

**BOROUGH OF WESTVILLE
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2011**

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PART I

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Westville
165 Broadway
Westville, New Jersey 08093

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Westville as of December 31, 2011 and 2010, the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statements of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds, as listed in the table of contents for the year ended December 31, 2011. These financial statements are the responsibility of the Borough of Westville's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the Borough of Westville prepares and presents its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The presentation requirement does not include a Management Discussion and Analysis as required by the Governmental Accounting Standards Board to be presented as Required Supplementary Information, but not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The affect on the financial statements of the variances between the prescribed basis of accounting and the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

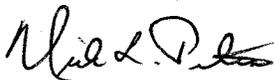
In our opinion, because of the Boroughs policy to prepare and present its financial statements on the basis of accounting discussed in the preceding paragraph of this report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Westville as of December 31, 2011 and 2010, or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough of Westville as of December 31, 2011 and 2010, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2011, on the modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2012, on our consideration of the Borough of Westville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Borough of Westville taken as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

June 22, 2012

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Regular Fund			
Cash - Treasurer	A-4	284,315.81	743,924.08
Cash -Tax Collector	A-5	110,942.73	78,019.52
Cash - Sewer Collector	A-6	1,008,072.59	1,192,477.52
Change Fund		200.00	200.00
		<u>1,403,531.13</u>	<u>2,014,621.12</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-8	473,661.95	293,216.34
Tax Title Liens Receivable	A-9	2,367.60	24,860.55
Municipal Maintenance Liens Receivable			1,046.21
Property Acquired for Taxes - Assessed Valuation	A-10	237,450.00	135,450.00
Sewer Rents Receivable	A-11	113,118.42	85,672.69
Sewer Utility Liens Receivable			1,321.76
Other Accounts Receivable		4,990.50	4,990.50
Revenue Accounts Receivable	A-13	8,336.75	9,401.43
Protested Checks		1,435.66	1,435.66
Due from Borough Clerk		17.70	353.24
Due from General Capital Fund	C	466.79	
Due from Water Utility Operating Fund	D	48,238.60	48,238.60
Due from Water utility Capital Fund	D	60,000.00	
Due from Other Trust Funds	B	24,972.73	24,453.80
Due from Animal Control Trust Fund	B	2,245.65	2,203.29
Due from Federal and State Grant Fund	A	14,101.91	
Due from Community Development		2,860.84	2,860.84
Due from Bank		8.50	8.50
		<u>994,273.60</u>	<u>635,513.41</u>
Deferred Charges:			
Special Emergency Authorization (40A:4-55)	A-14	8,000.00	12,000.00
		<u>8,000.00</u>	<u>12,000.00</u>
		<u>2,405,804.73</u>	<u>2,662,134.53</u>
Federal and State Grant Fund			
Cash	A-4	25,791.73	24,163.68
Grants Receivable	A-7	567,765.68	207,561.56
Due Current Fund			156,543.74
		<u>593,557.41</u>	<u>388,268.98</u>
		<u>2,999,362.14</u>	<u>3,050,403.51</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2010</u>
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-15	202,188.28	310,333.46
Encumbrances Payable	A-16	41,935.10	47,353.33
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-17	45,172.92	42,579.77
Prepaid Taxes		43,879.25	44,660.04
Tax Overpayments		44,641.92	
Sewer Overpayments		1,076.15	307.67
Due General Capital Fund			39,366.70
Due Federal and State Grant Fund			156,543.74
Reserve for Zoning Escrow		1,845.00	1,845.00
Reserve for Supplemental Franchise and Gross Receipts Tax		26.00	26.00
Reserve for Stormwater Grant		5,117.00	5,117.00
Reserve for Revaluation		7,891.00	9,016.00
Reserve for Street Scape Refund		19,523.00	19,523.00
Reserve for Sale of Municipal Assets		15,000.00	
Reserve for Public Defender		22,640.83	18,064.74
Reserve for Codification of Ordinances		13,695.76	19,198.51
Local District School Taxes Payable	A-18	13,972.86	9,972.94
Regional High School Taxes Payable	A-19	0.72	
County Taxes Payable			265.76
Due County for Added & Omitted Taxes		663.28	33.62
Due Fire District		8,576.38	8,576.38
Due Library		24,999.02	19,461.14
		<u>512,844.47</u>	<u>752,244.80</u>
Reserve for Receivables		994,273.60	635,513.41
Fund Balance	A-1	898,686.66	1,274,376.32
		<u>2,405,804.73</u>	<u>2,662,134.53</u>
Federal and State Grant Fund			
Encumbrances Payable	A-16	78,000.03	2,640.00
Reserve for Grants - Appropriated	A-20	382,719.79	98,872.70
Reserve for Grants - Unappropriated	A-21	9,183.87	22,288.52
Reserve for Small Cities Loan Payback		25,791.73	24,163.68
Due Fire District		874.00	874.00
Due General Capital Fund	C	82,285.58	238,829.58
Due Current Fund	A	14,101.91	
Unallocated Receipts		600.50	600.50
		<u>593,557.41</u>	<u>388,268.98</u>
		<u>2,999,362.14</u>	<u>3,050,403.51</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - CURRENT FUND - REGULATORY BASIS

Revenue and Other Income Realized	Ref.	Year 2011	Year 2010
Fund Balance Utilized	A-2	770,000.00	700,000.00
Miscellaneous Revenue Anticipated	A-2	2,504,779.39	2,269,279.00
Receipts from Delinquent Taxes	A-2	293,750.10	276,330.29
Receipts from Current Taxes	A-2	8,771,717.33	8,880,246.53
Non-Budget Revenue	A-2	158,814.81	126,862.32
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-15	247,395.71	230,616.56
Encumbrances Payable - Canceled	A-16	14,070.71	697.00
Interfund Loans Returned		7,619.75	6,097.00
Total Income		12,768,147.80	12,490,128.70
Expenditures			
Budget Appropriations:			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	1,758,183.80	1,753,145.00
Other Expenses	A-3	1,494,957.37	1,437,078.00
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	410,373.00	322,200.00
Appropriations Excluded from "CAPS":			
Operations:			
Other Expenses	A-3	1,250,699.51	1,157,984.00
Capital Improvements	A-3	225,200.00	40,146.00
Debt Service	A-3	342,210.87	364,929.00
Deferred Charges	A-3	4,000.00	4,000.00
County Taxes		1,556,822.89	1,639,649.00
Due County for Added Taxes		663.28	34.00
Local District School Tax	A-18	2,178,731.00	1,994,935.00
Regional High School Tax	A-19	2,769,090.83	2,788,208.00
Fire District Tax		308,743.00	302,356.00
Interfund Loan Advanced		74,101.91	10,302.00
Prior Year Deduction Disallowed			250.00
Prior Year Revenue Refunded	A-4	60.00	5,218.00
Total Expenditures		12,373,837.46	11,820,434.00
Statutory Excess to Fund Balance		394,310.34	669,694.70
Fund Balance			
Balance January 1	A	1,274,376.32	1,304,681.62
		1,668,686.66	1,974,376.32
Decreased by:			
Utilization as Anticipated Revenue	A-1	770,000.00	700,000.00
Balance December 31	A	898,686.66	1,274,376.32

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget 2011	Special N.J.S.A. 40A:4-87		
Fund Balance Anticipated	A-1	770,000.00		770,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-13	10,000.00		14,553.00	4,553.00
Other	A-13	2,000.00		3,654.00	1,654.00
Fees and Permits	A-13	4,000.00		7,399.45	3,399.45
Fines and Costs:					
Municipal Court	A-13	120,000.00		135,034.09	15,034.09
Interest and Costs on Taxes	A-13	40,000.00		62,027.83	22,027.83
Interest on Investments	A-13	39,065.48		24,367.89	(14,697.59)
Sewer Rents	A-11	700,000.00		765,381.02	65,381.02
Interest on Delinquent					
Sewer Rents	A-13	1,000.00		7,264.95	6,264.95
Housing Inspection Fees	A-13	12,000.00		40,237.65	28,237.65
Consolidated Municipal					
Property Tax Relief Act					
(N.J.S.A. 52:27D-118.34)	A-13	51,074.00		51,074.00	
Energy Receipts Tax	A-13	351,323.00		351,323.00	
Franchise Fees - Cable TV	A-13	12,000.00		14,162.99	2,162.99
Shared Service Agreement					
Borough of National Park	A-13	630,000.00		630,000.00	
NJ Transportation Trust Fund	A-7	200,000.00		200,000.00	
Homeland Security Grant	A-7		159,220.12	159,220.12	
Clean Communities	A-7		7,041.88	7,041.88	
Recycling Tonnage	A-7	9,990.02		9,990.02	
Municipal Alliance on					
Alcoholism and Drug Abuse	A-7	9,249.00		9,249.00	
Alcohol Education Rehabilitation	A-7	150.82		150.82	
Body Armor Grant	A-7	2,548.98		2,548.98	
Drunk Driving Enforcement	A-7	9,298.70		9,298.70	
Clean Energy Program	A-7	300.00		300.00	
Clean Community Cleanup Grant	A-7		500.00	500.00	
Total Miscellaneous Revenues		2,204,000.00	166,762.00	2,504,779.39	134,017.39
Receipts from Delinquent Taxes	A-2	250,000.00		293,750.10	43,750.10
Subtotal General Revenues		3,224,000.00	166,762.00	3,568,529.49	177,767.49
Amount to be Raised by Taxation	A-2	2,507,000.00		2,336,214.65	(170,785.35)
Budget Totals		5,731,000.00	166,762.00	5,904,744.14	6,982.14
Non-Budget Revenue	A-2			158,814.81	
		5,731,000.00	166,762.00	6,063,558.95	
Ref.		A-3	A-3		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

Analysis of Realized Revenue

	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-8	8,771,717.33
Allocated to:		
School, Fire and County Taxes	A-8	6,814,051.00
Balance for Support of Municipal Budget Appropriation		<u>1,957,666.33</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	378,548.32
Amount for Support of Municipal Budget Appropriation	A-2	<u><u>2,336,214.65</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-8	291,544.56
Tax Title Liens	A-9	2,205.54
Delinquent Tax Collection	A-2	<u><u>293,750.10</u></u>

Analysis of Non-Budget Revenue

	Ref.	
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Municipal Maintenance Liens	A-13	4,053.53
Sale of Scrap Iron	A-13	5,568.34
Recycling Proceeds	A-13	23,638.77
Income from Leases	A-13	33,117.33
JIF Dividend	A-13	54,689.72
Refunds	A-13	16,855.45
Tax Searches	A-13	20.00
Tax Sale Advertising Costs	A-13	5,349.34
Miscellaneous	A-13	15,522.33
	A-2	<u><u>158,814.81</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
General Administration						
Salaries & Wages	43,680.00	44,680.00	44,551.73		128.27	
Municipal Clerk						
Salaries & Wages	65,520.00	58,520.00	57,547.41		972.59	
Other Expenses	52,228.10	52,228.10	39,500.95	815.35	11,911.80	
Financial Administration						
Salaries & Wages	42,640.00	45,640.00	45,462.05		177.95	
Other Expenses	15,782.90	15,782.90	13,128.84		2,654.06	
Audit Services						
Other Expenses	10,000.00	10,000.00	10,000.00			
Revenue Administration (Tax Collection)						
Salaries & Wages	78,000.00	72,200.00	72,014.57		185.43	
Other Expenses	11,054.40	11,054.40	8,659.63	140.28	2,254.49	
Tax Assessment Administration						
Salaries & Wages	15,600.00	15,600.00	15,591.62		8.38	
Other Expenses	5,485.20	5,485.20	3,673.44		1,811.76	
Legal Services and Costs						
Other Expenses	25,750.00	41,350.00	41,349.07		0.93	
Engineering Services and Costs						
Other Expenses	11,400.00	20,400.00	19,858.56		541.44	
Economic Development Committee						
Other Expenses	3,000.00	12,500.00	2,878.31	7,158.67	2,463.02	
LAND USE ADMINISTRATION						
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Municipal Land Use Board						
Salaries and Wages	1,000.00	1,000.00	146.34		853.66	
Other Expenses	9,604.00	4,604.00	1,594.45		3,009.55	
INSURANCE						
Liability Insurance	117,825.00	91,325.00	91,199.15		125.85	
Worker Compensation Insurance	178,150.00	165,550.00	165,107.65		442.35	
Employee Group Insurance	295,518.25	263,418.25	259,962.50	30.00	3,425.75	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC SAFETY FUNCTIONS						
Police						
Salaries and Wages	763,732.00	784,432.00	784,287.95		144.05	
Other Expenses	53,680.86	38,680.86	36,357.84	76.72	2,246.30	
Office of Emergency Management						
Other Expenses	6,662.00	6,662.00	372.11	5,364.53	925.36	
Municipal Prosecutor						
Other Expenses	12,563.20	12,563.20	11,980.02		583.18	
PUBLIC WORKS FUNCTIONS						
Road Repairs & Maintenance						
Salaries & Wages	86,670.00	90,970.00	90,905.62		64.38	
Other Expenses	42,923.64	37,923.64	33,531.64		4,392.00	
Public Buildings & Grounds						
Salaries & Wages	6,955.00	6,455.00	5,904.74		550.26	
Other Expenses	32,322.36	33,922.36	32,894.85	1,000.00	27.51	
Vehicle Maintenance						
Other Expenses	63,738.91	63,738.91	57,828.76	61.18	5,848.97	
Garbage and Trash Removal						
Salaries & Wages	239,400.00	239,100.00	239,097.32		2.68	
Sanitary Landfill						
Other Expenses	210,000.00	210,000.00	162,628.87		47,371.13	
Sewer System						
Salaries & Wages	210,000.00	208,000.00	201,595.27		6,404.73	
Other Expenses	21,368.90	21,368.90	7,343.48		14,025.42	
HEALTH & HUMAN SERVICES						
Board of Health						
Salaries & Wages	98.80	98.80			98.80	
Other Expenses	791.35	791.35	187.50		603.85	
Dog Regulation						
Other Expenses	49.00	49.00	14.80		34.20	
Environmental Commission						
Other Expenses	1,000.00	1,000.00	999.74		0.26	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
PARK & RECREATION FUNCTIONS						
Parks and Playgrounds						
Salaries & Wages	115,918.00	106,918.00	106,653.86		264.14	
Other Expenses	25,245.60	25,245.60	12,178.96		13,066.64	
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	4,900.00	4,900.00	4,900.00			
UNIFORM CONSTRUCTION CODE- APPROPRIATIONS OFFSET BY DEDICATED REVENUE (N.J.A.C. 5:23-4.17)						
Construction Official						
Other Expenses	31,524.30	31,524.30	26,545.28		4,979.02	
Housing Inspector						
Salaries & Wages	35,360.00	34,960.00	34,927.33		32.67	
Other Expenses	1,499.40	1,499.40	1,340.37		159.03	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	85,000.00	80,000.00	66,215.84		13,784.16	
Street Lighting	46,000.00	67,000.00	59,103.79		7,896.21	
Telephone	34,000.00	34,500.00	34,497.74		2.26	
Heating Oil	12,740.00	12,740.00	12,740.00			
Gasoline	72,600.00	97,600.00	83,784.96	7,730.16	6,084.88	
MUNICIPAL COURT FUNCTIONS						
Municipal Court						
Salaries & Wages	44,610.00	49,610.00	48,964.69		645.31	
Other Expenses	14,800.00	14,800.00	8,361.89	227.58	6,210.53	
Public Defender						
Other Expenses	4,750.00	4,750.00	4,750.00			
Total Operations Within "CAPS"	<u>3,263,141.17</u>	<u>3,253,141.17</u>	<u>3,063,121.49</u>	<u>22,604.47</u>	<u>167,415.21</u>	
Detail:						
Salaries & Wages	1,749,183.80	1,758,183.80	1,747,650.50		10,533.30	
Other Expenses	<u>1,513,957.37</u>	<u>1,494,957.37</u>	<u>1,315,470.99</u>	<u>22,604.47</u>	<u>156,881.91</u>	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEFERRED CHARGES & STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	110,000.00	120,000.00	114,197.83		5,802.17	
Public Employees' Retirement System	137,606.00	137,606.00	137,606.00			
Police and Firemen's Retirement System	152,767.00	152,767.00	152,767.00			
Total Deferred Charges & Statutory Expenditures within "CAPS"	400,373.00	410,373.00	404,570.83		5,802.17	
Total General Appropriations for Municipal Purposes within "CAPS"	3,663,514.17	3,663,514.17	3,467,692.32	22,604.47	173,217.38	
OPERATIONS EXCLUDED FROM "CAPS"						
Gloucester County Utilities Authority						
Contractual - Share Costs - Sewerage	425,000.00	425,000.00	408,898.47		16,101.53	
Maintenance of Free Public Library						
Other Expenses	95,808.99	95,808.99	89,292.20		6,516.79	
SFSP Fire District Payment	1,764.00	1,764.00	1,764.00			
National Park Interlocal Service Agreement	527,515.00	527,515.00	521,132.96	137.50	6,244.54	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC AND PRIVATE PROGRAMS						
OFFSET BY REVENUES						
Recycling Tonnage Grant	9,990.02	9,990.02	9,990.02			
Municipal Alliance for Drug and Alcohol Abuse	11,561.00	11,561.00	11,561.00			
Clean Energy Program	300.00	300.00	300.00			
Clean Community Cleanup Grant		500.00	500.00			
Clean Communities		7,041.88	7,041.88			
Homeland Security Grant		159,220.12	159,220.12			
Body Armor Fund	2,548.98	2,548.98	2,548.98			
Alcohol Education and Rehabilitation	150.82	150.82	150.82			
Drunk Driving Enforcement	9,298.70	9,298.70	9,298.70			
Total Operations Excluded from "CAPS"	1,083,937.51	1,250,699.51	1,221,699.15	137.50	28,862.86	
Detail:						
Other Expenses	1,083,937.51	1,250,699.51	1,221,699.15	137.50	28,862.86	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00			
Purchase of a Computer and Phone System	15,200.00	15,200.00	1,166.00	13,925.96	108.04	
NJ Transportation Trust Fund	200,000.00	200,000.00	200,000.00			
Capital Improvements Excluded from "CAPS"	225,200.00	225,200.00	211,166.00	13,925.96	108.04	
DEBT SERVICE						
Payment of Bond Principal	210,000.00	210,000.00	189,834.41			20,165.59
Payment of Bond Anticipation Notes	28,000.00	28,000.00	28,000.00			
Interest on Bonds	121,300.00	121,300.00	107,987.50			13,312.50
Interest on Notes	16,500.00	16,500.00	16,388.96			111.04
Total Debt Service	375,800.00	375,800.00	342,210.87			33,589.13

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEFERRED CHARGES - EXCLUDED FROM "CAPS"						
Emergency Authorizations	4,000.00	4,000.00	4,000.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,688,937.51	1,855,699.51	1,779,076.02	14,063.46	28,970.90	33,589.13
Subtotal General Appropriations	5,352,451.68	5,519,213.68	5,246,768.34	36,667.93	202,188.28	33,589.13
RESERVE FOR UNCOLLECTED TAXES	378,548.32	378,548.32	378,548.32			
TOTAL GENERAL APPROPRIATIONS	5,731,000.00	5,897,762.00	5,625,316.66	36,667.93	202,188.28	33,589.13
Ref.	A-2			A-16	A	
Budget	Ref. A-3	5,731,000.00				
Appropriations by 40A:4-87	A-2	166,762.00				
		<u>5,897,762.00</u>				
Deferred Charges - Special Emergency Reserve for Federal and State Grants		Ref. A-14	4,000.00			
Reserve for Uncollected Taxes		A-20	400,611.52			
Disbursed		A-2	378,548.32			
		A-4	4,842,156.82			
			<u>5,625,316.66</u>			

The accompanying notes to the financial statements are an integral part of this statement.

TRUST FUND

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

ASSETS	Ref.	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2010</u>
Animal Control Trust Fund			
Cash - Treasurer	B-1	3,399.40	3,461.64
Due from Bank		39.25	39.25
		<u>3,438.65</u>	<u>3,500.89</u>
Other Trust Funds			
Cash - Treasurer	B-1	146,065.70	129,288.45
Cash - Collector	B-2	33,581.29	30,108.80
Escrow Accounts Receivable		697.25	633.50
		<u>180,344.24</u>	<u>160,030.75</u>
		<u>183,782.89</u>	<u>163,531.64</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2010</u>
Animal Control Trust Fund			
Due Current Fund	A	2,245.65	2,203.29
Unallocated Receipts		1.00	1.00
Due State of New Jersey		16.20	37.20
Reserve for Dog Fund Expenditures	B-3	1,175.80	1,259.40
		<u>3,438.65</u>	<u>3,500.89</u>
Other Trust Funds			
Due Current Fund	A	24,972.73	24,453.80
Due General Capital Fund	C	137.50	137.50
Accounts Payable - State of New Jersey		9,126.93	9,126.93
Reserve for:			
Payroll Taxes Payable		39,420.62	27,149.22
Fourth of July Celebration		16,170.75	16,881.27
Municipal Alliance		6,565.46	6,483.91
Unemployment		2,527.42	6,795.58
Redemption of Tax Title Liens		2,896.19	8,742.63
Planning and Zoning Board		27,281.52	18,991.91
Fieldstone Escrow		682.93	651.14
Tax Sale Premiums		27,300.00	18,500.00
Parking Offense Adjudication Act		1,358.16	1,358.16
Forfeited Property		21,579.03	20,433.70
Rental Security Deposits		325.00	325.00
		<u>180,344.24</u>	<u>160,030.75</u>
		<u>183,782.89</u>	<u>163,531.64</u>

The accompanying notes to the financial statements are an integral part of this statement.

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

ASSETS	Ref.	Balance	Balance
		Dec. 31, 2011	Dec. 31, 2010
Cash - Treasurer	C-2	162,209.45	903,832.50
Loan Receivable	C-4	51,538.00	51,538.00
Due from State of New Jersey	C-5	107,004.30	305,937.55
Due from Federal and State Grant Fund	A	82,285.58	238,829.58
Due from Current Fund			39,366.70
Due from Trust Other	B	137.50	137.50
Deferred Charges to Future Taxation:			
Funded	C-6	2,726,566.28	2,926,400.69
Unfunded	C-7	1,737,569.00	1,589,819.00
		<u>4,867,310.11</u>	<u>6,055,861.52</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-11	2,175,000.00	2,350,000.00
Bond Anticipation Notes Payable	C-13	1,346,000.00	1,274,000.00
New Jersey Infrastructure Loan Payable	C-12	551,566.28	576,400.69
Encumbrances Payable	C-9	6,705.00	7,485.65
Contracts Payable	C-10	6,861.50	6,861.50
Improvement Authorizations:			
Funded	C-9	95,570.78	796,655.65
Unfunded	C-9	644,003.53	1,030,507.58
Capital Improvement Fund	C-8	4,598.00	3,848.00
Due Current Fund	A	466.79	
Retainage Percentage Due Contractor		3,093.04	3,093.04
Reserve for Land Acquisition		2,375.00	2,375.00
Reserve for Insurance Refund		1,460.11	1,460.11
Reserve for Sunoco Donations		2,255.30	2,255.30
Reserve for Municipal Building Improvements	C-2	26,435.78	
Reserve for Debt Service		100.00	100.00
Fund Balance	C-1	819.00	819.00
		<u>4,867,310.11</u>	<u>6,055,861.52</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF FUND BALANCE - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	
Balance December 31, 2010	C	<u>819.00</u>
Balance December 31, 2011	C	<u><u>819.00</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

WATER UTILITY FUND

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Operating Fund			
Cash - Treasurer	D-5	37,428.33	75,529.40
Cash - Change Fund		550.00	550.00
Due from Utility Capital Fund	D	133,907.87	133,670.58
		<u>171,886.20</u>	<u>209,749.98</u>
Receivables with Full Reserves:			
Water Rents Receivable	D-7	98,437.04	61,997.51
Other Accounts Receivable	D-8	921.27	654.95
		<u>99,358.31</u>	<u>62,652.46</u>
Total Operating Fund		<u>271,244.51</u>	<u>272,402.44</u>
Capital Fund			
Cash - Treasurer	D-5	33,359.67	15,931.03
Due from State of New Jersey - Infrastructure Trust Loan		156,744.00	156,744.00
Other Accounts Receivable	D-8	170.47	170.47
Fixed Capital	D-9	2,947,593.89	2,933,201.89
Fixed Capital Authorized and Uncompleted	D-10	3,114,773.00	1,659,773.00
		<u>6,252,641.03</u>	<u>4,765,820.39</u>
Total Capital Fund		<u>6,523,885.54</u>	<u>5,038,222.83</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2010</u>
Operating Fund			
Liabilities:			
Appropriation Reserves	D-4:D-11	40,610.23	1,806.80
Encumbrances Payable	D-12	21,166.60	274.64
Accrued Interest on Bonds, Notes & Loans	D-13	10,450.79	10,792.80
Utility Rent Prepayments		13,628.63	40,851.90
Utility Rent Overpayments		694.16	429.47
Due Current Fund	A	48,238.60	48,238.60
Accounts Payable		2,009.51	2,009.51
		<u>136,798.52</u>	<u>104,403.72</u>
Reserve for Receivables		99,358.31	62,652.46
Fund Balance	D-1	35,087.68	105,346.26
		<u>271,244.51</u>	<u>272,402.44</u>
Capital Fund			
Serial Bonds Payable	D-18	882,412.00	945,328.00
Bond Anticipation Notes	D-20	266,000.00	214,000.00
New Jersey Environmental Trust Loan	D-19	228,615.27	249,171.06
Improvement Authorizations:			
Funded	D-14	17,062.26	24,162.26
Unfunded	D-14	1,326,532.01	586.00
Capital Improvement Fund	D-15	4,076.00	4,076.00
Due Utility Operating Fund	D	133,907.87	133,670.58
Due Current Fund	A	60,000.00	
Encumbrances Payable	D-14	28,345.34	
Reserve for Debt Service		81.00	81.00
Reserve for Amortization	D-16	3,073,503.62	2,962,639.83
Deferred Reserve for Amortization	D-17	221,250.00	221,250.00
Fund Balance	D-2	10,855.66	10,855.66
		<u>6,252,641.03</u>	<u>4,765,820.39</u>
Total Capital Fund		<u><u>6,523,885.54</u></u>	<u><u>5,038,222.83</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - WATER UTILITY FUND - REGULATORY BASIS

Revenue and Other Income Realized	Ref.	Year 2011	Year 2010
Fund Balance Utilized	D-3	95,000.00	50,000.00
Rents	D-3	900,885.27	907,802.26
Fire Hydrant Services	D-3	1,950.00	2,184.00
Miscellaneous	D-3	75,810.49	76,415.00
Reserve for Brooklawn Escrow Agreement			31,250.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-11	209.27	665.00
Encumbrances Canceled			12,522.00
Earnings Credits	D-13	229.17	
Total Income		<u>1,074,084.20</u>	<u>1,080,838.26</u>
Expenditures			
Operating	D-4	868,076.00	812,887.00
Capital Improvements	D-4	13,000.00	8,700.00
Debt Service	D-4	134,576.46	139,570.00
Deferred Charges and Statutory Expenditures	D-4	33,424.00	27,976.00
Interfund Loan Advanced		266.32	
Total Expenditures		<u>1,049,342.78</u>	<u>989,133.00</u>
Excess in Revenue		24,741.42	91,705.26
Fund Balance			
Balance January 1	D	105,346.26	63,641.00
		130,087.68	155,346.26
Decreased by:			
Utilization as Anticipated Revenue	D-1	95,000.00	50,000.00
Balance December 31	D	<u><u>35,087.68</u></u>	<u><u>105,346.26</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF FUND BALANCE - WATER CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2010	Ref. D	10,855.66
Balance December 31, 2011	D	<u>10,855.66</u>

STATEMENT OF REVENUES - WATER UTILITY FUND - REGULATORY BASIS

	Ref.	Anticipated Budget 2011	Realized	Excess or (Deficit)
Fund Balance Anticipated	D-1	95,000.00	95,000.00	
Rents	D-3	900,000.00	900,885.27	885.27
Fire Hydrant Service	D-5	2,000.00	1,950.00	(50.00)
Miscellaneous	D-3	75,000.00	75,810.49	810.49
Budget Totals		<u>1,072,000.00</u>	<u>1,073,645.76</u>	<u>1,645.76</u>
	Ref.	D-4		

Analysis of Realized Revenue

	Ref.	
Rents:		
Consumer Accounts Receivable:		
Collected	D-7	859,603.90
Overpayments Applied	D-7	429.47
Prepayments Applied	D-7	40,851.90
	D-3	<u>900,885.27</u>
Miscellaneous:		
Interest on Investments		1,866.62
Interest on Delinquent Accounts		2,676.98
Water Laboratory Fees		66,635.36
Sprinkler		3,998.35
Miscellaneous		633.18
	D-3:D-5	<u>75,810.49</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - WATER UTILITY FUND - REGULATORY BASIS

	Appropriations	Expended		Unexpended Balance Canceled	
	Budget	Paid or Charged	Encumbered		Reserved
Operating:					
Salaries and Wages	390,389.00	366,616.85		23,772.15	
Other Expenses	477,687.00	445,060.12	21,166.60	11,460.28	
Capital Improvements:					
Capital Outlay	13,000.00	13,000.00			
Debt Service:					
Payment of Bond Principal	63,000.00	62,916.00		84.00	
Payment of Bond Anticipation Notes	13,000.00	13,000.00			
Interest on Bonds	48,000.00	44,590.72		3,409.28	
Interest on Notes	4,000.00	3,513.95		486.05	
Infrastructure Trust and Fund Loan	29,500.00	10,555.79		18,944.21	
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	33,424.00	28,046.20		5,377.80	
	1,072,000.00	987,299.63	21,166.60	40,610.23	22,923.54
Ref.	D-3		D-12	D	
	Ref.				
Interest on Bonds, Notes and Loans	D-13	48,104.67			
Disbursed	D-5	939,194.96			
		987,299.63			

The accompanying notes to the financial statements are an integral part of this statement.

GENERAL FIXED ASSETS

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2010</u>
General Fixed Assets:		
Land and Improvements Other Than Buildings	3,627,600.00	3,502,200.00
Buildings	1,845,269.71	1,470,669.71
Vehicles	1,024,149.67	994,031.67
Miscellaneous Equipment	259,434.63	259,434.63
Office Furniture and Equipment	91,208.00	91,208.00
	<u>6,847,662.01</u>	<u>6,317,544.01</u>
Investment in General Fixed Assets	<u>6,847,662.01</u>	<u>6,317,544.01</u>

The accompanying notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Westville was incorporated in 1914 and is located in Gloucester County, New Jersey.

The Borough is governed by an elected Mayor and six Elected Council Representatives. The Borough is managed daily by the Borough Administrator.

The financial statements of the Borough included every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough, as required by N.J.S.A. 40A:5-5.

Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Borough is obligated for debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of the taxes. The Borough has no component units.

B. Description of Funds and Account Groups

The accounting policies of the Borough 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. 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 accounts for its transactions through the following separate funds and accounts as presented below. This presentation differs from the three funds; two account group presentation as required by G.A.A.P.

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

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

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds and Account Groups (Continued)

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

General Fixed Assets - All fixed assets used in governmental fund type operations are accounted for in the general fixed asset account group, rather than in governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities in the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America, applicable to local governmental units. The more significant policies in New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Borough budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. Fund balance utilized to balance the budget is recorded as revenue and budgeted transfers from other funds are also recorded as revenue when anticipated in the budget. This method of revenue recognition differs from accounting principles generally accepted in the United States of America which recognizes revenue in the accounting period in which it is earned net of allowances for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's 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 canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. Appropriations for principal payments on outstanding general capital and utility capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis while interest on utility capital indebtedness is on the accrual basis.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures (Continued) - This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received.

Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

Property Taxes - The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August and November. Any taxes that have not been paid by the 11th day of the 11th month in the year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with N.J.S.A. 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from those taxes not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year, and is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a "Reserve for Uncollected Taxes" would not be an appropriation.

Interest on Delinquent Taxes - It is the policy of the Borough to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Under accounting principles generally accepted in the United States of America, foreclosed property would be recorded at historical cost and no reserve would be provided.

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. Under accounting principles generally accepted in the United States of America, interfunds are not reserved.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Insurance - Cost of insurance for all funds are recorded as expenditures at the time of payment. Under accounting principles generally accepted in the United States of America, insurance costs chargeable to future periods would be recorded as prepayments on the balance sheet.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. Under accounting principles generally accepted in the United States of America, inventory would be recorded as an asset on the balance sheet.

Proprietary Fund - Cash Flows Statement - In accordance with the reporting requirements of the Division of Local Government Services, the utility fund's financial statements do not include a statement of cash flows.

General Fixed Assets - In accordance with N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Borough has developed a fixed asset accounting and reporting system.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Borough capitalizes fixed assets with an original cost in excess of \$1,000.00.

No depreciation has been provided for in the financial statements.

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

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

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued) - Property and equipment purchased by the Water Utility Fund is recorded in the respective capital account at cost and are adjusted for dispositions and abandonment. Contributions in aid of construction are not capitalized. The balances in Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represent charges to operations for the costs of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

General Long Term Debt - General Long Term Debt is accounted for in the General Capital Fund. Accounting principles generally accepted in the United States of America require General Long Term Debt to be accounted for in the General Long Term Debt Account Group.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Appeals and Other Contingent Losses - Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

D. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Borough's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues – regulatory basis and the statement of expenditures – regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2: BUDGETARY INFORMATION

The Borough must adopt an annual budget in accordance with N.J.S.A. 40A:4 et. al. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. This protects the Borough from taxes not paid currently. Once approved, the Borough may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per N.J.S.A. 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Borough can also make amendments for any special item of revenue made available by any public or private funding source as per N.J.S.A. 40A:4-87.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 2: BUDGETARY INFORMATION (CONTINUED)

The Borough amended the budget during the year by the insertion of Special Items of Revenue in the amount of \$166,762.00 for various grants as detailed on Exhibit A-2.

NOTE 3: CASH

Custodial Credit Risk – Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (G.U.D.P.A.) or in qualified investments established in New Jersey Statutes N.J.S.A. 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2011 and 2010, the carrying amount of the Borough's deposits was \$1,845,916.70 and \$3,143,214.14, respectively. As of December 31, 2011 and 2010, \$0 of the municipality's bank balance of \$1,923,902.24 and \$3,271,456.48, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

As of December 31, 2011, the Borough had no investments.

Interest Rate Risk - The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes N.J.S.A. 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk - New Jersey Statutes N.J.S.A. 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Borough or bonds or other obligations of the Borough school district, 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 Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk - The Borough places no limit on the amount the Borough may invest in any one issuer.

BOROUGH OF WESTVILLE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011

NOTE 5: FUND BALANCES APPROPRIATED

Fund balances which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31 were as follows:

	Year	Balance December 31	Budget of Succeeding Year
Current	2011	898,686.66	600,000.00
	2010	1,274,376.32	770,000.00
	2009	1,304,681.62	700,000.00
	2008	1,241,076.37	525,000.00
	2007	639,244.74	360,000.00
Utility	2011	35,087.68	48,000.00
	2010	105,346.26	95,000.00
	2009	63,640.62	50,000.00
	2008	98,696.03	95,000.00
	2007	89,130.34	88,000.00

NOTE 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, the following deferred charges are shown on the balance sheets of the various funds.

	Balance Dec. 31, 2011	2012 Budget Appropriation	Balance to Succeeding Budgets
Current Fund			
Special Emergency			
Appropriation	8,000.00	4,000.00	4,000.00

NOTE 7: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2011.

	Dec. 31, 2010	Additions	Deletions	Dec. 31, 2011
Land and Improvements				
Other than Buildings	3,502,200.00	125,400.00		3,627,600.00
Buildings	1,470,669.71	374,600.00		1,845,269.71
Vehicles	994,031.67	30,118.00		1,024,149.67
Miscellaneous Equipment	259,434.63			259,434.63
Office Furniture & Equipment	91,208.00			91,208.00
	<u>6,317,544.01</u>	<u>530,118.00</u>	None	<u>6,847,662.01</u>

BOROUGH OF WESTVILLE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011

NOTE 8: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2011:

	Due From	Due To
Current Fund:		
General Capital Fund	466.79	
Water Utility Operating Fund	48,238.60	
Water Utility Capital Fund	60,000.00	
Other Trust Funds	24,972.73	
Animal Control Trust	2,245.65	
Federal and State Grant Fund	14,101.91	
Federal and State Grant Fund:		
Current Fund		14,101.91
General Capital Fund		82,285.58
Animal Control Trust:		
Current Fund		2,245.65
Other Trust Funds		
Current Fund		24,972.73
General Capital Fund		137.50
General Capital Fund		
Federal and State Grant Fund	82,285.58	
Other Trust Funds	137.50	
Current Fund		466.79
Water Utility Operating Fund:		
Water Utility Capital Fund	133,907.87	
Current Fund		48,238.60
Water Utility Capital Fund:		
Water Utility Operating Fund		133,907.87
Current Fund		60,000.00
	366,356.63	366,356.63

The various interfunds are being reviewed by the Chief Financial Officer.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 9: LONG-TERM DEBT

During the calendar year 2011, the following changes occurred in the municipal debt of the Borough:

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Issued/ Authorized</u>	<u>Retired/ Reductions</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Due Within One Year</u>
Issued:					
Current Fund:					
Bonds & Loans	2,926,400.69		199,834.41	2,726,566.28	207,697.89
Bond Anticipation Notes	1,274,000.00	100,000.00	28,000.00	1,346,000.00	35,500.00
Water Utility Fund:					
Bonds & Loans	1,194,499.06		83,471.79	1,111,027.27	407,708.88
Bond Anticipation Notes	214,000.00	65,000.00	13,000.00	266,000.00	4,522.00
Net Debt Issued	<u>5,608,899.75</u>	<u>165,000.00</u>	<u>324,306.20</u>	<u>5,449,593.55</u>	<u>655,428.77</u>
Authorized but Not Issued:					
Current Fund:					
Bonds and Notes	315,819.00	175,750.00	100,000.00	391,569.00	
Water Utility Fund:					
Bonds and Notes	586.00	1,455,000.00	65,000.00	1,390,586.00	
Authorized but Not Issued:	<u>316,405.00</u>	<u>1,630,750.00</u>	<u>165,000.00</u>	<u>1,782,155.00</u>	
Total Debt Issued and					
Authorized but Not Issued	<u>5,925,304.75</u>	<u>1,795,750.00</u>	<u>489,306.20</u>	<u>7,231,748.55</u>	<u>655,428.77</u>

Permanently funded debt as of December 31, 2011, consisted of the following:

\$3,025,000.00 General Improvement Bonds dated December 1, 2005, payable in annual installments through December 1, 2022. Interest is paid semi-annually at rates of 4.5% to 4.625% per annum. The balance remaining at December 31, 2011, was \$2,175,000.00.

\$627,024.00 Environmental Trust Loan dated November 8, 2007. The trust loan portion is payable in annual installments through August 1, 2027, and interest is paid semi-annually at rates from 3.4% to 5% per annum. The fund portion of the loan is payable in semi-annual installments through August 1, 2027, and no interest is charged. The balance remaining at December 31, 2011, was \$551,566.28.

\$819,000.00 Utility Improvement Bonds dated October 15, 1981, payable in annual installments through October 15, 2021. Interest is paid semi-annually at the rate of 5% per annum. The balance remaining at December 31, 2011, was \$368,412.00.

\$724,000.00 Utility Improvement Bonds dated December 1, 2005, payable in annual installments through December 1, 2022. Interest is paid semi-annually at rates of 4.5% to 4.625% per annum. The balance remaining at December 31, 2011, was \$514,000.00.

BOROUGH OF WESTVILLE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011

NOTE 9: LONG-TERM DEBT (CONTINUED)

\$472,136.00 Environmental Trust Loan dated October 15, 1999. The trust loan portion is payable in annual installments through August 1, 2019, and interest is paid semi-annually at rates from 5.5% to 5.7% per annum. The fund portion of the loan is payable in semi-annual installments through August 1, 2019, and no interest is charged. The balance remaining at December 31, 2011, was \$228,615.27.

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

Year Ended December 31	Interest	Principal	Total
General Serial Bonds:			
2012	112,925.00	207,697.89	320,622.89
2013	104,540.00	207,373.36	311,913.36
2014	96,140.00	207,039.29	303,179.29
2015	87,550.00	206,695.67	294,245.67
2016	78,706.25	206,218.43	284,924.68
2017-2021	249,562.50	1,215,455.81	1,465,018.31
2021-2026	31,500.00	434,501.33	466,001.33
2027	1,062.50	41,584.50	42,647.00
	<u>761,986.25</u>	<u>2,726,566.28</u>	<u>3,488,552.53</u>
Utility Serial Bonds:			
2012	49,283.10	92,708.88	141,991.98
2013	45,417.55	93,647.98	139,065.53
2014	41,478.70	94,660.08	136,138.78
2015	37,462.90	95,749.16	133,212.06
2016	33,331.30	106,918.26	140,249.56
2017-2021	92,354.55	558,342.91	650,697.46
2022	3,191.25	69,000.00	72,191.25
	<u>302,519.35</u>	<u>1,111,027.27</u>	<u>1,413,546.62</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.58%.

	Gross Debt	Deductions	Net Debt
School District Debt	2,669,659.12	2,669,659.12	
Utility Debt	2,767,613.27	2,767,613.27	
General Debt	4,464,135.28		4,464,135.28
	<u>7,133,794.40</u>	<u>2,669,659.12</u>	<u>4,464,135.28</u>

Net Debt \$4,464,135.28/Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$281,707,150.00 = 1.58%

BOROUGH OF WESTVILLE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011

NOTE 9: LONG-TERM DEBT (CONTINUED)

**Summary of Statutory Debt Condition – Annual Debt Statement (Continued)
 Borrowing Power Under N.J.S.A. 40:A2-6 As Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	9,859,750.25
Net Debt	4,464,135.28
Remaining Borrowing Power	<u>5,395,614.97</u>

Calculation of “Self-Liquidating Purpose” Water Utility per N.J.S.A.40:2-45

Cash Receipts from Fees, Rents, or Other Charges	1,073,645.76
Deductions:	
Operating and Maintenance Costs	901,500.00
Debt Service	<u>134,576.46</u>
	1,036,076.46
Excess in Revenue	<u>37,569.30</u>

NOTE 10: NOTES PAYABLE

The Borough had three Bond Anticipation notes outstanding as of December 31, 2011. One in the amount of \$201,000.00 for the re-drill of Well #5 that will mature on August 4, 2012, at an interest rate of 1.7%, one in the amount of \$65,000.00 for repairs of existing water treatment filters and electrical upgrades that will mature on October 29, 2012, at an interest rate of 1.7%, and one in the amount of \$1,346,000.00 for various capital improvements that will mature on October 28, 2012, at an interest rate of 1.7%.

NOTE 11: PENSION FUNDS

Description of Plans - All eligible employees of the Borough are covered by either the Public Employees' Retirement System, (P.E.R.S.) or the Police and Firemen's Retirement System (P.F.R.S.), cost-sharing, multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the P.E.R.S. and P.F.R.S. The reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625 or can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archieve.htm.

Public Employees' Retirement System (P.E.R.S.) - The Public Employees' Retirement System (P.E.R.S.) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death disability and medical benefits to certain qualified members. P.E.R.S. is a cost-sharing, multiple-employer plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 11: PENSION FUNDS (CONTINUED)

Police and Firemen's Retirement System (P.F.R.S.) - The Police and Firemen's Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county or municipal police and fire-fighters and State fire-fighters appointed after June 30, 1944. Plan members and employer contributions may be amended by State of New Jersey legislation.

Funding Policy - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. P.E.R.S. provides for employee contributions of 5.5% of employees' annual compensation through September 30th and 6.5% thereafter, as defined. P.F.R.S. provides for employee contributions of 8.5% of employees' annual compensation through September 30th and 10% thereafter, as defined. Employers are required to contribute at an actuarially determined rate in P.E.R.S. and P.F.R.S. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Borough's contributions to P.E.R.S. for the years ending December 31, 2011, 2010 and 2009, were \$137,606.00, \$107,981.00 and \$93,825.00, respectively, equal to the required contributions for each year. The Borough's contributions to P.F.R.S. for the years ending December 31, 2011, 2010 and 2009, were \$152,767.00, \$150,509.00 and \$130,524.00, respectively, equal to the required contributions for each year.

NOTE 12: ACCUMULATED ABSENCE BENEFITS

Borough employees are entitled to paid vacation and compensatory time depending on their length of service and position with the Borough. Vacation days not used by the end of the year are forfeited. Sick time is accumulated and carried forward to succeeding years but is not reimbursed to employees upon termination.

NOTE 13: POST-RETIREMENT BENEFITS

The Borough does not provide for any post-retirement benefits for health care.

NOTE 14: DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the plan are held by an independent administrator, Nationwide Retirement Solutions.

NOTE 15: LABOR CONTRACTS

As of December 31, 2011, The Borough had a total of 13 employees represented by a union, The Police Benevolent Association of New Jersey, Gloucester County, Local No. 122. They also have 18 employees represented by the Westville Public Works Association, whose agreement is currently being negotiated.

BOROUGH OF WESTVILLE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011

NOTE 16: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. The following is a comparison of the liability for the previous two years:

	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Prepaid Taxes - Cash Liability	43,879.25	44,660.04

NOTE 17: ECONOMIC DEPENDENCY

The Borough is not economically dependent on any one business or industry within the Borough.

NOTE 18: RISK MANAGEMENT

The Borough is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough maintains commercial insurance coverage for property, liability and surety bonds. The Borough is a member of the Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Gloucester, Salem and Cumberland County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have been no claims in excess of coverage and no reduction in coverage during the year 2011.

New Jersey Unemployment Compensation Insurance

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

Year	Borough Contribution	Employee Contribution	Amount Reimbursed	Ending Balance
2011	None	None	4,465.78	2,527.42
2010	None	None	14,420.45	6,795.58
2009	None	None	3,364.05	20,828.14

BOROUGH OF WESTVILLE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2011

NOTE 19: PROPERTY TAX INFORMATION

COMPARISON OF TAX RATE INFORMATION

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	5.606	5.524	5.330
Apportionment of Tax Rate:			
Municipal	1.499	1.537	1.536
Library Tax	0.059		
County	0.969	1.019	0.987
Local School	1.356	1.238	1.117
Regional High School	1.723	1.730	1.690
Assessed Valuation	160,763,731	161,143,736	161,856,123

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 collections could be an indication of probable increase in future tax levies.

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Levy	9,325,643.82	9,204,712.46	8,937,277.67
Cash Collections	8,771,717.33	8,878,446.53	8,653,291.54
Percentage of Collections	94.06%	96.46%	96.82%

DELINQUENT TAXES AND TAX TITLE LIENS

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Amount of Tax Title Liens	2,367.60	24,860.55	16,512.04
Delinquent Taxes	473,661.95	293,216.34	279,915.28
Total Delinquent	476,029.55	318,076.89	296,427.32
Percentage of Tax Levy	5.10%	3.46%	3.32%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Property Acquired for Taxes (Assessed Valuation)	237,450.00	135,450.00	135,450.00

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 20: LITIGATION

It is the Borough of Westville Counsel's opinion there exist no litigation or contingent liability that may be pending against the Borough of Westville that would have an adverse effect on the financial position in the future.

NOTE 21: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through June 22, 2012, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

SUPPLEMENTARY DATA

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
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MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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Deanna L. Roller, CPA, RMA

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

Honorable Mayor and Members
of the Borough Council
Borough of Westville
165 Broadway
Westville, New Jersey 08093

We have audited the financial statements – regulatory basis of the Borough of Westville as of and for the year ended December 31, 2011, and have issued our report thereon dated June 22, 2012. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the Borough of Westville prepares its financial statements on a basis of accounting prescribed by Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

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

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

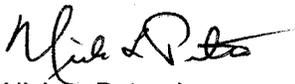
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Westville'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*.

This report is intended solely for the information and use of the management, the governing body, federal and state awarding agencies and pass-through entities and the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

June 22, 2012

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	Ref.	Regular Fund	Federal and State Grant Fund
Balance December 31, 2010	A	<u>743,924.08</u>	<u>24,163.68</u>
Increased by Receipts:			
Transferred from Tax Collector	A-5	9,091,769.48	
Transferred from Sewer Collector	A-6	970,000.00	
Federal and State Grants Receivable	A-7	15,806.88	
Revenue Accounts Receivable	A-13	1,404,963.91	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-17	70,578.77	
Federal and State Grants - Unappropriated	A-21	9,183.87	
Reserve for Public Defender		4,576.09	
Reserve for Sale of Municipal Assets		15,000.00	
Due to Clerk		335.54	
Small Cities Loan Payback			1,628.05
		<u>11,582,214.54</u>	
		<u>12,326,138.62</u>	<u>25,791.73</u>
Decreased by Disbursements:			
2011 Budget Appropriations	A-3	4,842,156.82	
2010 Appropriation Reserves	A-15	57,399.87	
Encumbrances Payable	A-16	28,015.45	
Reserve for Federal and State Grants	A-20	41,404.40	
Tax Overpayments Refunded		7,845.57	
Reserve for Codification of Ordinances		5,502.75	
Reserve for Revaluation		1,125.00	
County Taxes		1,557,122.27	
Fire District Tax		308,743.00	
Local District School Tax	A-18	2,174,731.08	
Regional High School Tax	A-19	2,769,090.11	
Due from Water Capital Fund		60,000.00	
Due to General Capital Fund		188,626.49	
Refund of Prior Year Revenue	A-1	60.00	
		<u>12,041,822.81</u>	
Balance December 31, 2011	A	<u><u>284,315.81</u></u>	<u><u>25,791.73</u></u>

SCHEDULE OF CASH - TAX COLLECTOR

Balance December 31, 2010	Ref. A		78,019.52
Increased by Receipts:			
Taxes Receivable	A-8	8,950,616.23	
Tax Title Liens	A-9	2,205.54	
Revenue Accounts Receivable	A-13	75,504.18	
Prepaid Taxes		43,879.25	
Tax Overpayments		52,487.49	
		<hr/>	9,124,692.69
			<hr/>
			9,202,712.21
Decreased by Disbursements:			
Paid to Treasurer	A-4		9,091,769.48
			<hr/>
Balance December 31, 2011	A		<u><u>110,942.73</u></u>

SCHEDULE OF CASH - SEWER COLLECTOR

Balance December 31, 2010	Ref. A		1,192,477.52
Increased by Receipts:			
Rents Receivable	A-11	765,073.35	
Revenue Accounts Receivable	A-13	19,445.57	
Sewer Overpayments		1,076.15	
		<u> </u>	<u>785,595.07</u>
			<u>1,978,072.59</u>
Decreased by Disbursements:			
Paid to Treasurer	A-4		970,000.00
Balance December 31, 2011	A		<u><u>1,008,072.59</u></u>

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2010	2011 Budget Revenue Realized	Received	From Grants Unappropriated	Balance Dec. 31, 2011
Federal Programs:					
Small Cities Grant	19,602.00				19,602.00
COPS More Program	20,274.00				20,274.00
COPS Fast Program	15,000.05				15,000.05
Community Development Funds:					
Downtown Revitalization	622.55				622.55
Click It or Ticket	4,000.00				4,000.00
Homeland Security Grant		159,220.12			159,220.12
State Programs:					
New Jersey Transportation Trust Funds:					
Willow Road	2,259.52				2,259.52
Highland Avenue	7,369.69				7,369.69
Summit Avenue	36,926.13				36,926.13
Bike path Safety	330.00				330.00
Pedestrian Safety	2,814.99				2,814.99
Olive Street Phase II		200,000.00			200,000.00
Transportation Enhancement Project	3,000.00				3,000.00
Statewide Domestic Preparedness - 2003	331.34				331.34
Statewide Domestic Preparedness - 2004	74,000.00				74,000.00
Statewide Domestic Preparedness - 2005	1,867.53				1,867.53
Municipal Alliance for Drug and Alcohol Abuse	16,033.26	9,249.00	8,265.00		17,017.26
Clean Communities	3,130.50	7,041.88	7,041.88		3,130.50
Alcohol Education and Rehabilitation Grant		150.82		150.82	
Recycling Tonnage Grant		9,990.02		9,990.02	
Clean Energy Program		300.00		300.00	
Clean Community Cleanup Grant		500.00	500.00		
Body Armor Grant		2,548.98		2,548.98	
Drunk Driving Enforcement		9,298.70		9,298.70	
	<u>207,561.56</u>	<u>398,299.52</u>	<u>15,806.88</u>	<u>22,288.52</u>	<u>567,765.68</u>
Ref.	A	A-2	A-4	A-21	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2011 Levy	Collected		Canceled	Transferred	Balance
	Dec. 31, 2010		2010	2011		to Tax Title Liens	Dec. 31, 2011
1997	27.63						27.63
1998	27.90						27.90
1999	28.21						28.21
2000	21.08						21.08
2001	29.31						29.31
2002	31.16						31.16
2003	32.82						32.82
2004	70.00						70.00
2005	38.47						38.47
2006	42.26						42.26
2007	46.43						46.43
2008	49.17						49.17
2009	2,058.00			2,008.35			49.65
2010	290,713.90			289,536.21		1,102.41	75.28
	<u>293,216.34</u>			<u>291,544.56</u>		<u>1,102.41</u>	<u>569.37</u>
2011		9,325,643.82	44,660.04	8,727,057.29	79,714.51	1,119.40	473,092.58
	<u>293,216.34</u>	<u>9,325,643.82</u>	<u>44,660.04</u>	<u>9,018,601.85</u>	<u>79,714.51</u>	<u>2,221.81</u>	<u>473,661.95</u>
Ref.	A					A-9	A
			Ref.				
	Cash		A-5	8,950,616.23			
	Due State of New Jersey		A-17	67,985.62			
				<u>9,018,601.85</u>			

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:			
Business Personalty Tax		11,427.80	
General Property Tax		9,310,245.92	
		<u> </u>	
			9,321,673.72
Added Taxes (54:4-63.1 et seq.)			3,970.10
			<u> </u>
			<u><u>9,325,643.82</u></u>

	Ref.		
Tax Levied			
Local District School Tax (Abstract)	A-18		2,178,731.00
Regional High School Tax Payable (Abstract)	A-19		2,769,090.83
Fire District Tax (Abstract)			308,743.00
County Taxes:			
County Tax (Abstract)		1,441,647.66	
County Open Space Tax (Abstract)		115,175.23	
Due County for Added Taxes (54:4-63.1 et seq.)		663.28	
		<u> </u>	
Total County Taxes			1,557,486.17
Local Tax for Municipal Purposes			
Local Municipal Budget		2,411,191.00	
Municipal Library		95,809.00	
		<u> </u>	
Add: Additional Taxes Levied	A-2	2,507,000.00	
		4,592.82	
		<u> </u>	
			2,511,592.82
			<u><u>9,325,643.82</u></u>

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance December 31, 2010	Ref. A		24,860.55
Increased by:			
Transfers from Taxes Receivable	A-8	2,221.81	
Interest and Costs Accrued by Sale of April 15, 2011		145.79	
		<hr/>	2,367.60
			<hr/>
			27,228.15
Decreased by:			
Collections	A-5	2,205.54	
Canceled		6,260.03	
Transfers to Property Acquired for Taxes	A-10	16,394.98	
		<hr/>	24,860.55
			<hr/>
Balance December 31, 2010	A		<u>2,367.60</u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance December 31, 2010	Ref. A		135,450.00
Increased by:			
Transfer from Tax Title Liens	A-9	16,394.98	
Transfer from Sewer Liens	A-12	1,321.76	
		<hr/>	17,716.74
Add: Adjustment to Assessed Valuation		84,283.26	
		<hr/>	102,000.00
			<hr/>
Balance December 31, 2011	A		<u>237,450.00</u>

SCHEDULE OF SEWER RENTS RECEIVABLE

Balance December 31, 2010	Ref. A		85,672.69
Increased by:			
Sewer Rents Levied			<u>792,920.75</u>
			878,593.44
Decreased by:			
Collections	A-6	765,073.35	
Overpayments Applied		307.67	
Canceled		<u>94.00</u>	
			<u>765,475.02</u>
Balance December 31, 2011	A		<u><u>113,118.42</u></u>

SCHEDULE OF SEWER LIENS RECEIVABLE

Balance December 31, 2010	Ref. A		1,321.76
Decreased by:			
Transfer to Property Acquired for Taxes	A-10		<u>1,321.76</u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2010	Accrued in 2011	Collected	Balance Dec. 31, 2011
Miscellaneous Revenue Anticipated				
Licenses:				
Alcoholic Beverages		14,553.00	14,553.00	
Other		3,654.00	3,654.00	
Fees and Permits		7,399.45	7,399.45	
Fines and Costs:				
Municipal Court	8,687.28	134,683.56	135,034.09	8,336.75
Interest and Costs on Taxes		62,027.83	62,027.83	
Interest on Investments	714.15	23,653.74	24,367.89	
Interest on Delinquent Sewer Rents		7,264.95	7,264.95	
Housing Inspection Fees		40,237.65	40,237.65	
Consolidated Municipal Property Tax Relief Act		51,074.00	51,074.00	
Energy Receipts Tax		351,323.00	351,323.00	
Franchise Fees - Cable TV		14,162.99	14,162.99	
Shared Service Agreement - Borough of National Park		630,000.00	630,000.00	
Miscellaneous Revenue Not Anticipated				
Municipal Maintenance Liens		4,053.53	4,053.53	
Sale of Scrap Iron		5,568.34	5,568.34	
Recycling Proceeds		23,638.77	23,638.77	
Income from Leases		33,117.33	33,117.33	
JIF Dividend		54,689.72	54,689.72	
Refunds		16,855.45	16,855.45	
Tax Searches		20.00	20.00	
Tax Sale Advertising Costs		5,349.34	5,349.34	
Miscellaneous		15,522.33	15,522.33	
	<u>9,401.43</u>	<u>1,498,848.98</u>	<u>1,499,913.66</u>	<u>8,336.75</u>
Ref.	A			A
		Ref.		
Treasurer		A-4	1,404,964.01	
Tax Collector		A-5	75,504.18	
Sewer Collector		A-6	19,445.47	
			<u>1,499,913.66</u>	

STATEMENT OF DEFERRED CHARGES - N.J.S.A. 40A:4-55 SPECIAL EMERGENCY

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2010</u>	<u>Decreased in 2011</u>	<u>Balance Dec. 31, 2011</u>
4/9/08	Codification of Ordinances Ref.	<u>20,000.00</u>	<u>4,000.00</u>	<u>12,000.00</u> A	<u>4,000.00</u> A-3	<u>8,000.00</u> A

SCHEDULE OF 2010 APPROPRIATION RESERVES

	<u>Balance</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Other Expenses			
Legal Services	10,014.32	8,496.50	1,517.82
Road Repairs and Maintenance	3,899.25	795.29	3,103.96
Vehicle Maintenance	15,013.57	538.45	14,475.12
Sanitary Landfill	29,706.78	14,629.01	15,077.77
Parks and Playgrounds	3,055.98	9.94	3,046.04
Gasoline	4,725.49	4,654.31	71.18
Gloucester County Utilities Authority			
Contractual - Share Costs - Sewerage	57,617.11	28,276.37	29,340.74
Maintenance of Free Public Library	5,537.88	5,537.88	
Other Accounts - No Change	180,763.08		180,763.08
	<u>310,333.46</u>	<u>62,937.75</u>	<u>247,395.71</u>
Ref.	A		A-1
		Ref.	
Paid		A-4	57,399.87
Due to Library			5,537.88
			<u>62,937.75</u>

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2010	A	<u>47,353.33</u>	<u>2,640.00</u>
Increased by:			
Charges to 2011 Appropriations	A-3	36,667.93	
Reserve for Grants Appropriated	A-20		75,360.03
		<u>36,667.93</u>	<u>75,360.03</u>
		<u>84,021.26</u>	<u>78,000.03</u>
Decreased by:			
Payments	A-4	28,015.45	
Canceled	A-1	14,070.71	
		<u>42,086.16</u>	
Balance December 31, 2011	A	<u><u>41,935.10</u></u>	<u><u>78,000.03</u></u>

SCHEDULE OF DUE TO STATE OF NEW JERSEY
SENIOR CITIZEN AND VETERANS DEDUCTIONS

Balance December 31, 2010	Ref. A		42,579.77
Increased by:			
Receipts	A-4		70,578.77
			<u>113,158.54</u>
Decreased by:			
2011 Deductions Per Tax Duplicate		71,000.00	
2011 Deductions Allowed by Collector		3,250.00	
2011 Deductions Disallowed by Collector		<u>(6,264.38)</u>	
	A-8		<u>67,985.62</u>
Balance December 31, 2011	A		<u><u>45,172.92</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance December 31, 2010	Ref. A	9,972.94
Increased by:		
2011 Calendar Year School Levy	A-8	<u>2,178,731.00</u>
		2,188,703.94
Decreased by:		
Payments	A-4	<u>2,174,731.08</u>
Balance December 31, 2011	A	<u><u>13,972.86</u></u>

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

	Ref.	
Increased by:		
2011 Calendar Year School Levy	A-8	2,769,090.83
Decreased by:		
Payments	A-4	<u>2,769,090.11</u>
Balance December 31, 2011	A	<u><u>0.72</u></u>

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	Balance Dec. 31, 2010	Transferred from 2011 Budget Appropriation	Paid or Charged	Balance Dec. 31, 2011
Federal Grants:				
Community Development Funds:				
Downtown Revitalization	999.24			999.24
Park	15,000.00			15,000.00
Obey the Signs or Pay the Fines	232.23			232.23
Click It or Ticket	4,000.00			4,000.00
Homeland Security Grant		159,220.12	74,965.03	84,255.09
State Grants:				
Alcohol Education and Rehabilitation Grant	39.00	150.82		189.82
Drunk Driving Enforcement	3,298.76	9,298.70	5,118.43	7,479.03
New Jersey Legislative Grant:				
Downtown Redevelopment	12,060.07			12,060.07
New Jersey State Police - SLA HEOP Grant	1,051.02			1,051.02
DEP GIS Grant	1,881.50			1,881.50
New Jersey Transportation Trust Funds:				
Willow Road	4,822.05			4,822.05
Reconstruction of River Drive	735.00			735.00
Olive Street Phase II		200,000.00	6,142.50	193,857.50
Statewide Domestic Preparedness - 2003	331.34			331.34
Statewide Domestic Preparedness - 2005	17.44			17.44
Municipal Alliance for Drug and Alcohol Abuse	21,100.76	11,561.00	10,599.00	22,062.76
Body Armor Fund	2,849.86	2,548.98	2,280.00	3,118.84
Recycling Tonnage Grant	28,639.55	9,990.02	9,031.19	29,598.38
Municipal Stormwater Regulation Program	73.48			73.48
Clean Communities	1,541.40	7,041.88	8,583.28	
Clean Energy Program	200.00	300.00	45.00	455.00
Clean Community Cleanup Grant		500.00		500.00
	<u>98,872.70</u>	<u>400,611.52</u>	<u>116,764.43</u>	<u>382,719.79</u>
Ref. A		A-3		A
		Ref.		
Disbursed		A-4	41,404.40	
Encumbered		A-16	75,360.03	
			<u>116,764.43</u>	

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2010	Received	To Grants Receivable	Balance Dec. 31, 2011
Recycling Tonnage Grant	9,990.02	7,405.76	9,990.02	7,405.76
Alcohol Education and Rehabilitation	150.82		150.82	
Clean Energy Program	300.00		300.00	
Body Armor Grant	2,548.98	1,778.11	2,548.98	1,778.11
Drunk Driving Enforcement	9,298.70		9,298.70	
	<u>22,288.52</u>	<u>9,183.87</u>	<u>22,288.52</u>	<u>9,183.87</u>
Ref.	A	A-4	A-7	A

TRUST FUND

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	<u>Animal Control Trust</u>	<u>Other Trust Funds</u>
Balance December 31, 2010	B	3,461.64	129,288.45
Increased by Receipts:			
Interest Earned		42.36	2,119.64
Dog License Fees:			
Municipal Share	B-3	557.40	
State Share		177.60	
Payroll Deductions Payable			1,600,560.45
Donations for Public Events			14,817.95
Escrow Deposits			16,030.75
Forfeited Funds			790.00
		<u>777.36</u>	<u>1,634,318.79</u>
		4,239.00	1,763,607.24
Decreased by Disbursements:			
NJ State Department of Health		198.60	
Expenditures Under R.S. 4:19-15.11	B-3	641.00	
Payroll Deductions Paid			1,589,080.67
Public Event Expenditures			15,813.34
Unemployment Claims			4,465.78
Escrow Expenditures			8,181.75
		<u>839.60</u>	<u>1,617,541.54</u>
Balance December 31, 2011	B	<u><u>3,399.40</u></u>	<u><u>146,065.70</u></u>

SCHEDULE OF TRUST FUND CASH - COLLECTOR

Balance December 31, 2010	Ref. B		30,108.80
Increased by:			
Deposits for Redemption of Tax Sale Certificates		112,854.51	
Premiums Received at Sale		31,100.00	
Interest Earned		518.93	
		<hr/>	144,473.44
			<hr/>
			174,582.24
Decreased by:			
Refunds Upon Redemption			141,000.95
Balance December 31, 2011	B		<hr/> <hr/>
			33,581.29

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2010	Ref. B	1,259.40
Increased by:		
Municipal Share of Dog License Fees	B-1	<u>557.40</u>
		1,816.80
Decreased by:		
Expenditures under R.S. 4:19-15.11:		
Cash	B-1	<u>641.00</u>
Balance December 31, 2011	B	<u><u>1,175.80</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2009	686.20
2010	521.80
	<u>1,208.00</u>

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2010	Ref. C		903,832.50
Increased by:			
Interest Earned	C-3	7,751.00	
Budget Appropriation:			
Capital Improvement Fund	C-8	10,000.00	
Bond Anticipation Note	C-13	100,000.00	
Reserve for Municipal Building Improvements	C	26,435.78	
Due from State of New Jersey	C-5	198,933.25	
Due Current Fund		188,626.49	
			<u>531,746.52</u>
			<u>1,435,579.02</u>
Decreased by:			
Improvement Authorizations	C-9	1,265,883.92	
Encumbrances Payable	C	7,485.65	
			<u>1,273,369.57</u>
Balance December 31, 2011	C		<u><u>162,209.45</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2010	Receipts			Disbursements			Balance Dec. 31, 2011
		Budget Appropriations	Bond Anticipation Notes	Miscellaneous	Improvement Authorization	Miscellaneous	Transfers	
Fund Balance	819.00							819.00
Capital Improvement Fund	3,848.00	10,000.00					(9,250.00)	4,598.00
Loan Receivable	(51,538.00)							(51,538.00)
Due from State of New Jersey	(305,937.55)			198,933.25				(107,004.30)
Due from Federal and State Grant Fund	(238,829.58)			156,544.00				(82,285.58)
Due from Current Fund	(39,366.70)			39,833.49				466.79
Due From Trust Other	(137.50)							(137.50)
Contracts Payable	6,861.50							6,861.50
Encumbrances Payable	7,485.65					7,485.65	6,705.00	6,705.00
Retainage Percentage Due Contractor	3,093.04							3,093.04
Reserve for Land Acquisition	2,375.00							2,375.00
Reserve for Insurance Refund	1,460.11							1,460.11
Reserve for Sunoco Donations	2,255.30							2,255.30
Reserve for Debt Service	100.00							100.00
Reserve for Municipal Building Improvements				26,435.78				26,435.78
Improvement Authorizations:								
Ordinance #								
250-89 Various Improvements - Highway Department	8,018.00				8,018.00			
5-95 Rehabilitation of Downtown Area	12,035.84				11,652.00			383.84
9-96 Purchase of Computer Hardware and Software and Telephone System	196.00							196.00
149-98 Development of a Geographical Information System	803.80							803.80
155-98 Improvements of Certain Roads	7,720.14							7,720.14
172-99 Improvements of Certain Roads	985.95							985.95
25-00 Purchase of a Trash Truck	9,325.00							9,325.00
7-01 Improvements to New Street and Center Street	1,836.05							1,836.05
7-03 Various Improvements or Purposes Including Crown Point Parking Lot	446,410.72				445,971.72			439.00
25-04 Summit Avenue Phase II	(1,443.00)							(1,443.00)
15-05 Various Improvements or Purposes	1,607.58							1,607.58
6-07 Rehabilitation to the Sanitary Sewer Lines	47,671.82							47,671.82

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2010	Receipts			Disbursements			Balance Dec. 31, 2011
		Budget Appropriations	Bond Anticipation Notes	Miscellaneous	Improvement Authorization	Miscellaneous	Transfers	
8-07 Rehabilitation of Borough Owned Buildings, Purchase of a Digital Audio System and Security System for Courts and Council, Purchase of a Filing System for the Municipal Records, 4x4 Vehicle for Code Enforcement and Emergency Management Use and Pickup Truck and Snow Plow for Public Works	56,797.13							56,797.13
7-08 Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	(114.55)							(114.55)
1-09 Remediation of Underground Storage Tank	(3,918.93)		30,000.00		31,272.95			(5,191.88)
7-09 Purchase of Trash Truck	39,700.00							39,700.00
14-09 Roadway Construction on Woodbine Avenue	3,742.03							3,742.03
5-10 Various Capital Improvements	619,925.90				495,271.29		(2,400.00)	122,254.61
6-10 Roadway Construction on East Olive Street	160,044.75		40,000.00		193,354.56			6,690.19
7-10 Purchase of Property	100,000.00				80,343.40		(4,305.00)	15,351.60
7-11 Rehabilitation of Borough Owned Property and Purchase of a 4Wheel Drive Police Vehicle			30,000.00				9,250.00	39,250.00
	<u>903,832.50</u>	<u>10,000.00</u>	<u>100,000.00</u>	<u>421,746.52</u>	<u>1,265,883.92</u>	<u>7,485.65</u>		<u>162,209.45</u>
Ref.	C	C-8	C-13	C-2	C-9	C-2		C

SCHEDULE OF LOAN RECEIVABLE

	<u>Ref.</u>	<u>Total</u>	<u>Trust Portion</u>	<u>Fund Portion</u>
Balance December 31, 2010	C	<u>51,538.00</u>	<u>25,769.00</u>	<u>25,769.00</u>
Balance December 31, 2011	C	<u><u>51,538.00</u></u>	<u><u>25,769.00</u></u>	<u><u>25,769.00</u></u>

SCHEDULE OF DUE FROM STATE OF NEW JERSEY

	Ref.	
Balance December 31, 2010	C	305,937.55
Decreased by:		
Receipts	C-2	198,933.25
Balance December 31, 2011	C	<u>107,004.30</u>
Analysis of Balance:		
Birch and Boundry Roads		12,974.43
Big Timber Creek - Ordinance 4-02		46,667.77
Burr Avenue - Ordinance 7-08		3,612.10
Olive Street - Ordinance 6-10		43,750.00
		<u>107,004.30</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	Ref.		
Balance December 31, 2010	C		2,926,400.69
Decreased by:			
2011 Budget Appropriation to Pay:			
Bonds	C-11	175,000.00	
Loans	C-12	24,834.41	
		<u> </u>	199,834.41
Balance December 31, 2011	C		<u><u>2,726,566.28</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION - UNFUNDED

Ordinance #	Purpose	Balance Dec. 31, 2010	2011 Authorization	Notes Paid by Budget Appropriation	Balance Dec. 31, 2011	Analysis of Balance Dec. 31, 2011		
						Financed By Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
25-04	Summit Avenue Phase II	1,443.00			1,443.00		1,443.00	
6-07	Rehabilitation to the Sanitary Sewer Lines	12,976.00			12,976.00			12,976.00
7-07	Rehabilitation and Resurfacing of Certain Streets and Certain Park Improvement Projects	198,000.00		11,000.00	187,000.00	187,000.00		
8-07	Rehabilitation of Borough Owned Buildings, Purchase of a Digital Audio System and Security System for Courts and Council, Purchase of a Filing System for the Municipal Records, 4x4 Vehicle for Code Enforcement and Emergency Management Use and Pickup Truck and Snow Plow for Public Works	136,000.00		17,000.00	119,000.00	119,000.00		
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	29,450.00			29,450.00	15,000.00	114.55	14,335.45
1-09	Remediation of Underground Storage Tank	328,500.00			328,500.00	115,000.00	5,191.88	208,308.12
7-09	Purchase of Trash Truck	190,000.00			190,000.00	190,000.00		
14-09	Roadway Construction on Woodbine Avenue	27,500.00			27,500.00	27,500.00		
5-10	Various Capital Improvements	623,200.00			623,200.00	622,500.00		700.00
6-10	Roadway Construction on East Olive Street	42,750.00			42,750.00	40,000.00		2,750.00
7-11	Rehabilitation of Borough Owned Property and Purchase of a 4Wheel Drive Police Vehicle		175,750.00		175,750.00	30,000.00		145,750.00
		<u>1,589,819.00</u>	<u>175,750.00</u>	<u>28,000.00</u>	<u>1,737,569.00</u>	<u>1,346,000.00</u>	<u>6,749.43</u>	<u>384,819.57</u>
		C	C-9	C-13	C	C-13	C-3	
	Improvement Authorizations - Unfunded					Ref. C-9		644,003.53
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued:							
	Ordinance #8-07					C-3	56,797.13	
	Ordinance #7-09					C-3	39,700.00	
	Ordinance #14-09					C-3	3,742.03	
	Ordinance #5-10					C-3	122,254.61	
	Ordinance #6-10					C-3	6,690.19	
	Ordinance #7-11					C-3	30,000.00	
							<u>259,183.96</u>	
								<u>384,819.57</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2010	C	3,848.00
Increased by:		
2011 Budget Appropriation	C-2	<u>10,000.00</u>
		13,848.00
Decreased by:		
Amount Appropriated to Finance Improvement Authorization	C-9	<u>9,250.00</u>
Balance December 31, 2011	C	<u><u>4,598.00</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance #	Purpose	Date	Amount	Balance Dec. 31, 2010		2011 Authorizations	Paid or Charged	Balance Dec. 31, 2011	
				Funded	Unfunded			Funded	Unfunded
250-89	Various Improvements - Highway Department	10/10/89	930,000.00	8,018.00			8,018.00		
5-95	Rehabilitation of Downtown Area	7/1/95	45,355.00	12,035.84			11,652.00	383.84	
9-96	Purchase of Computer Hardware and Software and Telephone System	9/10/96	80,000.00	196.00				196.00	
149-98	Development of a Geographical Information System	5/27/98	15,000.00	803.80				803.80	
155-98	Improvements of Certain Roads	10/13/98	110,000.00	7,720.14				7,720.14	
172-99	Improvements of Certain Roads	8/25/99	113,000.00	985.95				985.95	
25-00	Purchase of a Trash Truck	5/31/00	110,000.00	9,325.00				9,325.00	
7-01	Improvements to New Street and Center Street	11/28/01	172,000.00	1,836.05				1,836.05	
7-03	Various Improvements or Purposes Including Crown Point Parking Lot	8/25/03	883,500.00	446,410.72			445,971.72	439.00	
15-05	Various Improvements or Purposes	7/27/05	200,000.00	1,607.58				1,607.58	
6-07	Rehabilitation to the Sanitary Sewer Lines	4/25/07	640,000.00	47,671.82	12,976.00			47,671.82	12,976.00
8-07	Rehabilitation of Borough Owned Buildings, Purchase of a Digital Audio System and Security System for Courts and Council, Purchase of a Filing System for the Municipal Records, 4x4 Vehicle for Code Enforcement and Emergency Management Use and Pickup Truck and Snow Plow for Public Works	8/22/07	161,052.00		56,797.13				56,797.13
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	9/10/08	175,000.00		14,335.45				14,335.45
1-09	Remediation of Underground Storage Tank	2/11/09	345,000.00		239,581.07		31,272.95		208,308.12
7-09	Purchase of Trash Truck	5/27/09	200,000.00		39,700.00				39,700.00
14-09	Roadway Construction on Woodbine Avenue	11/10/09	225,000.00		3,742.03				3,742.03
5-10	Various Capital Improvements	8/11/10	656,000.00		620,625.90		497,671.29		122,954.61
6-10	Roadway Construction on East Olive Street	11/10/10	220,000.00	160,044.75	42,750.00		193,354.56		9,440.19
7-10	Purchase of Property	11/10/10	100,000.00	100,000.00			84,648.40	15,351.60	
7-11	Rehabilitation of Borough Owned Property and Purchase of a 4Wheel Drive Police Vehicle	9/28/11	185,000.00			185,000.00		9,250.00	175,750.00
				<u>796,655.65</u>	<u>1,030,507.58</u>	<u>185,000.00</u>	<u>1,272,588.92</u>	<u>95,570.78</u>	<u>644,003.53</u>
			Ref.	C	C			C	C
	Capital Improvement Fund				Ref.				
	Deferred Charges to				C-8	9,250.00			
	Future Taxation Unfunded				C-7	<u>175,750.00</u>			
						<u>185,000.00</u>			
	Cash Disbursed				C-2		1,265,883.92		
	Encumbered				C		6,705.00		
							<u>1,272,588.92</u>		

SCHEDULE OF CONTRACTS PAYABLE

	Ref.	
Balance December 31, 2010	C	<u>6,861.50</u>
Balance December 31, 2011	C	<u><u>6,861.50</u></u>

SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2011		Interest Rate	Balance	Decreased	Balance
			Date	Amount		Dec. 31, 2010		Dec. 31, 2011
General Improvement Bonds of 2005	12/1/05	3,025,000.00	12/1/12-13	175,000.00	4.500%			
			12/1/14	175,000.00	4.600%			
			12/1/15-16	175,000.00	4.625%			
			12/1/17-20	200,000.00	4.625%			
			12/1/21-22	250,000.00	4.625%	2,350,000.00	175,000.00	2,175,000.00
						<u>2,350,000.00</u>	<u>175,000.00</u>	<u>2,175,000.00</u>
					Ref.	C	C-6	C

SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST LOAN

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding			Interest Rate (A)	Balance		Balance Dec. 31, 2011
			Date	Trust Loan	Fund Loan		Dec. 31, 2010	Decreased	
11/8/07	Rehabilitation of Sanitary	627,024.00	2/1/12		4,076.48				
			8/1/12	15,000.00	13,621.41	3.40%			
			2/1/13		3,914.21				
			8/1/13	15,000.00	13,459.15	3.50%			
			2/1/14		3,747.18				
			8/1/14	15,000.00	13,292.11	3.60%			
			2/1/15		3,575.37				
			8/1/15	15,000.00	13,120.30	5.00%			
			2/1/16		3,336.75				
			8/1/16	15,000.00	12,881.68	5.00%			
			2/1/17		3,098.12				
			8/1/17	15,000.00	12,643.06	5.00%			
			2/1/18		2,859.50				
			8/1/18	15,000.00	12,404.43	5.00%			
			2/1/19		2,620.88				
			8/1/19	15,000.00	12,165.81	4.00%			
			2/1/20		2,429.98				
			8/1/20	20,000.00	15,156.56	4.00%			
			2/1/21		2,175.44				
			8/1/21	20,000.00	14,902.03	5.00%			
			2/1/22		1,857.28				
			8/1/22	20,000.00	14,583.86	5.00%			
			2/1/23		1,539.12				
			8/1/23	20,000.00	14,265.70	4.25%			
			2/1/24		1,268.68				
			8/1/24	20,000.00	13,995.26	4.50%			
			2/1/25		982.33				
			8/1/25	20,000.00	13,708.91	4.50%			
			2/1/26		695.98				
			8/1/26	25,000.00	16,604.21	4.50%			
			2/1/27		338.04				
			8/1/27	25,000.00	16,246.46	4.25%	<u>576,400.69</u>	<u>24,834.41</u>	<u>551,566.28</u>
						Ref.	C	C-6	C

(A) Interest is applicable to Trust Loan only.

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
7-07	Rehabilitation and Resurfacing of Certain Streets and Certain Park Improvement Projects	11/1/07	10/29/11	10/28/12	1.70%	198,000.00		11,000.00	187,000.00
8-07	Rehabilitation of Borough Owned Buildings, Purchase of a Digital Audio System and Security System for Courts and Council, Purchase of a Filing System for the Municipal Records, 4x4 Vehicle for Code Enforcement and Emergency Management Use and Pickup Truck and Snow Plow for Public Works	11/1/07	10/29/11	10/28/12	1.70%	136,000.00		17,000.00	119,000.00
7-09	Purchase of Trash Truck	10/30/09	10/29/11	10/28/12	1.70%	190,000.00			190,000.00
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	10/29/10	10/29/11	10/28/12	1.70%	15,000.00			15,000.00
1-09	Remediation of Underground Storage Tank	10/29/10	10/29/11	10/28/12	1.70%	85,000.00			85,000.00
14-09	Roadway Construction on Woodbine Avenue	10/29/10	10/29/11	10/28/12	1.70%	27,500.00			27,500.00
5-10	Various Capital Improvements	10/29/10	10/29/11	10/28/12	1.70%	622,500.00			622,500.00
1-09	Remediation of Underground Storage Tank	10/29/11	10/29/11	10/28/12	1.70%		30,000.00		30,000.00
6-10	Roadway Construction on East Olive Street	10/29/11	10/29/11	10/28/12	1.70%		40,000.00		40,000.00
7-11	Rehabilitation of Borough Owned Property and Purchase of a 4Wheel Drive Police Vehicle	10/29/11	10/29/11	10/28/12	1.70%		30,000.00		30,000.00
						<u>1,274,000.00</u>	<u>100,000.00</u>	<u>28,000.00</u>	<u>1,346,000.00</u>
					Ref.	C	C-14	C-7	C

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2010	2011 Authorization	Bond Anticipation Notes Issued	Balance Dec. 31, 2011
25-04	Summit Avenue Phase II	1,443.00			1,443.00
6-07	Rehabilitation to the Sanitary Sewer Lines	12,976.00			12,976.00
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	14,450.00			14,450.00
1-09	Remediation of Underground Storage Tank	243,500.00		30,000.00	213,500.00
14-09	Roadway Construction on Woodbine Avenue				
5-10	Various Capital Improvements	700.00			700.00
6-10	Roadway Construction on East Olive Street	42,750.00		40,000.00	2,750.00
7-11	Rehabilitation of Borough Owned Property and Purchase of a 4Wheel Drive Police Vehicle		175,750.00	30,000.00	145,750.00
		<u>315,819.00</u>	<u>175,750.00</u>	<u>100,000.00</u>	<u>391,569.00</u>
	Ref.		C-9	C-13	

WATER UTILITY FUND

SCHEDULE OF UTILITY CASH - TREASURER

	Ref.	Operating	Capital
Balance December 31, 2010	D	<u>75,529.40</u>	<u>15,931.03</u>
Increased by:			
Consumer Accounts Receivable	D-7	859,603.90	
Fire Hydrant Service	D-3	1,950.00	
Miscellaneous Revenues	D-3	75,573.20	237.29
Utility Rent Overpayments		694.16	
Utility Rent Prepayments		13,628.63	
Due Current Fund			60,000.00
Bond Anticipation Notes	D-20		65,000.00
		<u>951,449.89</u>	<u>125,237.29</u>
		1,026,979.29	141,168.32
Decreased by:			
Budget Appropriations	D-4	939,194.96	
Appropriation Reserves	D-11	1,597.53	
Encumbrances Payable	D-12	274.64	
Accrued Interest Paid	D-13	48,217.51	
Other Accounts Receivable	D-8	266.32	
Improvement Authorizations	D-14		107,808.65
		<u>989,550.96</u>	<u>107,808.65</u>
Balance December 31, 2011	D	<u><u>37,428.33</u></u>	<u><u>33,359.67</u></u>

ANALYSIS OF UTILITY CAPITAL FUND CASH

	Balance Dec. 31, 2010	Receipts		Disbursements Improvement Authorizations	Transfers	Balance Dec. 31, 2011
		Bond Anticipation Notes	Miscellaneous			
Capital Fund Balance	10,855.66					10,855.66
Capital Improvement Fund	4,076.00					4,076.00
Reserve for Debt Service	81.00					81.00
Due Utility Operating Fund	133,670.58		237.29			133,907.87
Due Current Fund			60,000.00			60,000.00
Other Accounts Receivable	(170.47)					(170.47)
Due from State of New Jersey	(156,744.00)					(156,744.00)
Improvement Authorizations:						
Ordinance #						
93-8 Various Improvements	1,154.00					1,154.00
95-9 Redevelopment of Well #5	7,181.00			7,100.00		81.00
95-9 Painting of Water Tower	4,310.00					4,310.00
03-11 Chestnut Street Water Mains and Improvements, Redevelop Well #5, Purchase of Dump Truck, Purchase and Installation of a Clarifier Dome in the Borough	263.54					263.54
04-23 Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	11,253.72					11,253.72
11-02 Various Capital Improvements				100,530.15	(28,345.34)	(128,875.49)
11-8 Repair &/or Replacement of Existing Water Treatment Filters and Electrical Upgrades		65,000.00		178.50		64,821.50
Encumbrances Payable					28,345.34	28,345.34
	<u>15,931.03</u>	<u>65,000.00</u>	<u>60,237.29</u>	<u>107,808.65</u>		<u>33,359.67</u>
Ref.	D	D-20	D-5	D-5		D

EXHIBIT D-7

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2010	Ref. D		61,997.51
Increased by:			
Utility Rents Levied			<u>944,031.45</u>
			1,006,028.96
Decreased by:			
Collections	D-5	859,603.90	
Overpayments Applied		429.47	
Prepayments Applied		40,851.90	
Canceled		<u>6,706.65</u>	
			<u>907,591.92</u>
Balance December 31, 2011	D		<u><u>98,437.04</u></u>

EXHIBIT D-8

SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

	Ref.	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2010	D	654.95	170.47
Increased by:			
Disbursed	D-5	<u>266.32</u>	
Balance December 31, 2011	D	<u><u>921.27</u></u>	<u><u>170.47</u></u>

SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2010	Additions by Capital Outlay	Balance Dec. 31, 2011
Intangible Assets:			
Organization	2,400.00		2,400.00
Miscellaneous	24,000.00		24,000.00
Source of Plant Supply:			
Structure	20,393.00		20,393.00
Wells	677,029.00		677,029.00
Supply Wells	12,364.00		12,364.00
Pumping Plant:			
Structure	14,569.00		14,569.00
Electric Pumping Equipment	17,947.00		17,947.00
Water Treatment Plant:			
Structure	87,755.00		87,755.00
Water Treatment Equipment	363,381.00		363,381.00
Backwash Water System	5,091.00		5,091.00
Transmission & Distribution Plant:			
Distribution Reservoirs & Sandpipe	205,061.00		205,061.00
Transmission & Distribution Mains	678,788.00		678,788.00
Services	17,989.00		17,989.00
Meters	112,680.00		112,680.00
Hydrants	29,397.00		29,397.00
General Plant - Other General Equipment	76,528.00		76,528.00
Improvement to Water Filtration System	400,000.00		400,000.00
Purchase of Water Meters	18,759.70		18,759.70
Purchase of Water Meters & Hydrants	36,452.93		36,452.93
Various Capital Outlay	132,617.26	14,392.00	147,009.26
	<u>2,933,201.89</u>	<u>14,392.00</u>	<u>2,947,593.89</u>
Ref.	D		D
	Ref.		
2011 Budget Appropriation	D-4	13,000.00	
2010 Appropriation Reserves	D-11	1,392.00	
		<u>14,392.00</u>	

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Purpose	Ordinance		Balance Dec. 31, 2010	2011 Authorizations	Balance Dec. 31, 2011
	Date	Amount		Deferred Charges to Future Revenue	
Various Improvements	8/10/93	39,500.00	39,500.00		39,500.00
Redevelopment of Well #5	12/12/95	43,500.00	43,500.00		43,500.00
Painting of Water Tower	12/12/95	126,500.00	126,500.00		126,500.00
Replace & Repair Water Mains	6/23/99	525,000.00	525,000.00		525,000.00
Improvements to Water Treatment Facility & Reconstruct Elm Avenue	4/12/00	168,700.00	168,700.00		168,700.00
Chestnut Street Water Mains and Improvements, Redevelop Well #5, Purchase of Dump Truck, Purchase and Installation of a Clarifier Dome in the Borough	6/25/00	451,800.00	451,800.00		451,800.00
Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	12/8/04	65,000.00	65,000.00		65,000.00
Re-drill Well #5	7/12/06	239,773.00	239,773.00		239,773.00
Various Capital Improvements	4/13/11	1,320,000.00		1,320,000.00	1,320,000.00
Repair &/or Replacement of Existing Water Treatment Filters and Electrical Upgrades	9/28/11	135,000.00		135,000.00	135,000.00
			<u>1,659,773.00</u>	<u>1,455,000.00</u>	<u>3,114,773.00</u>
	Ref.		D	D-14	D

SCHEDULE OF 2010 APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2010</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:			
Other Expenses	301.25	205.53	95.72
Capital Outlay	1,392.09	1,392.00	0.09
Other Accounts - No Changes	113.46		113.46
	<u>1,806.80</u>	<u>1,597.53</u>	<u>209.27</u>
Ref.	D	D-5	D-1

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance December 31, 2010	Ref. D	274.64
Increased by:		
Charges to 2011 Appropriations	D-4	21,166.60
		<u>21,441.24</u>
Decreased by:		
Payments	D-5	274.64
Balance December 31, 2011	D	<u>21,166.60</u>

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS
AND ANALYSIS OF BALANCE

Balance December 31, 2010	Ref. D	10,792.80
Increased by:		
Budget Appropriation for:		
Interest on Bonds and Notes	D-4	48,104.67
		58,897.47
Decreased by:		
Interest Paid	D-5	48,217.51
Interest Paid by Earnings Credits	D-1	229.17
		48,446.68
Balance December 31, 2011	D	10,450.79

Analysis of Accrued Interest December 31, 2011

	Principal Outstanding Dec. 31, 2011	Interest Rate	From	To	Period	Amount
Bonds:	368,412.00	5.00%	10/15/11	12/31/11	77 Days	3,886.00
	514,000.00	Various	12/1/11	12/31/11	1 Month	1,973.02
Notes:	201,000.00	1.70%	8/5/11	12/31/11	148 Days	1,385.52
	65,000.00	1.70%	10/28/11	12/31/11	64 Days	193.75
Loans:	130,000.00	Various	8/1/11	12/31/11	5 Months	3,012.50
						10,450.79

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2010		2011 Authorizations Deferred Charges to Future Revenue	Paid or Dharged	Balance Dec. 31, 2011	
				Funded	Unfunded			Funded	Unfunded
93-08	Various Improvements	8/10/93	39,500.00	1,154.00				1,154.00	
95-09	Redevelopment of Well #5	12/12/95	43,500.00	7,181.00			7,100.00	81.00	
95-09	Painting of Water Tower	12/12/95	126,500.00	4,310.00				4,310.00	
03-11	Chestnut Street Water Mains and Improvements, Redevelop Well #5, Purchase of Dump Truck, Purchase and Installation of a Clarifier Dome in the Borough	6/25/03	451,800.00	263.54	586.00			263.54	586.00
41,022	Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	12/8/04	65,000.00	11,253.72				11,253.72	
11-02	Various Capital Improvements	4/13/11	1,320,000.00			1,320,000.00	128,875.49		1,191,124.51
11-8	Repair &/or Replacement of Existing Water Treatment Filters and Electrical Upgrades	9/28/11	135,000.00			135,000.00	178.50		134,821.50
				<u>24,162.26</u>	<u>586.00</u>	<u>1,455,000.00</u>	<u>136,153.99</u>	<u>17,062.26</u>	<u>1,326,532.01</u>
			Ref.	D	D	D-10		D	D
				Disbursed		Ref.			
				Encumbered		D-5	107,808.65		
						D	28,345.34		
							<u>136,153.99</u>		

EXHIBIT D-15

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2010	Ref. D	4,076.00
		<u>4,076.00</u>
Balance December 31, 2011	D	<u><u>4,076.00</u></u>

EXHIBIT D-16

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2010	Ref. D	2,962,639.83
Increased by:		
Serial Bonds Paid by Operating Budget	D-18	62,916.00
Loan Paid by Operating Budget	D-19	20,555.79
Notes Paid by Operating Budget	D-20	13,000.00
Capital Outlay:		
By Operating Budgets	D-9	14,392.00
		<u>110,863.79</u>
Balance December 31, 2011	D	<u><u>3,073,503.62</u></u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Purpose	Date of Ordinance	Balance Dec. 31, 2010	Balance Dec. 31, 2011
93-8	Various Improvements	8/10/93	39,500.00	39,500.00
95-9	Redevelopment of Well #5	12/12/95	43,500.00	43,500.00
95-9	Painting of Water Tower	12/12/95	126,500.00	126,500.00
00-19	Improvements to Water Treatment Facility & Reconstruct Elm Avenue	12/14/00	8,500.00	8,500.00
04-23	Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	12/8/04	3,250.00	3,250.00
			<u>221,250.00</u>	<u>221,250.00</u>
		Ref.	D	D

SCHEDULE OF SERIAL BONDS PAYABLE

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance		Balance Dec. 31, 2011
			December 31, 2011			Dec. 31, 2010	Decreased	
			Date	Amount				
10/15/81	Improvement to Water System	819,000.00	10/15/12	29,311.00	5.00%			
			10/15/13	30,777.00	5.00%			
			10/15/14	32,316.00	5.00%			
			10/15/15	33,932.00	5.00%			
			10/15/16	35,628.00	5.00%			
			10/15/17	37,410.00	5.00%			
			10/15/18	39,280.00	5.00%			
			10/15/19	41,244.00	5.00%			
			10/15/20	43,306.00	5.00%			
			10/15/21	45,208.00	5.00%	396,328.00	27,916.00	368,412.00
12/1/05	Improvements to Water System	724,000.00	12/1/12-13	35,000.00	4.50%			
			12/1/14	35,000.00	4.60%			
			12/1/15	35,000.00	4.625%			
			12/1/16-17	45,000.00	4.625%			
			12/1/18-20	50,000.00	4.625%			
			12/1/21	65,000.00	4.625%			
			12/1/22	69,000.00	4.625%	549,000.00	35,000.00	514,000.00
						<u>945,328.00</u>	<u>62,916.00</u>	<u>882,412.00</u>
			D	D-16	D			

SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST LOAN

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding			Interest Rate (A)	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
			Date	Trust Loan	Fund Loan				
10/15/99	Replacement, Repair and Rehabilitation of Water Mains	472,136.00	2/1/12		1,908.89				
			8/1/12	15,000.00	11,488.99	5.50%			
			2/1/13		1,645.44				
			8/1/13	15,000.00	11,225.54	5.50%			
			2/1/14		1,381.99				
			8/1/14	15,000.00	10,962.09	5.50%			
			2/1/15		1,118.53				
			8/1/15	15,000.00	10,698.63	5.50%			
			2/1/16		855.08				
			8/1/16	15,000.00	10,435.18	5.50%			
			2/1/17		591.63				
			8/1/17	15,000.00	10,171.73	5.50%			
			2/1/18		328.18				
			8/1/18	20,000.00	13,101.64	5.70%			
			2/1/19		(35.87)				
			8/1/19	20,000.00	12,737.60	5.70%			
								249,171.06	20,555.79
					Ref.	D	D-16	D	

(A) Interest is applicable to Trust Loan only.

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
6-06	Re-drill Well #5	8/9/06	8/5/11	8/4/12	1.70%	214,000.00		13,000.00	201,000.00
11-08	Repair &/or Replacement of Existing Water Treatment Filters and Electrical Upgrades	10/28/11	10/28/11	10/29/12	1.70%		65,000.00		65,000.00
						<u>214,000.00</u>	<u>65,000.00</u>	<u>13,000.00</u>	<u>266,000.00</u>
					Ref.	D	D-5	D-16	D

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2010	2011 Authorization	Notes Issued	Balance Dec. 31, 2011
3-11	Chestnut Street Water Mains and Improvements, Redevelop Well #5, Purchase of Dump Truck, Purchase and Installation of a Clarifier Dome in the Borough	586.00			586.00
11-02	Various Capital Improvements		1,320,000.00		1,320,000.00
11-8	Repair &/or Replacement of Existing Water Treatment Filters and Electrical Upgrades		135,000.00	65,000.00	70,000.00
		<u>586.00</u>	<u>1,455,000.00</u>	<u>65,000.00</u>	<u>1,390,586.00</u>
	Ref.		D-14	D-20	

PART II
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2011

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states "Every contract or agreement 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 the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertisement for the following items:

- Water meters and appurtenances
- Water storage tank modifications
- Water treatment filter modifications and electrical upgrades
- Roadway improvements to East Olive Street Phase II
- PPG Accutab Si Calcium Hypochlorite tablets
- Calcium coagulant tablets

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11.5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal any individual payment, contract or agreement in excess of the bid threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

N.J.S.A. 40A:11-6.1 requires that at least two competitive quotations be obtained for all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 2, 2011, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, it becomes necessary to fix penalties for delinquent taxes, assessments, sewer charges, water charges, etc.; and

WHEREAS, Chapter 105, P.L. 1965 amending R.S. 54:4-67 relating to interest for delinquency of payment of taxes, assessments, sewer charges and water charges provides that the municipality may grant a 10 day grace period; and

WHEREAS, the statutes now require that all payments to be paid within the above required time or penalties shall be charged to the first day of the month due.

NOW, THEREFORE BE IT RESOLVED by the Borough Council of the Borough of Westville that a penalty for delinquency at the rate of 8% per annum will be charged on taxes, assessments, sewer charges, water charges, etc., on all delinquent amounts less than \$1,500.00, and 18% per annum will be charged on delinquent taxes, assessments, sewer charges and water charges in excess of \$1,500.00.

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 on April 15, 2011, and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2011	1
2010	3
2009	2

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

OTHER COMMENTS

Accounting Procedures

The records maintained by the Chief Financial Officer were found to be in compliance with requirements prescribed by the Division of Local Government Services, state statutes, and administrative code requirements as follows:

1. The general ledger has been established as required by N.J.A.C. 5:30-5.7. The general ledger does not contain all necessary adjusting entries. These entries are made after year end.
2. An encumbrance accounting and reporting system has been established as required by N.J.A.C. 5:30-5.2.

There are interfund loans existing as of year end. These interfunds are being researched by the Chief Financial Officer and will be cleared.

There is a "deferred charge to future taxation - unfunded" balance over 5 years old where the project has been completed and payments have been made with cash not provided by the ordinance. The Chief Financial Officer has been made aware of this and will take necessary measures to clear the cash deficit.

Corrective Action Plan

A corrective action plan was not required for the year 2010.

FINDINGS AND RECOMMENDATIONS

None

We received the complete cooperation of all the officials of the Borough and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252