and Observation Services for the Delaware Bay Shore Outfall Extensions
ADA Upgrades to the Municipal Building
Replacement of Cape May Canal Outfall Pipe
Two (2) 2010 Dodge Chargers with Police Package
Replacement of Gymnasium Floor
2010 Ford Explorer
2010 Peterbuilt Chassis with Dual Tailgate Rear Loader or Equivalent
2010 Mack Chassis with Dual Tailgate Rear Loader or Equivalent
Demolition of 247 Breakwater Road
Demolition of 115 W. New Jersey

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.

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 2009.

This Resolution shall take effect January 1, 2009.

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:

Year	Number
2009	29
2008	13
2007	13

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:

Type	Number Mailed
Payments of 2009 and 2010 Taxes	25
Delinquent Taxes	25
Total	50

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.

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, 2010

TOWNSHIP OF LOWER

PART III

FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS

FOR THE YEAR ENDED

DECEMBER 31, 2009

Schedule 1

TOWNSHIP OF LOWER
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity ID#	Grant Period	Program Receipts	Program Expenditures
U.S. Department of HUD					
Small Cities Public Facilities	14.228	100-022-8020-078-F-292-06SC-6120	2/1/07 - 1/31/09	$ 336,241.23	$ 716,295.30
U.S. Department of Justice					
Cops in Shops	16.710	N/A	Open	300.00	1,600.00
Edward J. Byrne Justice Aid Grant	16.738	N/A	1/1/09 - 12/31/09	31,275.00	25,757.39
Total Federal Assistance				$ 367,816.23	$ 743,652.69

See Accompanying Notes to Schedules of Federal and State Awards

Schedule 2

TOWNSHIP OF LOWER
SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009

State Funding Department	Program	State Account Number	Grant Period From	Grant Period To	Program Receipts	Program Expenditures	Cumulative Expenditures
New Jersey Department of Community Affairs	Supplemental Fire Services	100-022-8030-023-F165-6020	1/1/2009	12/31/2009	$	$ 8,869.13	$ 8,869.13
	Neighborhood Preservation	100-022-8020-092-023510	1/1/2009	12/31/2009	123,451.74	124,257.95	124,257.95
	Neighborhood Preservation - Home	100-022-8020-092-023510	1/1/2009	12/31/2009	67,986.00	73,596.00	73,596.00
	Housing Preservation Grant		1/1/2009	12/31/2009	20,525.00	20,525.00	20,525.00
	Division of Culture Heritage	N/A	1/1/2009	12/31/2009	4,146.00	5,664.80	5,664.80
New Jersey Department of Health and Senior Services	Alcohol Education & Rehabilitation	760-046-4240-001	1/1/2009	12/31/2009		1,927.64	1,927.64
New Jersey Department of Environmental Protection and Energy	Clean Shores	4860-510-702400-61	1/1/2009	12/31/2009		2,122.19	2,122.19
	Recycling Tonage Grant	4900-752-178840-60	1/1/2009	12/31/2009		22,170.91	22,170.91
	Clean Communities Program	4900-765-178910-60	1/1/2009	12/31/2009	59,535.96	59,535.96	59,535.96
	Green Trust Loans	4800-533-851000-60	Open		300,000.00	300,000.00	300,000.00
Governor's Council of Alcohol and Drug Abuse	Alliance Funds	100-082-C001-044-U999-6010	1/1/2009	12/31/2009	34,985.55	32,076.83	32,076.83
New Jersey Transportation Trust Fund	Reconstruction of Fire Lane - Shunpike Rd. to Summer Cr.	6320-048-078-6320	1/1/2009	12/31/2009	140,000.00	140,000.00	140,000.00
Other Departments	Body Armor Grant	N/A	1/1/2009	12/31/2009		6,180.00	6,180.00
	Drunk Driving Enforcement Fund	N/A	1/1/2009	12/31/2009		5,451.00	5,451.00
	Click it or Ticket	N/A	1/1/2009	12/31/2009	4,000.00	4,000.00	4,000.00
	Over the Limit Under Arrest	N/A	1/1/2009	12/31/2009	6,000.00	7,000.00	7,000.00
	New Jersey Emergency Management	N/A	1/1/2009	12/31/2009	5,000.00	4,237.50	4,237.50
Total State Assistance					$ 765,630.25	$ 817,614.91	$ 817,614.91

See Accompanying Notes to Schedule of Federal and State Awards

TOWNSHIP OF LOWER
NOTES TO SCHEDULE OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2009

Note 1: General

The accompanying schedules of financial assistance present the activity of all federal financial assistance programs of the Township of Lower. The Township is defined in Note 1 to the Township's financial statements – statutory basis.

Note 2: Basis of Accounting

The accompanying schedules of financial assistance is presented using the modified accrual basis of accounting, in accordance with the "Requirements of Audit", as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Such principles and practices are designed primarily for determining compliance with legal provisions, 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 accounts for its financial transactions through separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America.

Note 3: Relationship to General-Purpose Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Township's financial statements – statutory basis. The financial statements – statutory basis present the Grant and General Capital Funds on a budgetary basis. The accompanying schedule of financial assistance is presented on the grant accounting budgetary basis, which recognizes encumbrances as expenditures, and also recognizes the related revenues, whereas the GAAP basis does not.

	Total	State	Federal	Other
Grant Fund	$ 1,267,737.60	$ 517,614.91	$ 743,652.69	$ 6,470.00
General Capital Fund	300,000.00	300,000.00		
Total Financial Assistance	$ 1,567,737.60	$ 817,614.91	$ 743,652.69	$ 6,470.00

Note 4: Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal and state financial reports.

FORD-SCOTT
& ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

Compliance

We have audited the compliance of the Township of Lower, State of New Jersey (the "Township"), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement and New Jersey OMB Circular 04-04* that are applicable to each of its major federal and state programs for the year ended December 31, 2009. The Township's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations and New Jersey OMB 04-04* and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Those standards, OMB A-133 and OMB 04-04 and State of New Jersey prescribed audit requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township's compliance with those requirements.

In our opinion, the Township complied in all material respects with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the Township is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Township's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's control over compliance.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected on a timely basis.

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

This report is intended solely for the information and use management of the Township, Division of Local Government Services, Department of Community Affairs, State of New Jersey (cognizant audit agency), other state awarding agencies and pass-through entities and is not intended 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, 2010

TOWNSHIP OF LOWER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2009

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".**
Internal control over financial reporting:	
1) Material Weakness identified?	**NO**
2) Significant Deficiency identified that are not considered to be a Material Weakness?	**NONE REPORTED**
Non-Compliance material to Financial Statements – Statutory Basis noted?	**NO**

Federal Awards

Internal control over major programs:	
1) Material Weakness identified?	**NO**
2) Reportable conditions identified that are not considered to be a Material Weakness?	**NONE REPORTED**
Type of auditor's report issued on compliance for major programs:	**An Unqualified Opinion was issued on compliance for major programs, dated June 30, 2010.**
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133?	**NO**
Identification of major programs:	
14.228	**Small Cities CDBG Program**
Dollar threshold used to distinguish between Type A and Type B Programs:	**$300,000**
Auditee qualified as low-risk Auditee?	**YES**

I. SUMMARY OF AUDITOR'S RESULTS (Continued)

State Awards

Internal control over major programs:

3) Material Weakness identified?	**NO**
4) Significant Deficiencies identified that are not considered to be a Material Weakness?	**NONE REPORTED**
Type of auditor's report issued on compliance for major programs:	**An Unqualified Opinion was issued on compliance for major programs, dated June 30, 2010.**
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04?	**NO**
Identification of major programs:	
100-022-8020-092-023510	**Neighborhood Preservation**
6320-048-078-6320	**NJ DOT Trust – Reconstruction of Fire Lane – Shunpike Rd. to Summer Cr.**
4800-533-851000-60	**Green Trust Loans**
Dollar threshold used to distinguish between Type A and Type B Programs:	**$300,000**
Auditee qualified as low-risk Auditee?	**YES**

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 under this section, however we did note certain immaterial findings that are reported in the Management Letter.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AND STATE AWARDS

Federal: None

State: None

STATUS OF PRIOR YEAR FINDINGS

There were no prior year Findings or Questioned Costs.