

*TOWNSHIP OF LAFAYETTE*

*COUNTY OF SUSSEX*

*REPORT OF AUDIT*

*2008*

*NISIVOCIA & COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF LAFAYETTE

COUNTY OF SUSSEX

REPORT OF AUDIT

2008

TOWNSHIP OF LAFAYETTE  
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TOWNSHIP OF LAFAYETTE

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2008



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### Independent Auditors' Report

The Honorable Mayor and Members  
 of the Township Committee  
 Township of Lafayette  
 Lafayette, New Jersey

We have audited the financial statements of the various funds of the Township of Lafayette, in the County of Sussex (the "Township") as of and for the years then ended December 31, 2008 and 2007, as listed in the foregoing table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audits.

Except as discussed in the fourth paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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, these financial statements have been prepared in conformity with accounting principles prescribed by the Division, which demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws 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 the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. We are, therefore, unable to express an opinion as to the general fixed assets account group as of December 31, 2008 and 2007, stated at \$3,943,695.15 and \$3,798,046.92, respectively.

In our opinion, because the Township prepares its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, and the results of its operations for the years then ended.

The Honorable Mayor and Members  
of the Township Committee  
Township of Lafayette  
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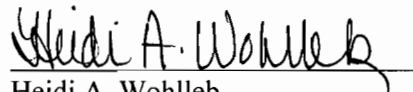
However, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the general fixed assets account group been audited, the financial statements referred to above, present fairly, in all material respects, the financial position of the various funds of the Township of Lafayette at December 31, 2008 and 2007, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended, in accordance with accounting principles prescribed by the Division, as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2009 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 opinions on the financial statements taken as a whole. The information included in the supplementary data schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards are also presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*; and New Jersey's OMB Circular NJOMB 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. This information has been subjected to the auditing procedures applied in the audits of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1 to the financial statements and Note B to the schedules of expenditures of federal and state awards.

Mount Arlington, New Jersey  
February 27, 2009

NISIVOCCIA & COMPANY LLP



Heidi A. Wohlleb  
Certified Public Accountant  
Registered Municipal Accountant No. 481

TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2008  
CURRENT FUND



TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2008	2007
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 988,217.94	\$ 1,138,296.82
Change Fund		25.00	25.00
Subtotal		988,242.94	1,138,321.82
Due from State of New Jersey:			
Senior Citizens and Veterans Deductions		7,088.79	7,588.79
		995,331.73	1,145,910.61
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	305,175.83	212,156.03
Tax Title Liens Receivable	A-8	147,870.11	132,727.31
Due from:			
Federal and State Grant Fund	A	2,026.99	
Animal Control Fund	B		13.97
Other Trust Funds	B	1,038.50	
General Capital Fund	C		126.62
Total Receivables and Other Assets with Full Reserves		456,111.43	345,023.93
Deferred Charges:			
Special Emergency Authorizations		129,000.00	187,000.00
Total Deferred Charges		129,000.00	187,000.00
Total Regular Fund		1,580,443.16	1,677,934.54
Federal and State Grant Fund:			
Grants Receivable	A-10	43,431.30	1,250.00
Due from Current Fund	A		39,841.16
Total Federal and State Grant Fund		43,431.30	41,091.16
TOTAL ASSETS		<u>\$ 1,623,874.46</u>	<u>\$ 1,719,025.70</u>

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
COMPARATIVE BALANCE SHEET  
(Continued)

	Ref.	December 31,	
		2008	2007
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 21,461.04	\$ 24,352.24
Unencumbered	A-3;A-11	76,760.63	59,094.09
		<u>98,221.67</u>	<u>83,446.33</u>
Due State of New Jersey:			
Marriage License Fees		375.00	450.00
Building Surcharge Fees		707.00	780.00
Due to:			
Federal and State Grant Fund	A		39,841.16
General Capital Fund	C	4.78	
Open Space Trust Fund	B	3,038.03	692.30
Regional High School Taxes Payable	A-13		1.21
County Added and Omitted Taxes Payable		9,795.18	22,728.11
Prepaid Taxes		48,887.55	38,280.64
Tax Overpayments		0.05	1.33
Building Fee Overpayments		31.00	
Reserve for:			
Revaluation		2,642.50	2,642.50
Fair Share - COAH Certification		68.31	68.31
Revision of Tax Maps		23,001.87	23,001.87
Stormwater Plan		3,603.97	3,625.22
Environmental Contingencies		76,173.20	76,173.20
Master Plan		7,434.57	7,434.57
Codification of Ordinances			2,020.45
Garden State Preservation Trust		7,663.59	10,600.69
		<u>281,648.27</u>	<u>311,787.89</u>
Reserve for Receivables and Other Assets	A	456,111.43	345,023.93
Fund Balance	A-1	842,683.46	1,021,122.72
Total Regular Fund		<u>1,580,443.16</u>	<u>1,677,934.54</u>
Federal and State Grant Fund:			
Due to Current Fund	A	2,026.99	
Appropriated Reserves	A-14	35,804.31	30,075.68
Unappropriated Reserves	A-15	5,600.00	11,015.48
Total Federal and State Grant Fund		<u>43,431.30</u>	<u>41,091.16</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 1,623,874.46</u>	<u>\$ 1,719,025.70</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	Ref.	Year Ended December 31,	
		2008	2007
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 600,000.00	\$ 600,000.00
Miscellaneous Revenue Anticipated		1,083,394.49	1,050,245.86
Receipts from:			
Delinquent Taxes		212,114.75	153,617.76
Current Taxes		8,162,192.08	7,984,014.59
Nonbudget Revenue		70,193.96	136,188.01
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		32,193.27	20,349.51
Interfunds Returned		140.59	22.45
Prior Year Senior Citizens' Deductions Allowed			250.00
Cancellation of Unappropriated Reserves		0.84	
Cancellation of Overpayments		1.33	
		<u>10,160,231.31</u>	<u>9,944,688.18</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		1,810,656.49	1,662,016.03
Municipal Open Space Taxes		82,743.53	71,537.30
County Taxes		1,831,406.21	1,897,902.90
Local School District Taxes		3,809,810.50	3,622,753.00
Regional High School Taxes		2,196,592.00	2,047,863.06
Cancellation of Prior Year Reconciling Items		4,396.35	
Interfunds Advanced		3,065.49	140.59
		<u>9,738,670.57</u>	<u>9,302,212.88</u>
Excess in Revenue		421,560.74	642,475.30
Balance January 1		1,021,122.72	978,647.42
		<u>1,442,683.46</u>	<u>1,621,122.72</u>
Decreased by:			
Utilized as Anticipated Revenue		600,000.00	600,000.00
Balance December 31	A	<u>\$ 842,683.46</u>	<u>\$ 1,021,122.72</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2008

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit*</u>
Fund Balance Anticipated	\$ 600,000.00		\$ 600,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	1,500.00		1,000.00	\$ 500.00 *
Fees and Permits	25,000.00		46,956.64	21,956.64
Interest and Costs on Taxes	25,000.00		40,585.30	15,585.30
Consolidated Municipal Property Tax Relief Aid	68,757.00		68,757.00	
Energy Receipts Tax	181,444.00		181,444.36	0.36
Reserve for Garden State Preservation Trust	10,600.69		10,600.69	
Uniform Construction Code Fees	50,000.00		50,724.20	724.20
Electrical Subcode Inspections	12,558.00		12,559.00	1.00
Reserve for Recycling Tonnage Grant	2,751.00		2,751.00	
Reserve for Clean Communities Program	5,764.00		5,764.00	
Clean Communities Program	5,744.00		5,744.00	
Reserve for Municipal Stormwater Regulation Program	2,500.00		2,500.00	
NJ Department of Transportation - 2008 Municipal Aid Program - Meadows Road Reconstruction		\$ 150,000.00	150,000.00	
S.C.M.U.A. Host Community Benefit Fees	300,000.00		504,008.30	204,008.30
	691,618.69	150,000.00	1,083,394.49	241,775.80
Receipts from Delinquent Taxes	170,000.00		212,114.75	42,114.75
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	558,642.80		601,244.84	42,602.04
Budget Totals	2,020,261.49	150,000.00	2,496,754.08	326,492.59
Nonbudget Revenue			70,193.96	70,193.96
	<u>\$ 2,020,261.49</u>	<u>\$ 150,000.00</u>	<u>\$ 2,566,948.04</u>	<u>\$ 396,686.55</u>

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes		\$ 8,162,192.08
Allocated to:		
County, Local School and Regional School Taxes	\$ 7,837,808.71	
Municipal Open Space Taxes	82,743.53	
		7,920,552.24
Balance for Support of Municipal Budget		241,639.84
Add: Appropriation "Reserve for Uncollected Taxes"		359,605.00
		601,244.84
Realized for Support of Municipal Budget		\$ 601,244.84

Receipts from Delinquent Taxes:

Delinquent Tax Collections		\$ 212,082.75
Overpayments Applied		32.00
		212,114.75
		\$ 212,114.75

Analysis of Nonbudget Revenue:

Treasurer:		
Interest on Investments and Deposits:		
Collected/Received by Treasurer	\$ 26,735.42	
Due from Other Trust Fund	1,038.50	
Total Interest on Investments and Deposits		\$ 27,773.92
Fines and Costs - Municipal Court		28,478.36
		56,252.28
Cable TV Franchise Fees	7,541.00	
Municipal Clerk Fees	1,307.34	
Construction Office Fees	285.93	
Senior Citizens' and Veterans' Deductions		
Administrative Reimbursement	595.00	
Other Miscellaneous Revenue	3,586.41	
		13,315.68
Tax Collector:		
Duplicate Bills	336.00	
Other Miscellaneous	290.00	
		626.00
		\$ 70,193.96

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2008

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 360.00	\$ 360.00		\$ 360.00	
Other Expenses	4,100.00	5,700.00	\$ 5,374.57	325.43	
Mayor and Council:					
Salaries and Wages	12,971.99	12,971.99	12,971.99		
Other Expenses	3,300.00	3,300.00	2,668.28	631.72	
Municipal Clerk:					
Salaries and Wages	34,442.91	34,442.91	34,442.91		
Other Expenses	1,630.00	1,930.00	1,774.80	155.20	
Elections:					
Salaries and Wages	150.00	150.00	150.00		
Other Expenses	1,600.00	1,600.00	1,440.27	159.73	
Financial Administration (Treasury):					
Salaries and Wages	26,826.80	26,826.80	26,826.80		
Other Expenses	2,230.00	2,230.00	2,139.46	90.54	
Annual Audit	18,000.00	18,000.00	15,684.00	2,316.00	
Computerized Data Processing:					
Other Expenses	11,000.00	11,240.00	10,994.30	245.70	
Revenue Administration (Tax Collection):					
Salaries and Wages	38,152.28	38,152.28	38,152.28		
Other Expenses	3,400.00	2,860.00	2,024.78	835.22	
Tax Search Officer:					
Salaries and Wages	1,000.00	1,000.00	1,000.00		
Tax Assessment Administration:					
Salaries and Wages	16,065.32	16,065.32	16,065.32		

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
GENERAL GOVERNMENT (Continued):					
Tax Assessment Administration:					
Salaries and Wages - Assessment Search Officer	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00		
Other Expenses	2,000.00	2,000.00	1,857.92	\$ 142.08	
Legal Services & Costs:					
Other Expenses	34,000.00	34,000.00	22,155.35	11,844.65	
Engineering Services & Costs:					
Other Expenses	7,000.00	7,000.00	3,522.19	3,477.81	
LAND USE ADMINISTRATION:					
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and Wages	24,946.15	24,946.15	24,946.15		
Other Expenses	68,000.00	68,000.00	62,854.97	5,145.03	
Zoning Official:					
Salaries and Wages	4,000.00	4,000.00	4,000.00		
INSURANCE:					
General Liability	79,000.00	77,400.00	76,243.35	1,156.65	
Employee Group Health	105,000.00	101,000.00	99,314.42	1,685.58	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	1,600.00	1,600.00	1,412.23	187.77	
PUBLIC SAFETY:					
Police:					
Salaries and Wages	50.00	50.00		50.00	
Other Expenses	50.00	50.00		50.00	

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
PUBLIC SAFETY (Continued):					
Emergency Management Services:					
Salaries and Wages	\$ 50.00	\$ 50.00		\$ 50.00	
Other Expenses	50.00	50.00		50.00	
Other Expenses - First Responders	10,500.00	10,500.00	\$ 10,500.00		
Aid to Volunteer Fire Company	38,000.00	38,000.00	38,000.00		
Fire:					
Other Expenses	500.00	500.00	180.00	320.00	
PUBLIC WORKS:					
Road Repairs and Maintenance:					
Salaries and Wages	200,000.00	202,000.00	200,879.62	1,120.38	
Other Expenses	57,200.00	57,200.00	53,936.31	3,263.69	
Snow Removal:					
Salaries and Wages	15,000.00	15,000.00	14,999.28	0.72	
Other Expenses	52,000.00	54,000.00	50,370.76	3,629.24	
Solid Waste Collection:					
Recycling Coordinator:					
Salaries and Wages	5,475.99	5,475.99	5,475.99		
Other Expenses	300.00	300.00	264.06	35.94	
Public Buildings & Grounds:					
Other Expenses	11,100.00	11,100.00	10,838.01	261.99	
HEALTH AND HUMAN SERVICES:					
Board of Health:					
Salaries and Wages	360.00	360.00	60.00	300.00	
Other Expenses	100.00	100.00		100.00	
Salaries and Wages - Registrar	1,000.00	1,000.00	1,000.00		



TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
HEALTH AND HUMAN SERVICES (Continued):					
Board of Health:					
Other Expenses - Registrar	\$ 500.00	\$ 500.00	\$ 302.99	\$ 197.01	
Other Expenses - Municipal Alliance	862.00	862.00		862.00	
Animal Control:					
Salaries and Wages	6,201.21	6,201.21	6,201.21		
PARK AND RECREATION:					
Recreation:					
Salaries and Wages	9,000.00	9,000.00	7,695.27	1,304.73	
Other Expenses	24,300.00	24,300.00	21,910.04	2,389.96	
Open Space Committee:					
Other Expenses	1,000.00	1,000.00	175.78	824.22	
UNIFORM CONSTRUCTION CODE:					
Sub-Code Official:					
Building Inspector:					
Salaries and Wages	32,136.75	32,136.75	32,136.75		
Other Expenses	1,600.00	1,600.00	360.44	1,239.56	
Electrical Inspector:					
Salaries and Wages	10,712.25	10,712.25	10,712.25		
Fire Protection Officials:					
Salaries and Wages	3,120.72	3,120.72	3,120.72		
Other Expenses	400.00	400.00	400.00		
Plumbing Inspector:					
Salaries and Wages	5,450.72	5,450.72	5,450.72		

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
UNCLASSIFIED:					
Celebration of Public Events:					
Other Expenses	\$ 1,600.00	\$ 1,600.00	\$ 938.61	\$ 661.39	
UTILITIES AND BULK PURCHASES:					
Electricity	22,000.00	22,000.00	20,771.21	1,228.79	
Street Lighting	3,200.00	3,200.00	2,943.76	256.24	
Telephone	9,500.00	9,500.00	8,781.24	718.76	
Gasoline (Natural or Propane)	10,000.00	10,000.00	9,882.39	117.61	
Fuel Oil	35,000.00	35,000.00	30,755.65	4,244.35	
<b>Total Operations Within "CAPS"</b>	<u>1,070,095.09</u>	<u>1,070,095.09</u>	<u>1,018,059.40</u>	<u>52,035.69</u>	
Detail:					
Salaries and Wages	448,473.09	450,473.09	447,287.26	3,185.83	
Other Expenses	621,622.00	619,622.00	570,772.14	48,849.86	
Deferred Charges and Statutory Expenditures - Municipal					
Within "CAPS":					
Statutory Expenditures:					
Social Security (O.A.S.I)	35,000.00	35,000.00	34,366.31	633.69	
<b>Total Deferred Charges and Statutory</b>					
<b>  Expenditures - Municipal Within "CAPS"</b>	<u>35,000.00</u>	<u>35,000.00</u>	<u>34,366.31</u>	<u>633.69</u>	
<b>Total General Appropriations for Municipal</b>					
<b>  Purposes Within "CAPS"</b>	<u>1,105,095.09</u>	<u>1,105,095.09</u>	<u>1,052,425.71</u>	<u>52,669.38</u>	

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Excluded from "CAPS":					
Pension (P.L. 2003, Chapter 108):					
Contribution to:					
Public Employees' Retirement System	\$ 23,018.40	\$ 23,018.40	\$ 23,018.40		
Police:					
911 Dispatching - Contractual	32,125.00	32,125.00	32,125.00		
Affordable Housing Administration (N.J.S.A.40A:45.3T):					
Other Expenses	10,000.00	10,000.00	3,975.00	\$ 6,025.00	
Interlocal Municipal Services Agreements:					
Joint Municipal Court:					
Other Expenses - Contractual	60,000.00	60,000.00	41,933.75	18,066.25	
Electrical Subcode Official:					
Other Expenses - Contractual	12,559.00	12,559.00	12,559.00		
Public and Private Programs Offset by Revenue:					
Reserve for Clean Communities Grant	5,764.00	5,764.00	5,764.00		
Clean Communities Grant	5,744.00	5,744.00	5,744.00		
Recycling Tonnage Grant	2,751.00	2,751.00	2,751.00		
Municipal Storm Regulation Program	2,500.00	2,500.00	2,500.00		
<b>Total Operations Excluded from "CAPS":</b>	<b>154,461.40</b>	<b>154,461.40</b>	<b>130,370.15</b>	<b>24,091.25</b>	
Detail:					
Other Expenses	154,461.40	154,461.40	130,370.15	24,091.25	
Capital Improvements:					
Capital Improvement Fund	255,000.00	255,000.00	255,000.00		

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Capital Improvements (Continued):					
NJ Department of Transportation - 2008 Municipal Aid Program - Meadows Road Reconstruction (N.J.S.A. 40A:4-87 + \$150,000.00 )		\$ 150,000.00	\$ 150,000.00		
Total Capital Improvements	\$ 255,000.00	405,000.00	405,000.00		
Municipal Debt Service:					
Payment of Bond Anticipation Notes and Capital Notes	72,500.00	72,500.00	72,500.00		
Interest on Notes	15,600.00	15,600.00	15,600.00		
Total Municipal Debt Service	88,100.00	88,100.00	88,100.00		
Deferred Charges- Municipal:					
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-53)	58,000.00	58,000.00	58,000.00		
Total Deferred Charges and Statutory Expenditures	58,000.00	58,000.00	58,000.00		
Total General Appropriations for Municipal Purposes	1,660,656.49	1,810,656.49	1,733,895.86	\$ 76,760.63	
Reserve for Uncollected Taxes	359,605.00	359,605.00	359,605.00		
Total General Appropriations	<u>\$ 2,020,261.49</u>	<u>\$ 2,170,261.49</u>	<u>\$ 2,093,500.86</u>	<u>\$ 76,760.63</u>	<u>\$ -0-</u>

Ref.

A

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

		Analysis of	
<u>Ref.</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	
Adopted Budget	\$ 2,020,261.49		
Add by:			
N.J.S.A. 40A:4-87	150,000.00		
	\$ 2,170,261.49		
Reserve for Uncollected Taxes		\$ 359,605.00	
Reserve for Encumbrances	A	21,461.04	
Transfer to Federal and State Grant Fund		166,759.00	
Deferred Charges - Special Emergency Authorization		58,000.00	
Cash Disbursed		1,510,964.35	
		2,116,789.39	
Less: Appropriation Refunds		23,288.53	
		\$ 2,093,500.86	

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2008  
TRUST FUNDS

TOWNSHIP OF LAFAYETTE  
COMPARATIVE BALANCE SHEET - TRUST FUNDS

	Ref.	December 31,	
		2008	2007
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer		\$ 758.80	\$ 4,677.20
	B-4	<u>758.80</u>	<u>4,677.20</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	807,865.42	617,527.42
Due From Current Fund - Open Space Trust Fund	A	3,038.03	692.30
		<u>810,903.45</u>	<u>618,219.72</u>
TOTAL ASSETS		<u>\$ 811,662.25</u>	<u>\$ 622,896.92</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A		\$ 13.97
Reserve for Animal Control Expenditures	B-6	\$ 758.80	4,663.23
		<u>758.80</u>	<u>4,677.20</u>
Other Trust Funds:			
Due to Current Fund	A	1,038.50	
Reserve for:			
Escrow Bonds		121,742.43	102,998.73
Recreation		13,285.76	28,250.69
Fire Prevention Penalty Fees		17,496.99	13,298.38
Developers Escrow		210,914.49	167,704.68
Affordable Housing		228,805.77	149,195.97
Tax Sale Premiums		6,950.00	9,700.00
Tax Map Fees			7,370.60
Open Space Trust		210,669.51	139,700.67
		<u>810,903.45</u>	<u>618,219.72</u>
TOTAL LIABILITIES AND RESERVES		<u>\$ 811,662.25</u>	<u>\$ 622,896.92</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LAFAYETTE  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE  
YEAR ENDED DECEMBER 31, 2008

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT



TOWNSHIP OF LAFAYETTE  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2008

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE  
ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2008

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2008  
GENERAL CAPITAL FUND

TOWNSHIP OF LAFAYETTE  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2008	2007
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 185,918.22	\$ 766,696.95
Due from:			
Current Fund	A	4.78	
Due from Lafayette Township EMS		20,000.00	
Deferred Charges to Future Taxation:			
Unfunded	C-4	633,187.26	705,687.26
<b>TOTAL ASSETS</b>		<u>\$ 839,110.26</u>	<u>\$ 1,472,384.21</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7		\$ 435,000.00
Improvement Authorizations:			
Funded	C-5	\$ 19,159.50	32,261.18
Unfunded	C-5	269,800.00	269,800.00
Capital Improvement Fund	C-6	163,089.10	76,239.10
Due to Current Fund	A		~126.62
Reserve for:			
Encumbrances		39,026.00	145,124.00
Purchase of Fire Truck and Fire Equipment		23,189.63	171,829.60
Improvements to Public/Recreational Property		56,371.95	60,293.15
Purchase of Road Equipment		169,499.03	165,821.38
Improvements to Various Roads		105.98	105.98
First Responder Equipment		5,085.87	22,000.00
Fund Balance	C-1	93,783.20	93,783.20
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u>\$ 839,110.26</u>	<u>\$ 1,472,384.21</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LAFAYETTE  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2007	C	<u>\$ 93,783.20</u>
Balance December 31, 2008	C	<u><u>\$ 93,783.20</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LAFAYETTE

COUNTY OF SUSSEX

2008

WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2008  
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2008  
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2008  
BOND AND INTEREST FUND

NOT APPLICABLE



TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2008  
GENERAL FIXED ASSETS ACCOUNT GROUP  
  
(UNAUDITED)

TOWNSHIP OF LAFAYETTE  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET  
(UNAUDITED)

	December 31,	
	2008	2007
<u>ASSETS</u>		
Land	\$ 640,400.00	\$ 640,400.00
Buildings and Improvements	1,938,321.14	1,938,321.14
Equipment	1,364,974.01	1,219,325.78
TOTAL ASSETS	\$ 3,943,695.15	\$ 3,798,046.92
 <u>RESERVES</u>		
Reserve for Fixed Assets	\$ 3,943,695.15	\$ 3,798,046.92
TOTAL RESERVES	\$ 3,943,695.15	\$ 3,798,046.92

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2008

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Lafayette include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Lafayette, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Lafayette do not include the operations of the volunteer fire company or first aid organization.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources, and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of Governmental Accounting Standards Board's Codification section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Township of Lafayette conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). 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 Lafayette accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

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

General Fixed Assets Account Group (Unaudited) – Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E – “Basis of Accounting”.

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounting policies of the Township of Lafayette conform to the accounting principles applicable to municipalities which have been prescribed by the Division which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Grant revenue is realized in the Current Fund when it is budgeted and in the Capital Funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations based on budgeted amounts. Exceptions to this general rule include:

- 1) Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
- 2) Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
- 3) Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded and inventories would not be reflected as expenditures at the time of purchase.

The cash basis of accounting is followed in the Trust Funds.

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

D. Deferred Charges to Future Taxation – The Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds or by issuing loans or capital lease purchase agreements.

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost or amortized cost, which approximates market.

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused accumulated sick pay are not recorded until paid.

Foreclosed Property - Foreclosed Property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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

General Fixed Assets (Unaudited) - General fixed assets are recorded at cost or estimated historical cost based on estimation procedures performed by an independent appraisal company. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset amounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly.

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies: (Cont'd)

General fixed assets recorded in the general fixed assets account group may also be recorded in the General Capital Fund. The values recorded in the General Fixed Asset Account Group and the General Capital Fund may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Capital assets are reviewed for impairment.

- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current Fund and the Open Space Trust Fund. The budget is submitted to the governing body and the Division of Local Government Services. The budget is prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit taxing power has been pledged to the payment of the general obligation debt principal and interest.

	December 31,		
	2008	2007	2006
<u>Issued</u>			
General:			
Bonds and Notes	\$ -0-	\$ 435,000.00	\$ 600,000.00
Net Debt Issued	-0-	435,000.00	600,000.00
<u>Authorized but not Issued:</u>			
Bonds and Notes	633,187.26	270,687.26	424,800.00
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 633,187.26</u>	<u>\$ 705,687.26</u>	<u>\$ 1,024,800.00</u>

Summary of Municipal Debt Issued and Outstanding – Current and Prior Years

	Balance 12/31/07	Additions	Retirements	Balance 12/31/08
Bond Anticipation Notes:				
General Capital Fund	<u>\$ 435,000.00</u>	<u>\$ -0-</u>	<u>\$ 435,000.00</u>	<u>\$ -0-</u>
	Balance 12/31/06	Additions	Retirements	Balance 12/31/07
Bond Anticipation Notes:				
General Capital Fund	<u>\$ 600,000.00</u>	<u>\$ -0-</u>	<u>\$ 165,000.00</u>	<u>\$ 435,000.00</u>

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

Note 2: Long-Term Debt (Cont'd)

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 0.13%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 633,187.26		\$ 633,187.26
Local School District Debt	4,073,000.00	\$ 4,073,000.00	
Regional High School Debt	3,290,382.66	3,290,382.66	
	<u>3,290,382.66</u>	<u>3,290,382.66</u>	
General Debt	<u>\$ 7,996,569.92</u>	<u>\$ 7,363,382.66</u>	<u>\$ 633,187.26</u>

Net Debt \$633,187.26 divided by Equalized Valuation Basis per N.J.S. 40A:2-2, \$470,639,964 = 0.13%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 16,472,398.74
Net Debt	<u>633,187.26</u>
Remaining Borrowing Power	<u>\$ 15,839,211.48</u>

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

The Township has no debt issued and outstanding on December 31, 2008.

Note 3: Fund Balances Appropriated

As of the date of this report, the budget for 2009 has not been introduced. Thus, the amount of fund balance at December 31, 2008, which will be included in the Current Fund budget for the year ending December 31, 2009, is not known at this date.

Note 4: Pension Plans

Township employees are enrolled in a cost-sharing multiple-employer public employee retirement system: the Public Employees' Retirement System (PERS) of New Jersey. The State of New Jersey sponsors and administers this plan which covers substantially all Township employees. As a general rule, all full-time employees are eligible to join this public employees' retirement system.

Employees who are members of PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal year's compensation for each year of membership during year of creditable service. Vesting occurs after 8 to 10 year of service.

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2008  
 (Continued)

Note 4: Pension Plans (Cont'd)

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contributions are based on percentages of 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

Three-Year Trend of PERS			
Year Funding December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 28,773.00	80.00%	\$ 23,018.40
2007	18,524.00	60.00%	11,114.40
2006	17,085.00	40.00%	6,834.00

Note 5: Local School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Township of Lafayette has elected not to defer school taxes.

Note 6: Accrued Sick and Vacation Benefits

Vacation time must be used before the end of the year and is not allowed to be accrued.

Employees are allowed to accrue up to 24 days of sick leave; however, they are not paid for any sick time upon leaving the Township. Such compensation paid for sick time used during the year would be included in the Township's budget.



TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparative Schedule of Tax Rate Information

	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Tax Rate</u>	<u>\$ 1.801</u>	<u>\$ 1.720</u>	<u>\$ 1.600</u>
<u>Apportionment of</u>			
<u>Tax Rate</u>			
Municipal	0.135	0.117	0.092
County	0.389	0.401	0.364
Local School	0.810	0.768	0.751
Regional High School	0.467	0.434	0.393
<u>Assessed Valuations</u>			
2008	<u>\$ 470,468,740.00</u>		
2007		<u>\$ 472,307,991.00</u>	
2006			<u>\$ 467,582,386.00</u>

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2008	\$ 8,518,064.49	\$ 8,162,192.08	95.82%
2007	8,221,964.54	7,984,014.59	97.10%
2006	7,579,597.84	7,409,523.99	97.75%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

Note 8: Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the Township ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Township to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

Investments: (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2008, cash and cash equivalents of the Township of Lafayette consisted of the following:

<u>Fund</u>	<u>Cash on</u> <u>Hand</u>	<u>Checking</u> <u>Accounts</u>	<u>Savings</u> <u>Accounts</u>	<u>NJ Cash</u> <u>Management</u> <u>Fund</u>	<u>Total</u>
Current	\$ 25.00	\$ 988,213.41		\$ 4.53	\$ 988,242.94
Animal Control		758.80			758.80
Other Trust		152,796.33	\$ 655,069.09		807,865.42
General Capital		185,916.13		2.09	185,918.22
	<u>\$ 25.00</u>	<u>\$1,327,684.67</u>	<u>\$ 655,069.09</u>	<u>\$ 6.62</u>	<u>\$1,982,785.38</u>

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

During the period ended December 31, 2008, the Township did not hold any investments. The carrying amount of the Township of Lafayette's cash and cash equivalents at December 31, 2008, was \$1,982,785.38 and the bank balance was \$1,985,789.94. The \$6.62 in the NJ Cash Management Fund accounts are uninsured and unregistered.

Note 9: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding year. At December 31, 2008, the following deferred charge is shown on the balance sheet of the Current Fund:

	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Required</u> <u>2009 Budget</u> <u>Appropriation</u>	<u>Balance Deferred</u> <u>to Succeeding</u> <u>Years' Budgets</u>
Current Fund:			
Special Emergency Authorizations	\$ 129,000.00	\$ 58,000.00	\$ 71,000.00

The appropriation in the 2009 budget will not be less than that required by statute.

Note 10: 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. Health benefits are provided through the State of New Jersey health benefits plan.

Property, Liability and Workers' Compensation

The Township is currently a member of the Public Alliance Insurance Coverage Fund (the "Fund"). The Fund provides its members with Liability, Property and Workers' Compensation Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self administered group of governmental entities established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of the Fund, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

Selected, summarized financial information for the Fund is as follows:

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

Note 10: Risk Management (Cont'd)

Property, Liability and Workers' Compensation (Cont'd)

	Public Alliance Insurance Coverage Fund Dec. 31, 2007
Total Assets	\$ 11,601,379
Net Assets	\$ 5,773,929
Total Revenue	\$ 8,101,320
Total Expenditures	\$ 6,660,449
Change in Net Assets	\$ 1,440,871
Net Assets Distribution to Participating Members	\$ 925,000

Financial statements for the Fund are available at the offices of the Fund's Executive Director:

Public Alliance Insurance Coverage Fund  
Public Entity Group Administrative Services  
51 Everett Drive  
Suite B-40  
West Windsor, NJ 08550  
(609) 275-1155

New Jersey Unemployment Compensation Insurance – The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”. Under this plan, the Township is required to remit employee withholdings to the State on a quarterly basis. All of the Township’s claims are paid by the State.

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2008:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 3,065.49	\$ 3,042.81
Federal and State Grant Fund		2,026.99
Other Trust Funds		1,038.50
Open Space Trust Fund	3,038.03	
General Capital Fund	4.78	
	\$ 6,108.30	\$ 6,108.30

TOWNSHIP OF LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

Note 11: Interfund Receivables and Payables (Cont'd)

The interfund payable in the Current Fund and the interfund receivable in the General Capital Fund represent the excess interest turned over from the General Capital Fund in 2008. The interfund payable in the Federal and State Grant Fund and the interfund receivable in the Current Fund are due to the net of grant funds received and grant fund expenditures expended from the Current Fund on behalf of the Federal and State Grant Fund. The interfund receivable in the Open Space Trust Fund and the interfund payable in the Current Fund represent the amount of 2008 open space taxes collected in the Current Fund not turned over to the Open Space Trust Fund as of December 31, 2008. The interfund receivable in the Current Fund and the interfund payables in the Other Trust Funds represent interest earned in the Other Trust Funds in 2008 not turned over as of December 31, 2008.

Note 12: Reserve for Environmental Contingencies

The Township set aside part of the annual Host Community Fees received from the Sussex County Municipal Utilities Authority for potential costs associated with environmental issues, including the cost of potential litigation, which may develop with respect to the landfill. As of December 31, 2008, the reserve balance was \$76,173.20.

Note 13: Contingent Liabilities

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Township vigorously contests these lawsuits and believes the ultimate resolution would not have a material adverse effect on its financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

Note 14: Economic Dependency

The Township receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Township's programs and activities.

Note 15: Open Space Trust Fund

The Township adopted an ordinance in 2006 to establish a "Municipal Open Space, Recreation, and Farmland and Historic Preservation Trust Fund," permitting the Township to collect a tax of one and one half cent (1.5 cents) per \$100.00 assessed valuation for the Open Space Trust Fund. The 2008 Open Space tax levy was \$82,743.53. The balance in the Reserve for Open Space at December 31, 2008 is \$210,669.51.

TOWNSHIP OF LAFAYETTE

SUPPLEMENTARY DATA

TOWNSHIP OF LAFAYETTE  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2008

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

Name	Title	Amount of Bond	Name of Corporate or Personal Surety
Richard Hughes	Mayor		
John D' Angeli	Deputy Mayor		
Richard Bruning	Committeeman		
Gregory Corcoran	Committeeman		
George Sweeney	Committeeman		
Gail Magura	Chief Financial Officer/Treasurer	\$ 1,000,000.00	Municipal Excess Liability JIF
Linda L. Pettenger	Tax Collector, Tax Search Officer	1,000,000.00	Municipal Excess Liability JIF
Anna Rose Fedish	Clerk, Assessment Search Official, Registrar and Deputy Collector	1,000,000.00	Municipal Excess Liability JIF
Maureen Kaman	Tax Assessor		
James Devine	Magistrate		
Roy E. Kurnos	Attorney		
Stephanie Pizzulo	Secretary Board of Health, Land Use Board, Construction & Fire Prevention Offices		
William Kaufman	Animal Control Officer		
Charles O'Connor	Construction Official, Building Inspector, Zoning and Code Enforcement Officer		
Nancy Podkowka	Recycling Coordinator		

A Blanket Performance Bond covering all employees who are not specifically bonded was issued with Fidelity & Deposit Company of Maryland in the amount of \$25,000.



TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2008  
CURRENT FUND

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2007	A	\$ 1,138,296.82
Increased by Receipts:		
Tax Collector		\$ 8,399,391.69
Revenue Accounts Receivable		893,927.86
Miscellaneous Revenue Not Anticipated		13,315.68
Interest on Investments and Deposits		26,735.42
Due Animal Control Fund:		
Interfund Returned		13.97
Due from General Capital Fund:		
Interfund Returned		126.62
Interfund Advanced		4.78
Due to Federal and State Grant Fund:		
Interfund Advanced - Grant Funds Receivable		107,818.70
Interfund Advanced - Unappropriated Reserves		11,344.36
Due to State of New Jersey:		
Senior Citizens' and Veterans' Deductions		29,750.00
Marriage License Fees		375.00
Building Surcharge Fees		2,908.00
Building Fee Overpayments		31.00
Reserve for Garden State Preservation Trust		7,663.59
Appropriation Refunds		23,288.53
		<hr/>
		9,516,695.20
		<hr/>
		10,654,992.02
Decreased by Disbursements:		
2008 Appropriation Expenditures		1,510,964.35
2007 Appropriation Reserve Expenditures		51,253.06
Local School District Taxes		3,809,810.50
Regional High School Taxes Payable		2,196,593.21
County Taxes		1,844,339.14
Due to/from Other Trust Funds - Open Space:		
Interfund Returned		692.30
Open Space Tax Levy		79,705.50
Due from Federal and State Grant Fund:		
Interfund Advanced - Appropriated Grant Fund Reserves		161,030.37
Due to State of New Jersey:		
Marriage License Fees		450.00
Building Surcharge Fees		2,981.00
Reserve for:		
Third Party Tax Title Liens		2,516.60
Stormwater Plan		21.25
Codification of Ordinances		2,020.45
Cancellation of Prior Year Reconciling Items		4,396.35
		<hr/>
		9,666,774.08
		<hr/>
Balance December 31, 2008	A	\$ 988,217.94

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2008

Increased by Receipts:

Taxes Receivable	\$ 8,306,744.19	
Interest and Costs on Taxes	40,585.30	
2009 Prepaid Taxes	48,887.55	
Tax Overpayments	32.05	
Third Party Tax Title Liens	2,516.60	
Miscellaneous Revenue Not Anticipated	<u>626.00</u>	
		\$ 8,399,391.69

Decreased by:

Payments to Municipal Treasurer		<u>\$ 8,399,391.69</u>
---------------------------------	--	------------------------

TOWNSHIP OF LAFAYETTE  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF CASH  
YEAR ENDED DECEMBER 31, 2008

NOT APPLICABLE

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

Year	Balance	2008 Levy	Collections		Overpayments Applied	State of NJ	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2007		2007	2008		Veterans' and Senior Citizens' Deductions			Dec. 31, 2008
2007	\$ 212,156.03			\$ 212,082.75	\$ 32.00		\$ 41.28		
2008		\$ 8,518,064.49	\$ 38,280.64	8,094,661.44		\$ 29,250.00	35,553.78	\$ 15,142.80	\$ 305,175.83
	<u>\$ 212,156.03</u>	<u>\$ 8,518,064.49</u>	<u>\$ 38,280.64</u>	<u>\$ 8,306,744.19</u>	<u>\$ 32.00</u>	<u>\$ 29,250.00</u>	<u>\$ 35,595.06</u>	<u>\$ 15,142.80</u>	<u>\$ 305,175.83</u>
Ref.	A								A

Analysis of 2008 Property Tax Levy

Tax Yield:

General Purpose Taxes	\$ 8,473,142.81
Added and Omitted Taxes (54-5-63.1 et. seq.)	<u>44,921.68</u>
	<u>\$ 8,518,064.49</u>

Tax Levy:

Local School District Taxes	3,809,810.50
Regional High School Taxes	2,196,592.00
County Taxes:	
General Tax	1,821,611.03
County Added and Omitted Taxes	<u>9,795.18</u>
	<u>1,831,406.21</u>
	<u>7,837,808.71</u>
Local Tax for Municipal Purposes	558,642.80
Municipal Open Space Tax	82,330.50
Additional Open Space - Municipal	413.03
Add: Additional Tax Levied	<u>38,869.45</u>
	<u>680,255.78</u>
	<u>\$ 8,518,064.49</u>

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2007	A	\$ 132,727.31
Increased by:		
Transfer from Taxes Receivable		<u>15,142.80</u>
Balance December 31, 2008	A	<u>\$ 147,870.11</u>

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2008

	<u>Accrued In</u> <u>2008</u>	<u>Collected by</u> <u>Treasurer</u>
Licenses:		
Alcoholic Beverages	\$ 1,000.00	\$ 1,000.00
Fees and Permits	46,956.64	46,956.64
Fines and Costs:		
Municipal Court	28,478.36	28,478.36
Energy Receipts Tax	181,444.36	181,444.36
Consolidated Municipal Property Tax Relief Aid	68,757.00	68,757.00
S.C.M.U.A. Host Community Benefit Fees	504,008.30	504,008.30
Uniform Construction Code Fees	50,724.20	50,724.20
Electrical Subcode Inspections	12,559.00	12,559.00
	<u>\$ 893,927.86</u>	<u>\$ 893,927.86</u>

TOWNSHIP OF LAFAYETTE  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2008

	Balance Dec. 31, 2007	2008 Budget Revenue Realized	Cash Received	Transferred from Unappropriated Reserves	Balance Dec. 31, 2008
Recycling Tonnage Grant - 2007		\$ 2,751.00		\$ 2,751.00	
Municipal Stormwater Regulation Program	\$ 1,250.00	2,500.00		2,500.00	\$ 1,250.00
Clean Communities Grant - 2007		5,764.00		5,764.00	
Clean Communities Grant - 2008		5,744.00		5,744.00	
NJ Department of Transportation - 2008 Municipal Aid Program - Meadows Road Reconstruction		150,000.00	\$ 107,818.70		42,181.30
	<u>\$ 1,250.00</u>	<u>\$ 166,759.00</u>	<u>\$ 107,818.70</u>	<u>\$ 16,759.00</u>	<u>\$ 43,431.30</u>

Ref.      A

A

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
SCHEDULE OF 2007 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2008

	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
General Administration:				
Salaries and Wages	\$ 360.00	\$ 360.00		\$ 360.00
Other Expenses	3.07	3.07		3.07
Mayor and Committee:				
Other Expenses	366.73	366.73	\$ 13.45	353.28
Municipal Clerk:				
Other Expenses	122.00	122.00		122.00
Elections:				
Other Expenses	192.60	192.60		192.60
Financial Administration:				
Other Expenses	2.72	2.72		2.72
Annual Audit Services	8,900.00	8,900.00	8,900.00	
Computerized Data Processing:				
Other Expenses	1,121.92	1,121.92		1,121.92
Revenue Administration (Tax Collection):				
Other Expenses	6.46	6.46		6.46
Tax Assessment Administration:				
Other Expenses	297.44	297.44	265.67	31.77
Legal Services & Costs:				
Other Expenses	3,709.61	3,709.61	1,298.04	2,411.57
Engineering Services & Costs:				
Other Expenses	627.10	627.10	286.00	341.10
Municipal Land Use Law (NJSA 40:55D-1):				
Planning Board:				
Other Expenses	16,666.57	15,918.57	684.02	15,234.55
Insurance:				
General Liability	118.00	118.00		118.00
Surety Bond Premiums	226.00	226.00		226.00
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	235.43	235.43	46.50	188.93
Police:				
Salaries and Wages	50.00	50.00		50.00
Other Expenses	50.00	50.00		50.00
Emergency Management Services:				
Salaries and Wages	80.60	80.60		80.60
Other Expenses	146.38	146.38		146.38
Road Repairs and Maintenance:				
Salaries and Wages	314.48	314.48		314.48
Other Expenses	14,330.64	14,330.64	12,893.47	1,437.17



TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
SCHEDULE OF 2007 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Snow Removal:				
Salaries and Wages	\$ 562.29	\$ 562.29		\$ 562.29
Other Expenses	3,322.24	3,322.24	\$ 3,064.45	257.79
Solid Waste Collection:				
Recycling Coordinator:				
Other Expenses	143.19	143.19		143.19
Public Buildings & Grounds:				
Other Expenses	176.96	176.96	34.53	142.43
Board of Health:				
Salaries and Wages	360.00	360.00		360.00
Other Expenses	48.91	48.91		48.91
Other Expenses - Registrar	463.00	463.00		463.00
Other Expenses - Municipal Alliance	862.00	862.00	862.00	
Recreation:				
Salaries and Wages	602.48	602.48		602.48
Other Expenses	1,774.38	1,774.38	65.00	1,709.38
UNIFORM CONSTRUCTION CODE:				
Sub-Code Official:				
Building Inspector:				
Other Expenses	72.71	72.71		72.71
Celebration of Public Events:				
Other Expenses	137.78	137.78	5.08	132.70
Utility and Bulk Purchases:				
Electricity	1,677.68	1,677.68	1,590.70	86.98
Street Lighting	82.81	82.81		82.81
Telephone	471.13	471.13	449.96	21.17
Gasoline (Natural or Propane)	2,684.39	2,684.39	1,302.02	1,382.37
Fuel Oil	2,572.69	2,572.69	1,397.60	1,175.09
Statutory Expenditures:				
Contribution to:				
Social Security System (OASI)	1,931.26	1,931.26		1,931.26
Insurance:				
Employee Group Health	1,757.59	0.59		0.59
Affordable Housing Administration:				
Other Expenses	2,724.68	2,724.68	2,500.00	224.68
Interlocal Municipal Service Agreements:				
Joint Municipal Court:				
Other Expenses - Contractual	13,090.41	15,595.41	15,594.57	0.84
	<u>\$ 83,446.33</u>	<u>\$ 83,446.33</u>	<u>\$ 51,253.06</u>	<u>\$ 32,193.27</u>

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
SCHEDULE OF 2007 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2008  
(Continued)

		<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Ref.</u>				
<u>Analysis of Balance December 31, 2007:</u>					
Unencumbered	A	\$ 59,094.09			
Encumbered	A	<u>24,352.24</u>			
		<u>\$ 83,446.33</u>			

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2008

Increased by:		
Levy - Calendar Year 2008		\$ 3,809,810.50
Decreased by:		
Payments to Local School District		<u>\$ 3,809,810.50</u>

TOWNSHIP OF LAFAYETTE  
CURRENT FUND  
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2008

	<u>Ref.</u>	
Balance December 31, 2007	A	\$ 1.21
Increased by:		
Levy - Calendar Year 2008		<u>2,196,592.00</u>
		2,196,593.21
Decreased by:		
Payments to Regional High School		<u>2,196,593.21</u>
Balance December 31, 2008	A	<u>\$ -0-</u>

TOWNSHIP OF LAFAYETTE  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2007	Transferred from 2008 Budget Appropriations	Expended	Balance Dec. 31, 2008
Recycling Tonnage Grant - 2007	\$ 1,483.78			\$ 1,483.78
Recycling Tonnage Grant - 2008		\$ 2,751.00	\$ 2,100.53	650.47
Clean Communities Program - 2005	1,620.19			1,620.19
Clean Communities Program - 2006	5,662.93			5,662.93
Clean Communities Program - 2007		5,764.00	4,478.11	1,285.89
Clean Communities Program - 2008		5,744.00	5,744.00	
NJ Management Hazardous Material				
Emergency Preparation	8,000.00			8,000.00
Emergency Management Grant - 2004	2,118.54			2,118.54
Emergency Management Grant - 2005	4,000.00			4,000.00
Emergency Management Grant - 2006	2,305.19		298.09	2,007.10
Federal Municipal SLAHEOP	2,405.72			2,405.72
Municipal Stormwater Regulation Program:				
2005	3.83		3.83	
2007		2,500.00	102.42	2,397.58
Open Space Grant	2,475.50			2,475.50
NJ Department of Transportation - 2008				
Municipal Aid Program - Meadows Road Reconstruction		150,000.00	148,303.39	1,696.61
	<u>\$ 30,075.68</u>	<u>\$ 166,759.00</u>	<u>\$ 161,030.37</u>	<u>\$ 35,804.31</u>

Ref.           A

A

TOWNSHIP OF LAFAYETTE  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES

	<u>Balance Dec. 31, 2007</u>	<u>Cash Received</u>	<u>Transferred to 2008 Budget Revenue</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2008</u>
Recycling Tonnage Grant	\$ 2,751.32		\$ 2,751.00	\$ 0.32	
Recycling Tonnage Grant - 2008		\$ 5,600.00			\$ 5,600.00
Clean Communities	5,764.16		5,764.00	0.16	
Clean Communities - 2008		5,744.36	5,744.00	0.36	
Municipal Stormwater Regulation Program	<u>2,500.00</u>		<u>2,500.00</u>		
	<u>\$ 11,015.48</u>	<u>\$ 11,344.36</u>	<u>\$ 16,759.00</u>	<u>\$ 0.84</u>	<u>\$ 5,600.00</u>

Ref.

A

A

TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2008  
TRUST FUNDS

TOWNSHIP OF LAFAYETTE  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2007	B	\$ 4,677.20	\$ 617,527.42
Increased by Receipts:			
License Fees Collected		\$ 3,570.00	
Late Fees		190.00	
Kennel Licenses		75.00	
Replacement Tag Fees		3.00	
State Registration Fees		1,023.00	
Escrow Bond Deposits			\$ 91,613.14
Recreation			325.00
Fire Prevention Deposits			13,810.62
Developers Escrows Deposits			86,103.18
Affordable Housing Deposits			77,835.20
Open Space Tax			79,705.50
Interest Due to Current Fund			1,038.50
Interest Earned on Investments:			
Open Space Trust			1,400.31
Affordable Housing			1,774.60
Developers Escrows			1,277.95
Due From Current Fund:			
Interfund Returned - Open Space Tax Levy			692.30
		<u>4,861.00</u>	<u>355,576.30</u>
		9,538.20	973,103.72
Decreased by Disbursements:			
Due to Current Fund - Interfund Returned		13.97	
State Registration Fees		1,023.00	
Administrative Expenses		7,742.43	
Escrow Bond Deposits Expenditures			72,869.44
Recreation Expenditures			15,289.93
Open Space Trust Expenditures			13,175.00
Fire Prevention Expenditures			9,612.01
Developers Escrows Deposits			44,171.32
Tax Sale Premiums			2,750.00
Tax Map Expenditures			7,370.60
		<u>8,779.40</u>	<u>165,238.30</u>
Balance December 31, 2008	B	<u>\$ 758.80</u>	<u>\$ 807,865.42</u>

TOWNSHIP OF LAFAYETTE  
ASSESSMENT TRUST FUND  
ANALYSIS OF CASH  
YEAR ENDED DECEMBER 31, 2008

NOT APPLICABLE



TOWNSHIP OF LAFAYETTE  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>		
Balance December 31, 2007	B		\$ 4,663.23
Increased by:			
Animal Control License Fees Collected		\$ 3,570.00	
Late Fees		190.00	
Kennel Licenses		75.00	
Replacement Tag Fees		3.00	
		3,838.00	
			8,501.23
Decreased by:			
Expenditures Under R.S. 4:19-15.11			7,742.43
Balance December 31, 2008	B		\$ 758.80

License Fees Collected

<u>Year</u>	<u>Amount</u>
2006	\$ 3,707.00
2007	3,604.00
	3,604.00
Maximum Allowable Reserve	\$ 7,311.00

TOWNSHIP OF LAFAYETTE  
COUNTY OF SUSSEX  
2008  
GENERAL CAPITAL FUND

TOWNSHIP OF LAFAYETTE  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2007	C	\$ 766,696.95
Increased by Receipts:		
2008 Budget Appropriation:		
Capital Improvement Fund		<u>255,000.00</u>
		1,021,696.95
Decreased by:		
Improvement Authorizations	\$	328,023.33
Prior Year Encumbrances Liquidated		145,124.00
Due Current Fund:		
Interfund Returned		126.62
Interfund Advanced		4.78
Bond Anticipation Note Redemption		<u>362,500.00</u>
		<u>835,778.73</u>
Balance December 31, 2008	C	<u><u>\$ 185,918.22</u></u>

TOWNSHIP OF LAFAYETTE  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2007	Receipts		Disbursements			Transfers		Balance/ (Deficit) Dec. 31, 2008
		Budget Appropriation	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To		
Capital Fund Balance	\$ 93,783.20								\$ 93,783.20
Capital Improvement Fund	76,239.10	\$ 255,000.00				\$ 168,150.00			163,089.10
Due to/(from) Current Fund	126.62				\$ 131.40				(4.78)
Encumbrances Payable	145,124.00				145,124.00		\$ 39,026.00		39,026.00
Reserve for:									
Purchase of Fire Truck and Fire Equipment	171,829.60					148,707.26	67.29		23,189.63
Improvements to Public/Recreational Property	60,293.15					4,318.00	396.80		56,371.95
Purchase of Road Equipment	165,821.38						3,677.65		169,499.03
Improvements to Various Roads	105.98								105.98
First Responder Equipment	22,000.00					17,061.83	147.70		5,085.87
Due from Lafayette Township EMS						20,000.00			(20,000.00)
<u>Ord. Date</u>		<u>Improvement Description</u>							
09/02/03;									
10/07/03	(887.26)	Construction of a New Municipal Building		\$ 362,500.00					(363,387.26)
02/07/06	14,200.00	Funding of Eight Affordable Housing Units							14,200.00
04/03/07	0.01	Purchase of Air Packs and Related Accessory Equipment				0.01			
04/03/07	4,876.00	Purchase of 2008 Dump Truck, Plow and Sander	\$ 1,198.35			3,677.65			
09/04/07	11,685.17	Repair of Various Township Roads	10,868.41						816.76
12/04/07	1,500.00	Purchase of Toddler Swing Set at Lafayette Park	1,103.20			396.80			
02/06/08		Purchase of Fencing at Lafayette Park	3,680.00				3,680.00		
03/04/08		Purchase of Equipment for Lafayette Township EMS	16,914.13			147.70	17,061.83		
03/18/08		Purchase of Fencing at Lafayette Park	638.00				638.00		
04/01/08		Purchase of Chevrolet Quick Response Rescue Truck	124,048.00				124,048.00		
05/06/08		Purchase of Two Sets of Turnout Gear	4,591.98			67.28	4,659.26		
05/06/08		Preliminary Engineering Expenses for Meadows Road	10,442.65				11,000.00		557.35
05/06/08		Purchase of Extrication Equipment (Jaws of Life)				19,026.00	20,000.00		974.00
07/15/08; 09/02/08;									
10/07/08		Repair of Various Township Roads	151,388.61				154,000.00		2,611.39
09/02/08		Repair of Pavillion at Lafayette Park	3,150.00				3,150.00		
	<u>\$ 766,696.95</u>	<u>\$ 255,000.00</u>	<u>\$ 328,023.33</u>	<u>\$ 362,500.00</u>	<u>\$ 145,255.40</u>	<u>\$ 381,552.53</u>	<u>\$ 381,552.53</u>		<u>\$ 185,918.22</u>

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

Ord. Date	Improvement Description	Balance Dec. 31, 2007	Funded by Budget Appropriation	Balance Dec. 31, 2008	Analysis of Balance Dec. 31, 2008	
					Expenditures	Unexpended Improvement Authorizations
9/2/03; 10/7/03	Construction of a New Municipal Building	\$ 435,887.26	\$ 72,500.00	\$ 363,387.26	\$ 363,387.26	
2/7/06	Funding of Eight Affordable Housing Units	<u>269,800.00</u>	<u></u>	<u>269,800.00</u>	<u></u>	<u>\$ 269,800.00</u>
		<u>\$ 705,687.26</u>	<u>\$ 72,500.00</u>	<u>\$ 633,187.26</u>	<u>\$ 363,387.26</u>	<u>\$ 269,800.00</u>
	<u>Ref.</u>	C		C		

TOWNSHIP OF LAFAYETTE  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Balance Dec. 31, 2007		2008 Authorizations	Paid or Charged	Improvement Authorizations Canceled	Balance Dec. 31, 2008	
	Date	Amount	Funded	Unfunded	Various Funding Sources			Funded	Unfunded
Funding of Eight Affordable Housing Units	02/07/06	\$ 284,000.00	\$ 14,200.00	\$ 269,800.00				\$ 14,200.00	\$ 269,800.00
Purchase of Air Packs and Related Accessory Equipment	04/03/07	22,200.00	0.01				\$ 0.01		
Purchase of 2008 Dump Truck, Plow and Sander	04/03/07	150,000.00	4,876.00			\$ 1,198.35	3,677.65		
Repair of Various Township Roads	09/04/07	50,000.00	11,685.17			10,868.41		816.76	
Purchase of Toddler Swing Set at Lafayette Park	12/04/07	1,500.00	1,500.00			1,103.20	396.80		
Purchase of Fencing at Lafayette Park	02/06/08	3,680.00			\$ 3,680.00	3,680.00			
Purchase of Equipment for Lafayette Township EMS	03/04/08	17,061.83			17,061.83	16,914.13	147.70		
Purchase of Fencing at Lafayette Park	03/18/08	638.00			638.00	638.00			
Purchase of Chevrolet Quick Response Rescue Truck	04/01/08	124,048.00			124,048.00	124,048.00			
Purchase of Two Sets of Turnout Gear	05/06/08	4,659.26			4,659.26	4,591.98	67.28		
Preliminary Engineering Expenses for Meadows Road	05/06/08	11,000.00			11,000.00	10,442.65		557.35	
Purchase of Extrication Equipment (Jaws of Life)	05/06/08	20,000.00			20,000.00	19,026.00		974.00	
Repair of Various Township Roads	07/15/08; 09/02/08; 10/07/08	154,000.00			154,000.00	151,388.61		2,611.39	
Repair of Pavillion at Lafayette Park	09/02/08	3,150.00			3,150.00	3,150.00			
			<u>\$ 32,261.18</u>	<u>\$ 269,800.00</u>	<u>\$ 338,237.09</u>	<u>\$ 347,049.33</u>	<u>\$ 4,289.44</u>	<u>\$ 19,159.50</u>	<u>\$ 269,800.00</u>
			C	C				C	C
							\$ 3,677.65		
Reserve for Purchase of Road Equipment							396.80		
Reserve for Improvements to Public/Recreational Property					\$ 4,318.00		67.29		
Reserve for Purchase of Fire Truck and Fire Equipment					148,707.26		147.70		
Reserve for First Responder Equipment					17,061.83				
Capital Improvement Fund					168,150.00				
					<u>\$ 338,237.09</u>		<u>\$ 4,289.44</u>		
						\$ 328,023.33			
						39,026.00			
						(20,000.00)			
						<u>\$ 347,049.33</u>			

TOWNSHIP OF LAFAYETTE  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2007	C	\$ 76,239.10
Increased by:		
2008 Budget Appropriation		<u>255,000.00</u>
		331,239.10
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>168,150.00</u>
Balance December 31, 2008	C	<u>\$ 163,089.10</u>

TOWNSHIP OF LAFAYETTE  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2008

Ord. Date	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2007	Retired or Matured
		Original Note	Issue	Maturity			
9/2/2003; 10/7/2003	Construction of a New Municipal Building	9/1/2004	8/30/2007	7/31/2008	3.90%	\$ 435,000.00	\$ 435,000.00
						<u>\$ 435,000.00</u>	<u>\$ 435,000.00</u>
					<u>Ref.</u>	C	
					Funded by Budget Appropriation		\$ 72,500.00
					Redeemed for Cash		<u>362,500.00</u>
							<u>\$ 435,000.00</u>



TOWNSHIP OF LAFAYETTE  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2008

NOT APPLICABLE

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

<u>Ordinance Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2007</u>	<u>Funded by Budget Appropriation</u>	<u>Bond Anticipation Notes Redeemed</u>	<u>Balance Dec. 31, 2008</u>
9/2/2003; 10/7/2003	Construction of a New Municipal Building	\$ 887.26	\$ 72,500.00	\$ 435,000.00	\$ 363,387.26
2/7/2006	Funding of Eight Affordable Housing Units	<u>269,800.00</u>			<u>269,800.00</u>
		<u>\$ 270,687.26</u>	<u>\$ 72,500.00</u>	<u>\$ 435,000.00</u>	<u>\$ 633,187.26</u>

TOWNSHIP OF LAFAYETTE

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2008

TOWNSHIP OF LAFAYETTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2008

Name of Federal Agency or Department	Name of Program	Pass-Through Entity ID#	C.F.D.A. Number	Grant Award	Amount Received	Grant Period		Amount of Expenditures	
						From	To	Year to Date	Cumulative
U.S. Department of Transportation (Passed through New Jersey Department of Transportation)	Municipal Aid Program - Meadows Road Reconstruction	6320-480-078-6320 AJ3-TCAP-6010	20.205	\$ 150,000.00	\$ 107,818.70	1/1/2008	12/31/2009	\$ 148,303.39	\$ 148,303.39
Total US Department of Transportation					<u>107,818.70</u>			<u>148,303.39</u>	<u>148,303.39</u>
Environmental Protection Agency (Pass Through New Jersey Department of Environmental Protection)	Municipal Stormwater Regulation Program	4801-100-042-4801- 444-VB78-6110	66.454	5,000.00 2,500.00		1/1/2005 1/1/2007	12/31/2008 12/31/2008	3.83 102.42	5,000.00 102.42
Total Environmental Protection Agency								<u>106.25</u>	<u>5,102.42</u>
Total Federal Awards					<u>\$ 107,818.70</u>			<u>\$ 148,409.64</u>	<u>\$ 153,405.81</u>

TOWNSHIP OF LAFAYETTE  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2008

Name of State Agency or Department	State Program	State Account No.	Grant Award	Amount Received	Grant Period		Amount of Expenditures	
					From	To	Year to Date	Cumulative
Department of Law and Public Safety	Office of Emergency Management: Emergency Management Grants	100-066-1200- 726-6120	\$ 4,000.00		1/1/2006	12/31/2008	\$ 298.09	\$ 1,992.90
Total Department of Law and Public Safety							298.09	1,992.90
Department of Environmental Protection	Clean Communities Program	765-042-4900- 004-6020	5,764.00		1/1/2007	12/31/2008	4,478.11	4,478.11
			5,744.36	\$ 5,744.36	1/1/2008	12/31/2009	5,744.00	5,744.00
				5,744.36			10,222.11	10,222.11
	Recycling Tonnage Grants	752-042-4900- 001-6020	2,751.00		1/1/2007	12/31/2008	2,100.53	2,100.53
			5,600.00	5,600.00	1/1/2008	12/31/2009		
				5,600.00			2,100.53	2,100.53
Total Department of Environmental Protection					11,344.36		12,322.64	12,322.64
Total State Awards					\$ 11,344.36		\$ 12,620.73	\$ 14,315.54

TOWNSHIP OF LAFAYETTE  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2008

A. General

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state awards programs of the Township of Lafayette. The Township of Lafayette is defined in Note 1 to the Township's financial statements. All federal and state financial awards received directly from federal and state agencies, as well as federal and state financial awards passed through other governmental agencies are included in the schedules of expenditures of federal and state awards.

B. Basis of Accounting

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the cash basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.

C. Relationship to Federal and State Financial Reports

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



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 Mount Arlington, NJ 07856  
 Phone: 973-328-1825  
 Fax: 973-328-0507

11 Lawrence Road  
 Newton, NJ 07860  
 Phone: 973-383-6699  
 Fax: 973-383-6555

Independent Auditors' Report on Internal Control Over  
 Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements  
 Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor and Members  
 of the Township Committee  
 Township of Lafayette  
 Lafayette, New Jersey

We have audited the financial statements of the Township of Lafayette, in the County of Sussex (the "Township") as of, and for the years ended, December 31, 2008 and 2007 and have issued our report thereon dated February 27, 2009, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. That report also indicated that the scope of our audit did not include the general fixed asset group. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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 opinions 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2008-01 to be a significant deficiency in internal control over financial reporting.

The Honorable Mayor and Members  
of the Township Committee  
Township of Lafayette  
Page 2

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

#### Compliance and Other Matters

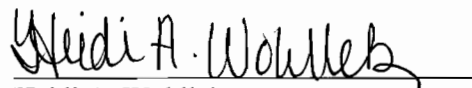
As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Township's response and we express an opinion on it.

This report is intended solely for the information and use of management, the Mayor and Members of the Township Committee, and to meet the requirements for filing with the Division of Local Government Services, and 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.

Mount Arlington, New Jersey  
February 27, 2009

NISIVOCCIA & COMPANY LLP



Heidi A. Wohlleb  
Certified Public Accountant  
Registered Municipal Accountant No. 481



TOWNSHIP OF LAFAYETTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2008

Summary of Auditors' Results:

- A qualified report was issued on the Township's financial statements prepared on an other comprehensive basis of accounting as the scope of our audit did not include the general fixed asset account group.
- The audit did not disclose any material weaknesses in the internal controls of the Township.
- The audit did not disclose any noncompliance that is material to the financial statements of the Township.
- The Township was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* for 2008 as grant expenditures were less than the single audit thresholds of \$500,000 identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards, except as follows:

Finding 2008-1

Segregation of Duties

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collections of taxes and permit and license fees; and recording of collections. Also, the reconciliation of bank accounts, the preparation of the general ledger for the various funds as well as the preparation of payroll are performed by one person, the Chief Financial Officer. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. Accordingly, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response

The finding was evaluated, however, due to budgetary constraints, no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the Single Audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the Single Audit threshold.

TOWNSHIP OF LAFAYETTE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2008

The Township's prior year finding was not resolved in 2008 and is included in the audit for the year ended December 31, 2008.

TOWNSHIP OF LAFAYETTE

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2008

TOWNSHIP OF LAFAYETTE  
COMMENTS AND RECOMMENDATIONS

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

- a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

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 therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2005, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$21,000, and with a qualified purchasing agent the threshold may be up to \$29,000.

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

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" and "Extraordinary Unspecifiable Services" per N.J.S.A. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

TOWNSHIP OF LAFAYETTE  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

During our review of contracts awarded on a test basis, we noted that the Township did not obtain Political Contribution Disclosure forms from two of its vendors. Pursuant to N.J.S.A. 19:44A-20.26 (P.L.2005, c.271), the District is obligated to review the Political Contribution Disclosure form before awarding a non-fair and open contract.

It is recommended that Political Contribution Disclosure forms are obtained from vendors before a non-fair and open contract is awarded pursuant to Pay-to-Play law.

Management's Response:

Political Contributions Disclosure forms will be obtained from vendors when applicable.

Collection of Interest on Delinquent Taxes and Utility Charges

On January 2, 2008, the governing body adopted the following resolutions authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Township Committee of the Township of Lafayette, Sussex County, New Jersey, that, in accordance with R.S. 54:4-67 as amended, the rate of interest to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent be and the same is hereby fixed as follows:

1. No interest shall be charged if payment of tax or assessment installment, as the case may be, is made within ten (10) days after the date upon which the same became payable.
2. The rate of interest to be charged for the nonpayment of taxes or assessment installments on or before the date when they become delinquent shall be eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) on any delinquency over \$1,500, to be calculated from the date the tax was payable until the date of actual payment. The interest to be charged a delinquent taxpayer for nonpayment of real property taxes shall be an additional penalty of 6% if the amount of delinquency is in excess of \$10,000 at the end of the calendar year.

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

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Number of Liens</u>
2008	14
2007	14
2006	16

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

TOWNSHIP OF LAFAYETTE  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2009 Taxes	20
Payments of 2008 Taxes	20
Delinquent Taxes Receivable	20
Tax Title Liens Receivable	5

Technical Accounting Directives

The Division of Local Government Services has established three (3) technical accounting directives which are prescribed by the revision of 1987 draft "Requirements of Audit and Accounting". They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting and record system.

The Township currently complies with these technical directives.

Segregation of Duties

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collections of taxes and permit and license fees; and recording of collections. Also, the reconciliation of bank accounts, the preparation of the general ledger for the various funds as well as the preparation of payroll are performed by one person, the Chief Financial Officer. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. Accordingly, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. It is recommended that consideration be given to providing for a more adequate segregation of duties with respect to the recording and treasury functions.

Management's Response

The finding was evaluated, however, due to budgetary constraints; no resolution can be made at this time.

TOWNSHIP OF LAFAYETTE  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Outside Departments – Township’s Clerk Office

It was noted that the Clerk’s Office deposits were not always made within forty-eight hours of receipt. Fees collected for the months of June through December were not deposited until January of the following year. It was also noted that the Clerk’s Office does not prepare and maintain a detailed cash ledger. During our review of Township fee ordinance, it was noted that it does not include certain fees collected by the Clerk’s Office. It is recommended that all Township Clerk’s Office receipts be deposited within forty-eight hours of receipt; a detailed cash ledger be maintained; and the Township fee ordinance be updated to include all fees collected by the Clerk’s Office.

Management’s Response

A greater effort will be made to ensure that all collections be deposited within forty-eight hours of receipt. Also, a detailed cash ledger will be prepared in the future. Finally, the Township is in the process of amending the Fee Ordinance to include all fees collected by the Township.

Internal Controls - Vouchers

During our review of disbursements, we noted that not all purchase orders contain a receipt of goods signature. It is recommended that a receipt of goods signature be obtained on all purchase orders prior to the release of the related payments.

Management’s Response

Every effort will be made to ensure that all vouchers contain a receipt of goods signature before being released for payment.

Corrective Action Plan

The Township has initiated a corrective action plan to resolve the comments and recommendations from the 2007 Audit Report. The prior year recommendation with respect to written policies for computer and internet usage was resolved in the current year. The remaining prior year recommendations are in the process of being resolved and are included as current year recommendations.

TOWNSHIP OF LAFAYETTE  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Consideration is given to providing for a more adequate segregation of duties with respect to the recording and treasury functions.
2. Political Contribution Disclosure forms are obtained from vendors before a non-fair and open contract is awarded pursuant to Pay-to-Play law.
3. All Township Clerk's Office receipts be deposited within forty-eight hours of receipt; a detailed cash ledger be maintained; and the Township fee ordinance be updated to include all fees collected by the Clerk's Office.
4. A receipt of goods signature be obtained on all purchase orders prior to the release of the related payments.

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