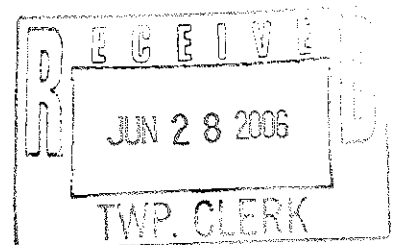


TOWNSHIP OF PEMBERTON
AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2005



**TOWNSHIP OF PEMBERTON
COUNTY OF BURLINGTON**

CONTENTS

PART 1	PAGE
Independent Auditor's Report	1
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3
Financial Statements – Statutory Basis:	
Current Fund:	
Comparative Balance Sheet	5
Comparative Statement of Operations and Changes in Fund Balance	7
Statement of Revenues	8
Statement of Expenditures	10
Trust Fund:	
Comparative Balance Sheet	16
General Capital Fund:	
Comparative Balance Sheet	18
Water Utility Fund:	
Comparative Balance Sheet	19
Comparative Statement of Operations & Change In Operating Fund Balance	21
Statement of Revenues	22
Sewer Utility Fund:	
Comparative Balance Sheet	23
Comparative Statement of Operations & Change In Operating Fund Balance	24
Statement of Revenues	24
Statement of Expenditures	25
Public Assistance:	
Comparative Balance Sheet	26
Fixed Assets Account Group:	
Comparative Balance Sheet	27
Notes to Financial Statements	28

(continued)

	EXHIBITS	PAGE
Supplemental Exhibits:		
Current Fund		
Statement of Cash - Treasurer	A-4	42
Statement of Taxes Receivable & Analysis of Property Tax Levy	A-5	43
Schedule of Tax Title Liens	A-6	44
Schedule of Revenue Accounts Receivable	A-7	45
Schedule of Reserves for Proceeds from Sale of Assets	A-8	46
Schedule of Property Acquired for Taxes	A-9	46
Schedule of 2004 Appropriation Reserves	A-10	47
Schedule of Prepaid Taxes	A-11	51
Schedule of Trash Rents Receivable	A-12	51
Schedule of Trash Liens Receivable	A-13	51
Schedule of Federal & State Grants Receivable	A-14	52
Statement of Reserves for Federal & State Grants And Matching Funds – Unappropriated	A-15	53
Statement of Reserves for State Grants - Appropriated	A-16	54
Trust Fund:		
Schedule of Cash - Treasurer	B-1	55
Schedule of Trust Cash & Reconciliation	B-2	57
Dog Fund:		
Schedule of Reserve - Expenditures	B-3	58
Schedule of Due to State of New Jersey	B-4	58
Trust Other Funds:		
Schedule of Mortgages Receivable	B-5	59
Schedule of Reserve for Urban Enterprise Zone	B-6	59
General Capital Fund:		
Statement of Fund Balance	C-1	60
Schedule of Cash – Chief Financial Officer	C-2	60
Analysis of Cash	C-3	61
Schedule of Deferred Charges to Future Taxation Funded	C-4	63
Schedule of Reserve for Payment of Debt	C-5	63
Statement of Deferred Charges to Future Taxation - Unfunded	C-6	64
Schedule of Improvement Authorizations	C-7	65
Schedule of Capital Improvement Fund	C-8	66
Schedule of Due to Current Fund	C-9	66
Schedule of General Serial Bonds	C-10	67
Schedule of Green Acres Loan	C-11	68
Schedule of Environmental Infrastructure Loan Payable	C-12	73
Schedule of Bonds & Notes Authorized but not Issued	C-13	74
Schedule of General Capital Lease Payable	C-14	75
Schedule of Reserve for Capital Lease Purchases	C-15	76
		(continued)

	EXHIBITS	PAGE
Water Utility Fund:		
Statement of Expenditures	D-3	77
Schedule of Cash – Chief Financial Officer	D-4	78
Schedule of Cash & Investments	D-5	79
Schedule of Water Rents Receivable	D-6	80
Schedule of Water Utility Liens	D-7	80
Schedule of Fixed Capital Authorized & Uncompleted	D-8	81
Schedule of Fixed Capital	D-9	82
Schedule of Accrued Interest on Bonds & Notes	D-10	82
Schedule of Deferred Reserve for Amortization	D-11	83
Schedule of Due to Water Utility Operating Fund	D-12	83
Schedule of 2004 Appropriation Reserves	D-13	84
Schedule of Improvement Authorizations	D-14	85
Schedule of Reserve for Amortization	D-15	86
Schedule of Water Utility Serial Bonds	D-16	87
Schedule of Bonds & Notes Authorized but not Issued	D-17	88
Schedule of Water Utility Capital Lease Payable	D-18	89
Schedule of Reserve for Capital Lease Purchases	D-19	90
Sewer Utility Fund:		
Schedule of Cash – Chief Financial Officer	E-4	91
Schedule of Accrued Interest on Bonds & Notes	E-5	91
Schedule of Reserve for Amortization	E-6	92
Schedule of Fixed Capital	E-7	92
Schedule of Sewer Serial Bonds	E-8	93
Public Assistance Fund:		
Schedule of Cash & Reconciliation Per N.J.S.40A:5-5	F-1	94
Supplementary Data:		
Summary of Statutory Debt		95
Comparative Statement of Operations & Change in Fund Balance - Current Fund		96
Comparative Statement of Operations & Change in Fund Balance – Sewer Utility Operating Fund		97
Comparative Statement of Operations & Change in Fund Balance – Water Utility Operating Fund		98
Comparison of Tax Levies & Collection Currently		99
Property Acquired by Tax Title Lien Liquidation		100
Fund Balances Appropriated		101
Officials in Office		102

PART II

Comments and Recommendations:	
Scope of Audit	103
General Comments	103
Contracts and Agreements Requiring Solicitation of Quotations	104
Delinquent Taxes and Tax Title Liens	105
Municipal Court	106
Current Year Findings	107
Follow-up of Prior Year Findings	109
Acknowledgment	109
	(Concluded)

**TOWNSHIP OF PEMBERTON
COUNTY OF BURLINGTON**

PART I

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA
FOR THE YEAR ENDED DECEMBER 31, 2005**



Holman & Frenia, P.C.
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Council
Township of Pemberton
County of Burlington
Pemberton, New Jersey 08068

We have audited the accompanying financial statements – statutory basis of the Township of Pemberton, as of and for the year ended December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the Township of Pemberton's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the Township of Pemberton prepares its financial statements in conformity with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that 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 Township's fixed assets ledger has not been updated for two years. An accurate fixed assets ledger is required by the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs.

In our opinion, with the exception of the lack of a fixed assets ledger, the financial statements referred to above present fairly, in all material respects, the financial position of the Township of Pemberton, as of December 31, 2005, and the results of its operations for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2006, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over

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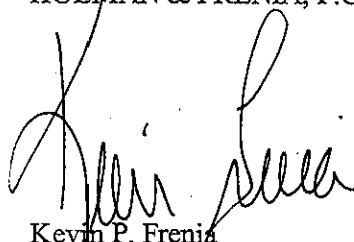
10 Allen Street, Suite 2B, Toms River, NJ 08753
Phone: (732) 797-1333 • Fax: (732) 797-1022

financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township of Pemberton, taken as a whole. The accompanying supplementary data is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole on the basis of accounting described in Note 1.

Respectfully submitted,

HOLMAN & FRENIA, P.C.

A handwritten signature in black ink, appearing to read "Kevin P. Frenia", is written over the printed name.

Kevin P. Frenia
Registered Municipal Accountant
CR 435

Medford, New Jersey
June 2, 2006



Holman & Frenia, P.C.
Certified Public Accountants & Consultants

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

The Honorable Mayor and Members
of the Township Council
Township of Pemberton
County of Burlington
Pemberton, New Jersey 08068

We have audited the financial statements – statutory basis of the Township of Pemberton as of and for the year ended December 31, 2005, and have issued our report thereon dated June 2, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Compliance

As part of obtaining reasonable assurance about whether the Township of Pemberton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, which are described in the accompanying Comment and Recommendation Section as Finding No.'s: 2005-01, 2005-02, 2005-03, 2005-04, 2005-05, 2005-06, 2005-07, 2005-08, 2005-09, 2005-10, 2005-11 and 2005-12.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Pemberton's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township of Pemberton's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Comment and Recommendation Section as Finding No.'s: 2005-01, 2005-02, 2005-03, 2005-05, 2005-06, 2005-07 and 2005-12.

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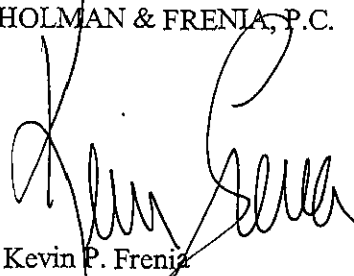
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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses, which are described in the accompanying Comment and Recommendation Section as Finding No.'s 2005-02, 2005-05, 2005-06, 2005-07 and 2005-12.

This report is intended solely for the information of the management of the Township of Pemberton and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

HOLMAN & FRENIA, P.C.

A handwritten signature in black ink, appearing to read 'Kevin P. Frenia', is written over the printed name and title.

Kevin P. Frenia
Registered Municipal Accountant
CR 435

Medford, New Jersey
June 2, 2006

FINANCIAL STATEMENTS

**TOWNSHIP OF PEMBERTON
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS
DECEMBER 31, 2005 AND 2004**

ASSETS	REFERENCE	2005	2004
Regular Fund:			
Cash	A-4	\$5,075,331	3,039,013
Due State - Senior & Veterans Deductions	A	37,478	54,829
Total Regular Fund		<u>5,112,809</u>	<u>3,093,842</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-5	970,304	954,724
Tax Title Liens	A-6	1,522,647	1,725,349
Trash Rents Receivable	A-12	233,866	229,928
Trash Liens Receivable	A-13	1,153	2,771
Property Acquired for Taxes - Assessed Evaluation	A-9	19,911,750	12,500,634
Due Pemberton Library	A	4,137	4,137
Due Pemberton First Aid	A	5,000	5,000
Revenue Accounts Receivable	A-7	30,333	35,346
Due Federal & State Grant Fund	A	307,353	236,136
Due General Capital	C	78,727	28,507
Total Receivables & Other Assets With Full Reserves		<u>23,065,270</u>	<u>15,722,532</u>
Deferred Charges to Future Taxation:			
Special Emergency Authorizations		280,000	350,000
Overexpenditure of Current Appropriations			510,584
Overexpenditure of Appropriation Reserves		120,226	76,030
Total Deferred Charges to Future Taxation		<u>400,226</u>	<u>936,614</u>
Total Regular Fund, Receivables & Other Assets With Full Reserves		<u>28,578,305</u>	<u>19,752,988</u>
Federal & State Grant Fund:			
Federal & State Grants Receivable	A-16	451,204	327,906
Deferred Charges to Future Taxation			1,467
Grant Overexpenditure	A-16	22,605	
Due General Capital Fund			79,479
Due Trust Fund	B		31,077
Total Federal & State Grants		<u>473,809</u>	<u>439,929</u>
Total Assets		<u>\$29,052,114</u>	<u>20,192,917</u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF PEMBERTON
CURRENT FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS
DECEMBER 31, 2005 AND 2004**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2005	2004
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$462,777	729,725
Reserves for Encumbrances	A-3	787,539	441,153
Prepaid Taxes	A-11	309,579	393,558
Tax Overpayments	A	58,450	55,089
Trash Overpayments		6,356	
Local School District Taxes Payable		85,170	
Due State - Division of Youth & Family Services		1,357	1,025
Due County for Added & Omitted Taxes	A-5	37,269	34,829
Reserve for Sale of Municipal Assets	A-8	44,676	44,676
Reserve for Sale of Township Land	A	52,377	52,377
Reserve for Revaluation Program	A	13,988	13,988
Reserve for Flood	A	281,479	283,577
Cash Deposits:			
Rental Deposits	A	425	425
Due Trust Other Fund		55,526	101,530
Due Dog Trust Fund		474	
Subtotal Regular Fund		2,197,442	2,151,952
Reserve for Receivables & Other Assets		23,065,270	15,722,532
Fund Balance	A-1	3,315,593	1,878,514
Total Regular Fund		28,578,305	19,752,998
Federal & State Grants:			
Reserve for Encumbrances	A-16	245	523
Due Current Fund	A	307,353	236,136
Reserve for Federal & State Grants:			
Appropriated	A-16	157,600	79,341
Unappropriated	A-15	8,611	123,929
Total State & Federal Grants		473,809	439,929
Total Liabilities, Reserves & Fund Balance		\$29,052,114	20,192,927

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF PEMBERTON
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	2005	2004
Revenue & Other Income Realized:		
Fund Balance Utilized	\$900,000	1,110,000
Miscellaneous Revenues Anticipated	8,103,864	7,000,170
Receipts From Delinquent Taxes & Tax Title Liens	808,542	943,030
Receipts From Current Taxes	26,699,504	24,419,872
Nonbudget Revenue	560,416	401,452
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	580,638	472,886
Interfunds Liquidated	69,201	450,344
	<hr/>	<hr/>
Total Income (Carried Forward)	37,722,165	34,797,754
Expenditures:		
Budget Appropriations Within "CAPS":		
Operations:		
Salaries & Wages	7,052,214	6,792,353
Other Expenses	4,309,546	4,207,289
Deferred Charges & Statutory Expenditures	1,127,422	962,931
Excluded From "CAPS":		
Operations:		
Salaries & Wages	319,475	300,993
Other Expenses	3,939,779	3,566,619
Municipal Debt Service - Excluded from "CAPS"	2,548,951	2,296,839
Deferred Charges	70,000	170,000
County Taxes	5,033,511	4,546,461
Due County for Added & Omitted Taxes	37,269	34,829
Local District School Tax	10,844,995	10,778,937
Refund of Prior Year's Revenues	28,144	17,158
Interfunds Created	73,770	222,635
	<hr/>	<hr/>
Total Expenditures	35,385,076	33,897,044
Excess/Deficit in Revenue	2,337,089	900,710
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year		860,584
		<hr/>
Statutory Excess to Fund Balance	2,337,089	1,761,294
Fund Balance January 1	1,878,504	1,227,210
	<hr/>	<hr/>
Total	4,215,593	2,988,504
Decreased by: Utilization as Revenue	900,000	1,110,000
	<hr/>	<hr/>
Fund Balance December 31	\$3,315,593	1,878,504
	<hr/>	<hr/>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF PEMBERTON
CURRENT FUND
STATEMENT OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET	Anticipated NJSA 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$900,000		900,000	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	10,000		12,149	2,149
Other	7,000		5,150	(1,850)
Fees & Permits - Other	33,700		22,619	(11,081)
Municipal Court Fines & Costs	390,000		456,628	66,628
Interest & Costs on Taxes	226,237		192,531	(33,706)
Interest on Investments & Deposits	62,000		217,871	155,871
Trailer Park Licenses & Fees	74,000		101,185	27,185
Cable Television Fees	75,000		78,135	3,135
Trash User Fees	1,586,363		1,620,425	34,062
Legislative Initiative Municipal Block Grant	137,142		137,142	
Consolidated Municipal Property Tax Relief Act	1,892,489		1,892,489	
Energy Receipts Tax	1,638,201		1,638,201	
Supplemental Energy Receipts Tax	83,448		83,448	
Interfund Receivable General Capital	198,506			(198,506)
Interfund Receivable Grant Fund	178,000			(178,000)
Garden State Trust Pilot Aid	20,901		21,145	244
Pinelands Property Tax Stabilization	9,679		9,679	
Homeland Security Assistance	90,000		90,000	
Sale of Foreclosed Property	250,000		1,067,176	817,176
Special Items of General Revenue Anticipated				
With Prior Written Consent of Director of Local				
Government Services:				
Clean Communities Program	51,931		51,931	
Click-It Ticket	5,600		5,600	
Body Armor Replacement Program	1,113		1,113	
Drunk Driving Enforcement Grant	1,449	16,280	17,729	
UEZ Zone Police	107,763		107,763	
UEZ Reserve	12,840		12,840	
Domestic Violence	1,223		1,223	
Safe & Secure Communities Act Program	60,000		60,000	
Municipal Stormwater Act		20,619	20,619	
Municipal Alliance on Alcoholism & Drug Abuse	19,000		19,000	
Cops in School	155,000		155,000	
Recycling Tonnage Grant	2,064	3,009	5,073	
Total Miscellaneous Revenues	7,380,649	39,908	8,103,864	683,307
Receipts From Delinquent Taxes	850,000		808,542	(41,458)
Local Tax for Municipal Purposes -				
Including Reserve for Uncollected Taxes	11,719,406		12,192,378	472,972
Budget Totals	20,850,055	39,908	22,004,784	1,114,821
Nonbudget Revenues			560,416	
Total	\$20,850,055	39,908	22,565,200	

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

**TOWNSHIP OF PEMBERTON
CURRENT FUND
STATEMENT OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2005**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$26,699,504
Allocated to: County & School District Taxes	<u>15,915,775</u>
Amount for Support of Municipal Budget Appropriations	10,783,729
Add: Budget Appropriation "Reserve for Uncollected Taxes"	<u>1,408,649</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$12,192,378</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$780,682
Tax Title Lien Collections	<u>27,860</u>
Total Receipts from Delinquent Taxes	<u><u>\$808,542</u></u>
Fees & Permits - Other:	
Registrar of Vital Statistics	
Clerk	5,707
Police Reports	4,818
Rental Fees	1,050
Other	204
Planning & Zoning Fees	14,320
Tax Searches	<u>1,338</u>
Total Fees & Permits - Other	<u><u>\$22,619</u></u>

ANALYSIS OF NONBUDGET REVENUES

Cash Collections:	
Library State Aid	\$6,009
Administrative Fee - Senior Citizen & Veterans Deductions	9,755
Payment in Lieu of Taxes	149,413
Browns Woods PILOT Payment	108,253
Sale of Equipment	1,652
Sale of Building	5,700
Developers Deposit	117,000
Refund of Prior Year Expenditures	69,383
Bad Check fees	460
Summer Program	16,382
Senior Citizen Meals	18,829
Rent Fees	8,775
EUZ Administration Fees	25
Miscellaneous	<u>48,780</u>
Total	<u><u>\$560,416</u></u>

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

**TOWNSHIP OF PEMBERTON
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
OPERATIONS - Within "CAPS"						
General Government:						
Administrative & Executive:						
Salaries & Wages:						
Township Council	\$25,000	24,226	24,226			
Mayor/Business Administrator	210,800	205,800	203,161		2,639	
Township Clerk	156,400	152,400	149,362		3,038	
Other Expenses:						
Township Council	5,485	5,459	4,301		1,158	
Mayor/Business Administrator	10,700	10,700	9,328	120	1,252	
Township Clerk	33,810	32,810	20,340	11,478	992	
Financial Administration:						
Salaries & Wages	220,061	224,061	224,061			
Other Expenses	38,180	36,680	35,038	859	783	
Assessment of Taxes:						
Salaries & Wages	148,413	148,413	146,432		1,981	
Other Expenses	28,200	27,200	14,621	7,995	4,584	
Liquidation of Tax Title Lien & Foreclosed Property:						
Other Expenses	31,550	30,550	232	30,000	318	
Collection of Taxes:						
Salaries & Wages	194,651	186,651	185,695		956	
Other Expenses	55,716	53,216	35,766	15,458	1,992	
Legal Services & Costs:						
Salaries & Wages	10,000	10,000	9,165		835	
Other Expenses	186,000	186,000	92,453	53,844	39,703	
Municipal Prosecutor						
Salaries & Wages	30,000	30,000	29,994		6	
Other Expenses	2,000	2,000	400		1,600	
Engineering Services:						
Other Expenses	102,500	102,500	40,626	35,369	26,505	
Audit Services:						
Other Expenses	42,000	42,000	39,760	2,240		
Collection of Trash Billing Services:						
Salaries & Wages	48,612	48,612	48,296		316	
Other Expenses	15,723	13,223	11,797	256	1,170	

**TOWNSHIP OF PEMBERTON
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	APPROPRIATIONS		EXPENDED			UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED
OPERATIONS - Within "CAPS"						
L& Use Administration:						
Planning Board:						
Salaries & Wages	40,300	39,425	38,653		772	
Other Expenses	12,410	12,410	7,247	57	5,106	
Zoning Board of Adjustment:						
Salaries & Wages	42,700	50,200	39,277	7,500	3,423	
Other Expenses	12,090	12,090	7,662	2,422	2,006	
Public Safety Functions:						
Police:						
Salaries & Wages	3,979,156	3,979,156	3,979,156			
Other Expenses	310,723	385,598	204,648	165,752	15,198	
Aid to Volunteer Fire Companies:						
Browns Mills Fire Co. #1	21,500	21,500	10,750	10,750		
Magnolia Road Fire Co. #1	21,500	21,500	10,750	10,750		
Country Lakes Fire Co. #1	21,500	21,500	10,750	10,750		
Presidential Lakes Fire & Rescue Squad	21,500	21,500	10,750	10,750		
(N.J.S.40A:14-35) Contracts:						
Goodwill Fire Co. #1	21,500	21,500	10,750	10,750		
First Aid Organization Contributions:						
Browns Mills Emergency Squad, Inc.	21,500	21,500	13,990	7,510		
Pemberton Emergency Squad, Inc.	21,500	21,500	13,990	7,510		
Country Lakes Rescue Squad	21,500	21,500	13,990	7,510		
Presidential Lakes Rescue Squad	21,500	21,500	13,991	7,509		
Ambulance Contract	42,500	33,500	3,198	30,238	64	
Office of Emergency Management:						
Other Expenses	13,600	13,600	11,154	95	2,351	
Health & Welfare:						
Animal Control Services:						
Salaries & Wages	120,633	117,633	116,003		1,630	
Other Expenses	10,975	5,975	4,985	320	670	
Administration of Public Assistance:						
Other Expenses	5,045	5,045	3,081	304	1,660	
Environmental Protection:						
Other Expenses	1,100	1,100	692		408	

**TOWNSHIP OF PEMBERTON
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
OPERATIONS - Within "CAPS"						
Recreation & Education Functions:						
Recreation:						
Salaries & Wages	194,934	157,434	156,461		973	
Other Expenses	82,235	82,235	63,674	14,131	4,430	
Senior Citizen Programs:						
Salaries & Wages	109,425	99,425	96,173		3,252	
Other Expenses	58,930	57,430	42,290	10,333	4,807	
Public Works Functions:						
Public Buildings & Grounds:						
Salaries & Wages	614,200	605,200	602,147		3,053	
Other Expenses	151,985	150,985	94,833	23,329	32,823	
Streets & Roads:						
Road Repairs & Maintenance:						
Salaries & Wages	628,938	618,938	544,069		74,869	
Other Expenses	155,325	154,325	69,148	61,706	23,471	
Fire Hydrant Rentals:						
Other Expenses	22,000	22,000	16,791		5,209	
Solid Waste Disposal	894,000	894,000	835,501	49,500	8,999	
Fleet Management:	665,000	665,000	590,649	54,006	20,345	
Salaries & Wages	153,997	153,997	149,393		4,604	
Other Expenses	217,200	216,600	150,627	56,647	9,326	
Demolition of Buildings:						
Other Expenses	35,000	5,000	4,608		392	
State Uniform Construction Code:						
Construction Code Official:						
Salaries & Wages	72,055	73,355	73,224		131	
Other Expenses	4,990	3,990	3,265		725	
Uniform Construction Code:						
Salaries & Wages	104,205	104,205	103,640		565	
Other Expenses	6,500	5,500	4,299	156	1,045	
Unclassified						
Utilities:						
Street Lighting	265,000	256,000	234,156	21,800	44	
Gasoline	185,000	210,000	192,491	17,317	192	
Water	2,200	2,700	2,272	99	329	

**TOWNSHIP OF PEMBERTON
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	APPROPRIATIONS			EXPENDED		UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
OPERATIONS - Within "CAPS"						
Unclassified (continued):						
Sewer	3,900	5,000	4,200		800	
Natural Gas	27,000	29,000	25,123	500	3,377	
Electric	160,000	185,000	168,342	15,000	1,658	
Telephone	81,325	76,325	64,506	8,889	2,930	
Heat	30,000	50,000	28,133	2,689	19,178	
Urban Enterprise Zone:						
Salaries & Wages	52,583	53,083	52,699		384	
Other Expenses	3,200	3,200	1,489	8	1,703	
Total Operations Within "CAPS"	11,361,660	11,361,660	10,224,724	784,206	352,730	
Contingent	100	100			100	
Total Operations Including Contingent	11,361,760	11,361,760	10,224,724	784,206	352,830	
Detail:						
Salaries & Wages	7,127,063	7,052,214	6,941,293	7,500	103,421	
Other Expenses	4,234,697	4,309,546	3,283,431	776,706	249,409	
Deferred Charges & Statutory Expenditures Municipal Within "CAPS":						
Statutory Expenditures:						
Contributions to:						
Overexpenditure of Appropriations	581,113	581,113	510,584			70,529
Overexpenditure of Appropriation Reserves	9,253	9,253	9,253			
Overexpenditure of State and Federal Grants	6,467	6,467	1,467			5,000
Trust Fund Deficits	1,118	1,118	1,118			
Social Security System (O.A.S.I.)	605,000	605,000	587,817		17,183	
Total Deferred Charges & Statutory Expenditures Within "CAPS"	1,202,951	1,202,951	1,110,239		17,183	75,529

**TOWNSHIP OF PEMBERTON
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
OPERATIONS - Excluded from "CAPS"						
Total General Appropriations for Municipal Purposes Within "CAPS"	12,564,711	12,564,711	11,334,963	784,206	370,013	75,529
Operations Excluded From "CAPS":						
Municipal Court:						
Salaries & Wages	319,475	319,475	295,520		23,955	
Other Expenses	24,415	24,415	16,289	3,332	4,794	
Public Employees Retirement System	23,960	23,960	23,958		2	
Police & Firemen's Retirement System of New Jersey	128,112	128,112	128,111		1	
Unemployment Compensation Insurance	100	100			100	
Insurances:						
Other Insurance Premiums	484,000	484,000	436,728		47,272	
Workman's Compensation	380,000	380,000	379,343		657	
Group Plan for Employees	2,436,550	2,436,550	2,420,565		15,985	
Public & Private Programs Offset by Revenues:						
Safe & Secure Communities Program	60,000	60,000	60,000			
US Department of Justice - Cops in School - Local Match	155,000	155,000	155,000			
Clean Communities Grant	51,931	51,931	51,931			
Drunk Driving Enforcement Grant	17,729	17,729	17,729			
Body Armor Replacement Grant	1,113	1,113	1,113			
Municipal Stormwater	20,619	20,619	20,619			
Click-It or Ticket Grant	5,600	5,600	5,600			
Municipal Drug Alliance Program:						
State Share	19,000	19,000	19,000			
Local Share	4,751	4,751	4,751			
UEZ Police Grant	107,763	107,763	107,763			
UEZ Grant Reserve	12,840	12,840	12,840			
Domestic Violence Reserve	1,223	1,223	1,223			
Recycling Tonnage Grant	5,073	5,073	5,073			
Total Operations Excluded From "CAPS"	4,259,254	4,259,254	4,163,156	3,332	92,766	

**TOWNSHIP OF PEMBERTON
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED
OPERATIONS - Excluded from "CAPS"					
Detail:					
Salaries & Wages	319,475	319,475	295,520		23,955
Other Expenses	3,939,779	3,939,779	3,867,636	3,332	68,811
Municipal Debt Service - Excluded From "CAPS":					
Payment of Bond Principal	1,564,634	1,564,634	1,564,634		
Interest on Bonds	909,765	909,765	879,113		30,652
Environmental Trust Loan Program:					
Loan Repayments for Principal & Interest	53,233	53,233	45,487		7,746
Green Trust Loan Program:					
Loan Repayments for Principal	59,717	59,717	59,717		
Total Municipal Debt Service Excluded from "CAPS"	2,587,349	2,587,349	2,548,951		38,398
Deferred Charges - Municipal Excluded From "CAPS":					
Deferred Charges	70,000	70,000	70,000		
Subtotal General Appropriations	19,481,314	19,481,314	18,117,070	787,538	462,779
Reserve For Uncollected Taxes	1,408,649	1,408,649	1,408,649		113,927
Total General Appropriations	\$20,889,963	20,889,963	19,525,719	787,538	462,779
Original Budget		\$20,850,055			
Anticipated NJSA 40A:4-87		39,908			
Total		\$20,889,963			
Disbursed			\$17,062,007		
Deferred Charges			592,421		
Reserve for Uncollected Taxes			1,408,649		
Emergency Appropriation					
Grants Appropriated			462,642		
Total			\$19,525,719		

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

**TOWNSHIP OF PEMBERTON
TRUST FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS
DECEMBER 31, 2005 AND 2004**

ASSETS	REFERENCE	2005	2004
Dog License Fund:			
Cash	B-1	\$15,319	8,331
Due From Current Fund	A	474	
		<hr/>	<hr/>
Total Dog License Fund		15,793	8,331
Other Funds:			
Cash - Treasurer	B-1	3,519,277	2,655,783
Cash - Collector	B-2	225,524	138,042
Deferred Charges to Future Taxation	B		1,118
Mortgages Receivable	B-5	10,662	24,548
Due from Current Fund	A	94,871	101,530
		<hr/>	<hr/>
Total Other Trust Funds		3,850,334	2,921,021
		<hr/>	<hr/>
Total - All Funds		\$3,866,127	2,929,352
		<hr/>	<hr/>

LIABILITIES, RESERVES & FUND BALANCE

Dog License Fund:			
Reserve for Dog Fund Expenditures	B-3	\$14,169	8,149
Due to State of New Jersey	B-4	1,624	182
		<hr/>	<hr/>
Total Dog License Fund		15,793	8,331
Other Trust Funds:			
Reserve for Special Law Enforcement	B-1	10,048	9,726
Reserve for Recreation Contributions	B-1	1,261	
Reserve for Presidential Lakes Recreation	B	15,000	15,000
Reserve for Public Defender Fees	B-1	25,323	20,224
Reserve for Self Insurance	B-1	40,888	233,892
Reserve for Employee Healthcare Insurance	B-1	226,952	32,195
Reserve for N. J. Unemployment Compensation	B-1	60,103	76,513
Reserve for Escrow Deposits	B-1	469,581	367,228
Reserve for Municipal Drug Alliance	B-1	6,878	5,989
Reserve for Green Acres Contributions	B	897	897
Reserve for Local Law Enforcement Block Grant	B-1	26,808	26,808
Reserve for RCA Trust	B-1	1,436,513	1,214,100
Reserve for Urban Enterprise Zone	B-6	169,773	160,542

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

**TOWNSHIP OF PEMBERTON
TRUST FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2005 AND 2004**

LIABILITIES, RESERVES & FUND BALANCE
(continued)

	REFERENCE	2004	2003
Other Trust Funds (continued):			
Reserve for FIA/NJB Builders - Presidential Lakes	B-1	225,080	227,101
Reserve for Senior Citizen Building Contributions	B-1		2,194
Reserve for Veterans Memorial Contributions	B-1		243
Reserve for Schneider - Remax	B-1	6,696	6,723
Reserve for Dare Trust	B-1	297	897
Reserve for Fire Safety	B-1	4	4
Reserve for Municipal Court Escrow	B-1	4,771	3,706
Reserve for Body Armor Contributions	B-1	723	13,473
Reserve for Tax Sale Premiums & TTL's	B-2	190,176	109,030
Reserve for Payroll Deductions Payable	B-7	364,265	72,002
Reserve for Community Development Block Grant	B-1	5,269	5,314
Reserve for Uniform Construction Code	B-1	376,212	99,057
Reserve for Off-Duty Police	B-1	5,418	5,198
Reserve for Mortgages Receivable	B-9	24,548	24,548
Reserve for Security Bond		39,135	39,135
Reserve for Performance Bond		104,054	104,054
Reserve for POAA		34	34
Due State of New Jersey - DCA Fees	B-1	13,627	14,117
Due Federal & State Grant Fund	A		31,077
Total Other Trust Funds		3,850,334	2,921,021
Total Liabilities, Reserves & Fund Balance		\$3,866,127	2,929,352

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

TOWNSHIP OF PEMBERTON
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS
DECEMBER 31, 2005 AND 2004

ASSETS	REFERENCE	2005	2004
Cash	C-1	\$2,875,116	275,372
Cash on Hand with Fiscal Agent	C-1	2,787,470	1,980,151
Deferred Charges to Future Taxation:			
Funded	C-4	20,096,873	20,152,028
Unfunded	C-6	8,896,931	3,847,931
Due from State of New Jersey:			
Environmental Infrastructure Trust		33,072	332,444
Green Acres Trust			235,000
Total Assets		<u>\$34,689,462</u>	<u>26,822,926</u>
LIABILITIES, RESERVES & FUND BALANCE			
General Serial Bonds	C-10	\$14,680,159	16,138,497
Green Acres Loan	C-11	427,797	462,225
Capital Lease Payable	C-14	4,397,220	2,922,728
Environmental Infrastructure Loan	C-12	591,697	628,478
Improvement Authorizations:			
Funded	C-7	2,408,985	2,492,554
Unfunded	C-7	8,657,595	1,418,285
Capital Improvement Fund	C-8	56,569	56,569
Due to Current Fund	C-9	78,728	28,507
Due Federal & State Grant Fund			79,479
Due to State of New Jersey Green Acres Program	C-13	236,829	200,514
Reserve to Pay Bonds & Notes	C-5	1,175,710	1,173,881
Reserve for Repayment of Capital Lease		33,115	
Reserve for Encumbrances	C-7; C-1	162,449	564,888
Reserve for Lease Purchase	C-15	1,744,029	618,181
Fund Balance	C-1	<u>38,580</u>	<u>38,140</u>
Total Liabilities, Reserves & Fund Balance		<u>\$34,689,462</u>	<u>26,822,926</u>

There were bonds and notes authorized but not issued on December 31, 2005 of \$8,896,931 and on December 31, 2004 was \$3,847,931.

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**TOWNSHIP OF PEMBERTON
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS
DECEMBER 31, 2005 AND 2004**

ASSETS	REFERENCE	2005	2004
Operating Fund:			
Cash - Treasurer	D-4	\$177,166	288,103
Due from Water Capital Fund	D-12	21,455	3,312
Deferred Charges:			
Overexpenditure of Appropriation Reserves	D-13	3,270	
Subtotal		<u>201,891</u>	<u>291,415</u>
Receivables & Other Assets With Full Reserves:			
Consumer Accounts Receivable	D-6	506,269	411,163
Water Liens Receivable	D-7	1,735	957
Subtotal		<u>508,004</u>	<u>412,120</u>
Total Operating Fund		<u>709,895</u>	<u>703,535</u>
Capital Fund:			
Cash - Treasurer	D-4	17,024	111,320
Cash On Hand With Fiscal Agent	D-4	807,352	416,580
Fixed Capital	D-9	5,045,460	5,045,460
Fixed Capital Authorized & Uncompleted	D-8	5,132,066	3,057,853
Deficit to Fund Balance			5,356
Deferred Charges:			
Overexpenditure of Appropriation Reserves		3,424	
Total Capital Fund		<u>11,005,326</u>	<u>8,636,569</u>
Total Assets		<u>\$11,715,221</u>	<u>9,340,104</u>

Bonds and Notes authorized but not issued as of December 31, 2005 was \$ 110,464 and as of December 31, 2004 was \$110,464.

The accompanying Notes to the Financial Statement is an integral part of this Statement.

**TOWNSHIP OF PEMBERTON
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS
DECEMBER 31, 2005 AND 2004**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2005	2004
Operating Fund - Liabilities:			
Appropriation Reserves	D-1; D-3	\$17,996	151,032
Reserve for Encumbrances	D-3	29,473	17,241
Accrued Interest on Bonds & Notes	D-10	7,870	11,545
Water Overpayments		5,704	9,222
Subtotal		61,043	189,040
Reserve for Receivables	D	508,003	412,120
Fund Balance	D-1	140,849	102,375
Total Operating Fund		709,895	703,535
Capital Fund:			
Serial Bonds	D-16	890,842	1,049,504
Contracts Payable	D-14	52,710	70,963
Encumbrances Payable	D-14	40,485	161,153
Capital Lease Payable	D-19	2,675,781	624,272
Improvement Authorizations:			
Funded	D-14	22,699	142,533
Unfunded	D-14	1,081	100
Capital Improvement Fund		7	7
Due to Water Operating fund	D-12	21,455	3,312
Reserve for Amortization	D-15	6,166,039	5,984,673
Deferred Reserve for Amortization	D-11	334,400	334,400
Reserve for Lease Purchase	D-20	631,425	115,652
Reserve for Payment of Bonds - Well Construction		150,000	150,000
Reserve for Repayment of Capital Leases		18,401	
Fund Balance		1	
Total Capital Fund		11,005,326	8,636,569
Total Liabilities, Reserves & Fund Balance		\$11,715,221	9,340,104

The accompanying Notes to the Financial Statement is an integral part of this Statement.

TOWNSHIP OF PEMBERTON
WATER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN OPERATING FUND BALANCE - STATUTORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
Revenue & Other Income Realized:		
Fund Balance Realized	\$50,000	50,000
Water Rents	1,383,765	1,262,483
Miscellaneous Revenue Anticipated	30,269	77,834
Other Credits to Income:		
Cancellation of Encumbrances		1,385
Unexpended Balance of Appropriation Reserves	101,295	143,271
	<hr/>	<hr/>
Total Income	1,565,329	1,534,973
Expenditures:		
Operating	1,169,448	1,148,580
Capital Outlay		
Debt Service	255,850	272,084
Deferred Charges & Statutory Expenditures	51,557	44,500
	<hr/>	<hr/>
Total Expenditures	1,476,855	1,465,164
Excess/Deficit in Revenue	88,474	69,809
Fund Balance January 1	102,375	82,566
	<hr/>	<hr/>
Subtotal	190,849	152,375
Less: Utilized as Revenue:		
Water Operating Budget	50,000	50,000
	<hr/>	<hr/>
Fund Balance December 31	\$140,849	102,375
	<hr/>	<hr/>

The accompanying Notes to the Financial Statement is an integral part of this Statement.

**TOWNSHIP OF PEMBERTON
WATER UTILITY FUND
STATEMENT OF REVENUES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ANTICIPATED BUDGET	REALIZED	EXCESS/ (DEFICIT)
Operating Surplus	\$50,000	50,000	
Water Rents	1,362,705	1,383,765	21,060
Miscellaneous	70,000	30,269	(39,731)
Total Water Revenues	<u>\$1,482,705</u>	<u>1,464,034</u>	<u>(18,671)</u>

ANALYSIS OF REALIZED REVENUES

Water Rents Receivable - Collections	<u>\$1,383,765</u>
Total	<u><u>\$1,383,765</u></u>
Miscellaneous:	
Interest on Delinquent Accounts	\$13,611
Interest on Deposits	7,126
Connection Fees Less Refunds	<u>9,532</u>
Total	<u><u>\$30,269</u></u>

The accompanying Notes to the Financial Statement is an integral part of this Statement.

EXHIBIT E

**TOWNSHIP OF PEMBERTON
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS
DECEMBER 31, 2005 AND 2004**

ASSETS	REFERENCE	2005	2004
Operating Fund:			
Cash - Treasurer	E-4	<u>\$85,335</u>	<u>82,711</u>
Subtotal		<u>85,335</u>	<u>82,711</u>
Deferred Charge:			
Overexpenditure of Appropriations	E-3	<u>1,972</u>	<u>1,972</u>
Total Operating Fund		<u>87,307</u>	<u>84,683</u>
Capital Fund:			
Fixed Capital	E-7	<u>11,639,040</u>	<u>11,639,040</u>
Total Assets		<u><u>\$11,726,347</u></u>	<u><u>11,723,723</u></u>
LIABILITIES RESERVES & FUND BALANCE			
Operating Fund:			
Accrued Interest on Bonds & Notes	E-5	\$26,907	28,153
Fund Balance	E-1	<u>60,400</u>	<u>56,530</u>
Total Operating Fund		<u>87,307</u>	<u>84,683</u>
Capital Fund:			
Serial Bonds	E-8	5,870,586	6,142,494
Reserve for Amortization	E-6	<u>5,768,454</u>	<u>5,496,546</u>
Total Capital Fund		<u>11,639,040</u>	<u>11,639,040</u>
Total Liabilities, Reserves & Fund Balance		<u><u>\$11,726,347</u></u>	<u><u>11,723,723</u></u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

EXHIBIT E-1

**TOWNSHIP OF PEMBERTON
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN
OPERATING FUND BALANCE - STATUTORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	2005	2004
Revenue & Other Income Realized:		
Lease Agreement Payments	\$575,640	575,640
Interest on Deposits	2,624	824
	<hr/>	<hr/>
Total Income	578,264	576,464
	<hr/>	<hr/>
Expenditures:		
Debt Service	574,394	574,454
	<hr/>	<hr/>
Total Expenditures	574,394	574,454
	<hr/>	<hr/>
Excess in Revenue	3,870	2,010
Adjustments to Income Before Fund Balance:		
Expenditure Included Above Which are by Statute		
Deferred Charges to Budgets of Succeeding Years		783
		<hr/>
Statutory Excess to Fund Balance	3,870	2,793
Fund Balance - January 1	56,530	53,737
	<hr/>	<hr/>
Fund Balance - December 31	\$60,400	56,530
	<hr/> <hr/>	<hr/> <hr/>

EXHIBIT E-2

**STATEMENT OF REVENUES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	ANTICIPATED BUDGET	REALIZED	EXCESS
Lease Agreement - Pemberton Township MUA	\$578,192	575,640	(2,552)
Interest on Investments & Deposits		2,624	2,624
		<hr/>	<hr/>
Total	\$578,192	578,264	72
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying Notes to the Financial Statement is an integral part of this Statement.

TOWNSHIP OF PEMBERTON
SEWER UTILITY CAPITAL FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELLED
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Debt Service:					
Payment of Bond Principal	\$271,931	271,931	271,908		23
Interest on Bonds	306,261	306,261	302,486		3,775
Total	\$578,192	578,192	574,394		3,798
			Accrued Interest on Bonds & Notes	\$26,907	
			Disbursed	547,487	
			Total	\$574,394	

The accompanying Notes to the Financial Statement is an integral part of this Statement.

EXHIBIT F

**TOWNSHIP OF PEMBERTON
PUBLIC ASSISTANCE TRUST FUND
COMPARATIVE BALANCE SHEET - STATUTORY BASIS
DECEMBER 31, 2005 AND 2004**

ASSETS	REFERENCE	2005	2004
Cash - P.A.T.F. Account #1	F-1	<u>\$18,335</u>	<u>18,335</u>
Total Assets		<u><u>\$18,335</u></u>	<u><u>18,335</u></u>
LIABILITIES & RESERVES			
Reserve for Public Assistance	A-11	<u>\$18,335</u>	<u>18,335</u>
Total Liabilities & Reserves		<u><u>\$18,335</u></u>	<u><u>18,335</u></u>

The accompanying Notes to the Financial Statement is an integral part of this Statement.

EXHIBIT G

TOWNSHIP OF PEMBERTON
FIXED ASSETS ACCOUNT GROUP
STATEMENT OF GENERAL FIXED ASSETS ACCOUNT GROUP - STATUTORY BASIS
DECEMBER 31, 2005 AND 2004

	2005	2004
General Fixed Assets:		
Land	\$369,521	369,521
Buildings	6,773,400	6,773,400
Machinery & Equipment	8,104,682	8,104,682
	<hr/>	<hr/>
Total General Fixed Assets	\$15,247,603	15,247,603
	<hr/>	<hr/>
Investment in General Fixed Assets:	\$15,247,603	15,247,603
	<hr/>	<hr/>
Total Investment in General Fixed Assets	\$15,247,603	15,247,603
	<hr/>	<hr/>

The accompanying Notes to the Financial Statement is an integral part of this Statement.

**TOWNSHIP OF PEMBERTON
COUNTY OF BURLINGTON**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

TOWNSHIP OF PEMBERTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity - The Township, located in the eastern portion of Burlington County ("County"), has evolved from an early seasonal resort and agricultural community into a year round residential community. Lebanon State Forest, containing 30,000 acres of numerous types of oak and pine trees, is partially located in the Township. With a land area of 65 square miles, the Township is the fourth largest municipality in the County. The present population according to the 2000 census is 28,691.

The Township is governed by an elected council ("Council") consisting of 5 members who serve for concurrent 4-year terms and a separately elected mayor who serves a 4-year term. The Mayor-Council form of government is provided for under the Faulkner Act. The Mayor is not a member of the governing body, but serves as the chief executive officer. The functions of the Council, as the governing body, are legislative.

Administrative responsibilities are assigned to the Township Administrator. The Council establishes policy. The Administrator is responsible for the day-to-day operations of the township and implementing and administering policy.

Component Unit - The financial statements of the component unit of the Township of Pemberton are not presented in accordance with Governmental Accounting Standards Board Statement No. 14. If the provisions of GASBS No. 14 had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the Township, the primary government:

Pemberton Municipal Utilities Authority
131 Fort Dix Road
P.O. Box 247
Pemberton, New Jersey 08068-1539

Annual financial reports may be inspected directly at the offices of this component unit during regular business hours.

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

TOWNSHIP OF PEMBERTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 1. Summary of Significant Accounting Policies (continued):

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

Current Fund - resources and expenditures for government operations of a general nature, including Federal and State Grant funds.

Trust Funds – receipt, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created, including dog license revenue and expenditures and sundry deposits held for satisfactory completion of specific work.

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

Water Utility Operating and Capital Funds – accounts for the operations and acquisition of capital facilities of the municipally owned Water Utility.

Sewer utility Operating and Capital Funds – accounts for annual lease payments received from the Pemberton Township Municipal Utilities Authority and annual debt payments made for financing the acquisition and improvements made to the sewer system and any associated costs. Operations are handled by the Municipal Utilities Authority (See Note 12).

Public Assistance Fund – account for receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes.

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

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

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

TOWNSHIP OF PEMBERTON

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Note 1. Summary of Significant Accounting Policies (continued):

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

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

General Fixed Assets – Property and equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. All interest costs are recorded as expenditures when paid.

Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 85-2 as issued by the Division of Local Government Services, differs in certain respects from generally accepted accounting principles. The following is brief description of the provisions of the Directive: Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value. No depreciation on general fixed assets is recorded in the financial statements. Donated general fixed assets are valued at their estimated fair market value on the date received.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. Fixed assets acquired through grants-in-aid or contributed capital have not been accounted for separately.

Utility Fixed Assets – Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment and improvements and contributed capital.

Foreclosed Property – Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not

TOWNSHIP OF PEMBERTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 1. Summary of Significant Accounting Policies (continued):

been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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

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

Fund Balance – Fund balances included in the Current Fund and Utility Operating Funds represent amounts available for anticipation as revenue in future years budgets, with certain restrictions.

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

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

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Township of Pemberton School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

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

TOWNSHIP OF PEMBERTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 1. Summary of Significant Accounting Policies (continued):

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

Expenditures – Expenditures are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

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

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

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

Comparative Data - Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Township’s financial position and operations. However, comparative data have not been presented in each of the statements because their inclusion would make the statements unduly complex and difficult to read.

TOWNSHIP OF PEMBERTON

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 2. Cash and Cash Equivalents and Investments

The Township is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2005, and reported at fair value are as follows:

Type	Rating	Maturities	Carrying Value
Deposits:			
Demand Deposits			\$12,340,622
New Jersey Cash Management Fund			<u>3,292,960</u>
Total Deposits			<u>\$15,633,582</u>
Reconciliation of Statement of Comparative Balance Sheets:			
Current:			
Treasurer			\$ 5,105,664
Dog Trust			15,319
Other Trust			3,744,801
General Capital			5,662,586
Water Operating			177,166
Water Capital			824,376
Sewer Operating			85,335
Public Assistance			<u>18,335</u>
Total Reconciliation of Comparative Balance Sheets			<u>\$15,633,582</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$15,946,903 at December 31, 2005. Of the bank balance \$368,332 was fully insured by the FDIC (Federal Depository Insurance Corporation) and \$15,578,571 was secured by a collateral pool held by the bank, but not in the Township's name, as required by New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Governmental Unit Deposit Protection Act is more fully described in Note 3 of these financial statements.

Investment Interest Rate Risk – The Township has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investment held at December 31, 2005, are provided in the above schedule.

Investment Credit Risk – The Township has no investment policy that limits its investment choices other than the limitation of state law as follows:

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

TOWNSHIP OF PEMBERTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

Note 2. Cash and Cash Equivalents and Investments (continued):

- Any obligation that a federal agency or 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 obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Township or bonds or other obligations of the local unit or units within which the Township is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Township;
- Local Governments investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities with certain limitations.

Concentration of Investment Credit Risk – The Township places no limit on the amount it may invest in any one issuer.

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

The Township has deposited cash in 2005 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the Township invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

TOWNSHIP OF PEMBERTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the

Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The Municipality should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

Note 4. Interfund Receivables and Payables

The following interfund balances were recorded on the various balance sheets as of December 31, 2005:

TOWNSHIP OF PEMBERTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

Note 4. Interfund Receivables and Payables (continued):

Fund	Interfunds Receivable	Interfunds Payable
Current Fund	\$388,081	\$ 56,000
Federal & State Grant Fund		309,353
Trust Other Funds	55,526	
Dog Trust Fund	474	
General Capital Fund		78,728
Water Utility Capital Fund		21,455
Water Utility Operating Fund	21,455	
Total	\$465,536	\$465,536

Note 5. Pension Plans

A. Plan Description

The Township of Pemberton contributes to a cost-sharing multiple-employer defined benefit pension plan, Public Employees' Retirement System (P.E.R.S.) and Police and Fireman's Retirement System (P.F.R.S.), administered by the State of New Jersey, Division of Pensions and Benefits. It provides retirement, disability, medical and death benefits to plan members and beneficiaries. The State of New Jersey P.E.R.S. and P.F.R.S. programs were established as of January 1, 1955 and July 1, 1944, respectively. The programs were established under the provisions of N.J.S.A.43:15A and N.J.S.A.43:16A which assigns authority to establish and amend benefit provisions to the plan's board of trustees. P.E.R.S. and P.F.R.S. issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625, or calling (609) 984-1684.

B. Funding Policy

The System's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the System is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction. The System's Board of Trustees is primarily responsible for the administration of the System.

According to the State of New Jersey administrative code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

TOWNSHIP OF PEMBERTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 5. Pension (continued):

Plan members are required to contribute 5.0% of their annual covered salary for P.E.R.S, 8.5% of their annual covered salary for P.F.R.S. and the Township is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Township of Pemberton are established and may be amended by the plan's board of trustees. The Township of Pemberton's contributions to P.E.R.S. for the years ending December 31, 2005, 2004 and 2003 were \$23,958, \$ -0- and \$ -0- respectively, equal to the required contributions for each year, and to P.F.R.S. for the years ending 31, 2005, 2004 and 2003 were \$128,111, \$47,586 and \$ -0- respectively, equal to the required contributions for each year.

Note 6. Compensated Absences

Unused vacation time may be carried forward to the subsequent year for current year's vacation time only.

Salaried employees, designated in Ordinance 16-1992 are entitled to unlimited sick days. Salaried employee may sell sick time back at 50% its value; however, employee must leave a minimum 120 hours.

Employees who are members of PBA – Superior Officers and AFSCME have 3 different sick time maximums, based off of employee's total sick time at January 1, 1999. If employees total was under \$5,000 that maximum set at \$5,000. If employees total were under \$10,000, then maximum amount of sick time entitled to employee would be \$10,000. Sick time may be sold back at 50% it's value; however, employee must leave a minimum of 120 hours.

Employees who are members of PBA are entitled to sell back 50% of accumulated sick time, not to exceed maximum of \$10,000. Employee is required to maintain a minimum of 120 hours.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that at December 31, 2005, accrued benefits for compensated absences are valued at \$675,078.

Note 7. Deferred Compensation Salary Account

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

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Township or its creditors.

TOWNSHIP OF PEMBERTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 8. Lease Obligations

At December 31, 2005, the Township had lease agreements in effect for the following:

Operating:

Photocopiers
Folding Machine
Postage Machine

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

Year	Amount
2006	\$ 9,644
2007	5,527
2008	<u>2,249</u>
Total	<u>\$17,420</u>

Rental payments under operating leases for the year 2005 were \$19,054.

Note 9. Post-Employment Benefits

The Township currently pays medical, dental and/or prescription benefits for seventeen (17) retired employees. The Township accounts for and finances such expenses on a pay-as-you-go basis. The expense for this benefit for the year ended December 31, 2005 was \$78,316.

Note 10. New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's Trust Fund:

TOWNSHIP OF PEMBERTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

Note 10. New Jersey Unemployment Compensation Insurance (continued):

Year	Township Contributions	Amount Reimbursed	Ending Balance
2005	\$ None	\$16,409	\$60,103
2004	None	36,956	76,513
2003	None	16,549	61,924

Note 11. Risk Management

The Township has adopted a plan of self-insurance for auto liability, general liability and workers' compensation insurance and has established the Reserve for Self-Insurance in the Trust Other Fund to account for and finance its related uninsured risks of loss up to \$100,000 per any one accident. Coverage for claims in excess of \$100,000 per any one accident is provided by the New Jersey Municipal Self Insurer's Fund. Although it is not required by the State of New Jersey, the third party administrator who processes claims for the Township does not conduct an audit of their internal controls. The Township pays the claims on a pay-as-you-go method since there is no IBNR calculation being completed. December 31, 2005, the balance of the Reserve for Self Insurance was \$40,888, and the balance of estimated worker's compensation claims payable was \$1,800, the amount that the records of the administrator of the plan show as potential claims. Any additional funds required for claims in excess of the amounts reserved will be paid and charged to the 2006 or future budgets.

The Township also participates in a self-insured plan for the reimbursement to employees for approved medical and prescription claims. The claims are on an incurred method basis. The program is administered by a private third-party agency. Terms of the plan require the Township to pay an accumulated amount not to exceed \$50,000 of claims annually for each employee. Amounts in excess of \$50,000 are covered by a commercial insurance policy. The Township pays the claims on a pay-as-you-go method. At December 31, 2005, the balance of the Reserve for Employee Health Insurance was \$226,952, and the balance of estimated claims payable was \$284,160, the amount that the records of the administrator of the plan show as potential claims. Any additional funds required for claims in excess of the amounts reserved will be paid and charged to the 2006 or future budgets.

Note 12. Lease Purchase – Pemberton Township Municipal Utilities Authority

In 1980, the Township acquired the assets of the Pemberton Township Municipal Utilities Authority. The purchase price was \$7,170,000. In addition to the acquisition, the Township and the existing Municipal Utilities Authority entered into a lease agreement whereby the Authority would operate the sewer utility and perform all the management and fiscal functions under certain conditions disclosed in an agreement between the two bodies. The amount of the annual lease payment to the township will be equal to the annual debt payment the Township pays for financing the acquisition, improvements made to the system and any associated fees and costs. At the end of the indebtedness in year 2020, the assets and operation of the sewer system will be remitted by the Township to the Authority for a nominal value.

TOWNSHIP OF PEMBERTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 13. Litigation

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

Note 14. Outstanding Debt

The Green Acres Loan – Project No. 0329-97-090 in the amount of \$236,829 was not needed as the Township had partially funded this ordinance earlier, steps will be taken to repay the over funded portion during 2006.

The following are the schedules of outstanding debt as of December 31, 2005 for all funds: (See following pages)

Note 15. Lease Agreement

In July of 2004 and again in August of 2005, the Township entered into lease agreements with the Burlington County Bridge Commission ("Commission"). These agreements provide the Township to finance capital projects and capital equipment through the issuance of County-Guaranteed Lease Revenue Bonds (2004 Governmental Leasing Program and 2005 Governmental Leasing Program). Pursuant to the terms of this agreement, the Township will lease the improvements and real property to the Commission and the Commission will provide for the payment of the cost of construction and equipment of the improvements and real property through the issuance of its Series 2004 and 2005 Bonds and such obligations shall be payable from rentals to be received from the Township. The following is a schedule of annual payments to the Commission for principal and interest:

Year	Principal	Interest	Total
2006	\$ 273,000	\$ 285,405	\$ 558,405
2007	287,000	271,870	558,870
2008	292,000	262,776	554,776
2009	306,000	252,686	558,686
2010	315,000	241,286	556,286

TOWNSHIP OF PEMBERTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 15. Lease Agreement (continued):

Year	Principal	Interest	Total
2011-2015	1,713,000	1,024,462	2,737,462
2016-2020	1,852,000	677,784	2,529,784
2021-2025	<u>2,035,000</u>	<u>254,510</u>	<u>2,289,510</u>
Total	<u>\$7,073,000</u>	<u>\$3,270,779</u>	<u>\$10,343,779</u>
General Capital	\$4,397,219		
Water Capital	<u>2,675,781</u>		
Total	<u>\$7,073,000</u>		

Note 16. Condemnation Proceedings

In 2003 the Township undertook condemnation proceedings against the Browns Mills Shopping Center to facilitate the redevelopment of the property. After various court proceedings, on April 30, 2004 the Superior Court ordered the Township to deposit \$2,270,000 with the Clerk of the Superior Court, which amount represented the estimated compensation that would be due in the event the condemnation was completed. The Township was not ordered to file a declaration of taking at that time. The Township made the required payment to the Superior Court on May 13, 2004.

Subsequently, the property owner appealed the order of the Court asserting that the Township should have been required to file a declaration of taking and take possession of the property.

During 2005 the Township reserved its decision to condemn the property. The Township's deposit of \$2,270,000 was refunded during 2005.

Note 17. Lake Valley Water Company

On December 22, 2005, the Township purchased all of the fixed assets and customers of Lake Valley Water Company for \$1,500,000. Lake Valley Water Company was a privately owned water utility providing service to approximately 545 customers within the Township. The Township also purchased the outstanding receivables of the water company in the amount of \$73,935. The proceeds for the purchase of the company came from the Burlington County Bridge Commission lease.

SUPPLEMENTAL EXHIBITS

CURRENT FUND

**TOWNSHIP OF PEMBERTON
CURRENT FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>REGULAR</u>	<u>FEDERAL & STATE GRANT FUND</u>
Balance December 31, 2004	\$3,039,013	
Increased by Receipts:		
Taxes Receivable	\$26,566,545	
Tax Overpayments	216,958	
Tax Title Liens Receivable	27,860	
Trash Rents Receivable	1,618,975	
Trash Overpayments	6,711	
Trash Liens Receivable	1,096	
Revenue Accounts Receivable	6,025,548	
Prepaid Taxes	283,890	
Petty Cash Funds	400	
Due From State of New Jersey for Senior Citizen & Veteran Deductions	487,750	
Contra	601,969	
Due State of New Jersey - DYFS	4,682	
Due General Capital Fund		79,479
Due General Fund		73,217
Due Trust Other Fund	24,000	31,077
Due Water Operating	47,107	
Miscellaneous Revenue Not Anticipated	560,414	
Unappropriated Reserves		24,568
Federal & State Grants Receivable		191,107
Transfer Funds for Grants		6,217
Total Receipts	<u>36,473,905</u>	<u>405,665</u>
Subtotal	<u>39,512,918</u>	<u>405,665</u>
Decreased by Disbursements:		
2005 Budget Appropriations	17,062,007	
2004 Budget Appropriations	643,689	523
Petty Cash Funds	400	
Refund Tax Overpayments	138,224	
County Taxes Payable	5,033,511	
Due County - Added & Omitted Taxes	34,829	
Local District School Taxes Payable	10,759,825	
Prior Year Refund	28,144	
Due State - DYFS	4,350	
Due Trust Other Fund	2,000	
Due Water Operating	47,107	
Reserve for Flood	2,098	
Due From federal and State Grant Funds	73,217	
Contra	601,969	
Appropriated Reserves		405,142
Transfer Funds for Grants	6,217	
Total Disbursements	<u>34,437,587</u>	<u>405,665</u>
Balance December 31, 2005	<u><u>\$5,075,331</u></u>	<u><u> </u></u>

**TOWNSHIP OF PEMBERTON
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2005**

YEAR	BALANCE DECEMBER 31, 2004	2005 LEVY	ADJUSTMENTS/ ADDED TAXES	COLLECTED		DUE FROM STATE OF NEW JERSEY	OVERPAYMENTS APPLIED	CANCELED	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2005
				2004	2005					
Arrears	\$954,724		11,057		792,117	(16,572)	5,137	105,751	342	79,006
Total	954,724		11,057		792,117	(16,572)	5,137	105,751	342	79,006
2005		27,870,697	(11,057)	393,558	25,774,428	486,971	44,547	229,076	39,762	891,298
Total	\$954,724	27,870,697		393,558	26,566,545	470,399	49,684	334,827	40,104	970,304

ANALYSIS OF 2005 PROPERTY TAX LEVY

General Purpose Tax	\$27,629,062
Added & Omitted Taxes (54:4-63.1 12 et seq.)	241,635
Total	<u>\$27,870,697</u>
TAX LEVY:	
Local District School Tax	\$10,844,995
County Taxes:	
County Tax	4,222,516
County Open Space Preservation Tax	441,229
County Library Tax	369,766
Due County for Added & Omitted Taxes	37,269
Local Tax for Municipal Purposes	5,070,780
Add: Additional Taxes Levied	11,719,406
	235,516
Total	<u>\$27,870,697</u>

**TOWNSHIP OF PEMBERTON
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004		\$1,725,349
Increased by - Sale of June 17, 2004:		
Transfers from Taxes Receivable	\$40,104	
Interest & Cost of Sale to Date of Sale	1,749	41,853
		<hr/>
Subtotal		1,767,202
Decreased by:		
Collections	27,860	
Cancelled	32,110	
Foreclosures - Transferred to Property Acquired for Taxes	184,585	244,555
		<hr/>
Balance December 31, 2005		<u>\$1,522,647</u>

TOWNSHIP OF PEMBERTON
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2005

	BALANCE DECEMBER 31, 2004	ACCRUED IN 2005	COLLECTED IN 2005	BALANCE DECEMBER 31, 2005
Licenses:				
Alcoholic Beverages		12,149	12,149	
Other		5,150	5,150	
Fees & Permits		22,619	22,619	
Trailer Park Licenses & Fees		101,185	101,185	
Cable TV Franchise Fee		78,135	78,135	
Municipal Court - Fines & Costs	\$35,346	451,615	456,628	30,333
Energy Receipt Taxes		1,638,201	1,638,201	
Interest & Cost on Taxes/Trash		192,531	192,531	
Supplemental Energy Receipt Taxes		83,448	83,448	
Legislative Initiative Municipal Block Grant		137,142	137,142	
Extraordinary Aid				
Garden State Trust Pilot Aid		21,145	21,145	
Consolidated Municipal Property Tax Relief Aid		1,892,489	1,892,489	
Sale of Foreclosed Property		1,067,176	1,067,176	
Pinelands Property Tax Stabilization		9,679	9,679	
Homeland Security Assistance		90,000	90,000	
Interest on Investments		217,871	217,871	
Total	\$35,346	6,020,535	6,025,548	30,333

EXHIBIT A-8

TOWNSHIP OF PEMBERTON
CURRENT FUND
SCHEDULE OF RESERVES FOR PROCEEDS FROM SALE OF TOWNSHIP ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005

Balance December 31, 2005 & 2004	\$44,676
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EXHIBIT A-9

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION
FOR THE YEAR ENDED DECEMBER 31, 2005

Balance December 31, 2004	\$12,500,634
 Increased by:	
Transfers from Tax Title Liens	\$184,585
Adjustment to Assessed Value	8,571,091
	8,755,676
Subtotal	21,256,310
 Decreased by:	
Sale of Land	1,067,176
Loss on Sale of Land	277,384
	1,344,560
Balance December 31, 2005	\$19,911,750

**TOWNSHIP OF PEMBERTON
CURRENT FUND
SCHEDULE OF 2004 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2005**

OPERATIONS	ENCUMBERED	RESERVED	BALANCE AFTER TRANSFERS	DISBURSED	BALANCE LAPSED	OVEREXPENDITURES
General Government:						
Administrative & Executive:						
Salaries and Wages:						
Township Clerk		5,940	5,940	5,726	214	
Mayor/Business Administrator		7,977	7,977	7,694	283	
Other Expenses:						
Township Council	\$50	1,452	1,502		1,502	
Mayor/Business Administrator	885	109	994	836	158	
Township Clerk	5,111	314	5,425	4,205	1,220	
Financial Administration:						
Salaries and Wages		7,267	8,377	8,370	7	
Other Expenses	165	1,410	765	375	390	
Assessment of Taxes:						
Salaries and Wages		5,583	5,583	5,531	52	
Other Expenses	5,545	142	5,687	3,430	2,257	
Collection of Taxes:						
Salaries and Wages		34,590	34,590	7,541	27,049	
Other Expenses	2,495	709	2,904	2,339	565	
Collection of Trash Billing Services:						
Salaries and Wages		1,848	1,848	1,740	108	
Other Expenses	781	98	879	569	310	
Legal Services & Costs:						
Other Expenses	12,726	31,764	44,490	8,650	35,840	
Municipal Prosecutor:						
Other Expenses	300	550	850	300	550	

TOWNSHIP OF PEMBERTON
CURRENT FUND
SCHEDULE OF 2004 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2005

OPERATIONS	ENCUMBERED	RESERVED	BALANCE AFTER TRANSFERS	DISBURSED	BALANCE LAPSED	OVEREXPENDITURES
Auditing Services						
Other Expenses	1,187	11,788	12,975	12,975		
Engineering Services & Costs:						
Other Expenses	42,934	18,227	58,061	43,545	14,516	
Municipal Land Use Law (N.J.S.40:55D-1):						
Planning Board:						
Salaries and Wages		1,610	1,610	1,490	120	
Other Expenses	700	3,752	4,552	5,339		787
Zoning Board of Adjustment:						
Salaries and Wages		1,677	1,677	1,490	187	
Other Expenses	915		3,915	1,252	2,663	
Public Safety:						
Police:						
Salaries and Wages		202,580	202,580	25,183	177,397	
Other Expenses	38,064	18,748	56,812	29,662	27,150	
Aid to Volunteer Fire Companies						
Presidential Lakes Fire & Rescue						
Squad	32,644		32,644	32,644		
First Aid Organization Contributions:						
Pemberton Emergency Squad, Inc	33,005		33,005	27,068	5,937	
Ambulance Contract	25,000	10,447	35,447		35,447	

TOWNSHIP OF PEMBERTON
CURRENT FUND
SCHEDULE OF 2004 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2005

OPERATIONS	ENCUMBERED	RESERVED	BALANCE AFTER TRANSFERS	DISBURSED	BALANCE LAPSED	OVEREXPENDITURES
Public Safety (continued):						
Office of Emergency Management:						
Other Expenses	1,251	7,148	8,399	260	8,139	
Public Buildings & Grounds:						
Salaries and Wages		50,186	50,186	21,239	28,947	
Other Expenses	59,296		59,296	14,542	44,754	
Road Repairs & Maintenance:						
Salaries and Wages		36,337	36,337	23,241	13,096	
Other Expenses	34,419		34,419	55,534		21,115
Demolition of Building						
Other Expenses	4,750	915	5,665	4,000	1,665	
Fire Hydrant Rentals:						
Other Expenses		7,773	7,773	4,027	3,746	
Trash Removal - Contractual			48,000	56,250		8,250
Solid Waste Disposal		68,966	56,966	53,604	3,362	
Fleet Management:						
Salaries and Wages		7,886	7,686	6,403	1,283	
Other Expenses	52,496	7,277	59,973	33,890	26,083	
Health & Welfare:						
Animal Control:						
Salaries and Wages		5,158	5,158	4,567	591	
Other Expenses	541	1,915	2,456	532	1,924	
Administration of Public Assistance:						
Other Expenses	5,682	569	6,251	252	5,999	
Environmental Protection:						
Other Expenses	471		471	471		
Recreation & Education:						
Recreation:						
Salaries and Wages		4,758	4,758	2,991	1,767	
Other Expenses	11,805	586	12,391	10,842	1,549	

**TOWNSHIP OF PEMBERTON
CURRENT FUND
SCHEDULE OF 2004 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2005**

OPERATIONS	ENCUMBERED	RESERVED	BALANCE AFTER TRANSFERS	DISBURSED	BALANCE LAPSED	OVEREXPENDITURES
Senior Citizen Programs:						
Salaries and Wages		13,770	13,770	2,427	11,343	
Other Expenses	9,662	2,782	12,444	7,238	5,206	
Construction Code Official:						
Salaries and Wages		3,007	3,007	2,706	301	
Other Expenses	320	1,212	1,532	320	1,212	
Uniform Construction Code:						
Salaries and Wages		3,956	3,956	3,879	77	
Other Expenses	886	1,145	2,031	1,096	935	
Municipal Court						
Salaries and Wages		11,889	11,889	11,221	668	
Other Expenses	1,104	4,139	5,243	1,478	3,765	
Unclassified:						
Utilities:						
Gasoline		45,695	9,695		9,695	
Water/Sewer		1,077	1,077	44	1,033	
Gas	14,163		21,663	16,421	5,242	
Traffic Lights		19,773	21,173	21,125	48	
Electric		24,582	10,582	10,191	391	
Telephone		172	7,572	7,501	71	
Heat	4,582	6,000	8,282	2,102	6,180	
Urban Enterprise Zone:						
Salaries and Wages		1,948	1,948	1,863	85	
Other Expenses	218	199	417	181	236	
Social Security				23,297		23,297
All Others No Change	37,000	20,323	57,323		57,323	
Total Appropriations	\$441,153	729,725	1,170,878	643,689	580,638	53,449

**TOWNSHIP OF PEMBERTON
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004		\$393,558
Increased By:		
Collections - 2005 Taxes	\$283,890	
Transferred from Tax Overpayments	26,750	310,640
Subtotal		704,198
Decreased by:		
Transferred to Tax Overpayments	1,061	
Application to 2005 Taxes Receivable	393,558	394,619
Balance December 31, 2005		<u>\$309,579</u>

**SCHEDULE OF TRASH RENTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004		\$229,928
Increased by:		
Billings		1,635,573
Subtotal		1,865,501
Decreased by:		
Collections	\$1,618,975	
Overpayments Applied	10,936	
Cancelled	445	
Transferred to Foreclosure	592	
Transferred to Liens	687	1,631,635
Balance December 31, 2005		<u>\$233,866</u>

**SCHEDULE OF TRASH LIENS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004		\$2,771
Increased by:		
Transferred from Trash Rents Receivable	\$687	
Interest & Cost on Sale	322	1,009
Subtotal		3,780
Decreased by:		
Collections	1,096	
Cancelled	1,531	2,627
Balance December 31, 2005		<u>\$1,153</u>

**TOWNSHIP OF PEMBERTON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2005**

PROGRAM	BALANCE DECEMBER 31, 2004	ACCRUED	RECEIPTS	TRANSFERRED UNAPPROPRIATED RESERVE	CANCELLED	BALANCE DECEMBER 31, 2005
Federal Grants:						
COPS in School	\$45,371	155,000	32,031	101,908		66,432
Small Cities Grant	150,000					150,000
Bullet Proof Vest Program	8,288		5,288			3,000
Total Federal Grants	203,659	155,000	37,319	101,908		219,432
State Grants:						
Clean Communities		51,931	50,475			1,456
Municipal Alliance Grant	9,644	19,000	8,713			19,931
Body Armor Replacement Grant		1,113		1,113		
Click-It Ticket Grant	2,000	5,600	4,000		3,600	
Hazardous Discharge Site Remediation Grant	19,087					19,087
UEZ Zone Police		107,763				107,763
UEZ Reserve		12,840		12,840		
Domestic Violence		1,223		1,223		
DOT Grant	27,761					27,761
Drunk Driving Enforcement Fund		17,729		17,729		
DARE Program	600		600			
Recycling Tonnage Grant		5,073		5,073		
Municipal Storm Water Grant	5,155	20,619				25,774
Safe & Secure Communities Grant	60,000	60,000	90,000			30,000
Total State Grants	124,247	302,891	153,788	37,978	3,600	231,772
Total All Grants	\$327,906	457,891	191,107	139,886	3,600	451,204

**TOWNSHIP OF PEMBERTON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2005**

PROGRAM	BALANCE DECEMBER 31, 2004	GRANTS RECEIVED	ANTICIPATED IN 2005 BUDGET	BALANCE DECEMBER 31 2005
Federal Grants:				
COPS in School	\$101,908		101,908	
Total Federal Grants	101,908		101,908	
State Grants:				
Drunk Driving Enforcement Fund	1,449	16,280	17,729	
Body Armor Replacement Grant	1,113	5,279	1,113	5,279
Domestic Violence Response	1,223		1,223	
Recycling Tonnage Grant	2,064	3,009	5,073	
Clean Communities Grant	3,332			3,332
Urban Enterprise Zone (UEZ)	12,840		12,840	
Total State Grants	22,021	24,568	37,978	8,611
Total All Grants	\$123,929	24,568	139,886	8,611

TOWNSHIP OF PEMBERTON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2005

PROGRAM	BALANCE DECEMBER 31, 2004	FROM 2005 BUDGET APPROPRIATION	EXPENDED	CANCELLED	BALANCE DECEMBER 31, 2005	OVER- EXPENDITURE
Federal Grants:						
Bullet Proof Vest Program	\$4,163		2,395		1,768	
Local Law Enforcement	2,349				2,349	
Click-It Grant		5,600	7,000	1,600		3,000
Total Federal Grants	6,512	5,600	9,395		4,117	3,000
State Grants:						
Hazardous Discharge Site Remediation Grant	958				958	
Clean Communities Drunk Driving Enforcement Grant	12,287	51,931 17,729	71,536 26,049			19,605
Special Legislative Grant - Recreation	35,621		8,902		3,967 26,719	
UEZ Zone Police		107,763	2,389		105,374	
UEZ Reserve		12,840	12,840			
Domestic Violence		1,223			1,223	
Fire Safety Penalty	250				250	
Emergency Management Grant	2,749				2,749	
Municipal Alliance Grant		19,000	15,646		3,354	
Body Armor Replacement Grant	4,567	1,113	5,255		425	
DOT Grant	16,396		13,498		2,898	
Recycling Tonnage Grant	1	5,073	3,990		1,084	
Municipal Storm Water Grant		20,619	16,137		4,482	
Safe & Secure Communities Grant		60,000	60,000			
Total State Grants	72,829	297,291	236,242		153,483	19,605
Local Grants:						
COPS in School Grant		155,000	155,000			
Municipal Alliance		4,750	4,750			
Total Local Grants		159,750	159,750			
Total All Grants	\$79,341	462,641	405,387		157,600	22,605
Disbursed			\$405,142			
Encumbered			245			
Total			\$405,387			

TRUST FUND

**TOWNSHIP OF PEMBERTON
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>DOG LICENSE</u>	<u>OTHER</u>
Balance December 31, 2004	\$8,331	2,655,783
Increased by Receipts:		
Reserve for Dog Fund Expenditures	\$25,104	
Due State of New Jersey:		
Department of Health	6,113	
DCA Fees		14,446
Due Current Fund	665	43,385
Due to General Capital		473,658
Mortgages Payable		13,886
Net Payroll		1,514,053
Reserve for Payroll Deductions Payable		9,253,889
Reserve for Escrow Deposits		281,743
Reserve for Employee Health Insurance		2,689,748
Reserve for Self Insurance		191,528
Reserve for Recreation		18,528
Reserve for Special Law Enforcement		1,816
Reserve for RCA Program		301,285
Reserve for Municipal Court Escrow		1,231
Reserve for Veterans Memorial Contributions		161
Reserve for Municipal Drug Alliance		888
Reserve for Green Acres		236,829
Reserve for Senior Citizen Building		51
Reserve for Urban Enterprise Zone		185,354
Reserve for Schneider - Remax		27
Reserve for FIA/NJB Presidential Lakes		5,899
Reserve for Uniform Construction Code		314,176
Reserve for Public Defender		29,286
Reserve for Off-Duty Police		42,870
Total Increases	<u>31,882</u>	<u>15,614,737</u>
Total Increases & Balances	<u>40,213</u>	<u>18,270,520</u>
Decreased by Disbursements:		
Due State of New Jersey:		
Department of Health	4,671	
DCA Fees		14,936
Due Current Fund	1,139	41,864
Due to Federal & State Grant		31,077
Due to General Capital		473,658
Expenditure Under R.S.4:19-15.11	19,084	

**TOWNSHIP OF PEMBERTON
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>DOG LICENSE</u>	<u>OTHER</u>
Decreased by Disbursements (continued):		
Net Payroll		1,514,053
Reserve for Payroll Deductions Payable		8,961,627
Reserve for Recreation		17,267
Reserve for Escrow Deposits		179,390
Reserve for Employee Health Insurance		2,494,992
Reserve for Special Law Enforcement		1,495
Reserve for Self Insurance		384,532
Reserve for Municipal Court Escrow		166
Reserve for Unemployment Compensation		16,409
Reserve for RCA Program		78,872
Reserve for Urban Enterprise Zone		176,123
Reserve for Green Acres		236,829
Reserve for Senior Citizen Building		2,287
Reserve for Schneider - Remax		54
Reserve for Veterans Memorial Contributions		440
Reserve for FIA/NJB Presidential Lakes		7,920
Reserve for Uniform Construction Code		37,021
Reserve for Public Defender Fees		24,187
Reserve for DARE Program		600
Reserve for Off-Duty Police		42,650
Reserve for Body Armor		12,750
Reserve for CDBG		44
Total Disbursements	<u>24.894</u>	<u>14,751.243</u>
Balance December 31, 2005	<u><u>\$15.319</u></u>	<u><u>3.519.277</u></u>

TOWNSHIP OF PEMBERTON
TRUST FUND
SCHEDULE OF TRUST CASH AND RECONCILIATION
PER N.J.S.40A:5-5 - COLLECTOR
FOR THE YEAR ENDED DECEMBER 31, 2005

Balance December 31, 2004		\$138,042
Increased by Receipts:		
Due Current Fund - Interest Earned	\$9,226	
Reserve for Redemption of Tax Title Liens	1,219,901	
Reserve for Tax Sale Premiums	180,500	1,409,627
Subtotal		1,547,669
Decreased by Disbursements:		
Reserve for Redemption of Tax Title Liens	1,232,197	
Reserve for Tax Sale Premiums	86,600	
Interest to Current	3,348	1,322,145
Balance December 31, 2005		<u>\$225,524</u>

EXHIBIT B-3

**TOWNSHIP OF PEMBERTON
TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004	\$8,149
Increased by:	
Dog License Fees	<u>25,104</u>
Subtotal	33,253
Decreased by:	
Expenditures Under R.S. 4:19-15.11	<u>19,084</u>
Balance December 31, 2005	<u><u>\$14,169</u></u>

LICENSE FEES COLLECTED

YEAR	AMOUNT
2004	\$17,768
2003	<u>18,724</u>
Total	<u><u>\$36,492</u></u>

EXHIBIT B-4

**SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004	\$182
Increased by:	
Dog License Fees Collected	<u>6,113</u>
Subtotal	6,295
Decreased by:	
Disbursed to State of New Jersey	<u>4,671</u>
Balance December 31, 2005	<u><u>\$1,624</u></u>

EXHIBIT B-5

TOWNSHIP OF PEMBERTON
TRUST OTHER FUNDS
SCHEDULE OF MORTGAGES RECEIVABLE
AS OF DECEMBER 31, 2005

Balance December 31, 2004	\$24,548
Decreased by:	
Receipts	<u>13,886</u>
Balance December 31, 2005	<u>\$10,662</u>
ANALYSIS OF BALANCE	
Valenzano	\$564
Rodal	4,159
Hair It Is	<u>5,939</u>
Total	<u>\$10,662</u>

EXHIBIT B-6

SCHEDULE OF RESERVE FOR URBAN ENTERPRISE ZONE
FOR THE YEAR ENDED DECEMBER 31, 2005

Balance December 31, 2004	\$160,542
Increased by Receipts:	
Interest on Mortgages Receivable	\$2,060
Interest on Deposits	7,171
Grant Awards	<u>176,123</u>
Subtotal	345,896
Decreased by:	
Disbursements	<u>176,123</u>
Balance December 31, 2005	<u>\$169,773</u>

GENERAL CAPITAL FUND

EXHIBIT C-1

**TOWNSHIP OF PEMBERTON
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004	\$38,140
Increased by:	
Miscellaneous Revenue	<u>440</u>
Balance December 31, 2005	<u><u>38,580</u></u>

EXHIBIT C-2

**SCHEDULE CASH - CHIEF FINANCIAL OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004	\$2,255,523
Increased by Receipts:	
Due Current Fund	\$437,331
Green Acres Grant	236,829
State Grant	558,372
Capital Lease	1,580,788
Reserve for Repayment of Leases	66,769
Refund of Improvement Authorization	2,270,000
Miscellaneous	440
Reserve to Pay Bonds	<u>1,829</u>
Subtotal	<u>5,152,358</u>
	7,407,881
Decreased by Disbursements:	
Improvement Authorizations	110,560
Reserve for Capital Lease	403,040
Due to State of New Jersey Green Acres Loan Refunded	200,414
Reserve for Encumbrances	531,039
Reserve for Repayment of Leases	33,653
Due Federal & State Grant Fund	79,479
Due Current Fund	<u>387,110</u>
Balance December 31, 2005	<u><u>\$5,662,586</u></u>

**TOWNSHIP OF PEMBERTON
GENERAL CAPITAL FUND
ANALYSIS OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BALANCE/ (DEFICIT) DECEMBER 31, 2004	RECEIPTS MISCELLANEOUS	DISBURSEMENTS		TRANSFERS		BALANCE/ (DEFICIT) DECEMBER 31, 2005
			IMPROVEMENT AUTHORIZATIONS	MISCELLANEOUS	FROM	TO	
Fund Balance	\$38,140	\$440					38,580
Capital Improvement Fund	56,569						56,569
Reserve for Payment of Notes	1,173,881	1,829					1,175,710
Due to State of New Jersey Green Acres Program Overfunding	200,414	236,829		200,414			236,829
Improvement Authorizations:							
94-6,97-10 Acquisition of Various Pieces of Equipment	4,787						4,787
94-15 Various General Capital Improvements	8,018						8,018
95-20 Various General Improvements	(83,343)						(83,343)
96-23,97-30 Recreation & Building Improvements	1,752						1,752
97-9 Construction of Community Center & Recreation Improvements	337,241		91				337,150
97-31 Renovation of Hanover Boulevard Bridge	(46,853)						(46,853)
98-3 Various Road Improvements & Purchase of Equipment	(3,325)					25,500	22,175
98-5/24-03 Acquisition of Shopping Center	(2,221,984)	2,270,000	8,023				39,993
98-21 Various Redevelopments	50,000						50,000
99-10 Various General Capital Improvements	(50,487)				25,500		(75,987)
00-10 Construction of Salt Storage Facility	(23,655)					24,000	345
00-13 Recreation Improvements, Purchase of Equipment & Various Road Improvements	417,770				1,895		415,875

TOWNSHIP OF PEMBERTON
GENERAL CAPITAL FUND
ANALYSIS OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2005

BALANCE/ (DEFICIT) DECEMBER 31,	2004	MISCELLANEOUS		MISCELLANEOUS	2005
		RECEIPTS	IMPROVEMENT		DISBURSEMENTS
BALANCE/ (DEFICIT) DECEMBER 31,	2004	MISCELLANEOUS		MISCELLANEOUS	2005
		TO	FROM		
01-8a	Acquisition of Leaf Vacuum	15,669			15,669
01-8b	Acquisition of Catch Basin				
01-16d	Cleaner	46,560			46,560
01-16d	Improvements to the Municipal &				
	West End Buildings	88,027			88,027
01-16e	Various Road Improvements	58,043			58,043
01-16f	Recreational Improvements	101,268			101,268
02-8	Various Capital Improvements	826,713		63,178	763,535
02-17	Acquisition of Land	753			753
03-17/03-21	Acquisition of 5 Trucks & Heavy				
	Equipment	41,220		11,118	23,908
03-8	Municipal Bldg roof, Drainage				
	Improvements, Streets & Roads	494,733	23,719		471,014
05-21	Dam Reconstruction & Kinsley				
	Road Reconstruction		4,431		(55,328)
	Due from State of New Jersey	(567,444)			(55,328)
	Reserve for Encumbrances	564,889		531,039	162,450
	Due Current Fund	28,507		387,110	78,728
	Due Federal & State Grant Fund	79,479		79,479	
	Reserve for Capital Lease	618,181	1,580,788	403,040	1,744,029
	Reserve for Repayment of Leases		66,769	33,653	33,116
Total		\$2,255,523	5,152,358	110,560	5,662,586
				1,634,735	178,100
				178,100	178,100

**TOWNSHIP OF PEMBERTON
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004		\$20,152,028
Increased by:		
Capital Lease		<u>1,580,788</u>
Subtotal		21,732,816
Decreased by:		
2005 Budget Appropriations:		
Serial Bonds	\$1,458,338	
Environmental Infrastructure Loan	36,781	
Capital Lease	106,296	
Green Acres Trust Loan	<u>34,528</u>	<u>1,635,943</u>
Balance December 31, 2005		<u><u>\$20,096,873</u></u>

**SCHEDULE OF RESERVE FOR PAYMENT OF DEBT
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004	\$1,173,881
Increased by Receipts:	
Miscellaneous	<u>\$1,829</u>
Balance December 31, 2005	<u><u>\$1,175,710</u></u>

ANALYSIS OF BALANCE

ORDINANCE #		
97-09	Construction of Community Center & Recreation Improvements	\$25,555
96-23; 97-30	Recreation & Building Improvements	101,351
99-10	Various General Capital Improvements	887,856
00-13	Recreation Improvements, Purchase of Equipment & Various Road Improvements	51,448
04-12	Reserve for Capital Lease	<u>109,500</u>
Total		<u><u>\$1,175,710</u></u>

**TOWNSHIP OF PEMBERTON
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2005**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2004	2005 AUTHORIZATIONS	DECREASED	BALANCE DECEMBER 31, 2005	ANALYSIS OF BALANCE	
						EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
95-20	Various General Improvements	\$83,343			83,343	83,343	
96-23,97-30	Recreation & Building Improvements						
97-31	Renovation of Hanover Boulevard Bridge	46,853			46,853	46,853	
98-3	Various Road Improvements & Purchase of Equipment	55,310			55,310	28,825	26,485
98-5	Acquisition of Shopping Center	2,471,425			2,471,425		2,471,425
98-21	Various Redevelopments	950,000			950,000		950,000
99-10	Various General Capital Improvements	92,297			92,297	24,987	67,310
00-10	Construction of Salt Storage Facility	26,000		24,000	2,000		2,000
01-16e	Various Road Improvements	21,112			21,112		21,112
01-16f	Recreational Improvements	101,591			101,591		101,591
05-21	Dam Reconstruction & Kinsley Road Reconstruction		5,073,000		5,073,000	55,328	5,017,672
	Total	\$3,847,931	5,073,000	24,000	8,896,931	239,336	8,657,595
	Environmental Infrastructure Grant			\$24,000			
	Total			\$24,000			

TOWNSHIP OF PEMBERTON
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2005

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2004		AUTHORIZATIONS	EXPENDITURE		PAID OR CHARGED	BALANCE DECEMBER 31, 2005	
		DATE	AMOUNT	FUNDED	UNFUNDED		REFUNDED	TRANSFERRED		FUNDED	UNFUNDED
94-6; 97-10	Various General Improvements	7/24/97	\$400,000	\$4,787						4,787	
94-15	Acquisition of Land	9/01/94	280,000	8,018						8,018	
96-23,97-30	Recreation & Building Improvements	9/06/96	1,145,000	1,751						1,751	
97-9	Construction of Community Center & Recreation Improvements	7/24/97	1,194,000	337,241					91	337,150	
98-3	Various Road Improvements & Purchase Equipment	2/08/98	1,860,000		51,985			(25,500)			26,485
98-5	Acquisition of Shopping Center	4/12/98	2,600,000		249,441		2,270,000		8,023	39,993	2,471,425
98-21	Various Redevelopments	9/15/98	1,000,000	50,000	950,000					50,000	950,000
99-10	Various General Capital Improvements	4/15/99	5,018,000		41,810			25,500			67,310
00-10	Construction of Salt Storage Facility	7/13/00	440,000		2,346					346	2,000
00-13	Recreation Improvements, Purchase of Equipment & Various Road Improvements	8/03/00	3,000,000	417,770					1,895	415,875	
01-8a	Acquisition of Leaf Vacuum	6/25/01	35,000	15,669						15,669	
01-16d	Improvements Municipal Buildings	8/17/01	192,000	88,027						88,027	
01-16e; 02-18	Various Road Improvements	8/17/01	1,258,000	58,043	21,112					58,043	21,112
01-16f; 02-18	Recreational Improvements	7/11/02	255,000	101,268	101,591					101,268	101,591
02-08	Various Capital Improvements	5/02/02	2,330,000	826,713					63,178	763,535	
02-17	Acquisition of Land	6/06/02	177,000	753						753	
03-17/03-21	Acquisition of 5 trucks & Heavy Equipment	9/17/03	400,000	41,220					35,025	6,195	
03-8	Municipal Building Roof, Drainage Improvements, Streets & Roads	5/1/03	1,350,000	494,734					23,719	471,015	
05-21	Dam Reconstruction & Kinsley Road Reconstruction					5,073,000			55,328		5,017,672
Total				\$2,492,554	1,418,285	5,073,000	2,270,000		187,259	2,408,985	8,657,595

Disbursements	\$110,560
Encumbrances Payable	76,699
Total	<u>\$187,259</u>

EXHIBIT C-8

**TOWNSHIP OF PEMBERTON
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2005 & 2004	\$56,569
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EXHIBIT C-9

**SCHEDULE OF DUE TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004	\$28,507
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Increased by Receipts:

Interest Earned on Investments	\$12,120	
Due Current Fund	375,000	
Miscellaneous Revenue Not Anticipated:		
Interest on Cancelled Land Purchase	50,211	437,331

Subtotal		465,838
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Decreased by:

Disbursed - Interfund Loans Returned	375,000	
Interest Earned on Investments	12,110	387,110

Balance December 31, 2005	\$78,728
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**TOWNSHIP OF PEMBERTON
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2005		INTEREST RATE	BALANCE DECEMBER 31, 2004	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2005
			DATE	AMOUNT				
Refunding Bonds	06/15/93	\$4,232,275	09/15/06	\$287,401	5.10%	\$1,499,997	291,338	1,208,659
			09/15/07	283,464	5.15%			
			09/15/08	318,897	5.20%			
			09/15/09	318,897	5.20%			
General Obligation Bonds	05/01/94	3,819,000	05/12/06	394,000	5.35%	794,000	400,000	394,000
General Obligation Bonds	11/01/96	3,645,500	11/01/06-07	500,000	5.05%	2,045,500	250,000	1,795,500
			11/01/08-09	600,000	5.05%			
			11/01/10	330,000	5.05%			
			11/01/11	365,500	5.05%			
General Obligation Bonds	10/24/02	12,813,000	10/15/06	537,000	2.21%	11,799,000	517,000	11,282,000
			10/15/07	549,000	2.52%			
			10/15/08	577,000	2.82%			
			10/15/09	606,000	3.07%			
			10/15/10	636,000	3.30%			
			10/15/11	669,000	3.41%			
			10/15/12	705,000	3.51%			
			10/15/13	740,000	3.65%			
			10/15/14	777,000	3.79%			
			10/15/15	810,000	3.90%			
			10/15/16	850,000	4.00%			
			10/15/17	893,000	4.07%			
			10/15/18	937,000	4.15%			
			10/15/19	984,000	4.25%			
			10/15/20	1,012,000	4.35%			
			Total					

TOWNSHIP OF PEMBERTON
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN
FOR THE YEAR ENDED DECEMBER 31, 2005

PURPOSE	LOAN AMOUNT	PAYMENT SCHEDULE DATE	AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2004	INCREASED BY ADDITIONAL LOANS	REFUNDED TO STATE OF NEW JERSEY	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2005
Project No. 0329-91-047	\$99,375	06/01/06	\$3,399	2.00%	\$99,375			3,366	96,009
		12/01/06	3,433						
		06/01/07	3,468						
		12/01/07	3,502						
		06/01/08	3,537						
		12/01/08	3,573						
		06/01/09	3,609						
		12/01/09	3,645						
		06/01/10	3,681						
		12/01/10	3,718						
		06/01/11	3,755						
		12/01/11	3,793						
		06/01/12	3,830						
		12/01/12	3,869						
		06/01/13	3,907						
		12/01/13	3,947						
		06/01/14	3,986						
		12/01/14	4,026						
		06/01/15	4,066						
		12/01/15	4,107						
		06/01/16	4,148						
		12/01/16	4,189						
		06/01/17	4,231						
		12/01/17	4,274						
		06/01/18	4,316						

**TOWNSHIP OF PEMBERTON
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN
FOR THE YEAR ENDED DECEMBER 31, 2005**

PURPOSE	LOAN AMOUNT	PAYMENT SCHEDULE DATE	AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2004	INCREASED BY ADDITIONAL LOANS	REFUNDED TO STATE OF NEW JERSEY	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2005
Project No. 0329-92-070	35,186	05/20/06	836	2.00%	27,422			1,648	25,774
		11/20/06	845						
		05/20/07	853						
		11/20/07	862						
		05/20/08	870						
		11/20/08	879						
		05/20/09	888						
		11/20/09	897						
		05/20/10	906						
		11/20/10	915						
		05/20/11	924						
		11/20/11	933						
		05/20/12	942						
		11/20/12	952						
		05/20/13	961						
		11/20/13	971						
		05/20/14	981						
		11/20/14	990						
		05/20/15	1,000						
		11/20/15	1,010						
		05/20/16	1,020						
		11/20/16	1,031						
		05/20/17	1,041						
		11/20/17	1,051						
		05/20/18	1,062						
		11/20/18	1,072						
		05/20/19	1,083						

**TOWNSHIP OF PEMBERTON
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN
FOR THE YEAR ENDED DECEMBER 31, 2005**

PURPOSE	LOAN AMOUNT	PAYMENT SCHEDULE DATE	AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2004	INCREASED BY ADDITIONAL LOANS	REFUNDED TO STATE OF NEW JERSEY	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2005
Project No. 0329-92-070	275,500	05/20/06	6,756	2.00%	212,776			13,312	199,464
		11/20/06	6,823						
		05/20/07	6,891						
		11/20/07	6,960						
		05/20/08	7,030						
		11/20/08	7,100						
		05/20/09	7,171						
		11/20/09	7,243						
		05/20/10	7,315						
		11/20/10	7,389						
		05/20/11	7,462						
		11/20/11	7,537						
		05/20/12	7,612						
		11/20/12	7,689						
		05/20/13	7,765						
		11/20/13	7,843						
		05/20/14	7,922						
		11/20/14	8,001						
		05/20/15	8,081						
		11/20/15	8,162						
		05/20/16	8,243						
		11/20/16	8,326						
		05/20/17	8,409						
		11/20/17	8,493						
		05/20/18	8,578						
		11/20/18	8,664						

**TOWNSHIP OF PEMBERTON
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN
FOR THE YEAR ENDED DECEMBER 31, 2005**

PURPOSE	LOAN AMOUNT	PAYMENT SCHEDULE		INTEREST RATE	BALANCE DECEMBER 31, 2004	INCREASED BY ADDITIONAL LOANS	REFUNDED TO STATE OF NEW JERSEY	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2005
		DATE	AMOUNT						
Project No. 0329-94-061	\$138,201	05/31/06	3,285	2.00%	107,705			6,472	101,233
		11/31/06	3,317						
		05/31/07	3,351						
		11/31/07	3,384						
		05/31/08	3,418						
		11/31/08	3,452						
		05/31/09	3,487						
		11/31/09	3,521						
		05/31/10	3,557						
		11/31/10	3,592						
		05/31/11	3,628						
		11/31/11	3,664						
		05/31/12	3,701						
		11/31/12	3,738						
		05/31/13	3,776						
		11/31/13	3,813						
		05/31/14	3,851						
		11/31/14	3,890						
		05/31/15	3,929						
		11/31/15	3,969						
		05/31/16	4,008						
		11/31/16	4,048						
		05/31/17	4,088						
		11/31/17	4,129						
		05/31/18	4,171						
		11/31/18	4,212						
		05/31/19	4,253						

**TOWNSHIP OF PEMBERTON
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN
FOR THE YEAR ENDED DECEMBER 31, 2005**

PURPOSE	LOAN AMOUNT	PAYMENT SCHEDULE DATE	AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2004	INCREASED BY ADDITIONAL LOANS	REFUNDED TO STATE OF NEW JERSEY	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2005
Project No. 0329-93-033	\$225,000	4/28/2006 7/1/1900	4,938 5,121	2.00%	215,461		200,414	9,730	5,317
Total					\$662,739		\$200,414	\$34,528	\$427,797

**TOWNSHIP OF PEMBERTON
GENERAL CAPITAL FUND
SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2005**

PURPOSE	LOAN AMOUNT	PAYMENT SCHEDULE		INTEREST RATE	BALANCE DECEMBER 31,	RETIRED	BALANCE DECEMBER 31,
		DATE	AMOUNT		2004		2005
Agreement Part A	\$345,000	01/01/2006	\$15,000	5.00%	\$315,000	15,000	300,000
		01/01/2007	15,000	5.50%			
		01/01/2008	20,000	5.50%			
		01/01/2009	20,000	5.50%			
		01/01/2010-11	40,000	5.00%			
		01/01/2012-13	50,000	5.50%			
		01/01/2014-15	50,000	5.50%			
		01/01/2016-18	90,000	5.00%			
Agreement Part B	369,000	2/1/06	5,424	N/A	313,478	21,781	291,697
		8/1/06	15,837	N/A			
		2/1/07	5,163	N/A			
		8/1/07	15,577	N/A			
		2/1/08	4,877	N/A			
		8/1/08	18,761	N/A			
		2/1/09	4,495	N/A			
		8/1/09	18,380	N/A			
		2/1/10	4,148	N/A			
		8/1/10	18,033	N/A			
		2/1/11	3,766	N/A			
		8/1/11	17,651	N/A			
		2/1/12	3,384	N/A			
		8/1/13	20,740	N/A			
		2/1/13	2,907	N/A			
		8/1/14	20,263	N/A			
		2/1/14	2,430	N/A			
		8/1/15	19,785	N/A			
		2/1/15	1,996	N/A			
		8/1/16	19,352	N/A			
		2/1/16	1,562	N/A			
		8/1/17	22,389	N/A			
		2/1/17	1,041	N/A			
		8/1/18	21,868	N/A			
		2/1/18	521	N/A			
		8/1/18	21,348	N/A			
Total					\$628,478	36,781	591,697

**TOWNSHIP OF PEMBERTON
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2005**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2004	INCREASED	DECREASED	BALANCE DECEMBER 31, 2005
94-22,95-31	Development of Various Recreational Sites	\$83,343			83,343
97-31	Renovation of Hanover Boulevard Bridge	46,852			46,852
98-3	Various Road Improvements & Purchase of Equipment	55,310			55,310
98-5/03-24	Acquisition of Shopping Center	2,471,425			2,471,425
98-21	Various Redevelopments	950,000			950,000
99-10	Various General Capital Improvements	92,298			92,298
00-10	Construction of Salt Storage Facility	26,000		24,000	2,000
01-16e	Various Road Improvements	21,112			21,112
01-16f	Recreational Improvements	101,591			101,591
05-21	Dam Reconstruction & Kinsley Road Reconstruction		5,073,000		5,073,000
	Total	\$3,847,931	5,073,000	24,000	8,896,931
	Environmental Infrastructure Grant			\$24,000	
	Total			\$24,000	

**TOWNSHIP OF PEMBERTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL LEASE PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2005**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2005		INTEREST RATE	BALANCE	PROCEEDS	PAID BY	BALANCE
			DATE	AMOUNT		DECEMBER 31, 2004		BUDGET APPROPRIATION	DECEMBER 31, 2005
Security Improvements Vehicles - Lease	07/29/04	\$2,922,728	08/15/06	\$129,368	2.50%	\$2,922,728		106,296	2,816,432
			08/15/07	131,016	2.50%				
			08/15/08	131,016	3.00%				
			08/15/09	138,432	3.50%				
			08/15/10	140,904	3.00%				
			08/15/11-15	744,072	Various				
			08/15/16-20	713,584	Various				
			08/15/21-24	688,040	Various				
Various Capital Improvements	8/31/05	1,580,788	08/15/06	50,170	3.00%		1,580,788		1,580,788
			08/15/07	55,360	4.00%				
			08/15/08	57,523	4.00%				
			08/15/09	59,685	4.00%				
			08/15/10	62,280	4.00%				
			08/15/11-15	350,325	4.00%				
			08/15/16-20	426,445	4.00%				
			08/15/21-25	519,000	Various				
					Total	\$2,922,728	1,580,788	106,296	4,397,220

**TOWNSHIP OF PEMBERTON
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR CAPITAL LEASE PURCHASES
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004		\$618,181
Increased by:		
Proceeds from Lease Agreement:		
Burlington County Bridge Commission		<u>1,580,788</u>
Subtotal		2,198,969
Decreased by:		
Security Improvements/Vehicles -2004 Lease	\$353,566	
Various Capital Improvements -2005 Lease	49,474	
Encumbrances Payable	<u>51,900</u>	<u>454,940</u>
Balance December 31, 2005		<u><u>\$1,744,029</u></u>

WATER UTILITY FUND

**TOWNSHIP OF PEMBERTON
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	APPROPRIATIONS		EXPENDED			UNEXPENDED BALANCE CANCELED
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
Operating:						
Salaries and Wages	\$511,535	511,535	511,535			
Other Expenses	657,913	657,913	619,218	29,473	9,222	
Total Operating	1,169,448	1,169,448	1,130,753	29,473	9,222	
Debt Service:						
Payment of Bond Principal	181,400	181,400	181,366			34
Interest on Bonds	80,300	80,300	74,484			5,816
Total Debt Service	261,700	261,700	255,850			5,850
Deferred Charges & Statutory Expenditures:						
Contribution to:						
Unemployment Compensation						
Insurance	1,000	1,000			1,000	
Social Security System (O.A.S.I.)	45,200	45,200	37,426		7,774	
Deficit in Water Capital	5,357	5,357	5,357			
Total Deferred Charges & Statutory Expenditures	51,557	51,557	42,783		8,774	
Total Water Utility Appropriations	\$1,482,705	1,482,705	1,429,386	29,473	17,996	5,850
			Disbursements	\$1,416,159		
			Due to Water Capital	5,357		
			Accrued Interest on Bonds & Notes	7,870		
			Total	\$1,429,386		

The accompanying Notes to the Financial Statement is an integral part of this Statement.

**TOWNSHIP OF PEMBERTON
WATER UTILITY FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance December 31, 2004	\$288,103	527,900
Increased by Receipts:		
Water Rents Receivable	\$1,374,543	
Water Overpayments	6,883	
Capital Lease Proceeds		2,074,213
Miscellaneous Revenue	30,269	25,480
Due Water Operating Fund		70,030
	<u>1,411,695</u>	<u>2,169,723</u>
Total Receipts		
Subtotal	<u>1,699,798</u>	<u>2,697,623</u>
Decreased by Disbursements:		
2005 Budget Appropriations	1,416,159	
Accrued Interest on Bonds & Notes	11,545	
Appropriation Reserves	53,007	
Reserve for Encumbrances	17,241	103,257
Contracts Payable		18,253
Improvement Authorizations		139,688
Capital Lease Expenditures		1,558,439
Due Water Utility Capital Fund	23,500	
Due Water Utility Operating Fund		46,530
Capitalized Interest on Lease Payable		7,080
Water Utility Overpayments	1,180	
	<u>1,522,632</u>	<u>1,873,247</u>
Total Disbursements		
Balance December 31, 2005	<u><u>\$177,166</u></u>	<u><u>824,376</u></u>

TOWNSHIP OF PEMBERTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF CASH AND INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

	BALANCE DECEMBER 31, 2004	RECEIPTS MISCELLANEOUS	DISBURSEMENTS		TRANSFERS		BALANCE DECEMBER 31, 2005
			IMPROVEMENT AUTHORIZATIONS	MISCELLANEOUS	FROM	TO	
Fund Balance	(\$5,357)					5,357	
Capital Improvement Fund	7						7
Contracts Payable	70,963			18,253			52,710
Encumbrances Payable	161,153			103,257	17,411		40,485
Overexpenditure of Improvement Authorization					3,424		(3,424)
Improvement Authorizations:							
3-90,18-91 Drilling of Well #11, Construction of Water Storage Facility & Installation of Various Mains & Other Piping	3,431						3,431
18-92 Rehabilitation of Municipal Water System, Acquisition of Pipes, Water Mains & Related Materials	(109,383)						(109,383)
25-96 Construction of Two New Municipal Water Wells & Renovations to Water Storage Tank	504		405				99
03-12 Replacement of Water Lines, Redevelopment of Wells & Replacement of Meters	116,011		130,100			14,089	
04-17 Redevelopment of Certain Wells	21,607		9,183			6,745	19,169
Reserve for Capital Lease	115,652	2,074,213	1,558,439				631,426
Due Water Operating Fund	3,312	70,030		46,530	5,357		21,455
Reserve for Repayment of Bonds	150,000	25,480		7,079			168,401
Total	\$527,900	2,169,723	1,698,127	175,119	26,192	26,191	824,376

EXHIBIT D-6

**TOWNSHIP OF PEMBERTON
WATER UTILITY OPERATING FUND
SCHEDULE OF WATER RENTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004			\$411,163
Increased by:			
Water Rents Levied	\$1,472,766		
Overpayments Created	6,883	1,479,649	
Subtotal			1,890,812
Decreased by:			
Transferred to Liens	778		
Collections	1,374,543		
Overpayment Applied	9,222	1,384,543	
Balance December 31, 2005			<u><u>\$506,269</u></u>

EXHIBIT D-7

**SCHEDULE OF WATER UTILITY LIENS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004		\$957
Transferred from Water Rents Receivable		<u>778</u>
Balance December 31, 2005		<u><u>1,735</u></u>

**TOWNSHIP OF PEMBERTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2005**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2004	ADDITIONS/ IMPROVEMENT AUTHORIZATIONS	BALANCE DECEMBER 31, 2005
		DATE	AMOUNT			
3-90,18-91	Drilling of Well #11, Construction of Water Storage Facility & Installation of Various Mains & Other Piping	12/19/91	\$1,578,000	\$3,431		3,431
18-92	Rehabilitation of Municipal Water System, Acquisition of Pipes, Water Mains & Related Materials	12/07/92	1,155,000	1,155,000		1,155,000
25-96	Construction of Two New Municipal Water Wells & Renovations to Water Storage Tank	11/01/96	1,268,000	1,268,000		1,268,000
03-12	Replacement of Water Lines, Redevelopment of Wells, Replacement of Meters	5/1//03	337,000	337,000		337,000
04-17	Redevelopment of Certain Wells	7/15/04	150,000	150,000		150,000
04-12	Security Improvements/Vehicles - Lease	6/17/04	624,272	144,422		144,422
	2005 Burlington County Bridge Commission	8/31/05	2,074,213		2,074,213	2,074,213
			Total	\$3,057,853	2,074,213	5,132,066

EXHIBIT D-9

**TOWNSHIP OF PEMBERTON
WATER UTILITY OPERATING FUND
SCHEDULE OF FIXED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

DESCRIPTION	BALANCE DECEMBER 31, 2004	ADDITIONS BY BUDGET	BALANCE DECEMBER 31, 2005
Water System	\$1,406,225		1,406,225
Distribution Mains & Accessories	2,472,613		2,472,613
Tank Stand Pipes & Tower	47,865		47,865
Service Pipes & Stops	76,125		76,125
Meters	136,464		136,464
Springs & Wells	289,726		289,726
Office Data Processing Equipment	14,424		14,424
Pumping Structures & Equipment	12,873		12,873
Foundations, Troughs & Fire Hydrants	28,036		28,036
General Structures & Equipment	99,305		99,305
Various Capital Improvements & Acquisitions	263,255		263,255
Trucks	29,378		29,378
Cost to Refinance Serial Bonds	169,171		169,171
Total	<u>\$5,045,460</u>		<u>5,045,460</u>

EXHIBIT D-10

**SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
AND ANALYSIS OF BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004	\$11,545
Increased by:	
Charges to Budget Appropriations	<u>74,484</u>
Subtotal	86,029
Decreased by:	
Disbursed	<u>78,159</u>
Balance December 31, 2005	<u>\$7,870</u>

ANALYSIS OF ACCRUED INTEREST DECEMBER 31, 2005

PRINCIPAL OUTSTANDING	INTEREST RATE	FROM	TO	PERIOD	AMOUNT
Serial Bonds:					
326,342	4.80-5.20%	9/15/04	12/31/04	107 Days	\$3,781
564,500	5.05%	11/01/04	12/31/04	61 Days	<u>4,089</u>
Total					<u>\$7,870</u>

**TOWNSHIP OF PEMBERTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2005**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORDINANCE	BALANCE DECEMBER 31, 2005 & 2004
18-92	Rehabilitation of Municipal Water System, Acquisition of Pipes, Water Mains & Related Materials	12/7/92	<u>\$334,400</u>
Total			<u><u>\$334,400</u></u>

**SCHEDULE OF DUE TO WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004		\$3,312
Increased by Receipts:		
Contra	\$46,530	
Transfers from Water Utility Operating	<u>23,500</u>	<u>70,030</u>
Subtotal		73,342
Decreased by Disbursements:		
Contra	46,530	
Deferred Charge Raised in Budget	<u>5,357</u>	<u>51,887</u>
Balance December 31, 2005		<u><u>\$21,455</u></u>

TOWNSHIP OF PEMBERTON
 WATER UTILITY OPERATING FUND
 SCHEDULE OF 2004 APPROPRIATION RESERVES
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>BALANCE DECEMBER 31, 2004</u>		<u>BALANCE</u>		<u>BALANCE</u>	
	RESERVED	ENCUMBERED	AFTER TRANSFERS	EXPENDED	LAPSED	OVEREXPENDED
Operating:						
Salaries and Wages	\$15,846		15,846	19,116		3,270
Other Expenses	125,394	17,241	142,635	49,663	92,972	
Deferred Charges & Statutory						
Expenditures:						
Statutory Expenditures:						
Unemployment						
Compensation						
Insurance	1,000		1,000		1,000	
Social Security System						
(O.A.S.I.)	8,792		8,792	1,469	7,323	
Total Water Utility						
Appropriations	\$151,032	17,241	168,273	70,248	101,295	3,270

TOWNSHIP OF PEMBERTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2005

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2004		DEFERRED CHARGES OVEREXPENDITURE OF IMPROVEMENT AUTHORIZATION	ENCUMBRANCES CANCELLED	EXPENDED	BALANCE DECEMBER 31, 2005	
				FUNDED	UNFUNDED				FUNDED	UNFUNDED
3-90,18-91	Drilling of Well #11, Construction of Water Storage Facility & Installation of Various Mains & Other Piping	12/19/91	\$1,578,000	\$3,431					3,431	
18-92	Rehabilitation of Municipal Water System, Acquisition of Pipes, Water Mains & Related Materials	12/07/92	1,155,000	981						981
25-96	Construction of Two New Municipal Water Wells & Renovations to Water Storage Tank	11/01/96	1,268,000	504	100			405	99	100
03-12	Replacement of Water Lines, Redevelopment of Wells, Replacement of Meters	5/1/03	337,000	116,010		3,427	14,090	130,100		
04-17	Redevelopment of Certain Wells	7/15/04	150,000	21,607			6,745	9,183	19,169	
Total				\$142,533	100			139,688	22,699	1,081

Cash Disbursements \$139,688Total \$139,688

**TOWNSHIP OF PEMBERTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004			\$5,984,673
Increased by:			
Paid by Operating Budget:			
Serial Bonds	\$158,662		
Capital Leases	22,704	181,366	
Balance December 31, 2005			<u><u>\$6,166,039</u></u>

TOWNSHIP OF PEMBERTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF WATER UTILITY SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2005

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2004	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2005
			DATE	AMOUNT				
Refunding Bonds	06/15/93	\$1,142,725	09/15/06	\$77,599	5.10%	\$405,004	78,662	326,342
			09/15/07	76,536	5.15%			
			09/15/08	86,103	5.20%			
			09/15/09	86,104	5.20%			
Improvements to Water System	11/01/96	1,204,500	11/01/06	80,000	5.05%	644,500	80,000	564,500
			11/01/07	80,000	5.05%			
			11/01/08	100,000	5.05%			
			11/01/09	100,000	5.05%			
			11/01/10	100,000	5.05%			
			11/01/11	104,500	5.05%			
Total					\$1,049,504	158,662	890,842	

EXHIBIT D-17

**TOWNSHIP OF PEMBERTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2005**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2005 and 2004
92-18	Rehabilitation of Municipal Water System, Acquisition of Pipes, Water Mains & Related Materials	\$110,364
96-25	Construction of Two New Municipal Wells & Renovations to an Existing Water Storage Tank	<u>100</u>
	Total	<u><u>\$110,464</u></u>

**TOWNSHIP OF PEMBERTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF WATER UTILITY CAPITAL LEASE PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2005**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2004	PROCEEDS	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2005
			DECEMBER 31, 2005 DATE	AMOUNT					
Security Improvements/ Vehicles - Lease	07/29/04	\$624,272	08/15/06	\$27,632	2.50%	\$624,272		22,704	601,568
			08/15/07	27,984	2.50%				
			08/15/08	27,984	3.00%				
			08/15/09	29,568	3.50%				
			08/15/10	30,096	3.00%				
			08/15/11-15	158,928	Various				
			08/15/16-20	152,416	Various				
			08/15/21-24	146,960	Various				
Water System Improvements	8/31/05	2,074,213	08/15/06	65,830	3.00%		2,074,213		2,074,213
			08/15/07	72,640	4.00%				
			08/15/08	75,478	4.00%				
			08/15/09	78,315	4.00%				
			08/15/10	81,720	4.00%				
			08/15/11-15	459,675	4.00%				
			08/15/16-20	559,555	4.00%				
			08/15/21-25	681,000	Various				
					Total	\$624,272	2,074,213	22,704	2,675,781

EXHIBIT D-19

**TOWNSHIP OF PEMBERTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR CAPITAL LEASE PURCHASES
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004	\$115,652
Increased by:	
Proceeds from Lease Agreement:	
Burlington County Bridge Commission	<u>2,074,213</u>
Subtotal	2,189,865
Decreased by:	
Lease Expenditures	<u>1,558,440</u>
Balance December 31, 2005	<u><u>\$631,425</u></u>

SEWER UTILITY FUND

**TOWNSHIP OF PEMBERTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004		\$82,711
Increased by Receipts:		
Lease Agreement	\$575,640	
Miscellaneous	2,624	578,264
		<hr/>
Subtotal		660,975
Decreased by:		
2005 Budget Appropriations	547,487	
Accrued Interest on Bonds & Notes	28,153	575,640
		<hr/>
Balance December 31, 2005		<u><u>\$85,335</u></u>

**SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004		\$28,153
Increased by:		
Charges to Operating Budget		302,486
		<hr/>
Subtotal		330,639
Decreased by:		
Interest Paid		303,732
		<hr/>
Balance December 31, 2005		<u><u>\$26,907</u></u>

ANALYSIS OF ACCRUED INTEREST DECEMBER 31, 2005

PRINCIPAL OUTSTANDING DECEMBER 31, 2005	INTEREST RATE	FROM	TO	PERIOD	AMOUNT
Serial Bonds: \$5,870,586	5.00%	11/29/05	12/31/05	33 Days	<u><u>\$26,907</u></u>

EXHIBIT E-6

**TOWNSHIP OF PEMBERTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004	\$5,496,546
Increased by:	
Serial Bonds Paid by Operating Budget	<u>271,908</u>
Balance December 31, 2005	<u><u>\$5,768,454</u></u>

EXHIBIT E-7

**SCHEDULE OF FIXED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

	2005	2004
Acquisition of Pemberton Township M.U.A., Related Costs		
Expansion & Improvements to the System	<u>\$11,639,040</u>	<u>11,639,040</u>

**TOWNSHIP OF PEMBERTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SEWER SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE	ISSUED	PAID BY	BALANCE		
			DATE	AMOUNT		DECEMBER 31, 2004		BUDGET APPROPRIATION	DECEMBER 31, 2005		
Acquisition of the Pemberton Township MUA & Improvements to the Sewer System	5/29/1980	\$9,750,000	5/28/2006	\$142,285	5.00%	\$6,142,494		271,908	5,870,586		
			11/28/2006	143,435							
			5/28/2007	149,346							
			11/28/2007	150,815							
			5/28/2008	156,788							
			11/28/2008	158,568							
			5/28/2009	164,607							
			11/28/2009	166,714							
			5/28/2010	172,822							
			11/28/2010	175,272							
			5/28/2011	179,690							
			11/28/2011	184,219							
			5/28/2012	188,863							
			11/28/2012	193,623							
			5/28/2013	198,503							
			11/28/2013	203,507							
			5/28/2014	208,636							
			11/28/2014	213,895							
			5/28/2015	219,286							
			11/28/2015	224,814							
			5/28/2016	230,480							
			11/28/2016	236,290							
			5/28/2017	242,245							
			11/28/2017	248,352							
			5/28/2018	254,612							
			11/28/2018	261,030							
			5/28/2019	267,609							
			11/28/2019	274,354							
			5/28/2020	259,927							
				Total		\$6,142,494		271,908	5,870,586		

PUBLIC ASSISTANCE FUND

EXHIBIT F-1

**TOWNSHIP OF PEMBERTON
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF PUBLIC ASSISTANCE CASH & RECONCILIATION
PER N.J.S.40A:5-5 - CHIEF FINANCIAL OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2005**

Balance December 31, 2004	\$18,335
Increased by Receipts:	
Interest	<u>672</u>
Subtotal	19,007
Decreased by Disbursements:	
Interest to Current Fund	<u>672</u>
Balance December 31, 2005	<u><u>\$18,335</u></u>

SUPPLEMENTARY DATA

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 2.12 %

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$5,390,000	5,390,000	
Water Utility Debt	1,001,306	768,846	232,460
Sewer Utility	5,870,586	5,870,586	
General Debt	24,596,584	1,175,710	23,420,874
Total	\$36,858,476	13,205,142	23,653,334

Net Debt, \$23,653,334 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$ 1,111,184,472 equals 2.12 %.

Equalized Valuation Basis:

2005	\$1,279,981,626
2004	1,094,891,741
2003	958,680,048
Average	\$1,111,184,472

Borrowing Power Under 40A:2-6:

3-1/2% of Equalized Valuation Bases (Municipal)	\$38,891,457
Net Debt	23,653,334
Remaining Borrowing Power	\$15,238,123

The foregoing debt information is not in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

**Comparative Statement of Operations and
Change in Fund Balance - Current Fund**

	YEAR 2005		YEAR 2004	
	AMOUNT	PERCENT	AMOUNT	PERCENT
Revenue and Other Income Realized				
Fund Balance Utilized	\$900,000	2.39%	1,110,000	3.19%
Miscellaneous - From Other Than Local Property Tax Levies	8,103,864	21.48%	7,000,170	20.12%
Collection of Delinquent Taxes & Tax Title Liens	808,542	2.14%	943,030	2.71%
Collection of Current Tax Levy	26,699,504	70.78%	24,419,872	70.18%
Miscellaneous Revenue Not Anticipated	560,416	1.49%	401,452	1.15%
Unexpended Balance of Appropriation Reserves	580,638	1.54%	472,886	1.36%
Interfunds Liquidated	69,201	0.18%	450,344	1.29%
Total Income	37,722,165	100.00%	34,797,754	100.00%
Expenditures				
Budget Expenditures - Municipal Purposes	19,367,387	54.73%	18,297,024	53.98%
County Taxes	5,070,780	14.33%	4,581,290	13.52%
Local School Taxes	10,844,995	30.65%	10,778,937	31.80%
Miscellaneous	28,144	0.08%	17,158	0.05%
Interfunds Created	73,770	0.21%	222,635	0.66%
Total Expenditures	35,385,076	100.00%	33,897,044	100.00%
Excess in Revenue	2,337,089		900,710	
Adjustments to Income Before Fund Balance: Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year			860,584	
Fund Balance January 1	1,878,504		1,227,210	
Total	4,215,593		2,988,504	
Less: Fund Balance Utilized as Revenue	900,000		1,110,000	
Fund Balance December 31	\$3,315,593		1,878,504	

**Comparative Statement of Operations and
Change in Surplus - Sewer Utility Operating Fund**

Revenue and Other Income Realized	YEAR 2005		YEAR 2004	
	AMOUNT	PERCENT	AMOUNT	PERCENT
Lease Agreement - Pemberton MUA	\$575,640	99.55%	575,640	99.86%
Miscellaneous - From Other Than Sewer Rents	2,624	0.45%	824	0.14%
Total Income	578,264	100.00%	576,464	100.00%
Expenditures				
Budget Expenditures:				
Debt Service	574,394	100.00%	574,454	100.00%
Total Expenditures	574,394	100.00%	574,454	100.00%
Excess in Revenue	3,870		2,010	
Adjustments to Income Before Fund Balance:				
Expenditure Included Above Which are by Statute Deferred Charges to Budgets of Succeeding Years			783	
Surplus Balance January 1	56,530		53,737	
Total Surplus	60,400		56,530	
Surplus Balance December 31	\$60,400		56,530	

**Comparative Statement of Operations and
Change in Surplus - Water Utility Operating Fund**

Revenue and Other Income Realized	YEAR 2005		YEAR 2004	
	AMOUNT	PERCENT	AMOUNT	PERCENT
Surplus Utilized	\$50,000	3.19%	50,000	3.26%
Collection of Water Rents	1,383,765	88.40%	1,262,483	82.25%
Miscellaneous - From Other Than Water Rents	131,564	8.40%	222,490	14.49%
Total Income	1,565,329	100.00%	1,534,973	100.00%
Expenditures				
Budget Expenditures:				
Operating	1,169,448	79.19%	1,148,580	78.39%
Debt Service	255,850	17.32%	272,084	18.57%
Deferred Charges & Statutory Expenditures	51,557	3.49%	44,500	3.04%
Total Expenditures	1,476,855	100.00%	1,465,164	100.00%
Excess in Revenue	88,474		69,809	
Surplus Balance January 1	102,375		82,566	
Less: Utilized as Revenue: Water Operating Budget	50,000		50,000	
Surplus Balance December 31	\$140,849		102,375	

**Comparison of Tax Levies
and Collection Currently**

A study of this 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.

YEAR	TAX LEVY	CURRENTLY	
		CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2005	\$27,870,697	26,699,504	95.80%
2004	25,532,952	24,419,872	95.64%
2003	24,741,004	23,699,003	95.79%

Comparison of Tax Rate Information

	2005	2004	2003
Total Tax Rate	\$3.244	\$2.982	\$2.923
Apportionment of Tax Rate:			
Municipal	1.378	1.172	1.075
County	0.592	0.537	0.538
Local School	1.274	1.273	1.310

Net Valuation Taxable:

2005	<u>\$851,697,405</u>	
2004		<u>\$846,855,002</u>
2003		<u>\$841,214,216</u>

Delinquent Taxes and Tax Title Liens

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

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2005	\$1,522,647	970,304	2,492,951	8.94%
2004	1,725,349	954,724	2,680,073	10.50%
2003	1,895,960	988,964	2,884,924	11.66%

Property Acquired by Tax Title Lien Liquidation

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

YEAR	AMOUNT
2005	\$19,911,750
2004	12,500,634
2003	11,624,334

Comparison of Water Utility Levies

Year	Levy	Current Collections	Percentage of Collection
2005	\$1,472,766	1,383,765	93.96%
2004	1,306,271	1,262,483	96.65%
2003	1,266,012	1,257,582	99.33%

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

Calendar Year	General	Sewer Utility	Water Utility	Total
2005	\$2,237,996	575,640	212,036	3,025,672
2006	2,178,802	575,640	202,960	2,957,402
2007	1,742,960	575,640	193,900	2,512,500
2008	1,801,720	575,640	215,485	2,592,845
2009	1,770,137	575,640	205,959	2,551,736
2010-2014	6,170,078	2,878,200	110,327	9,158,605
2015-2019	5,419,850	2,878,200	109,777	8,407,827
2020-2022	1,062,600	287,820		1,350,420
Total	\$22,384,143	8,922,420	1,250,444	32,557,007

* The principal of assessment debt has not been included as it is expected to be paid from assessment collections. The above numbers do not include Green Acre Loans or NJ Environmental Infrastructure Loans except for the Water Utility.

Fund Balances Appropriated

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

YEAR	BALANCE DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR	PERCENTAGE OF FUND BALANCE USED
Current Fund			
2005	\$3,315,593	2,000,000	60.32%
2004	1,878,514	900,000	47.91%
2003	1,227,210	1,100,000	89.63%
2002	1,531,236	1,378,100	90.00%
2001	2,108,826	1,600,000	75.87%
Water Utility Operating Fund			
2005	\$140,849	112,997	80.23%
2004	102,375	50,000	48.84%
2003	82,566	50,000	60.56%
2002	60,333	50,000	82.87%
2001	366,660	306,327	83.55%
Sewer Utility Operating Fund			
2005	\$60,400	2,276	3.77%
2004	56,530		
2003	53,737		
2002	52,058	711	1.37%
2001	49,275		

Water Utility Service Charges

The following is a five-year comparison of water utility service charges (rents) for the current and previous four years:

YEAR	<u>BALANCE BEGINNING OF YEAR</u>		LEVY	TOTAL	COLLECTIONS
	RECEIVABLE	LIENS			
2005	\$506,269	1,735	1,472,766	1,980,770	1,384,543
2004	411,163	957	1,306,271	1,718,391	1,262,483
2003	367,375	957	1,266,012	1,634,344	1,328,890
2002	414,890	17,583	1,178,893	1,611,366	1,165,691
2001	359,187	33,453	1,239,170	1,631,810	1,187,604

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as of December 31, 2005

NAME	POSITION	AMOUNT OF BOND
Robert W. McCullough	Mayor	(A,B)
Peter Emmons	Councilman	(A,B)
Corinne Lopez-Kemp	Councilwoman	(A,B)
Richard Prickett	Councilman	(A,B)
Caroline Radice	Councilwoman	(A,B)
Donald Brown	Councilman	(A,B)
David Thompson	Administrator	\$ 5,000 (A,B)
Mary Ann Young	Township Clerk & Improvement & Search Office	\$ 10,000 (B)
Linda Eden	Chief Financial Officer	\$125,000 (B)
Carol Ann Doyle	Tax Collector, Tax Search Officer & Utility Rent Collector	\$250,000 (B)
Lorraine Abbott	Registrar of Vital Statistics	(A,B)
Richard E. Andronici	Magistrate	\$ 20,000 (B)
Louise Spigner	Court Administrator	\$ 47,000 (B)
Annick Perez	Deputy Court Administrator	\$ 20,000 (B)
Karen McMahon	Tax Assessor	(A,B)
Stephen Emery	Chief of Police	(A,B)
Robert Benash	Construction Code Official	(A,B)
Krisden McCrink	Public Defender	
Louis Gallagher	Prosecutor	
Kenneth Domzalski	Solicitor	
Alaimo Group	Engineer	

- (A) Covered under the provisions of an Employee Blanket Policy with \$20,000 of coverage and a \$1,000 deductible the New Jersey Self Insurers' Joint Insurance Fund.
- (B) Additional \$950,000 of coverage with a \$50,000 deductible is provided through the New Jersey Self Insurers' Joint Insurance Fund.

All individual Surety Bonds are written through the Selective Insurance Company of America.

All of the bonds were examined and were properly executed.

**TOWNSHIP OF PEMBERTON
COUNTY OF BURLINGTON**

PART II

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2005**



Holman & Frenia, P.C.
Certified Public Accountants & Consultants

The Honorable Mayor and Members of the
Township Council
Township of Pemberton
Pemberton, New Jersey 08068

We have audited the financial statements of the Township of Pemberton in the County of Burlington for the year ended December 31, 2005.

Scope of Audit

The audit covered the financial transactions of the Treasurer, Tax Collector, and Water-Sewer Utility Collector, the activities of the Mayor and Council and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the governing body.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Township Departments as shown on the Statements of Revenue and Revenue Accounts Receivable are presented as recorded in the Township records.

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 from January 1, 2005 and \$21,000 from July 1, 2005 except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year.

MEDFORD OFFICE

TOMS RIVER OFFICE

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4) (continued):

Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

A test was conducted to determine that expenditures greater than \$2,625 from January 1, 2005 and \$3,150 from July 1, 2005 thereafter obtained solicitation of quotes. No exceptions were noted.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Purchases were made through the State Division of Purchases and Property and were approved by resolution of the Township Council.

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.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$2,625 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, as amended, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 5, 2005 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED that the rate of interest to be charged for the nonpayment of taxes and water/sewer rents on the date when they become delinquent is hereby fixed as eight (8%) percent per annum of the first One Thousand Five Hundred Dollars (\$1,500.00) of the delinquency, and eighteen (18%) percent per annum on any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00). The same to be calculated from the date of actual payment; provided, however, that no interest be charged if payment is made with ten (10) days after the date upon which same became payable."

The Township also charges an additional 6% penalty on delinquencies in excess of \$10,000 at the end of the calendar year.

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

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2005 include real estate taxes for 2005, 2004, 2003, 2002, 2001, 2000, and 1999.

The last tax sale was held in April 2005 and was complete.

Inspection of 2005 tax sale certificates on file revealed that all tax sale certificates were available for audit.

***Finding 2005-01:**

An analysis of water lien receivables was not completed at time of audit.

Recommendation:

That the Tax Office maintains an accurate analysis of water liens receivable.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of the Township employees. Also the examination ascertained that the accumulated withholdings were disbursed to the proper agencies and state and federal agency reports were filed correctly and timely.

Finding 2005-02:

An accurate analysis of payroll receipts and disbursements was not maintained.

Recommendation:

That an accurate analysis of payroll receipts and disbursements be maintained.

Finding 2005-03:

No supporting documentation was available for review to determine if the Federal Quarterly tax returns (Form 941) were filed correctly.

Recommendation:

That supporting documentation be available for review in order to ensure that the Federal Quarterly tax returns (Form 941) are properly filled out and remitted correctly.

Municipal Court

A separate report for the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board.

As part of the test of the municipal court records, no attempt was made to differentiate between fines due the Township, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

A test sample was selected of fifteen (15) traffic and criminal cases processed through the system. The purpose of the test was to determine that traffic fines were levied in accordance with State Statutes, that payments were deposited intact and on a timely basis, that dispositions were entered in traffic and criminal dockets, closure procedures for delinquent traffic tickets were enforced and that proper procedures were in effect for defendants paying on a the partial payment system. This test disclosed no discrepancies regarding fines being properly levied, entering of dispositions and closure procedures.

The computer software does not allow for a posting distribution in the cash receipts journal when a transaction involves both a check and cash payment being made by the defendant. The computer system requires this particular type of transaction be posted as either entirely cash or check. As a result of this limitation no test can be conducted to determine if the receipt detail batch totals from the journal agree with the detail of cash and checks deposited for that particular day.

A review of the partial payment system indicated that collection procedures are being enforced to collect delinquent balances.

Monthly bank reconciliations were performed on the ATS/ACS Bank Reconciliation Form as prescribed.

Tax Collector's Annual Report

N.J.S.54:4-91 requires that on or before May 1st of each year, the Tax Collector shall file with the Treasurer and the governing body a statement of receipts during the preceding year as well as added assessments, taxes canceled and taxes unpaid as of December 31, all for the preceding tax year. This report was filed in 2005 with the governing body.

Construction Code Office

- (1) **Indirect Costs** – Indirect costs are not allocated to the Construction Code Budget Appropriation.
- (2) **Annual Report** – An annual report of revenue, expenditures and a recommendation for any fee increase or decrease was filed with the governing body by February 10, 2001.
- (3) **Construction Code Costs** – A test was conducted to determine that all revenues collected for construction code fees are applied to pay for municipal costs of enforcing the Uniform Construction Code [*N.J.A.C.5:23.17(c)2*]. No exceptions were discovered as a result of the test that would indicate that construction code revenues were not being applied to pay for costs related to enforcement of the Uniform Construction Code.
- (4) **Construction Code Permits** – A test of the fees charged for construction code permits disclosed no exceptions regarding charges being levied in accordance with the Township Ordinances in effect.

Current Year Findings

***Finding 2005-04:**

Four (4) Current fund appropriation reserves, two grants, one water utility appropriation reserve and one water capital improvement authorization were overspent.

Recommendation:

That steps be taken to insure no budget line items be overspent as required by 40A:4 (Local Budget Law).

***Finding 2005-05:**

The General Ledger was not maintained properly for any governmental funds.

Recommendation:

That a General Ledger for all funds be prepared and properly reflect the financial analysis of the Township on a monthly basis.

Finding 2005-06:

The analysis of grants receivable is not being properly maintained.

Recommendation:

That the Township verifies and ensures that all grant account receivable balances are currently collectable.

Finding 2005-07:

Additions to the 2005 budget (N.F.S.A.40A:408) were not properly authorized by Township Committee or approved by the Division of Local Government Services.

Recommendation:

That the appropriate steps be taken to insure that all additions to the budget be approved both by Township Committee and the Division of Local Government Services.

Finding 2005-08:

It was noted during our audit that the surety bond coverage for the court administrator was insufficient.

Current Year Findings (continued);

Finding 2005-08 (continued):

Recommendation:

That the surety bond insurance coverage for the Court Administrator be raised to meet the minimum requirements set forth in *N.J.A.C.6:3-1.3*.

Finding 2005-09:

Ordinance 2005-21 was adopted without the required five percent down payment being appropriated.

Recommendation:

That all capital ordinances include the required five percent down payment.

Finding 2005-10:

It was noted that there is a cash deficit for capital improvement authorizations over 10 years old in both the General Capital and Water Utility Capital Funds.

Recommendation:

That unfunded capital improvement authorizations either be cancelled or the proper funding be included in future budgets.

Finding 2005-11:

Ten (10) monthly payments to the local school district were not remitted within the required statutory dates.

Recommendation:

That all payments made to the local school district be remitted within the required statutory dates.

***Finding 2005-12:**

The Township's fixed assets ledger has not been updated in two years.

Recommendation:

That steps be taken to insure the Township's fixed assets ledger properly reflects all Township held assets.

***Prior Year Findings**

Follow-up of Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. Corrective action was taken on all prior year findings except for the ones marked with an (*) asterisk above.

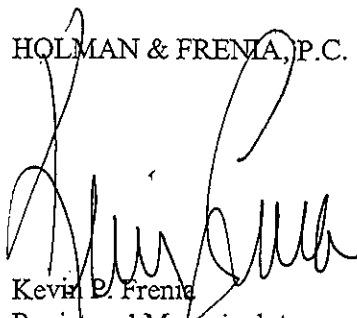
Acknowledgment

We express our appreciation for the assistance and courtesies extended to the members of the audit team. The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call me.

Respectfully submitted,

HOLMAN & FRENIA, P.C.

A handwritten signature in black ink, appearing to read 'Kevin P. Frenia', is written over the printed name.

Kevin P. Frenia
Registered Municipal Accountant
No. CR435

Medford, New Jersey
June 2, 2006