

BOROUGH OF SUSSEX

COUNTY OF SUSSEX

REPORT OF AUDIT

2008

*NISIVOCCIA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
REPORT OF AUDIT
2008

BOROUGH OF SUSSEX
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BOROUGH OF SUSSEX

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2008



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 Mount Arlington, NJ 07856
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Independent Auditors' Report

The Honorable Mayor and Members
 of the Borough Council
 Borough of Sussex
 Sussex, New Jersey

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

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

As described in Note 1, these financial statements have been prepared in conformity with accounting principles prescribed by the Division 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 effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed asset account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual cost. We are, therefore, unable to express an opinion as to the general fixed assets account group at December 31, 2008 and 2007 stated at \$4,219,647 and \$4,219,647, respectively.

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

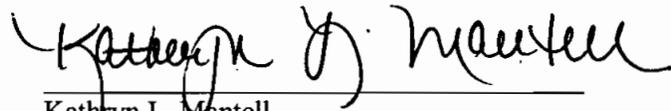
However, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the general fixed assets account group been audited, the financial statements referred to above, present fairly, in all material respects, the financial position of the various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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2009, on our consideration of the Borough of Sussex's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The information included in the supplementary schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards are also presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* and are not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audits of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1 to the financial statements and Note B to the schedules of expenditures of federal and state awards.

Mount Arlington, New Jersey
May 15, 2009

NISIVOCCIA & COMPANY LLP


Kathryn L. Mantell
Registered Municipal Accountant No. 447
Certified Public Accountant

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2008
CURRENT FUND

BOROUGH OF SUSSEX
CURRENT FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2008	2007
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 395,588.61	\$ 513,056.12
Change Fund		100.00	125.00
		<u>395,688.61</u>	<u>513,181.12</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	82,719.73	94,321.09
Tax Title Liens Receivable	A-8	9,532.63	6,876.96
Property Acquired for Taxes at Assessed Valuation		322,100.00	322,100.00
Due Animal Control Trust Fund	B	243.60	27.91
		<u>414,595.96</u>	<u>423,325.96</u>
Total Regular Fund		<u>810,284.57</u>	<u>936,507.08</u>
Federal and State Grant Fund:			
Due from Current Fund	A	4,935.37	14,567.39
Grants Receivable	A-10	600,000.00	1,250.00
		<u>604,935.37</u>	<u>15,817.39</u>
TOTAL ASSETS		<u>\$ 1,415,219.94</u>	<u>\$ 952,324.47</u>

BOROUGH OF SUSSEX
CURRENT FUND
COMPARATIVE BALANCE SHEET
(Continued)

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2008</u>	<u>2007</u>
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 51,567.82	\$ 69,190.93
Encumbered	A-3;A-11	4,917.32	22,511.25
		<u>56,485.14</u>	<u>91,702.18</u>
County Added and Omitted Taxes Payable		124.32	1,050.25
Due State of New Jersey:			
Marriage License Fees		100.00	50.00
Burial Permit Fees		420.00	
Senior Citizens' and Veterans' Deductions		5,019.49	5,019.49
Prepaid Taxes		30,899.26	26,902.92
Tax Overpayments		3,181.99	1,801.22
Due Federal and State Grant Fund	A	4,935.37	14,567.39
Due Other Trust Fund	B		232.00
Reserve for:			
Revision of Master Plan		26,735.00	31,895.00
Sale of Municipal Assets		2,967.42	2,967.42
Outside Liens			1,463.83
		<u>130,867.99</u>	<u>177,651.70</u>
Reserve for Receivables and Other Assets	A	414,595.96	423,325.96
Fund Balance	A-1	264,820.62	335,529.42
		<u>810,284.57</u>	<u>936,507.08</u>
Federal and State Grant Fund:			
Appropriated Reserves:			
Encumbered			1,800.00
Unencumbered	A-14	603,158.10	12,490.55
Unappropriated Reserves	A-15	1,777.27	1,526.84
		<u>604,935.37</u>	<u>15,817.39</u>
Total Federal and State Grant Fund		<u>604,935.37</u>	<u>15,817.39</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u><u>\$ 1,415,219.94</u></u>	<u><u>\$ 952,324.47</u></u>

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

BOROUGH OF SUSSEX
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	Ref.	Year Ended December 31,	
		2008	2007
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 210,000.00	\$ 208,050.00
Miscellaneous Revenue Anticipated		921,888.85	432,741.39
Receipts from:			
Delinquent Taxes		88,253.10	81,038.90
Current Taxes		3,175,117.81	3,095,384.88
Nonbudget Revenue		79,802.00	95,942.82
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		26,056.12	53,908.92
Federal and State Grant Fund Unappropriated Reserves Canceled		0.84	0.90
Change Fund Returned		25.00	
Interfunds Returned		27.91	
		<u>4,501,171.63</u>	<u>3,967,067.81</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		1,707,637.25	1,115,137.74
County Taxes		585,366.54	567,559.78
Regional School District Taxes		1,326,366.04	1,341,251.96
Regional High School District Taxes		742,267.00	737,990.62
Reinstatement of Prior Year Taxes Overpaid			311.04
Interfunds and Other Receivables Advanced		243.60	27.91
		<u>4,361,880.43</u>	<u>3,762,279.05</u>
Excess in Revenue/Statutory Excess to Fund Balance		139,291.20	204,788.76
<u>Fund Balance</u>			
Balance January 1		335,529.42	338,790.66
		<u>474,820.62</u>	<u>543,579.42</u>
Decreased by:			
Utilized as Anticipated Revenue		210,000.00	208,050.00
Balance December 31	A	<u>\$ 264,820.62</u>	<u>\$ 335,529.42</u>

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

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2008

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 210,000.00	\$ 210,000.00	
Miscellaneous Revenue:			
Licenses:			
Alcoholic Beverages	4,200.00	4,400.00	\$ 200.00
Fees and Permits:			
Uniform Construction Code Fees	52,500.00	46,058.00	6,442.00 *
Other	13,900.00	14,558.00	658.00
Parking Meters	6,100.00	6,090.00	10.00 *
Consolidated Municipal Property			
Tax Relief Aid	101,897.00	101,897.00	
Energy Receipts Tax	134,130.00	134,130.00	
Recycling Tonnage Grant	1,526.00	1,526.00	
Small Cities Grant	600,000.00	600,000.00	
Clean Communities Grant	4,000.00	4,000.00	
Uniform Fire Safety Act	4,460.00	9,229.85	4,769.85
	<u>922,713.00</u>	<u>921,888.85</u>	<u>824.15 *</u>
Receipts from Delinquent Taxes	<u>85,000.00</u>	<u>88,253.10</u>	<u>3,253.10</u>
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	<u>600,454.00</u>	<u>630,297.23</u>	<u>29,843.23</u>
Budget Totals	1,818,167.00	1,850,439.18	<u>\$ 32,272.18</u>
Nonbudget Revenue		<u>79,802.00</u>	
	<u>\$ 1,818,167.00</u>	<u>\$ 1,930,241.18</u>	

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2008
(Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$ 3,175,117.81
Allocated to School and County Taxes	2,653,999.58
Balance for Support of Municipal Budget	521,118.23
 Add: Appropriation "Reserve for Uncollected Taxes"	 109,179.00
 Realized for Support of Municipal Budget	 \$ 630,297.23

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 88,253.10
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Analysis of Nonbudget Revenue:

<u>Miscellaneous Revenue Not Anticipated:</u>	
Interest on Investments	\$ 20,728.41
Municipal Court Fines	19,357.33
Cable TV Franchise Fees	7,994.00
State Housing Inspections	3,120.00
Clerk's Receipts	1,749.00
Copies	357.05
<u>State of New Jersey:</u>	
Senior Citizens' and Veterans' Deductions Administrative Reimbursement	420.00
Miscellaneous Reimbursements	7,164.23
Planning Board	300.00
Certified Lists	80.00
Prior Year Refunds	1,283.25
Bulk Waste Fees	440.00
Statutory Excess in Reserve for Animal Control Fund Expenditures	317.13
	63,310.40
 <u>Collector:</u>	
Interest and Costs on Taxes	16,192.00
Duplicate Bills	56.00
 Due Animal Control Fund - Statutory Excess in Reserve for Animal Control Fund Expenditures	 243.60
	\$ 79,802.00

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

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2008

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 76,000.00	\$ 84,000.00	\$ 83,638.46	\$ 361.54	
Other Expenses	24,600.00	25,600.00	24,633.33	966.67	
Municipal Clerk:					
Codification of Ordinances	3,500.00	3,800.00	3,791.80	8.20	
Elections	2,000.00	1,500.00	986.56	513.44	
Financial Administration:					
Salaries and Wages	10,225.00	10,325.00	10,289.48	35.52	
Other Expenses	19,800.00	19,300.00	10,669.60	8,630.40	
Revenue Administration (Tax Collection):					
Salaries and Wages	20,275.00	20,175.00	19,109.72	1,065.28	
Other Expenses	3,900.00	3,400.00	3,146.74	253.26	
Tax Assessment Administration:					
Salaries and Wages	9,450.00	5,078.22	5,078.22		
Other Expenses	2,440.00	6,863.28	6,863.28		
Maintenance of Tax Map	500.00	0.50		0.50	
Legal Services and Costs:					
Other Expenses	35,000.00	40,000.00	38,683.14	1,316.86	
Engineering Services and Costs:					
Other Expenses	5,000.00	1,500.00	41.00	1,459.00	
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and Wages	5,500.00	5,500.00	5,499.26	0.74	
Other Expenses	12,950.00	12,150.00	8,079.63	4,070.37	

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2008
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS": (Continued)					
Insurance (N.J.S.A. 40A:4-45.3(00)):					
General Liability	\$ 36,000.00	\$ 36,448.00	\$ 36,366.76	\$ 81.24	
Surety Bonds	1,000.00	400.00	311.00	89.00	
Workers' Compensation	12,000.00	11,000.00	10,724.00	276.00	
Group Insurance Plan for Employees	66,000.00	62,000.00	60,725.79	1,274.21	
PUBLIC SAFETY:					
Aid to Volunteer Fire Company	27,810.00	27,810.00	27,810.00		
Municipal Prosecutor:					
Salaries and Wages	4,200.00	2,952.20	2,952.20		
Police:					
Salaries and Wages	24,000.00	26,500.00	26,101.09	398.91	
Other Expenses	900.00	1,600.00	1,347.75	252.25	
Emergency Management Services:					
Salaries and Wages	750.00	750.00	749.75	0.25	
Other Expenses	1,250.00	550.00	19.25	530.75	
Garbage and Trash Removal:					
Other Expenses	4,000.00	4,000.00	2,420.94	1,579.06	
Recycling Program:					
Other Expenses	3,100.00	2,100.00	887.22	1,212.78	
STREETS AND ROADS:					
Road Repair and Maintenance:					
Salaries and Wages	154,500.00	146,500.00	141,899.11	4,600.89	
Other Expenses	30,150.00	21,650.00	16,613.35	5,036.65	

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2008
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS": (Continued)					
STREETS AND ROADS (Continued):					
Snow Removal:					
Salaries and Wages	\$ 13,000.00	\$ 11,500.00	\$ 8,505.54	\$ 2,994.46	
Other Expenses	9,900.00	13,900.00	12,296.67	1,603.33	
Public Building and Grounds:					
Salaries and Wages	1,100.00	1,100.00	900.00	200.00	
Other Expenses	24,250.00	26,750.00	25,117.49	1,632.51	
HEALTH AND WELFARE:					
Board of Health:					
Other Expenses	700.00	700.00	19.40	680.60	
Mandated Inoculations - Hepatitis B Vaccine:					
Other Expenses	500.00	500.00		500.00	
Registrar:					
Other Expenses	575.00	575.00	355.05	219.95	
RECREATION AND EDUCATION:					
Board of Recreation Commissioners:					
Other Expenses	3,000.00	3,000.00	2,295.75	704.25	
Celebration of Public Events, Anniversary/Holiday:					
Other Expenses	2,000.00	2,000.00	1,646.71	353.29	
Municipal Court:					
Salaries and Wages	32,200.00	23,131.61	23,131.61		
Other Expenses	3,950.00	16,919.34	16,919.04	0.30	
Public Defender:					
Salaries and Wages	3,300.00	2,339.15	2,339.15		

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2008
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS": (Continued)					
State Uniform Construction Code (NJSA 52:27D-120 et seq.):					
Construction Code Officials:					
Salaries and Wages	\$ 11,000.00	\$ 11,000.00	\$ 10,236.01	\$ 763.99	
Other Expenses	300.00	300.00	131.84	168.16	
UNCLASSIFIED:					
Utilities:					
Telephone	10,000.00	8,500.00	7,801.30	698.70	
Gasoline and Diesel Fuel	8,000.00	13,907.70	12,515.93	1,391.77	
Street Lighting	35,000.00	35,000.00	31,918.37	3,081.63	
Reserve for Pending Tax Appeal:					
Other Expenses	2,000.00	2,000.00	1,640.00	360.00	
Total Operations Within "CAPS"	<u>757,575.00</u>	<u>756,575.00</u>	<u>707,208.29</u>	<u>49,366.71</u>	
Detail:					
Salaries and Wages	365,500.00	350,851.18	340,429.60	10,421.58	
Other Expenses	392,075.00	405,723.82	366,778.69	38,945.13	

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2008
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS": (Continued)					
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Social Security System (OASI)	\$ 28,600.00	\$ 28,600.00	\$ 26,788.96	\$ 1,811.04	
State Unemployment Insurance	2,000.00	3,000.00	2,610.53	389.47	
	<u>30,600.00</u>	<u>31,600.00</u>	<u>29,399.49</u>	<u>2,200.51</u>	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
	<u>30,600.00</u>	<u>31,600.00</u>	<u>29,399.49</u>	<u>2,200.51</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>788,175.00</u>	<u>788,175.00</u>	<u>736,607.78</u>	<u>51,567.22</u>	
Operations Excluded from "CAPS":					
Contribution to:					
Public Employees Retirement System	17,147.00	17,147.00	17,146.40	0.60	
Length of Service Awards Program (L.O.S.A.P.)	17,000.00	17,000.00	17,000.00		
Interlocal Municipal Service Agreements:					
Township of Wantage:					
Construction Agreement:					
Other Expenses	91,375.00	91,375.00	91,375.00		
Animal Control Agreement:					
Other Expenses	9,000.00	9,000.00	9,000.00		
Township of Vernon:					
Dispatching Communication "911":					
Other Expenses	16,053.00	16,053.00	16,053.00		

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2008
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Excluded from "CAPS": (Continued)					
Public and Private Programs Offset by Revenue:					
Clean Communities Program	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00		
Recycling Tonnage Grant	1,526.00	1,526.00	1,526.00		
Small Cities Grants:					
Maple Avenue and Cross Street	400,000.00	400,000.00	400,000.00		
Rehab Housing	200,000.00	200,000.00	200,000.00		
Total Operations Excluded from "CAPS"	756,101.00	756,101.00	756,100.40	\$ 0.60	
Detail:					
Other Expenses	756,101.00	756,101.00	756,100.40	0.60	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	66,000.00	66,000.00	66,000.00		
Total Capital Improvements - Excluded from "CAPS"	66,000.00	66,000.00	66,000.00		

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2008
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Excluded from "CAPS": (Continued)					
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00		
Payment of Bond Anticipation Notes	32,300.00	32,300.00	32,300.00		
Interest on Bonds	12,083.00	12,083.00	10,732.50		\$ 1,350.50
Interest on Notes	15,884.00	15,884.00	15,884.00		
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	8,445.00	8,445.00	8,444.75		0.25
Total Municipal Debt Service - Excluded from "CAPS"	<u>98,712.00</u>	<u>98,712.00</u>	<u>97,361.25</u>		<u>1,350.75</u>
Subtotal General Appropriations	<u>1,708,988.00</u>	<u>1,708,988.00</u>	<u>1,656,069.43</u>	\$ 51,567.82	<u>1,350.75</u>
Reserve for Uncollected Taxes	<u>109,179.00</u>	<u>109,179.00</u>	<u>109,179.00</u>		
Total General Appropriations	<u>\$ 1,818,167.00</u>	<u>\$ 1,818,167.00</u>	<u>\$ 1,765,248.43</u>	<u>\$ 51,567.82</u>	<u>\$ 1,350.75</u>

Ref.

A

BOROUGH OF SUSSEX
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2008
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>
Adopted Budget		<u>\$ 1,818,167.00</u>	
Reserve for Uncollected Taxes			\$ 109,179.00
Encumbrances	A		4,917.32
Due Federal and State Grant Fund			605,526.00
Cash Disbursed			<u>1,049,521.80</u>
			1,769,144.12
Less: Appropriation Refunds			<u>3,895.69</u>
			<u>\$ 1,765,248.43</u>

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

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2008
TRUST FUNDS

BOROUGH OF SUSSEX
TRUST FUNDS
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2008	2007
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 4,677.73	\$ 3,635.64
		<u>4,677.73</u>	<u>3,635.64</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	172,138.20	172,159.24
Small Cities Receivable		2,500.00	2,500.00
Due from Current Fund	A		232.00
Due from Animal Control Fund	B	94.00	93.00
		<u>174,732.20</u>	<u>174,984.24</u>
TOTAL ASSETS		<u>\$ 179,409.93</u>	<u>\$ 178,619.88</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due State of New Jersey		\$ 5.20	\$ 160.80
Due Current Fund	A	243.60	27.91
Due Other Trust Fund	B	94.00	93.00
Reserve for Animal Control Expenditures	B-6	4,334.93	3,353.93
		<u>4,677.73</u>	<u>3,635.64</u>
Other Trust Funds:			
Reserve for:			
Planning and Zoning Deposits		39,346.55	32,639.80
Recreation Expenditures		3,263.45	3,263.45
Brookside Community Center		1,438.82	1,405.61
Nutrition		8,659.46	8,659.46
Small Cities Loans		2,081.34	2,081.34
Fire Inspection Fees		3,194.58	4,424.58
Parking Offense Adjudication Act		728.00	710.00
Public Defender		1,020.00	600.00
Tax Sale Premiums		10,000.00	16,200.00
Affordable Housing		105,000.00	105,000.00
		<u>174,732.20</u>	<u>174,984.24</u>
TOTAL LIABILITIES AND RESERVES		<u>\$ 179,409.93</u>	<u>\$ 178,619.88</u>

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

BOROUGH OF SUSSEX
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE
YEAR ENDED DECEMBER 31, 2008

B-1

NOT APPLICABLE

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

BOROUGH OF SUSSEX
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2008

B-2

NOT APPLICABLE

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

B-3

NOT APPLICABLE

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

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2008
GENERAL CAPITAL FUND

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2008	2007
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 175,834.93	\$ 174,437.22
Deferred Charges to Future Taxation:			
Funded		276,239.65	313,195.09
Unfunded	C-4	485,450.00	517,750.00
TOTAL ASSETS		<u>\$ 937,524.58</u>	<u>\$ 1,005,382.31</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds Payable	C-8	\$ 207,000.00	\$ 237,000.00
Green Acres Loans Payable	C-9	69,239.65	76,195.09
Bond Anticipation Notes Payable	C-7	466,750.00	517,750.00
Improvement Authorizations:			
Funded	C-5	116,620.33	85,148.38
Unfunded	C-5	37,438.60	38,812.84
Capital Improvement Fund	C-6	15,476.00	25,476.00
Capital Fund Balance	C-1	25,000.00	25,000.00
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 937,524.58</u>	<u>\$ 1,005,382.31</u>

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

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2007	C	<u>\$ 25,000.00</u>
Balance December 31, 2008	C	<u><u>\$ 25,000.00</u></u>

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

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2008
WATER/SEWER UTILITY FUND

BOROUGH OF SUSSEX
WATER/SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2008	2007
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 28,975.81	\$ 86,722.83
		<u>28,975.81</u>	<u>86,722.83</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	175,929.82	49,704.28
Deferred Charges:			
Operating Deficit		21,246.46	
		<u>21,246.46</u>	
Total Operating Fund		<u>226,152.09</u>	<u>136,427.11</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	2,274.13	64,663.57
Fixed Capital	D-7	10,287,530.83	10,216,152.09
Fixed Capital Authorized and Uncompleted	D-8	5,331,440.12	5,357,440.12
		<u>15,621,245.08</u>	<u>15,638,255.78</u>
Total Capital Fund		<u>15,621,245.08</u>	<u>15,638,255.78</u>
TOTAL ASSETS		<u>\$ 15,847,397.17</u>	<u>\$ 15,774,682.89</u>

BOROUGH OF SUSSEX
WATER/SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
(Continued)

	Ref.	December 31,	
		2008	2007
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 22,458.30	\$ 48,532.51
Encumbered	D-3;D-9	414.00	8,638.21
		<u>22,872.30</u>	<u>57,170.72</u>
Accounts Payable			2,202.14
Accrued Interest on:			
Bonds and Notes		7,906.85	25,301.49
Loans		17,394.64	
		<u>48,173.79</u>	<u>84,674.35</u>
Reserve for Receivables	D	175,929.82	49,704.28
Fund Balance	D-1	2,048.48	2,048.48
		<u>226,152.09</u>	<u>136,427.11</u>
Total Operating Fund			
Capital Fund:			
Serial Bonds Payable	D-15	1,013,000.00	1,073,000.00
Farmers Home Administration Loan Payable	D-16	777,412.29	810,164.42
United States Department of Agriculture Loan Payable	D-16A	5,062,240.64	5,151,146.57
Improvement Authorizations:			
Funded	D-10	2,274.13	3,553.88
Unfunded	D-10		47,503.08
Capital Improvement Fund	D-11		14,000.00
Reserve for Amortization	D-12	8,340,587.82	8,087,551.02
Deferred Reserve for Amortization	D-13	425,730.20	451,336.81
		<u>15,621,245.08</u>	<u>15,638,255.78</u>
Total Capital Fund			
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u><u>\$ 15,847,397.17</u></u>	<u><u>\$ 15,774,682.89</u></u>

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

BOROUGH OF SUSSEX
WATER/SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	Ref.	<u>Year Ended December 31,</u>	
		<u>2008</u>	<u>2007</u>
<u>Revenue and Other Income Realized</u>			
Rents		\$ 1,452,103.16	\$ 1,430,640.76
Fire Hydrant Service			10,000.00
Miscellaneous		33,863.52	17,037.64
Connection Fees			43,800.00
Reserve for Sale of Assets			21,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		4,189.46	629.13
Total Income		<u>1,490,156.14</u>	<u>1,523,107.53</u>
<u>Expenditures</u>			
Operating		978,138.00	947,100.00
Capital Improvements		15,000.00	36,000.00
Debt Service		503,374.00	503,141.00
Deferred Charges and Statutory Expenditures		14,682.39	35,547.00
Refund of Prior Year Revenue		208.21	
Total Expenditures		<u>1,511,402.60</u>	<u>1,521,788.00</u>
Excess/(Deficit) in Revenue		<u>(21,246.46)</u>	<u>1,319.53</u>
Operating Deficit to be Raised in Budget of Succeeding Year	D	<u>\$ 21,246.46</u>	
Statutory Excess to Fund Balance			1,319.53
<u>Fund Balance</u>			
Balance January 1		<u>\$ 2,048.48</u>	<u>728.95</u>
Balance December 31	D	<u>\$ 2,048.48</u>	<u>\$ 2,048.48</u>

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

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE
YEAR ENDED DECEMBER 31, 2008

NOT APPLICABLE

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

BOROUGH OF SUSSEX
WATER/SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2008

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit*</u>
Water/Sewer Rents	\$ 1,430,640.00	\$ 1,452,103.16	\$ 21,463.16
Water/Sewer Rents - Rate Increase	96,000.00		96,000.00 *
Miscellaneous	16,464.00	33,863.52	17,399.52
	<u>\$ 1,543,104.00</u>	<u>\$ 1,485,966.68</u>	<u>\$ 57,137.32 *</u>

Analysis of Water/Sewer Rents

Collector:		
Rents		<u>\$ 1,452,103.16</u>
Collections		<u>\$ 1,452,103.16</u>

Analysis of Miscellaneous Revenue:

Treasurer:		
Interest on Investments:		
Collected/Received by Treasurer	\$ 2,631.75	
Miscellaneous Reimbursements	2,881.77	
Hookup Fees	27,600.00	
Miscellaneous	750.00	
		<u>\$ 33,863.52</u>
		<u>\$ 33,863.52</u>

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

BOROUGH OF SUSSEX
WATER/SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2008

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 103,117.00	\$ 103,117.00	\$ 101,803.81	\$ 1,313.19	
Other Expenses	875,021.00	875,021.00	855,782.46	19,238.54	
Capital Improvements:					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
Capital Outlay	5,000.00	5,000.00	3,119.18	1,880.82	
Debt Service:					
Payment of Bond Principal	60,000.00	60,000.00	60,000.00		
Interest on Bonds	53,415.00	53,415.00	33,405.36		\$ 20,009.64
Payment of Loan Principal	121,659.00	121,659.00	121,656.94		2.06
Payment of Loan Interest	300,209.00	300,209.00	288,311.70		11,897.30
Deferred Charges:					
Deferred Charges to Future Taxation Unfunded	394.00	394.00	393.39		0.61
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	5,600.00	5,600.00	5,600.00		
Social Security System (O.A.S.I.)	7,889.00	7,889.00	7,865.70	23.30	
Unemployment Compensation Insurance	800.00	800.00	797.55	2.45	
	<u>\$ 1,543,104.00</u>	<u>\$ 1,543,104.00</u>	<u>\$ 1,488,736.09</u>	<u>\$ 22,458.30</u>	<u>\$ 31,909.61</u>
				D	
Cash Disbursed			\$ 1,166,605.03		
Accrued Interest on:					
Serial Bonds			33,405.36		
Loans			288,311.70		
Encumbrances Payable		D	414.00		
			<u>\$ 1,488,736.09</u>		

Ref.

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

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2008
SEWER UTILITY FUND

NOT APPLICABLE

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2008
PUBLIC ASSISTANCE FUND

BOROUGH OF SUSSEX
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2008</u>	<u>2007</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	F-1	<u>\$ 18,947.54</u>	<u>\$ 18,947.54</u>
TOTAL ASSETS		<u>\$ 18,947.54</u>	<u>\$ 18,947.54</u>
 <u>RESERVES AND LIABILITIES</u>			
Reserve for Public Assistance Expenditures		<u>\$ 18,947.54</u>	<u>\$ 18,947.54</u>
TOTAL RESERVES AND LIABILITIES		<u>\$ 18,947.54</u>	<u>\$ 18,947.54</u>

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

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2008
BOND AND INTEREST FUND

NOT APPLICABLE

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

BOROUGH OF SUSSEX
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET
(UNAUDITED)

	December 31,	
	2008	2007
<u>ASSETS</u>		
Land, Buildings and Improvements	\$ 2,135,700.00	\$ 2,135,700.00
Machinery and Equipment	2,083,947.00	2,083,947.00
TOTAL ASSETS	\$ 4,219,647.00	\$ 4,219,647.00
<u>RESERVES</u>		
Reserve for Fixed Assets	\$ 4,219,647.00	\$ 4,219,647.00
TOTAL RESERVES	\$ 4,219,647.00	\$ 4,219,647.00

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

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Description of Funds

The accounting policies of the Borough of Sussex conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Sussex accounts for its financial transactions through the following separate funds:

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

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

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

Water/Sewer Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned Water/Sewer Utility.

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

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

B. Description of Funds (Cont'd)

Public Assistance Fund – Receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. The Borough transferred administration of the general assistance program to the Sussex County Division of Social Services. The funds remaining in the Public Assistance Funds are used to assist certain residents who do not qualify for the General Assistance Program.

General Fixed Asset Account Group – Estimated values of land, buildings and certain fixed assets of the Borough as discussed in Note 1E - “Other significant accounting policies”.

C. Basis of Accounting

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

The accounting policies of the Borough of Sussex conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The following is a summary of the significant policies.

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

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

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

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

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

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

C. Basis of Accounting (Cont'd)

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

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

- D. Deferred Charges to Future Taxation – The Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded deferred charges represent improvement authorizations where permanent financing has been obtained. Unfunded deferred charges represent improvement authorizations where no or temporary financing has been obtained. A municipality can permanently finance unfunded deferred charges through budget appropriation, grant funds, or by issuing bonds, loans or capital lease purchase agreements.

- E. Other significant accounting policies include:

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

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

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

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

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

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

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

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

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

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

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

Inventories of Supplies - The cost 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 (Unaudited)

General fixed assets are recorded at estimated cost except for land and buildings which is recorded at historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund and Capital Funds. The values recorded in the General Fixed Assets Account and the Current and Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Capital assets are reviewed for impairment.

Property and equipment purchased by the Water/Sewer Utility Fund is recorded in the Water/Sewer Utility Capital accounts at cost and are not adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

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

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	December 31,		
	2008	2007	2006
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	\$ 742,990	\$ 830,945	\$ 350,013
Water/Sewer Utility:			
Bonds, Notes and Loans	6,852,653	7,034,311	7,210,635
Total Issued	<u>7,595,643</u>	<u>7,865,256</u>	<u>7,560,648</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	18,700		323,000
Water/Sewer Utility:			
Bonds and Notes		393	
Total Authorized but not Issued	<u>18,700</u>	<u>393</u>	<u>323,000</u>
Net Bonds, Notes, and Loans Issued and Authorized but not Issued	<u>\$ 7,614,343</u>	<u>\$ 7,865,649</u>	<u>\$ 7,883,648</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Revised Annual Debt Statement and indicates statutory net debt of .66 %.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 1,006,085	\$ 1,006,085	
Water/Sewer Utility Debt	6,852,653	6,655,967	\$ 196,686
General Debt	761,690		761,690
	<u>\$ 8,620,428</u>	<u>\$ 7,662,052</u>	<u>\$ 958,376</u>

Net Debt: \$958,376 divided by Average Equalized Valuations of \$143,898,847 of Real Property = .66%.

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

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

Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)

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

3-1/2% Average Equalized Valuation of Real Property \$ 5,036,460

Net Debt 761,690

Remaining Borrowing Power \$ 4,274,770

Calculation of "Self-Liquidating Purpose", Water/Sewer Utility
Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year \$ 1,485,967

Deductions:

Operating and Maintenance Cost \$ 992,427

Debt Service 503,374

Total Deductions 1,495,801

Deficit \$ (9,834)

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

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

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

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

Summary of Municipal Debt Issued and Outstanding

	Balance 12/31/07	Additions	Retirements	Balance 12/31/08
Serial Bonds:				
General Capital Fund	\$ 237,000		\$ 30,000	\$ 207,000
Water/Sewer Utility	1,073,000		60,000	1,013,000
Bond Anticipation Notes:				
General Capital Fund	517,750	\$ 466,750	517,750	466,750
Loans Payable:				
General Capital Fund:				
Green Acres Loan	76,195		6,955	69,240
Water/Sewer Utility:				
FHA Loan	810,164		32,752	777,412
USDA Loans	5,151,147		88,906	5,062,241
Total	<u>\$ 7,865,256</u>	<u>\$ 466,750</u>	<u>\$ 736,363</u>	<u>\$ 7,595,643</u>
	Balance 12/31/06	Additions	Retirements	Balance 12/31/07
Serial Bonds:				
General Capital Fund	\$ 267,000		\$ 30,000	\$ 237,000
Water/Sewer Utility	1,133,000		60,000	1,073,000
Bond Anticipation Notes:				
Water/Sewer Utility		\$ 517,750		517,750
Loans Payable:				
General Capital Fund:				
Green Acres Loan	83,013		6,818	76,195
Water/Sewer Utility:				
FHA Loan	841,338		31,174	810,164
USDA Loans	5,236,297		85,150	5,151,147
Total	<u>\$ 7,560,648</u>	<u>\$ 517,750</u>	<u>\$ 213,142</u>	<u>\$ 7,865,256</u>

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

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

The Borough's debt issued and outstanding on December 31, 2008 is described as follows:

General Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2008</u>
Improvements to Various Roads	02/21/08	02/20/09	2.10%	\$ 290,700
Purchase of Fire Apparatus	02/21/08	02/20/09	2.10%	176,050
				<u>\$ 466,750</u>

General Capital Serial Bonds

<u>Purpose</u>	<u>Outstanding Maturities</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2008</u>
	<u>Date</u>	<u>Amount</u>		
General Improvements	11/01/09-14	\$ 30,000	4.50%	
	11/01/15	27,000	4.75%	<u>\$ 207,000</u>

General Capital Green Acres Loan

<u>Purpose</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2008</u>
Clove Lake Dam Improvements	04/22/02	10/22/17	2.00%	<u>\$ 69,240</u>
Total General Debt Issued and Outstanding				<u>\$ 742,990</u>

Water and Sewer Capital Serial Bonds

<u>Purpose</u>	<u>Outstanding Maturities</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2008</u>
	<u>Date</u>	<u>Amount</u>		
Water and Sewer Improvements	11/01/09-14	\$ 60,000	4.50%	
	11/01/15-19	60,000	4.75%	
	11/01/20-24	60,000	5.00%	
	11/01/25	53,000	5.00%	<u>\$ 1,013,000</u>

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

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

Water and Sewer Capital FHA and USDA Loans

Purpose	Issue Date	Final Maturity	Interest Rate	Balance Dec. 31, 2008
FHA:				
Construct Water Line	01/09/84	01/09/24	5.00%	\$ 777,412
USDA:				
Upgrade Water Treatment Plant	03/22/96	03/22/36	4.50%	1,740,030
Upgrade Water Treatment Plant	03/22/96	03/22/36	4.50%	439,138
Construct Sewer Line	01/23/97	01/23/37	4.50%	2,104,341
Construct Sewer Line	01/23/97	01/23/37	4.50%	778,732
				<u>\$ 5,839,653</u>
Total Water and Sewer Utility Debt Issued and Outstanding				<u>\$ 6,852,653</u>

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and
Thereafter for Bonded Debt and Loans Issued and Outstanding

Calendar Year	General		Water/Sewer Utility		Total
	Principal	Interest	Principal	Interest	
2009	\$ 37,095	\$ 10,732	\$ 187,362	\$ 313,312	\$ 548,501
2010	37,238	9,239	193,334	304,640	544,451
2011	37,383	7,744	199,586	295,688	540,401
2012	37,532	6,245	206,133	286,441	536,351
2013	37,683	4,744	212,987	276,887	532,301
Thereafter:					
2014-2018	89,309	5,386	1,179,574	1,228,396	2,502,665
2019-2023			1,406,293	929,677	2,335,970
2024-2028			1,136,680	615,382	1,752,062
2029-2033			1,239,576	359,014	1,598,590
2034-2037			891,128	73,517	964,645
Total	<u>\$ 276,240</u>	<u>\$ 44,090</u>	<u>\$ 6,852,653</u>	<u>\$ 4,682,954</u>	<u>\$ 11,855,937</u>

Green Acres Loans Payable

On April 1, 2002, the Borough of Sussex entered into an agreement with the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection Fund (the "Fund"), in the aggregate amount of \$112,071, which represents a direct obligation of the Borough. The loan agreement was obtained to finance improvements to the Clove Lake Dam.

Principal payments on the Loan commenced on April 22, 2002, and will continue on an annual basis over 15 years at 2.00% interest. The Borough will be responsible for all such interest and principal payments.

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

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

Farmers Home Administration Loan Payable

On January 9, 1984, the Borough of Sussex entered into an agreement with the Farmers Home Administration, in the aggregate amount of \$1,234,000, which represents a direct obligation of the Borough. The loan was obtained to fund the construction of a water line within the Borough.

Principal payments on the loan commenced on January 9, 1985, and will continue on an annual basis over 40 years at 5.00% interest. The Borough will be responsible for all such interest and principal payments.

United States Department of Agriculture Loans Payable

On March 22, 1996, the Borough of Sussex entered into agreements with the United States Department of Agriculture, in the aggregate amounts of \$2,050,000 and \$517,400, which represents a direct obligation of the Borough. The loans were obtained to fund upgrades to the Borough water treatment plant.

Principal payments on the loan commenced on March 22, 1997, and will continue on an annual basis over 40 years at 4.50% interest. The Borough will be responsible for all such interest and principal payments.

On January 23, 1997, the Borough of Sussex entered into agreements with the United States Department of Agriculture, in the aggregate amounts of \$2,436,300 and \$901,600, which represents a direct obligation of the Borough. The loans were obtained to fund the construction of sewer lines within the Borough.

Principal payments on the Loans commenced on January 23, 1998, and will continue on an annual basis over 40 years at 4.50% interest. The Borough will be responsible for all such interest and principal payments.

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2008, which were appropriated and included as anticipated revenue in their own respective funds in the introduced budget for the year ending December 31, 2009 are as follows:

Current Fund	\$ 200,000
Water/Sewer Utility Operating Fund	- 0 -

Note 4: Local School District Taxes

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

The Borough of Sussex has elected not to defer school taxes.

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 5: Pension Plans

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

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

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

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contributions are based on percentages of 5.5% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits. In the PERS, the employer contribution includes funding for post-retirement medical premiums.

For PERS, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

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

- 20% for payments due in State fiscal year 2005
- Not more than 40% for payments due in State fiscal year 2006
- Not more than 60% for payments due in State fiscal year 2007
- Not more than 80% for payments due in State fiscal year 2008

Three-Year Trend for PERS			
Year Ending December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 21,433	80.00%	\$ 17,146
2007	20,105	60.00%	12,063
2006	20,485	40.00%	8,194

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 6: Accrued Sick, Vacation and Compensatory Time

The Borough policy allows Borough employees to accrue sick and vacation time. The current cost of such unpaid compensation upon termination or separation from the Borough would approximate \$28,961. This amount is not reported either as expenditure or a liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's operating budget in the year in which it is used.

Note 7: Post-Retirement Medical Benefits

The Borough adopted the provisions of Chapter 88, P.L. 1974, as amended by Chapter 436, P.L. 1981, whereby employees are entitled to post-retirement medical benefits.

Upon retirement, full time employees with twenty-five (25) years in the State Pension Plan will receive full benefits (i.e., State of New Jersey Health Benefits Plan, prescription, dental, life insurance, vision and disability insurance plans) and reimbursement of Federal Medicare Program Part B premiums which will cover the retiring employee, their spouse and/or dependents.

The Borough paid premiums in the amount of \$42,936.68 and \$40,638.94, for 2008 and 2007, respectively, for six eligible employees in 2008 and 2007. The amount of premiums paid during 2006 for post-retirement medical benefits is not readily available.

Note 8: Deferred Compensation Plan

The Borough offers its employees a deferred compensation plan (the "plan") created in accordance with Section 457 of the Internal Revenue Code. The plan, which is administered by Nationwide Retirement Solutions, is available to all Borough employees and permits participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

Note 9: Selected Tax Information

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

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 9: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	2008	2007	2006
<u>Tax Rate</u>	\$ 4.09	\$ 3.98	\$ 3.84
<u>Apportionment of Tax Rate</u>			
Municipal	0.75	0.66	0.60
County	0.74	0.72	0.71
Regional School	1.67	1.68	1.68
Regional High School	0.93	0.92	0.85
<u>Assessed Valuations</u>			
2008	\$ 79,675,912		
2007		\$ 79,881,585	
2006			\$ 79,505,066

Comparison of Tax Levies and Collections 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.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2008	\$ 3,255,452	\$ 3,175,118	97.53%
2007	3,185,150	3,095,385	97.18%
2006	3,070,454	2,983,183	97.15%

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

Note 10: Cash and Cash Equivalents and Investments

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

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

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

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

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

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

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

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

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

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

Investments (Cont'd)

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

As of December 31, 2008, cash and cash equivalents of the Borough of Sussex consisted of the following:

<u>Fund</u>	<u>Cash on</u> <u>Hand</u>	<u>Checking</u> <u>Accounts</u>	<u>NJ Cash</u>	<u>Total</u>
			<u>Management</u> <u>Fund</u>	
Current	\$ 100	\$ 309,365	\$ 86,224	\$ 395,689
Animal Control		4,678		4,678
Other Trust		172,138		172,138
General Capital		175,835		175,835
Water/Sewer Utility Operating		28,976		28,976
Water/Sewer Utility Capital		2,274		2,274
Public Assistance		18,948		18,948
	<u>\$ 100</u>	<u>\$ 712,214</u>	<u>\$ 86,224</u>	<u>\$ 798,538</u>

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

Investments (Cont'd)

During the period ended December 31, 2008, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2008, was \$798,538 and the bank balance was \$772,191. The \$86,224 in the NJ Cash Management Fund is uninsured and/or unregistered.

Note 11: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 244	\$ 4,935
Federal and State Grant Fund	4,935	
Animal Control Fund		338
Other Trust Funds	94	
	<u>\$ 5,273</u>	<u>\$ 5,273</u>

The Current Fund interfund receivable represents the statutory excess due from the Animal Control Fund. The Current Fund interfund payable to the Federal and State Grant Fund represents prior year and current year grant receipts. The interfund between the Animal Control and Other Trust Fund represents funds due to the Other Trust Fund that were deposited in the Animal Control Fund in error.

Note 12: Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

Property and Liability

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

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

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 12: Risk Management (Cont'd)

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

The December 31, 2008 audit report of the Statewide Insurance Fund has not been filed as of the date of this audit. Selected, summarized financial information for the Fund as of December 31, 2007, is as follows:

	Statewide Insurance Fund
Total Assets	\$ 34,876,632
Net Assets	\$ 4,801,393
Total Revenue	\$ 22,503,063
Total Expenses	\$ 19,931,794
Change in Net Assets	\$ 2,571,269
Net Assets Distribution to Participating Members	\$ -0-

Financial statements for the Fund are available at the Office of the Executive Director:

Statewide Insurance Fund
260 Columbia Turnpike
PO Box 678
Florham Park, New Jersey 07932-0678
(973) 549-1900

New Jersey Unemployment Compensation Insurance

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

Note 13: Fixed Assets (Unaudited)

The following schedule is a summarization of general fixed assets for the fiscal year ended December 31, 2008:

	Balance Dec. 31, 2007	Additions	Balance Dec. 31, 2008
Land, Buildings and Improvements	\$ 2,135,700		\$ 2,135,700
Machinery and Equipment	2,083,947		2,083,947
	\$ 4,219,647	\$ -0-	\$ 4,219,647

BOROUGH OF SUSSEX
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 14: Economic Dependency

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

Note 15: Contingencies

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

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

Note 16: Deferred Charges

Certain expenditures are required to be deferred to budget of the succeeding years. At December 31, 2008, the following deferred charge is shown on the balance sheet of the following fund:

	Balance Dec. 31, 2008	2009 Budget Appropriation	Balance to Succeeding Budgets
Water/Sewer Utility Operating Fund:			
Operating Deficit	\$ 21,246.46	\$ 21,246.46	\$ -0-

The 2009 Budget Appropriation is not less than that required by statute.

BOROUGH OF SUSSEX

SUPPLEMENTARY DATA

BOROUGH OF SUSSEX
SCHEDULE OF OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2008

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

Name	Title	Amount of Bond
Christian Parrott	Mayor	
Frank Dykstra	Councilperson	
James Ezzo	Councilperson (to 05/07/08)	
Charles Fronheiser, Jr.	Councilperson	
Bruce LaBar	Councilperson	
Jonathan Rose	Councilperson	
Edward Meyer	Councilperson (from 06/03/08)	
Catherine Gleason	Borough Clerk, Assessment Search Officer, Registrar	
Grant W. Rome	Chief Financial Officer and Treasurer	*
Colleen Little	Deputy Borough Clerk, Deputy Treasurer, Deputy Registrar, Payroll Clerk	
Terry Beshada	Tax Collector, Water/Sewer Collector, Tax Search Officer	*
John Dyksen	Tax Assessor (to 07/01/08)	
Melissa Rockwell	Tax Assessor (from 07/01/08)	
James Devine	Municipal Judge (to 6/30/08)	*
Craig Dana	Municipal Judge (from 7/1/08)	
Bonnie Diamond	Court Administrator (to 06/30/08)	*
Cathy Nestel	Court Administrator (from 07/01/08)	*
John Ursin	Municipal Attorney	*
Michael Simone	Municipal Engineer	

* - The Borough has blanket surety bond coverage for all employees in the amount of \$250,000 through the Statewide Insurance Fund. The bond was examined and appears to have been properly executed.

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2008
CURRENT FUND

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2007	A	\$ 513,056.12
Increased by Receipts:		
Tax Collector	\$ 3,271,867.10	
Revenue Accounts Receivable	316,362.85	
Miscellaneous Revenue Not Anticipated	63,310.40	
Petty Cash Returned	100.00	
Change Fund Returned	175.00	
Due Federal and State Grant Fund:		
Current Year Grants Receivable	1,777.27	
Prior Year Grants Receivable	5,250.00	
Due Animal Control Fund:		
Interfund Returned	27.91	
Due State of New Jersey:		
Senior Citizens' and Veterans' Deductions	21,000.00	
Marriage License Fees Payable	400.00	
Burial Permit Fees Payable	730.00	
Appropriation Refunds	3,895.69	
Appropriation Reserve Refunds	194.17	
	<hr/>	3,685,090.39
		<hr/>
		4,198,146.51
Decreased by Disbursements:		
2008 Appropriation Expenditures	1,049,521.80	
2007 Appropriation Reserve Expenditures	65,840.23	
Regional School Taxes	1,326,366.04	
Regional High School Taxes	742,267.00	
County Taxes	586,292.47	
Petty Cash Advanced	100.00	
Change Fund Advanced	125.00	
Due Federal and State Grant Fund:		
Current Year Expenditures	14,858.45	
Prior Year Encumbrances	1,800.00	
Due Other Trust Funds:		
Interfund Returned	232.00	
Due State of New Jersey:		
Marriage License Fees Payable	350.00	
Burial Permit Fees Payable	310.00	
Refund of Tax Overpayments	7,871.08	
Reserve for Revision of Master Plan	5,160.00	
Reserve for Third Party Liens	1,463.83	
	<hr/>	3,802,557.90
		<hr/>
Balance December 31, 2008	A	\$ 395,588.61

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2008

Increased by Receipts:

Taxes Receivable	\$ 3,215,405.65
2009 Prepaid Taxes	30,899.26
Tax Overpayments	9,314.19
Miscellaneous Revenue Not Anticipated:	
Interest and Costs on Taxes	16,192.00
Duplicate Bills	56.00

\$ 3,271,867.10

Decreased by:

Payments to Municipal Treasurer

\$ 3,271,867.10

SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2008

NOT APPLICABLE

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2008 Levy	Collections		State of NJ Senior Citizens' and Veterans' Deductions	Overpayments Applied	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2007		2007	2008					Dec. 31, 2008
2002	\$ 1,809.00							\$ 1,809.00	
2003	2,079.88							2,079.88	
2004	1,674.41							1,674.41	
2007	88,757.80			\$ 88,253.10			\$ 504.70		
	94,321.09			88,253.10			504.70	5,563.29	
2008		\$ 3,255,452.39	\$ 26,902.92	3,127,152.55	\$ 21,000.00	\$ 62.34	\$ 1,143.80	2,034.34	77,156.44
	<u>\$ 94,321.09</u>	<u>\$ 3,255,452.39</u>	<u>\$ 26,902.92</u>	<u>\$ 3,215,405.65</u>	<u>\$ 21,000.00</u>	<u>\$ 62.34</u>	<u>\$ 1,143.80</u>	<u>\$ 2,539.04</u>	<u>\$ 82,719.73</u>

Ref. A

A

Analysis of 2008 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 3,201,632.39
Business Personal Property Taxes	53,130.00
Added and Omitted Taxes	690.00
	<u>\$ 3,255,452.39</u>

Tax Levy:

Regional School District Taxes	\$ 1,326,366.04
Regional High School District Taxes	742,267.00
County Taxes:	
General Tax	585,242.22
Due County for Added and Omitted Taxes	124.32
	<u>585,366.54</u>
	2,653,999.58
Local Tax for Municipal Purposes Levied	600,454.00
Add: Additional Tax Levied	998.81
	<u>601,452.81</u>
	<u>\$ 3,255,452.39</u>

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2007	A	\$ 6,876.96
Increased by:		
Transfer from Taxes Receivable		\$ 2,539.04
Interest and Costs		<u>116.63</u>
		<u>2,655.67</u>
Balance December 31, 2008	A	<u>\$ 9,532.63</u>

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2007	Accrued In 2008	Collected by Treasurer	Balance Dec. 31, 2008
Clerk:				
Alcoholic Beverage Licenses		\$ 4,400.00	\$ 4,400.00	
Other Fees and Licenses		14,558.00	14,558.00	
Fees and Permits:				
Construction Code Official		46,058.00	46,058.00	
Consolidated Municipal Property				
Tax Relief Aid		101,897.00	101,897.00	
Energy Receipts Tax		134,130.00	134,130.00	
Uniform Fire Safety Act		9,229.85	9,229.85	
Parking Meters		6,090.00	6,090.00	
	<u>\$ -0-</u>	<u>\$ 316,362.85</u>	<u>\$ 316,362.85</u>	<u>\$ -0-</u>

Ref.

A

A

BOROUGH OF SUSSEX
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

Grant Description	Balance Dec. 31, 2007	Accrued in 2008	Received	Balance Dec. 31, 2008
Clean Communities Program		\$ 4,000.00	\$ 4,000.00	
Recycling Tonnage Grant		1,526.00	1,526.00	
Municipal Stormwater Regulation Program	\$ 1,250.00		1,250.00	
Small Cities Grants:				
Maple Avenue & Cross Street		400,000.00		\$ 400,000.00
Rehab Housing		200,000.00		200,000.00
	<u>\$ 1,250.00</u>	<u>\$ 605,526.00</u>	<u>\$ 6,776.00</u>	<u>\$ 600,000.00</u>
<u>Ref.</u>	A			A
Prior Year Receivable			\$ 5,250.00	
Transfer from Unappropriated Reserves			<u>1,526.00</u>	
			<u>\$ 6,776.00</u>	

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF 2007 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2008

	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Unexpended</u> <u>Balance</u> <u>Canceled</u>
GENERAL GOVERNMENT:				
General Administration:				
Salaries and Wages	\$ 978.37	\$ 563.37		\$ 563.37
Other Expenses	2,328.41	2,743.41	\$ 1,917.80	825.61
Municipal Clerk:				
Codification of Ordinances	3,500.00	3,500.00	3,500.00	
Elections	464.65	464.65		464.65
Financial Administration:				
Salaries and Wages	179.64	179.64		179.64
Other Expenses	9,954.04	9,954.04	9,458.47	495.57
Revenue Administration (Tax Collection):				
Salaries and Wages	330.50	330.50		330.50
Other Expenses	1,074.95	1,074.95	78.15	996.80
Tax Assessment Administration:				
Salaries and Wages	635.75	635.75		635.75
Other Expenses	746.56	746.56	12.40	734.16
Maintenance of Tax Map	340.00	340.00		340.00
Legal Services and Costs:				
Liquidation of Tax Title Liens and Foreclosed Property	500.00	500.00		500.00
Other Expenses	19,813.00	17,813.00	17,132.50	680.50
Engineering Services and Costs:				
Other Expenses	210.00	210.00		210.00
Municipal Land Use Law (NJSA 40:55D-1):				
Planning Board:				
Salaries and Wages	50.00	50.00		50.00
Other Expenses	1,162.65	1,162.65	217.30	945.35
Insurance:				
General Liability	73.45	73.45		73.45
Surety Bonds	700.00	700.00		700.00
Worker's Compensation	495.29	495.29	398.00	97.29
Group Insurance Plan for Employees	3,244.72	3,244.72	2,996.28	248.44
PUBLIC SAFETY:				
Municipal Prosecutor:				
Salaries and Wages	362.14	362.14		362.14
Police:				
Salaries and Wages	232.20	232.20		232.20
Other Expenses	708.75	708.75		708.75
Emergency Management Services:				
Salaries and Wages	231.00	231.00		231.00
Other Expenses	206.97	206.97		206.97
Garbage and Trash Removal:				
Other Expenses	1,125.52	1,125.52	213.52	912.00
Recycling:				
Other Expenses	216.43	216.43		216.43

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF 2007 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2008

(Continued)

	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Unexpended</u> <u>Balance</u> <u>Canceled</u>
STREETS AND ROADS:				
Road Repairs and Maintenance:				
Salaries and Wages	\$ 5,006.84	\$ 506.84	\$ 506.84	
Other Expenses	3,524.98	6,024.98	5,454.45	\$ 570.53
Snow Removal:				
Other Expenses	1,185.58	2,685.58	2,434.92	250.66
Public Buildings and Grounds:				
Other Expenses	1,162.82	1,762.82	1,676.48	86.34
HEALTH AND WELFARE:				
Board of Health:				
Other Expenses	200.00	200.00		200.00
Mandated Inoculations (NJSA 40A:4-45.3cc):				
Hepatitis B Vaccine	440.00	440.00		440.00
Registrar:				
Other Expenses	23.84	23.84		23.84
Animal Control Services:				
Salaries and Wages	1,263.51	1,263.51		1,263.51
Other Expenses	2,196.74	2,196.74		2,196.74
RECREATION AND EDUCATION:				
Board of Recreation Commissioners - (NJSA 40:12-1 et seq.):				
Other Expenses	1,069.81	1,069.81		1,069.81
Celebration of Public Events, Anniversary or Holiday:				
Other Expenses	162.02	162.02		162.02
Municipal Court:				
Salaries and Wages	5,134.63	1,134.63		1,134.63
Other Expenses	1,769.86	1,769.86	100.00	1,669.86
Public Defender:				
Salaries and Wages	102.00	102.00		102.00
State Uniform Construction Code - (NJSA 52:27D-120 et seq.):				
Construction Official:				
Salaries and Wages	2,822.55	822.55		822.55
Other Expenses	300.00	300.00		300.00
UNCLASSIFIED:				
Utilities:				
Telephone	1,628.42	1,028.42	556.42	472.00
Street Lighting	5,888.18	4,388.18	2,866.21	1,521.97
Reserve for Pending Tax Appeal:				
Other Expenses	1,500.00	1,500.00	1,500.00	
Statutory Expenditures:				
Contribution to:				
Social Security System (OASI)	1,326.09	1,326.09	154.53	1,171.56
State Unemployment Insurance	4.32	4.32		4.32

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF 2007 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2008

(Continued)

		<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Unexpended</u> <u>Balance</u> <u>Canceled</u>
UNCLASSIFIED:					
Contribution to:					
Length of Service Awards Program (L.O.S.A.P.)		\$ 1,625.00	\$ 1,625.00	\$ 1,000.00	\$ 625.00
Interlocal Agreement:					
Sussex Communities			10,000.00	9,971.79	28.21
Capital Improvements:					
Improvements to Streets and Roads		<u>3,500.00</u>	<u>3,500.00</u>	<u>3,500.00</u>	
		<u>\$ 91,702.18</u>	<u>\$ 91,702.18</u>	<u>\$ 65,646.06</u>	<u>\$ 26,056.12</u>
	<u>Ref.</u>				
<u>Analysis of Balance December 31, 2007:</u>					
Unencumbered	A	\$ 69,190.93			
Encumbered	A	<u>22,511.25</u>			
		<u>\$ 91,702.18</u>			
Cash Disbursed				\$ 65,840.23	
Less: Appropriation Reserves Refund				<u>194.17</u>	
				<u>\$ 65,646.06</u>	

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2008

Increased by:

Levy - Calendar Year 2008

\$ 1,326,366.04

Decreased by:

Payments to Regional School District

\$ 1,326,366.04

BOROUGH OF SUSSEX
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2008

Increased by:		
Levy - Calendar Year 2008	\$	742,267.00
Decreased by:		
Payments to Regional High School District	\$	<u>742,267.00</u>

BOROUGH OF SUSSEX
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2007	Transferred from 2008 Budget Appropriations	Expended	Balance Dec. 31, 2008
Clean Communities Program	\$ 1,865.89	\$ 4,000.00	\$ 4,992.40	\$ 873.49
Recycling Tonnage Grant	204.54	1,526.00	1,094.50	636.04
Municipal Stormwater Regulation Program	9,748.05		5,889.83	3,858.22
Small Cities	672.07		672.07	
Small Cities - Maple Avenue and Cross Street		400,000.00	1,782.15	398,217.85
Small Cities - Rehab Housing		200,000.00	427.50	199,572.50
	<u>\$ 12,490.55</u>	<u>\$ 605,526.00</u>	<u>\$ 14,858.45</u>	<u>\$ 603,158.10</u>
<u>Ref.</u>	A			A

BOROUGH OF SUSSEX
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Received</u>	<u>Transferred</u> <u>to 2008</u> <u>Budget</u> <u>Revenue</u>	<u>Canceled to</u> <u>Current Fund</u> <u>Operations</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
Recycling Tonnage Grant	\$ 1,526.84	\$ 1,777.27	\$ 1,526.00	\$ 0.84	\$ 1,777.27
	<u>\$ 1,526.84</u>	<u>\$ 1,777.27</u>	<u>\$ 1,526.00</u>	<u>\$ 0.84</u>	<u>\$ 1,777.27</u>
<u>Ref.</u>	A				A

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2008
TRUST FUNDS

BOROUGH OF SUSSEX
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2007	B	\$ 3,635.64	\$ 172,159.24
Increased by Receipts:			
Animal Control License Fees:			
Dog License Fees		\$ 1,475.60	
Cat License Fees		512.00	
State Dog License Fees		422.40	
Late Fees		370.00	
Due Current Fund:			
Interest Income		120.13	\$ 3,829.10
Interfund Returned			232.00
Due Other Trust Funds		94.00	93.00
Deposits and Interest:			
Planning and Zoning Deposits			34,687.50
Brookside Community Center			33.21
Parking Offense Adjudication Act			18.00
Public Defender			420.00
Tax Sale Premiums			7,800.00
Outside Liens			10,391.54
		<u>2,994.13</u>	<u>57,504.35</u>
		6,629.77	229,663.59
Decreased by Disbursements:			
Administrative Expenses		1,253.13	
Due to State of New Jersey		578.00	
Due Current Fund:			
Interest Income			\$ 3,829.10
Interfund Returned		27.91	
Due from Animal Control Fund			94.00
Due from Other Trust Fund		93.00	
Planning and Zoning Deposits			27,980.75
Fire Inspection Fees			1,230.00
Tax Sale Premiums			14,000.00
Outside Liens			10,391.54
		<u>1,952.04</u>	<u>57,525.39</u>
Balance December 31, 2008	B	<u>\$ 4,677.73</u>	<u>\$ 172,138.20</u>

BOROUGH OF SUSSEX
ANIMAL CONTROL TRUST FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2008

NOT APPLICABLE

BOROUGH OF SUSSEX
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2008

NOT APPLICABLE

BOROUGH OF SUSSEX
ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2007	B	\$ 3,353.93
Increased by:		
Animal Control Fees:		
Dog Licenses		\$ 1,475.60
Cat Licenses		512.00
Late Fees and Penalties		370.00
Interest Income		120.13
		<u>2,477.73</u>
		5,831.66
Decreased by:		
Expenditures Under R.S. 4:19-15.11		1,253.13
Statutory Excess Due Current Fund		243.60
		<u>1,496.73</u>
Balance December 31, 2008	B	<u>\$ 4,334.93</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2006	\$ 2,257.73
2007	2,077.20
	<u>4,334.93</u>
Maximum Allowable Reserve	<u>\$ 4,334.93</u>

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2008
GENERAL CAPITAL FUND

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2007	C	\$ 174,437.22
Increased by Receipts:		
2008 Budget Appropriation:		
Capital Improvement Fund	<u>\$ 66,000.00</u>	<u>66,000.00</u>
		240,437.22
Decreased by:		
Improvement Authorizations	45,902.29	
Bond Anticipation Notes Payable	<u>18,700.00</u>	
		<u>64,602.29</u>
Balance December 31, 2008	C	<u>\$ 175,834.93</u>

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance (Deficit) Dec. 31, 2007	Receipts	Disbursements		Transfers		Balance (Deficit) Dec. 31, 2008	
		Budget Appropriation	Improvement Authorizations	Bond Anticipation Notes	From	To		
Capital Fund Balance	\$ 25,000.00						\$ 25,000.00	
Capital Improvement Fund	25,476.00	\$ 66,000.00			\$ 76,000.00		15,476.00	
<u>Ord. No.</u>	<u>Improvement Description</u>							
05-07	Various Improvements	1,335.18		\$ 1,335.18				
06-04	Municipal Improvements and Acquisition of a Street Sweeper	35,036.89		7,834.74			27,202.15	
06-02; 06-09;								
06-13	Improvements to Various Roads	21,670.78		673.00			20,997.78	
07-03	Purchase of Fire Apparatus	17,142.06		701.24	\$ 18,700.00		(2,259.18)	
07-06	Improvements at Brookside Park	18,544.16		1,341.50			17,202.66	
07-08	Purchase of Fire Equipment	232.15					232.15	
07-10	Various Buildings and Grounds Improvements	30,000.00		15,516.63			14,483.37	
08-30	Varous Improvements and Capital Purchases			18,500.00		\$ 36,000.00	17,500.00	
08-34	Improvements to Maple and Cross Streets					40,000.00	40,000.00	
		<u>\$ 174,437.22</u>	<u>\$ 66,000.00</u>	<u>\$ 45,902.29</u>	<u>\$ 18,700.00</u>	<u>\$ 76,000.00</u>	<u>\$ 76,000.00</u>	<u>\$ 175,834.93</u>

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance Dec. 31, 2007	Notes Paid by Budget Appropriation	Balance Dec. 31, 2008	Analysis of Balance Dec. 31, 2008		
					Funded by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
06-02; 06-09; 06-13	Improvements to Various Roads	\$ 323,000.00	\$ 32,300.00	\$ 290,700.00	\$ 290,700.00		
07-03	Purchase of Fire Apparatus	194,750.00		194,750.00	176,050.00	\$ 2,259.18	\$ 16,440.82
		<u>\$ 517,750.00</u>	<u>\$ 32,300.00</u>	<u>\$ 485,450.00</u>	<u>\$ 466,750.00</u>	<u>\$ 2,259.18</u>	<u>\$ 16,440.82</u>
<u>Ref.</u>	C			C			
	Improvement Authorizations - Unfunded						\$ 37,438.60
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued:						
	Ordinance #06-02, 06-09, 06-13					\$ 20,997.78	
	Ordinance #07-03					-0-	
							<u>20,997.78</u>
							<u>\$ 16,440.82</u>

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2007		2008 Authorizations Capital Improvement Fund	Paid or Charged	Balance Dec. 31, 2008	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
05-07	Various Improvements	08/15/05	\$ 197,273.54	\$ 1,335.18			\$ 1,335.18		
06-04	Municipal Improvements and Acquisition of a Street Sweeper	04/03/06	67,435.74	35,036.89			7,834.74	\$ 27,202.15	
06-02; 06-09; 06-13	Improvements to Various Roads	02/21/06; 12/04/06; 12/18/06	740,000.00		\$ 21,670.78		673.00		\$ 20,997.78
07-03	Purchase of Fire Apparatus	06/05/07	205,000.00		17,142.06		701.24		16,440.82
07-06	Improvements at Brookside Park	09/04/07	25,000.00	18,544.16			1,341.50	17,202.66	
07-08	Purchase of Fire Equipment	10/02/07	16,000.00	232.15				232.15	
07-10	Various Buildings and Grounds Improvements	11/20/07	30,000.00	30,000.00			15,516.63	14,483.37	
08-30	Varous Improvements and Capital Purchases	10/21/08	36,000.00			\$ 36,000.00	18,500.00	17,500.00	
08-34	Improvements to Maple and Cross Streets	12/02/08	40,000.00			40,000.00		40,000.00	
				<u>\$ 85,148.38</u>	<u>\$ 38,812.84</u>	<u>\$ 76,000.00</u>	<u>\$ 45,902.29</u>	<u>\$ 116,620.33</u>	<u>\$ 37,438.60</u>
<u>Ref.</u>				C	C			C	C
Cash Disbursed							<u>\$ 45,902.29</u>		
							<u>\$ 45,902.29</u>		

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2007	C	\$ 25,476.00
Increased by:		
2008 Budget Appropriation		<u>66,000.00</u>
		91,476.00
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>76,000.00</u>
Balance December 31, 2008	C	<u><u>\$ 15,476.00</u></u>

**BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2008**

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2007	Issued	Matured	Balance Dec. 31, 2008
		Original Note	Issue	Maturity					
06-02;	Improvements to Various Roads	02/21/07	02/21/07	02/21/08	3.74%	\$ 323,000.00		\$ 323,000.00	
06-09;		02/21/07	02/21/08	02/20/09	2.10%		\$ 290,700.00		\$ 290,700.00
06-13									
07-03	Purchase of Fire Apparatus	08/16/07	08/16/07	02/21/08	3.80%	194,750.00		194,750.00	
		08/16/07	02/21/08	02/20/09	2.10%		176,050.00		176,050.00
						<u>\$ 517,750.00</u>	<u>\$ 466,750.00</u>	<u>\$ 517,750.00</u>	<u>\$ 466,750.00</u>
					<u>Ref.</u>	C			C
		Renewals					\$ 466,750.00	\$ 466,750.00	
		Paid by Budget Appropriation						32,300.00	
		Redeemed for Cash						18,700.00	
							<u>\$ 466,750.00</u>	<u>\$ 517,750.00</u>	

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2007	Matured	Balance Dec. 31, 2008
			Outstanding Dec. 31, 2008 Date	Amount				
General Improvements	11/15/05	\$ 297,000.00	11/01/09-14	\$ 30,000.00	4.50%	\$ 237,000.00	\$ 30,000.00	\$ 207,000.00
			11/01/15	27,000.00	4.75%			
						<u>\$ 237,000.00</u>	<u>\$ 30,000.00</u>	<u>\$ 207,000.00</u>
					<u>Ref.</u>	C		C

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST PROGRAM LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2007	C	\$ 76,195.09
Decreased by:		
Principal Matured		6,955.44
Balance December 31, 2008	C	\$ 69,239.65

Schedule of Principal and Interest Payments Outstanding December 31, 2008

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 69,239.65
15	04/22/09	\$ 3,529.97	\$ 692.40	65,709.68
16	10/22/09	3,565.27	657.10	62,144.41
17	04/22/10	3,600.93	621.44	58,543.48
18	10/22/10	3,636.94	585.43	54,906.54
19	04/22/11	3,673.30	549.07	51,233.24
20	10/22/11	3,710.04	512.33	47,523.20
21	04/22/12	3,747.14	475.23	43,776.06
22	10/22/12	3,784.61	437.76	39,991.45
23	04/22/13	3,822.46	399.91	36,168.99
24	10/22/13	3,860.68	361.69	32,308.31
25	04/22/14	3,899.29	323.08	28,409.02
26	10/22/14	3,938.28	284.09	24,470.74
27	04/22/15	3,977.66	244.71	20,493.08
28	10/22/15	4,017.44	204.93	16,475.64
29	04/22/16	4,057.61	164.76	12,418.03
30	10/22/16	4,098.19	124.18	8,319.84
31	04/22/17	4,139.17	83.20	4,180.67
32	10/22/17	4,180.67	41.81	-0-
		\$ 69,239.65	\$ 6,763.12	

BOROUGH OF SUSSEX
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2008

<u>Ord. No.</u>	<u>Ord. Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2007</u>	<u>Notes Paid by Budget Appropriation</u>	<u>Bond Anticipation Notes Issued</u>	<u>Bond Anticipation Notes Redeemed</u>	<u>Balance Dec. 31, 2008</u>
06-02; 06-09; 06-13	02/21/06 12/04/06 12/18/06	Improvements to Various Roads		\$ 32,300.00	\$ 290,700.00	\$ 323,000.00	
07-03	06/05/07	Purchase of Fire Apparatus			176,050.00	194,750.00	\$ 18,700.00
			<u>\$ -0-</u>	<u>\$ 32,300.00</u>	<u>\$ 466,750.00</u>	<u>\$ 517,750.00</u>	<u>\$ 18,700.00</u>

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2008
WATER/SEWER UTILITY FUND

BOROUGH OF SUSSEX
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2007	D	\$ 86,722.83	\$ 64,663.57
Increased by Receipts:			
Water/Sewer Utility Collector		\$ 1,452,766.54	
Miscellaneous Revenue		33,863.52	
Budget Appropriations:			
Capital Improvement Fund			\$ 10,000.00
Deferred Charges to Future Taxation			393.39
		<u>1,486,630.06</u>	<u>10,393.39</u>
		1,573,352.89	75,056.96
Decreased by Disbursements:			
2008 Budget Appropriations		1,166,605.03	
2007 Appropriation Reserves		52,981.26	
Accounts Payable		2,202.14	
Accrued Interest on:			
Bonds and Notes		50,800.00	
Loans		270,917.06	
Refund of Rent Overpayments		663.38	
Refund of Prior Year Revenue		208.21	
Improvement Authorizations			72,782.83
		<u>1,544,377.08</u>	<u>72,782.83</u>
Balance December 31, 2008	D	<u>\$ 28,975.81</u>	<u>\$ 2,274.13</u>

BOROUGH OF SUSSEX
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2008

Increased by Receipts:

Consumer Accounts Receivable:

Rents	\$ 1,428,209.33	
Interest on Delinquent Rents	18,424.36	
Hydrants	3,750.00	
Water/Sewer On/Off Fees	1,120.06	
Final Reading	202.97	
Miscellaneous Fees	<u>396.44</u>	
Total Consumer Accounts Receivable		\$ 1,452,103.16

Water Rent Overpayments

663.38

1,452,766.54

Decreased by Disbursements:

Paid to Treasurer

\$ 1,452,766.54

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH

	Balance/ Dec. 31, 2007	Receipts		Disbursements Improvement Authorizations	Transfers		Balance/ Dec. 31, 2008
		Budget Appropriation	Miscellaneous		From	To	
Capital Improvement Fund	\$ 14,000.00	\$ 10,000.00			\$ 24,000.00		
Due from Current Fund			\$ 393.39		393.39		
<u>Improvement Authorizations</u>							
Ord. No.							
05-07 Various Water/Sewer Improvements	45.26						\$ 45.26
05-09 Various Water/Sewer Improvements	8.62						8.62
07-05 Storm Water Repairs	47,109.69			\$ 47,503.08		\$ 393.39	
07-07 Improvements to the Water/Sewer System	3,500.00			3,137.15			362.85
08-33 Various Capital Improvements & Purchases				22,142.60		24,000.00	1,857.40
	<u>\$ 64,663.57</u>	<u>\$ 10,000.00</u>	<u>\$ 393.39</u>	<u>\$ 72,782.83</u>	<u>\$ 24,393.39</u>	<u>\$ 24,393.39</u>	<u>\$ 2,274.13</u>

BOROUGH OF SUSSEX
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2007	D	\$ 49,704.28
Increased by:		
Rents, Fees and Other Charges Levied		<u>1,578,328.70</u>
		1,628,032.98
Decreased by:		
Collections		<u>1,452,103.16</u>
Balance December 31, 2008	D	<u><u>\$ 175,929.82</u></u>

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2007	D	\$ 10,216,152.09
Increased by:		
Additions by:		
Additions by Ordinance	\$ 49,606.61	
Capital Outlay:		
Water/Sewer Utility Operating Budget	21,378.74	
Deferred Charges:		
Water/Sewer Utility Operating Budget	<u>393.39</u>	
		<u>71,378.74</u>
Balance December 31, 2008	D	<u>\$ 10,287,530.83</u>

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Improvement Description	Ordinance		Balance	2008	Funded by	Transferred to	Balance
	Date	Amount	Dec. 31, 2007	Authorizations	Budget Appropriation	Fixed Capital	Dec. 31, 2008
Various Water/Sewer Improvements	08/15/05	\$ 42,730.20	\$ 42,730.20				\$ 42,730.20
Various Water/Sewer Improvements	09/06/05	6,100,000.00	5,261,209.92				5,261,209.92
Storm Water Repairs	09/04/07	50,000.00	50,000.00		\$ 393.39	\$ 49,606.61	
Improvements to the Water/Sewer System	10/02/07	3,500.00	3,500.00				3,500.00
Various Capital Improvements & Purchases	12/16/08	24,000.00		\$ 24,000.00			24,000.00
			<u>\$ 5,357,440.12</u>	<u>\$ 24,000.00</u>	<u>\$ 393.39</u>	<u>\$ 49,606.61</u>	<u>\$ 5,331,440.12</u>
	<u>Ref.</u>		D				D

BOROUGH OF SUSSEX
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF 2007 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2008

	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 711.43	\$ 711.43		\$ 711.43
Other Expenses	37,902.41	37,902.41	\$ 34,721.70	3,180.71
Capital Improvements:				
Capital Outlay	5,000.00	5,000.00	4,968.81	31.19
Sewer I & I Improvements	13,395.00	13,395.00	13,290.75	104.25
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	1.00	1.00		1.00
Social Security System (O.A.S.I.)	104.46	104.46		104.46
Unemployment Compensation Insurance	56.42	56.42		56.42
	<u>\$ 57,170.72</u>	<u>\$ 57,170.72</u>	<u>\$ 52,981.26</u>	<u>\$ 4,189.46</u>

Ref.

Balance December 31, 2007:

Appropriation Reserves:

Unencumbered	D	\$ 48,532.51
Encumbered	D	<u>8,638.21</u>
		<u>\$ 57,170.72</u>

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Date	Ordinance No.	Amount	Balance Dec. 31, 2007		2008 Authorizations	Paid or Charged	Balance
				Funded	Unfunded	Capital Improvement Fund		Dec. 31, 2008 Funded
Various Water/Sewer Improvements	08/15/05	05-07	\$ 42,730.20	\$ 45.26				\$ 45.26
Various Water/Sewer Improvements	09/06/05	05-10	6,100,000.00	8.62				8.62
Storm Water Repairs	09/04/07	07-05	50,000.00		\$ 47,503.08		\$ 47,503.08	
Improvements to the Water/Sewer System	10/02/07	07-07	3,500.00	3,500.00			3,137.15	362.85
Various Capital Improvements & Purchases	12/16/08	08-33	24,000.00			\$ 24,000.00	22,142.60	1,857.40
				<u>\$ 3,553.88</u>	<u>\$ 47,503.08</u>	<u>\$ 24,000.00</u>	<u>\$ 72,782.83</u>	<u>\$ 2,274.13</u>
			<u>Ref.</u>	D	D			D

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2007	D	\$ 14,000.00
Increased by:		
2008 Budget Appropriation		10,000.00
		<u>24,000.00</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		24,000.00
		<u>24,000.00</u>
Balance December 31, 2008	D	<u><u>\$ -0-</u></u>

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2007	D	\$ 8,087,551.02
Increased by:		
Paid by Water Utility Operating Budget:		
Serial Bonds		\$ 60,000.00
Farmers Home Administration Loan		32,752.13
United States Department of Agriculture Loan		88,905.93
Capital Outlay:		
Water/Sewer Utility Operating Budget		21,378.74
Deferred Charges:		
Deferred Charges to Future Taxation Unfunded		393.39
Transfer from Deferred Reserve for Amortization		49,606.61
		<u>253,036.80</u>
Balance December 31, 2008	D	<u>\$ 8,340,587.82</u>

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2007</u>	<u>2008 Authorizations</u>	<u>Transferred to Reserve for Amortization</u>	<u>Balance Dec. 31, 2008</u>
Various Water/Sewer Improvements	08/15/05	\$ 42,730.20			\$ 42,730.20
Various Water/Sewer Improvements	09/06/05	355,500.00			355,500.00
Storm Water Repairs	09/04/07	49,606.61		\$ 49,606.61	
Improvements to the Water/Sewer System	10/02/07	3,500.00			3,500.00
Various Capital Improvements & Purchases	12/16/08	<u> </u>	<u>\$ 24,000.00</u>	<u> </u>	<u>24,000.00</u>
		<u>\$ 451,336.81</u>	<u>\$ 24,000.00</u>	<u>\$ 49,606.61</u>	<u>\$ 425,730.20</u>
	<u>Ref.</u>	D			D

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2008

NOT APPLICABLE

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Int. Rate	Balance Dec. 31, 2007	Matured	Balance Dec. 31, 2008
			Date	Amount				
General Obligation Bonds	11/01/05	\$ 1,193,000.00	11/01/09-14	\$ 60,000.00	4.50%			
			11/01/15-19	60,000.00	4.75%			
			11/01/20-24	60,000.00	5.00%			
			11/01/25	53,000.00	5.00%			
						<u>\$ 1,073,000.00</u>	<u>\$ 60,000.00</u>	<u>\$ 1,013,000.00</u>
						<u>\$ 1,073,000.00</u>	<u>\$ 60,000.00</u>	<u>\$ 1,013,000.00</u>
					<u>Ref.</u>	D		D

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE FARMERS HOME ADMINISTRATION (FHA) LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2007	D	\$ 810,164.42
Decreased by:		
Principal Matured		32,752.13
Balance December 31, 2008	D	\$ 777,412.29

Schedule of Principal and Interest Payments Outstanding December 31, 2008

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 777,412.29
23	01/09/09	\$ 16,992.69	\$ 19,435.31	760,419.60
24	07/09/09	17,417.51	19,010.49	743,002.09
25	01/09/10	17,852.95	18,575.05	725,149.14
26	07/09/10	18,299.27	18,128.73	706,849.87
27	01/09/11	18,756.75	17,671.25	688,093.12
28	07/09/11	19,225.67	17,202.33	668,867.45
29	01/09/12	19,706.31	16,721.69	649,161.14
30	07/09/12	20,198.97	16,229.03	628,962.17
31	01/09/13	20,703.95	15,724.05	608,258.22
32	07/09/13	21,221.54	15,206.46	587,036.68
33	01/09/14	21,752.08	14,675.92	565,284.60
34	07/09/14	22,295.88	14,132.12	542,988.72
35	01/09/15	22,853.28	13,574.72	520,135.44
36	07/09/15	23,424.61	13,003.39	496,710.83
37	01/09/16	24,010.23	12,417.77	472,700.60
38	07/09/16	24,610.49	11,817.51	448,090.11
39	01/09/17	25,225.75	11,202.25	422,864.36
40	07/09/17	25,856.39	10,571.61	397,007.97
41	01/09/18	26,502.80	9,925.20	370,505.17
42	07/09/18	27,165.37	9,262.63	343,339.80
43	01/09/19	27,844.50	8,583.50	315,495.30
44	07/09/19	28,540.62	7,887.38	286,954.68
45	01/09/20	29,254.13	7,173.87	257,700.55
46	07/09/20	29,985.49	6,442.51	227,715.06
47	01/09/21	30,735.12	5,692.88	196,979.94
48	07/09/21	31,503.50	4,924.50	165,476.44
49	01/09/22	32,291.09	4,136.91	133,185.35
50	07/09/22	33,098.37	3,329.63	100,086.98
51	01/09/23	33,925.83	2,502.17	66,161.15
52	07/09/23	34,773.97	1,654.03	31,387.18
53	01/09/24	31,387.18	784.68	-0-
		\$ 777,412.29	\$ 347,599.57	

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2007	D	\$ 5,151,146.57
Decreased by:		
Principal Matured		88,905.93
Balance December 31, 2008	D	\$ 5,062,240.64

Schedule of Principal and Interest Payments Outstanding December 31, 2008

Loan Issued January 23, 1997 in the amount of \$2,436,300.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 2,104,340.56
23	01/23/09	\$ 18,603.57	\$ 47,347.43	2,085,736.99
24	07/23/09	19,022.15	46,928.85	2,066,714.84
25	01/23/10	19,450.15	46,500.85	2,047,264.69
26	07/23/10	19,887.78	46,063.22	2,027,376.91
27	01/23/11	20,335.25	45,615.75	2,007,041.66
28	07/23/11	20,792.79	45,158.21	1,986,248.87
29	01/23/12	21,260.63	44,690.37	1,964,988.24
30	07/23/12	21,739.00	44,212.00	1,943,249.24
31	01/23/13	22,228.12	43,722.88	1,921,021.12
32	07/23/13	22,728.26	43,222.74	1,898,292.86
33	01/23/14	23,239.64	42,711.36	1,875,053.22
34	07/23/14	23,762.53	42,188.47	1,851,290.69
35	01/23/15	24,297.19	41,653.81	1,826,993.50
36	07/23/15	24,843.88	41,107.12	1,802,149.62
37	01/23/16	25,402.86	40,548.14	1,776,746.76
38	07/23/16	25,974.43	39,976.57	1,750,772.33
39	01/23/17	26,558.85	39,392.15	1,724,213.48
40	07/23/17	27,156.43	38,794.57	1,697,057.05
41	01/23/18	27,767.45	38,183.55	1,669,289.60
42	07/23/18	28,392.22	37,558.78	1,640,897.38
43	01/23/19	29,031.04	36,919.96	1,611,866.34
44	07/23/19	29,684.24	36,266.76	1,582,182.10
45	01/23/20	30,352.13	35,598.87	1,551,829.97

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2008

Loan Issued January 23, 1997 in the amount of \$2,436,300.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
46	07/23/20	\$ 31,035.06	\$ 34,915.94	\$ 1,520,794.91
47	01/23/21	31,733.35	34,217.65	1,489,061.56
48	07/23/21	32,447.35	33,503.65	1,456,614.21
49	01/23/22	33,177.41	32,773.59	1,423,436.80
50	07/23/22	33,923.90	32,027.10	1,389,512.90
51	01/23/23	34,687.19	31,263.81	1,354,825.71
52	07/23/23	35,467.65	30,483.35	1,319,358.06
53	01/23/24	36,265.67	29,685.33	1,283,092.39
54	07/23/24	37,081.65	28,869.35	1,246,010.74
55	01/23/25	37,915.99	28,035.01	1,208,094.75
56	07/23/25	38,769.10	27,181.90	1,169,325.65
57	01/23/26	39,641.40	26,309.60	1,129,684.25
58	07/23/26	40,533.34	25,417.66	1,089,150.91
59	01/23/27	41,445.34	24,505.66	1,047,705.57
60	07/23/27	42,377.86	23,573.14	1,005,327.71
61	01/23/28	43,331.36	22,619.64	961,996.35
62	07/23/28	44,306.31	21,644.69	917,690.04
63	01/23/29	45,303.21	20,647.79	872,386.83
64	07/23/29	46,322.53	19,628.47	826,064.30
65	01/23/30	47,364.78	18,586.22	778,699.52
66	07/23/30	48,430.49	17,520.51	730,269.03
67	01/23/31	49,520.18	16,430.82	680,748.85
68	07/23/31	50,634.38	15,316.62	630,114.47
69	01/23/32	51,773.66	14,177.34	578,340.81
70	07/23/32	52,938.56	13,012.44	525,402.25
71	01/23/33	54,129.68	11,821.32	471,272.57
72	07/23/33	55,347.60	10,603.40	415,924.97
73	01/23/34	56,592.92	9,358.08	359,332.05
74	07/23/34	57,866.26	8,084.74	301,465.79
75	01/23/35	59,168.25	6,782.75	242,297.54
76	07/23/35	60,499.54	5,451.46	181,798.00
77	01/23/36	61,860.78	4,090.22	119,937.22
78	07/23/36	63,252.64	2,698.36	56,684.58
79	01/23/37	56,684.58	1,275.17	-0-
		<u>\$ 2,104,340.56</u>	<u>\$ 1,646,875.19</u>	

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2008

Loan Issued January 23, 1997 in the amount of \$901,600.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 778,731.70
23	01/23/09	\$ 6,885.54	\$ 17,521.46	771,846.16
24	07/23/09	7,040.46	17,366.54	764,805.70
25	01/23/10	7,198.87	17,208.13	757,606.83
26	07/23/10	7,360.85	17,046.15	750,245.98
27	01/23/11	7,526.47	16,880.53	742,719.51
28	07/23/11	7,695.81	16,711.19	735,023.70
29	01/23/12	7,868.97	16,538.03	727,154.73
30	07/23/12	8,046.02	16,360.98	719,108.71
31	01/23/13	8,227.05	16,179.95	710,881.66
32	07/23/13	8,412.16	15,994.84	702,469.50
33	01/23/14	8,601.44	15,805.56	693,868.06
34	07/23/14	8,794.97	15,612.03	685,073.09
35	01/23/15	8,992.86	15,414.14	676,080.23
36	07/23/15	9,195.19	15,211.81	666,885.04
37	01/23/16	9,402.09	15,004.91	657,482.95
38	07/23/16	9,613.63	14,793.37	647,869.32
39	01/23/17	9,829.94	14,577.06	638,039.38
40	07/23/17	10,051.11	14,355.89	627,988.27
41	01/23/18	10,277.26	14,129.74	617,711.01
42	07/23/18	10,508.50	13,898.50	607,202.51
43	01/23/19	10,744.94	13,662.06	596,457.57
44	07/23/19	10,986.71	13,420.29	585,470.86
45	01/23/20	11,233.91	13,173.09	574,236.95
46	07/23/20	11,486.67	12,920.33	562,750.28
47	01/23/21	11,745.12	12,661.88	551,005.16
48	07/23/21	12,009.38	12,397.62	538,995.78
49	01/23/22	12,279.60	12,127.40	526,716.18
50	07/23/22	12,555.89	11,851.11	514,160.29
51	01/23/23	12,838.39	11,568.61	501,321.90
52	07/23/23	13,127.26	11,279.74	488,194.64
53	01/23/24	13,422.62	10,984.38	474,772.02
54	07/23/24	13,724.63	10,682.37	461,047.39
55	01/23/25	14,033.43	10,373.57	447,013.96
56	07/23/25	14,349.19	10,057.81	432,664.77
57	01/23/26	14,672.04	9,734.96	417,992.73
58	07/23/26	15,002.16	9,404.84	402,990.57

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2008

Loan Issued January 23, 1997 in the amount of \$901,600.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
59	01/23/27	\$ 15,339.71	\$ 9,067.29	\$ 387,650.86
60	07/23/27	15,684.86	8,722.14	371,966.00
61	01/23/28	16,037.77	8,369.23	355,928.23
62	07/23/28	16,398.61	8,008.39	339,529.62
63	01/23/29	16,767.58	7,639.42	322,762.04
64	07/23/29	17,144.85	7,262.15	305,617.19
65	01/23/30	17,530.61	6,876.39	288,086.58
66	07/23/30	17,925.05	6,481.95	270,161.53
67	01/23/31	18,328.37	6,078.63	251,833.16
68	07/23/31	18,740.75	5,666.25	233,092.41
69	01/23/32	19,162.42	5,244.58	213,929.99
70	07/23/32	19,593.58	4,813.42	194,336.41
71	01/23/33	20,034.43	4,372.57	174,301.98
72	07/23/33	20,485.21	3,921.79	153,816.77
73	01/23/34	20,946.12	3,460.88	132,870.65
74	07/23/34	21,417.41	2,989.59	111,453.24
75	01/23/35	21,899.30	2,507.70	89,553.94
76	07/23/35	22,392.04	2,014.96	67,161.90
77	01/23/36	22,895.86	1,511.14	44,266.04
78	07/23/36	23,411.01	995.99	20,855.03
79	01/23/37	20,855.03	469.24	-0-
		<u>\$ 778,731.70</u>	<u>\$ 609,384.57</u>	

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2008

Loan Issued March 22, 1996 in the amount of \$2,050,000.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 1,740,030.05
23	03/22/09	\$ 16,343.32	\$ 39,150.68	1,723,686.73
24	09/22/09	16,711.05	38,782.95	1,706,975.68
25	03/22/10	17,087.05	38,406.95	1,689,888.63
26	09/22/10	17,471.51	38,022.49	1,672,417.12
27	03/22/11	17,864.62	37,629.38	1,654,552.50
28	09/22/11	18,266.57	37,227.43	1,636,285.93
29	03/22/12	18,677.57	36,816.43	1,617,608.36
30	09/22/12	19,097.81	36,396.19	1,598,510.55
31	03/22/13	19,527.51	35,966.49	1,578,983.04
32	09/22/13	19,966.88	35,527.12	1,559,016.16
33	03/22/14	20,416.14	35,077.86	1,538,600.02
34	09/22/14	20,875.50	34,618.50	1,517,724.52
35	03/22/15	21,345.20	34,148.80	1,496,379.32
36	09/22/15	21,825.47	33,668.53	1,474,553.85
37	03/22/16	22,316.54	33,177.46	1,452,237.31
38	09/22/16	22,818.66	32,675.34	1,429,418.65
39	03/22/17	23,332.08	32,161.92	1,406,086.57
40	09/22/17	23,857.05	31,636.95	1,382,229.52
41	03/22/18	24,393.84	31,100.16	1,357,835.68
42	09/22/18	24,942.70	30,551.30	1,332,892.98
43	03/22/19	25,503.91	29,990.09	1,307,389.07
44	09/22/19	26,077.75	29,416.25	1,281,311.32
45	03/22/20	26,664.50	28,829.50	1,254,646.82
46	09/22/20	27,264.45	28,229.55	1,227,382.37
47	03/22/21	27,877.90	27,616.10	1,199,504.47
48	09/22/21	28,505.15	26,988.85	1,170,999.32
49	03/22/22	29,146.52	26,347.48	1,141,852.80
50	09/22/22	29,802.31	25,691.69	1,112,050.49
51	03/22/23	30,472.86	25,021.14	1,081,577.63
52	09/22/23	31,158.50	24,335.50	1,050,419.13
53	03/22/24	31,859.57	23,634.43	1,018,559.56
54	09/22/24	32,576.41	22,917.59	985,983.15
55	03/22/25	33,309.38	22,184.62	952,673.77
56	09/22/25	34,058.84	21,435.16	918,614.93
57	03/22/26	34,825.16	20,668.84	883,789.77
58	09/22/26	35,608.73	19,885.27	848,181.04

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2008

Loan Issued March 22, 1996 in the amount of \$2,050,000.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
59	03/22/27	\$ 36,409.93	\$ 19,084.07	\$ 811,771.11
60	09/22/27	37,229.15	18,264.85	774,541.96
61	03/22/28	38,066.81	17,427.19	736,475.15
62	09/22/28	38,923.31	16,570.69	697,551.84
63	03/22/29	39,799.08	15,694.92	657,752.76
64	09/22/29	40,694.56	14,799.44	617,058.20
65	03/22/30	41,610.19	13,883.81	575,448.01
66	09/22/30	42,546.42	12,947.58	532,901.59
67	03/22/31	43,503.71	11,990.29	489,397.88
68	09/22/31	44,482.55	11,011.45	444,915.33
69	03/22/32	45,483.40	10,010.60	399,431.93
70	09/22/32	46,506.78	8,987.22	352,925.15
71	03/22/33	47,553.18	7,940.82	305,371.97
72	09/22/33	48,623.13	6,870.87	256,748.84
73	03/22/34	49,717.15	5,776.85	207,031.69
74	09/22/34	50,835.79	4,658.21	156,195.90
75	03/22/35	51,979.59	3,514.41	104,216.31
76	09/22/35	53,149.13	2,344.87	51,067.18
77	03/22/36	51,067.18	1,149.01	-0-
		<u>\$ 1,740,030.05</u>	<u>\$ 1,308,862.14</u>	

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2008

Loan Issued March 22, 1996 in the amount of \$517,400.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 439,138.33
23	03/22/09	\$ 4,126.39	\$ 9,880.61	435,011.94
24	09/22/09	4,219.23	9,787.77	430,792.71
25	03/22/10	4,314.16	9,692.84	426,478.55
26	09/22/10	4,411.23	9,595.77	422,067.32
27	03/22/11	4,510.49	9,496.51	417,556.83
28	09/22/11	4,611.97	9,395.03	412,944.86
29	03/22/12	4,715.74	9,291.26	408,229.12
30	09/22/12	4,821.85	9,185.15	403,407.27
31	03/22/13	4,930.34	9,076.66	398,476.93
32	09/22/13	5,041.27	8,965.73	393,435.66
33	03/22/14	5,154.70	8,852.30	388,280.96
34	09/22/14	5,270.68	8,736.32	383,010.28
35	03/22/15	5,389.27	8,617.73	377,621.01
36	09/22/15	5,510.53	8,496.47	372,110.48
37	03/22/16	5,634.51	8,372.49	366,475.97
38	09/22/16	5,761.29	8,245.71	360,714.68
39	03/22/17	5,890.92	8,116.08	354,823.76
40	09/22/17	6,023.47	7,983.53	348,800.29
41	03/22/18	6,158.99	7,848.01	342,641.30
42	09/22/18	6,297.57	7,709.43	336,343.73
43	03/22/19	6,439.27	7,567.73	329,904.46
44	09/22/19	6,584.15	7,422.85	323,320.31
45	03/22/20	6,732.29	7,274.71	316,588.02
46	09/22/20	6,883.77	7,123.23	309,704.25
47	03/22/21	7,038.65	6,968.35	302,665.60
48	09/22/21	7,197.02	6,809.98	295,468.58
49	03/22/22	7,358.96	6,648.04	288,109.62
50	09/22/22	7,524.53	6,482.47	280,585.09
51	03/22/23	7,693.84	6,313.16	272,891.25
52	09/22/23	7,866.95	6,140.05	265,024.30
53	03/22/24	8,043.95	5,963.05	256,980.35
54	09/22/24	8,224.94	5,782.06	248,755.41
55	03/22/25	8,410.00	5,597.00	240,345.41
56	09/22/25	8,599.23	5,407.77	231,746.18

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE (USDA) LOAN PAYABLE

Schedule of Principal and Interest Payments Outstanding December 31, 2008

Loan Issued March 22, 1996 in the amount of \$517,400.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
57	03/22/26	\$ 8,792.71	\$ 5,214.29	\$ 222,953.47
58	09/22/26	8,990.55	5,016.45	213,962.92
59	03/22/27	9,192.83	4,814.17	204,770.09
60	09/22/27	9,399.67	4,607.33	195,370.42
61	03/22/28	9,611.17	4,395.83	185,759.25
62	09/22/28	9,827.42	4,179.58	175,931.83
63	03/22/29	10,048.53	3,958.47	165,883.30
64	09/22/29	10,274.63	3,732.37	155,608.67
65	03/22/30	10,505.81	3,501.19	145,102.86
66	09/22/30	10,742.19	3,264.81	134,360.67
67	03/22/31	10,983.89	3,023.11	123,376.78
68	09/22/31	11,231.02	2,775.98	112,145.76
69	03/22/32	11,483.72	2,523.28	100,662.04
70	09/22/32	11,742.10	2,264.90	88,919.94
71	03/22/33	12,006.30	2,000.70	76,913.64
72	09/22/33	12,276.44	1,730.56	64,637.20
73	03/22/34	12,552.66	1,454.34	52,084.54
74	09/22/34	12,835.10	1,171.90	39,249.44
75	03/22/35	13,123.89	883.11	26,125.55
76	09/22/35	13,419.18	587.82	12,706.37
77	03/22/36	12,706.37	285.89	-0-
		<u>\$ 439,138.33</u>	<u>\$ 330,231.93</u>	

BOROUGH OF SUSSEX
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2007</u>	<u>Funded by Budget Appropriation</u>	<u>Balance Dec. 31, 2008</u>
09/04/07	Storm Water Repairs	\$ 393.39	\$ 393.39	
		<u>\$ 393.39</u>	<u>\$ 393.39</u>	<u>\$ -0-</u>

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2008
SEWER UTILITY FUND

NOT APPLICABLE

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2008
PUBLIC ASSISTANCE FUND

BOROUGH OF SUSSEX
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Total</u>	<u>P.A.T.F. I</u>
Balance December 31, 2007	F	\$ 18,947.54	\$ 18,947.54
Increased by Receipts:			
Due Current Fund:			
Interest Earned		<u>449.04</u>	<u>449.04</u>
		<u>19,396.58</u>	<u>19,396.58</u>
Decreased by Disbursements:			
Due Current Fund:			
Interest Earned		<u>449.04</u>	<u>449.04</u>
Balance December 31, 2008	F	<u><u>\$ 18,947.54</u></u>	<u><u>\$ 18,947.54</u></u>

BOROUGH OF SUSSEX
COUNTY OF SUSSEX
2008
BOND AND INTEREST FUND

NOT APPLICABLE

BOROUGH OF SUSSEX

PART II

SINGLE AUDIT

BOROUGH OF SUSSEX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2008

Federal Department	Federal Program	C.F.D.A. Account Number	State Program Account Number	Grant Award	Grant Period		Grant Receipts	Expenditures	MEMO
					From	To			Cumulative Total Expenditures
Environmental Protection Agency:									
Passed through NJ Department of Environmental Protection	Stormwater Management - Municipalities	66.454	100-042-4840- 091-057500	\$ 5,000.00	01/01/05	12/31/08		\$ 4,748.05	\$ 5,000.00
				5,000.00	01/01/06	12/31/08	\$ 1,250.00	1,141.78	1,141.78
Total Environmental Protection Agency							1,250.00	5,889.83	6,141.78
U.S. Department of Housing and Urban Development:	Community Development Block Grants - Small Cities Program:	14.228	N/A						
	Improvements to Various Roads			400,000.00	01/01/06	12/31/08		673.00	379,002.22
	Community Development			400,000.00	01/01/97	12/31/08		672.07	400,000.00
	Maple Avenue & Cross Street			400,000.00	01/01/08	12/31/08		1,782.15	1,782.15
	Rehab Housing			200,000.00	01/01/08	12/31/08		427.50	427.50
Total U.S. Department of Housing and Urban Development								3,554.72	781,211.87
TOTAL FEDERAL AWARDS							\$ 1,250.00	\$ 9,444.55	\$ 787,353.65

N/A - Not Applicable.

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF SUSSEX
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2008

Name of State Agency or Department	Name of Program	State Program Account Number	Grant Award	Grant Period		Grant Receipts	Expenditures	MEMO
				From	To			Cumulative Total Expenditures
Department of Environmental Protection	Clean Communities Grant	765-042-4900- 004-178900	\$ 4,000.00	01/01/07	12/31/07		\$ 1,865.89	\$ 4,000.00
			4,000.00	01/01/08	12/31/08	\$ 4,000.00	3,126.51	3,126.51
						4,000.00	4,992.40	7,126.51
	Recycling Tonnage Grant	752-042-4900- 004-178840	461.90	01/01/06	12/31/08		204.54	461.90
1,526.00			01/01/07	12/31/08		889.96	889.96	
1,777.27			01/01/08	12/31/08	1,777.27			
						1,777.27	1,094.50	1,351.86
Total Department of Environmental Protection						5,777.27	6,086.90	8,478.37
TOTAL STATE AWARDS						\$ 5,777.27	\$ 6,086.90	\$ 8,478.37

BOROUGH OF SUSSEX
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2008

A. GENERAL

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

B. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

D. THRESHOLD FOR FEDERAL AND STATE AWARDS

The threshold for distinguishing federal and state Type A and B programs was \$300,000.

E. STATE LOANS OUTSTANDING

The Borough of Sussex has the following loans outstanding as of December 31, 2008:

General Capital Fund:

Green Trust Program Loan	<u>\$ 69,240</u>
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Water/Sewer Utility Capital Fund:

Farmers Home Administration Loan	<u>\$ 777,412</u>
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United States Department of Agriculture Loans	<u>\$ 5,062,241</u>
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Currently, the Borough is in the process of repaying the loan balances. There were no loan receipts or expenditures in the current year. The projects which relate to the loans are complete.



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mount Arlington, NJ 07856
 Phone: 973-328-1825
 Fax: 973-328-0507

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

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

The Honorable Mayor and Members
 of the Borough Council
 Borough of Sussex
 Sussex, New Jersey

We have audited the financial statements of the Borough of Sussex, in the County of Sussex (the "Borough") as of, and for the years ended, December 31, 2008 and 2007 and have issued our report thereon dated May 15, 2009, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. The general fixed assets account group was not included in the scope of the audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Borough's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") such that there is more than a remote likelihood that a misstatement of the Borough's financial statements that is more than inconsequential will not be prevented or detected by the Borough's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2008-1 to be a significant deficiency in internal control over financial reporting.

The Honorable Mayor and Members
of the Borough Council
Borough of Sussex
Page 2

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

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

Compliance and Other Matters

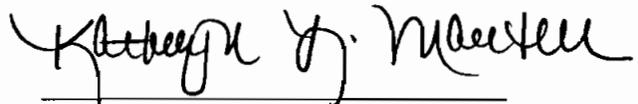
As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

The Borough's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Borough's response and we express no opinion on it.

This report is intended solely for the information and use of management, the Mayor and Members of the Borough Council, and to meet the requirements for filing with the Division of Local Government Services, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties

Mount Arlington, New Jersey
May 15, 2009

NISIVOCCIA & COMPANY LLP



Kathryn L. Mantell
Certified Public Accountant
Registered Municipal Accountant No. 447

BOROUGH OF SUSSEX
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2008

Summary of Auditors' Results:

- A qualified report was issued on the Borough's financial statements prepared on an other comprehensive basis of accounting as a result of the general fixed assets account group not being included in the scope of our audit.
- The audit did not disclose any material weaknesses in the internal controls of the Borough.
- The audit did not disclose any noncompliance that is material to the financial statements of the Borough.
- The Borough was not subject to the single audit provisions of Federal OMB Circular A-133 (the "Circular") and New Jersey OMB Circular NJOMB 04-04 for 2008 as grant expenditures were less than the single audit thresholds of \$500,000 identified in the Circulars.

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

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

Finding 2008-1

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permits and license fees; and recording of collections. Also, the Treasurer deposits and disburses funds and reconciles the bank accounts for all of the Borough's funds or accounts. This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures. Accordingly, management and the Borough Council should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response

This finding was evaluated by the governing body and administration; however, due to budgetary constraints, the Borough does not have the resources to adequately segregate related duties and resolve this finding at this time.

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not Applicable since state expenditures were below the single audit threshold.

BOROUGH OF SUSSEX
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2008

The Borough's prior year audit finding regarding segregation of duties has not been resolved and is included as current year Finding 2008-1.

BOROUGH OF SUSSEX

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2008

BOROUGH OF SUSSEX
COMMENTS AND RECOMMENDATIONS

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

N.J.S. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, C.198 (N.J.S. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

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

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

BOROUGH OF SUSSEX
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

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

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

Collection of Interest on Delinquent Taxes and Utility Rents

The statute provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or utility rents on or before the date when they would become delinquent.

On January 3, 2008, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility rents:

BE IT RESOLVED by the Borough Council of the Borough of Sussex, Sussex County, New Jersey, that the rate of interest to be paid upon delinquent taxes and utility rents for the year 2008 shall be fixed at the rate of 8% per annum to \$1,500 and any amount in excess of \$1,500 shall be fixed at the rate of 18% per annum. However, interest shall not be collected upon taxes and utility rents that are not delinquent over ten (10) days. After the tenth day of "grace period", interest reverts back to the due date. An additional penalty of 6% will be imposed on delinquencies in excess of \$10,000.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held October 27, 2008 and was complete. Inspection of tax sale certificates on a test basis revealed that tax sale certificates were available for audit.

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

Year	Number of Liens
2008	4
2007	3
2006	3

As it is essential to good management, it is recommended that all means provided by statute are utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis. As the Borough is in the process of foreclosing three of the tax title liens no formal recommendation is deemed necessary at this time.

The tax records reflect delinquent taxes due from 2002, 2003 and 2004 and tax overpayments from 2004, 2005 and 2006.

It is recommended that the tax collector review and investigate the prior year delinquent balances and tax overpayments to determine their validity and take the appropriate action to dispose of them.

BOROUGH OF SUSSEX
COMMENTS AND RECOMMENDATIONS
(Continued)

Delinquent Taxes and Tax Title Liens (Cont'd)

Management's Response

The Borough has will investigate all delinquent tax balances and tax overpayment balances for validity.

Municipal Court

The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Borough's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2008.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

	Balance Dec. 31, 2007	Receipts	Disbursements	Balance Dec. 31, 2008
Municipal Treasurer:				
Fines and Costs	\$ 2,456.88	\$ 26,122.68	\$ 19,333.33	\$ 9,246.23
Interest:				
Regular Account	32.52	36.99		69.51
Bail Account	11.63	68.41		80.04
P.O.A.A. Fines	10.00	112.00	42.00	80.00
Public Defender	200.00	725.00	420.00	505.00
State Treasurer	3,456.12	25,790.07	28,058.85	1,187.34
County Treasurer	146.50	2,107.50	1,572.00	682.00
Conditional Discharge Fee		75.00	75.00	
Restitution	834.75			834.75
Cash Bail	6,149.00	7,328.00	6,551.50	6,925.50
	<u>\$ 13,297.40</u>	<u>\$ 62,365.65</u>	<u>\$ 56,052.68</u>	<u>\$ 19,610.37</u>

During the course of the audit the following items were noted:

1. The regular and bail accounts were not reconciled during 2008 and there were numerous reconciling items.
2. The listing of bail held on account was not reconciled with the bail cash balance during 2008.
3. Interest on the regular and bail accounts was not turned over to the Treasurer on a regular monthly basis.
4. Deposits were not being made within 48 hours of receipt as per NJ State Statute.
5. Monies were not being turned over to the proper agencies by the 15th of the subsequent month.
6. The Tickets Assigned But Not Issued report listed numerous tickets assigned in prior years which do not appear to be issued or the appropriate disposition has not been indicated.

BOROUGH OF SUSSEX
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court (Cont'd)

It is recommended that:

1. The regular and bail accounts are reconciled and all reconciling items are investigated and resolved on a monthly basis.
2. The list of outstanding bail detailing date received, case, name and status is reconciled with the bail cash balance on a monthly basis and older outstanding bail is investigated for validity.
3. Interest earned on the regular and bail accounts is turned over to the Treasurer on a monthly basis.
4. All deposits are made within 48 hours of receipt as per NJ State Statute.
5. All monies are disbursed to the proper agencies by the 15th of the subsequent month.
6. The tickets listed on the Tickets Assigned But Not Issued report are reviewed and investigated as to the appropriate disposition of the tickets.

Management's Response

On a monthly basis, the Municipal Court regular and bail accounts will be reconciled, interest earnings will be turned over to the Treasurer, and the analysis of outstanding bail will be reconciled with the cash balance. Deposits will be made within 48 hours of receipt and monies will be disbursed to the proper agencies by the 15th of the subsequent month. In addition, all reconciling items will be investigated and properly disposed in a timely manner.

Clerk

During our review of the Clerk's Office, we noted that the department does not maintain a detailed cash ledger which includes all fees collected and does not maintain a log of licenses and permits issued. The outside offices should be maintaining:

1. A separate detailed cash ledger which should be utilized to reconcile on a monthly basis with the CFO's general ledger.
2. A detailed log of licenses and permits issued to ensure that license/permit numbers are issued sequentially and without duplication.

It is recommended that

1. A detailed cash ledger is maintained by the Clerk's Office which includes all fees collected by the department and is reconciled on a monthly basis to the CFO's general ledger.
2. A detailed log book of licenses and permits issued is maintained by the Clerk's Office to ensure accurate issuance of license/permit numbers.

Management Response

A detailed cash ledger will be maintained and reconciled with the general ledger and a detailed log book will be maintained for licenses and permits issued.

BOROUGH OF SUSSEX
COMMENTS AND RECOMMENDATIONS
(Continued)

Segregation of Duties

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permits and license fees; and recording of collections. Also, the Treasurer deposits and disburses funds and reconciles the bank accounts for all of the Borough's funds or accounts. This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures. Accordingly, management and the Borough Council should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

It is recommended that an adequate segregation of duties is maintained with respect to the recording and treasury functions.

Management's Response

Duties of personnel will be reviewed to determine where a more adequate segregation of duties can be provided.

Fixed Assets

During the course of our audit, it was noted that the fixed asset report has not been updated since June 30, 2007. As the Borough has made arrangements to update the fixed asset report during 2009, no recommendation is deemed necessary at this time.

Corrective Action Plan

The Borough has initiated a corrective action plan to resolve comments and recommendations from the 2007 audit report. The prior year recommendations have been repeated in the current year's audit with the exception of the following recommendations as they have been corrected during the year:

1. The Borough remit all State dog license fees to the State.
2. The Borough obtain the appropriate budget riders for Affordable Housing and Fire Inspection trust funds.
3. The Borough cease the utilization of credit cards and make all purchases through a purchase order.

BOROUGH OF SUSSEX
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Adequate segregation of duties is maintained with respect to the recording and treasury functions.
2. The tax collector review and investigate the prior year delinquent balances and tax overpayments to determine their validity and take the appropriate action to dispose of them.
3. Municipal Court:
 - a. The regular and bail accounts are reconciled and all reconciling items are investigated and resolved on a monthly basis.
 - b. The list of outstanding bail detailing date received, case, name and status is reconciled with the bail cash balance on a monthly basis and old outstanding bail is investigated for validity.
 - c. Interest earned on the regular and bail accounts is turned over to the Treasurer on a monthly basis.
 - d. All deposits are made within 48 hours of receipt as per NJ State Statute.
 - e. All monies are disbursed to the proper agencies by the 15th of the subsequent month.
 - f. The tickets listed on the Tickets Assigned But Not Issued report are reviewed and investigated as to the appropriate disposition of the tickets.
4. Clerk's Office:
 - a. That a detailed cash ledger is maintained which includes all fees collected by the department and is reconciled on a monthly basis to the CFO's general ledger.
 - b. That a detailed log book of licenses and permits issued is maintained to ensure accurate issuance of license/permit numbers.

* * * * *