

BOROUGH OF WESTVILLE
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2007

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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
County of Gloucester, New Jersey

We have audited the accompanying balance sheets – statutory basis of the various funds and account groups of the Borough of Westville as of December 31, 2007, and the related statements of operations and changes in fund balance – statutory basis for the year then ended and the related statements of revenues – statutory basis, and statement of expenditures – statutory basis of the various funds, as listed in the table of contents for the year ended December 31, 2007. 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 did not audit the financial statements of the Borough of Westville for the year ended December 31, 2006. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the year ended December 31, 2006, is based on the report of the other auditor.

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 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 is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, because of the effects of preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Westville as of December 31, 2007, or the results of its operations for the year then ended.

However, in our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position – statutory basis of the various funds and account groups of the Borough of Westville as of December 31, 2007 and 2006, and the results of operations and changes in fund balance – statutory basis of such funds for the years then ended and the statement of revenues – statutory basis and statement of expenditures – statutory basis of the various funds for the year ended December 31, 2007 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 30, 2008 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 accompanying supplemental schedules and information presented in the “Supplementary Data”, “General Comments” and “Findings and Recommendations” sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects in relation to the financial statements taken as a whole.

PETRONI & ASSOCIATES

A handwritten signature in cursive script that reads "Petroni & Associates".

June 30, 2008

PETRONI & ASSOCIATES

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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
County of Gloucester, New Jersey

We have audited the financial statements of the Borough of Westville as of and for the year ended December 31, 2007, and have issued our report thereon dated June 30, 2008. 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

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 opinion 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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Borough of Westville's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Borough of Westville's financial statements that is more than inconsequential will not be prevented or detected by the Borough of Westville's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the "Findings and Recommendations" section.

This report is intended solely for the information and use of the governing body, management 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

A handwritten signature in cursive script that reads "Petroni & Associates".

June 30, 2008

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND

	ASSETS	Ref.	Balance Dec. 31, 2007	Balance Dec. 31, 2006
<u>Regular Fund</u>				
	Cash - Treasurer	A-4	737,677.71	574,384.19
	Cash -Tax Collector	A-6	266,085.78	241,844.72
	Cash - Sewer Collector	A-8	437,974.20	306,637.54
	Change Fund		200.00	200.00
			<u>1,441,937.69</u>	<u>1,123,066.45</u>
Receivables and Other Assets with Full Reserves:				
	Delinquent Property Taxes Receivable	A-11	243,939.61	198,908.66
	Tax Title Liens Receivable	A-12	5,148.65	7,635.97
	Municipal Maintenance Liens Receivable		324.06	324.06
	Property Acquired for Taxes - Assessed Valuation	A-13	135,450.00	132,000.00
	Sewer Rents Receivable	A-14	50,713.55	55,313.17
	Other Accounts Receivable		4,990.50	4,990.50
	Revenue Accounts Receivable	A-15	9,498.86	12,972.56
	Prepaid Local District School Taxes			2,656.06
	Protested Checks		1,435.66	1,435.66
	Due from Borough Clerk		30.20	30.20
	Due from Other Trust Funds	B	16,898.64	15,205.23
	Due from Animal Control Trust Fund	B	2,008.02	1,690.52
	Due from Community Development		2,860.84	2,860.84
	Due from Bank			83.49
	Due from Federal and State Grant Fund	A	113,871.17	
			<u>587,169.76</u>	<u>436,106.92</u>
Deferred Charges:				
	Expenditure Without Appropriation	A-4	862.83	
			<u>2,029,970.28</u>	<u>1,559,173.37</u>
<u>Federal and State Grant Fund</u>				
	Cash	A-4	18,853.62	16,619.70
	Grants Receivable	A-10	723,206.56	822,334.52
	Due from Current Fund			13,503.20
			<u>742,060.18</u>	<u>852,457.42</u>
			<u>2,772,030.46</u>	<u>2,411,630.79</u>

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

COMPARATIVE BALANCE SHEET - CURRENT FUND

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Balance</u> <u>Dec. 31, 2006</u>
<u>Regular Fund</u>			
Liabilities:			
Appropriation Reserves	A-3:A-16	360,249.10	78,338.78
Encumbrances Payable	A-17	12,985.18	24,565.43
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-18	43,182.07	41,884.78
Prepaid Taxes		46,015.33	55,276.43
Tax Overpayments		128.22	
Prepaid Sewer Rents		2,871.29	2,761.45
Sewer Overpayments		89.69	212.35
Unallocated Receipts		116.80	116.80
Due to Bank		31.50	
Due General Capital Fund	C	282,442.77	346,971.24
Due Federal and State Grant Fund			13,503.20
Reserve for Zoning Escrow		1,845.00	800.00
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		11,620.00	11,620.00
Reserve for Street Scape Refund		19,523.00	
Local District School Taxes Payable	A-19	5,972.94	
Regional High School Taxes Payable			34,340.19
Due County for Added & Omitted Taxes		1,306.81	1,718.54
Due Fire District		10,033.08	5,707.98
		<hr/>	<hr/>
		803,555.78	622,960.17
Reserve for Receivables		587,169.76	436,106.92
Fund Balance	A-1	639,244.74	500,106.28
		<hr/>	<hr/>
		2,029,970.28	1,559,173.37
<u>Federal and State Grant Fund</u>			
Encumbrances Payable			17,018.70
Reserve for Grants - Appropriated	A-21	349,049.61	574,819.42
Reserve for Grants - Unappropriated	A-22	20,582.20	4,296.02
Reserve for Small Cities Loan Payback		18,853.62	16,619.70
Due Fire District		874.00	874.00
Due General Capital Fund	C	238,829.58	238,829.58
Due Current Fund	A	113,871.17	
		<hr/>	<hr/>
		742,060.18	852,457.42
		<hr/>	<hr/>
		2,772,030.46	2,411,630.79
		<hr/> <hr/>	<hr/> <hr/>

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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2007</u>	<u>Year 2006</u>
Fund Balance Utilized	A-2	325,000.00	195,000.00
Miscellaneous Revenue Anticipated	A-2	2,118,212.08	2,197,523.06
Receipts from Delinquent Taxes	A-2	197,550.60	177,892.31
Receipts from Current Taxes	A-2	8,094,917.83	7,376,159.32
Non-Budget Revenue	A-2	112,059.02	42,097.70
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-16	19,983.90	504.12
Encumbrances Payable - Canceled	A-17	0.09	
Interfund Loans Returned		12,351.46	115,760.01
Prior Year Refund	A-4	11,824.50	
Total Income		<u>10,891,899.48</u>	<u>10,104,936.52</u>
 <u>Expenditures</u>			
Budget Appropriations:			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	1,577,501.51	1,519,113.00
Other Expenses	A-3	1,306,870.99	725,813.00
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	88,400.00	142,831.00
Appropriations Excluded from "CAPS":			
Operations:			
Other Expenses	A-3	748,791.13	1,293,114.58
Capital Improvements	A-3	178,500.00	20,500.00
Debt Service	A-3	356,237.50	371,362.50
Deferred Charges			98,869.00
County Taxes		1,444,303.75	1,308,793.37
Due County for Added Taxes		1,306.81	1,718.54
Local District School Tax	A-19	1,814,803.00	1,676,571.00
Regional High School Tax	A-20	2,501,175.85	2,286,147.61
Fire District Tax		289,603.64	289,496.30
Interfund Loan Advanced		113,871.17	18,010.75
Refund of Prior Year Revenue	A-4	6,395.67	8,897.00
Total Expenditures		<u>10,427,761.02</u>	<u>9,761,237.65</u>
Excess in Revenue		464,138.46	343,698.87
 <u>Fund Balance</u>			
Balance January 1	A	500,106.28	351,407.41
		<u>964,244.74</u>	<u>695,106.28</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1	325,000.00	195,000.00
Balance December 31	A	<u>639,244.74</u>	<u>500,106.28</u>

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

STATEMENT OF REVENUES

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget 2007	Special N.J.S.A. 40A:4-87		
Fund Balance Anticipated	A-1	325,000.00		325,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-15	10,000.00		10,000.00	
Other	A-15	2,000.00		5,297.00	3,297.00
Fees and Permits	A-15	4,000.00		6,441.07	2,441.07
Fines and Costs:					
Municipal Court	A-15	100,000.00		146,799.84	46,799.84
Interest and Costs on Taxes	A-15	19,388.68		42,558.44	23,169.76
Interest on Investments	A-15	25,654.30		67,974.46	42,320.16
Sewer Rents	A-14	600,000.00		815,364.00	215,364.00
Interest on Delinquent					
Sewer Rents	A-15	1,000.00		6,078.95	5,078.95
Housing Inspection Fees	A-15	12,000.00		41,511.42	29,511.42
Legislative Initiative Municipal					
Block Grant	A-15	20,010.00		20,010.00	
Extraordinary Aid	A-15	200,000.00		200,000.00	
Consolidated Municipal					
Property Tax Relief Act (N.J.S.A. 52:27D-118.34)	A-15	218,065.00		218,065.00	
Energy Receipts Tax	A-15	298,992.00		298,992.00	
Supplemental Energy					
Receipts Tax	A-15	13,592.00		13,592.00	
Municipal Homeland Security					
Assistance Aid	A-15	25,000.00		25,000.00	
Municipal Property Tax					
Assistance	A-15	10,653.00		10,653.00	
Franchise Fees - Cable TV	A-15	12,000.00		16,829.88	4,829.88
Borough of Brooklawn -					
Busing Service	A-15	3,600.00		6,000.00	2,400.00
NJ Transportation Trust	A-10	150,000.00		150,000.00	
Recycling Tonnage	A-10	1,625.94		1,625.94	
Municipal Alliance on					
Alcoholism and Drug Abuse	A-10	7,749.00		7,749.00	
Body Armor	A-10	965.08		965.08	
Municipal Stormwater					
Regulation Program	A-10	1,705.00		1,705.00	
Community Development					
Downtown Revitalization	A-10		5,000.00	5,000.00	
Total Miscellaneous Revenues		1,738,000.00	5,000.00	2,118,212.08	375,212.08

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

STATEMENT OF REVENUES

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget 2007	Special N.J.S.A. 40A:4-87		
Receipts from Delinquent Taxes	A-2	160,000.00		197,550.60	37,550.60
Subtotal General Revenues		2,223,000.00	5,000.00	2,640,762.68	412,762.68
Amount to be Raised by Taxation	A-2	2,279,000.00		2,294,423.15	15,423.15
Budget Totals		4,502,000.00	5,000.00	4,935,185.83	428,185.83
Non-Budget Revenue	A-2			112,059.02	
		4,502,000.00	5,000.00	5,047,244.85	
	Ref.	A-3	A-3		

Analysis of Realized Revenue

	<u>Ref.</u>	
Allocation of Current Tax Collections:		
Revenue from Collections	A-11	8,094,917.83
Allocated to:		
School, Fire and County Taxes	A-11	6,051,193.05
Balance for Support of Municipal Budget Appropriation		2,043,724.78
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	250,698.37
Amount for Support of Municipal Budget Appropriation	A-2	2,294,423.15
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-2:A-11	197,550.60

Analysis of Non-Budget Revenue

	<u>Ref.</u>	
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Administrative Fee	A-15	1,586.27
Sale of Scrap Iron	A-15	12,549.49
Sign Rental	A-15	8,995.00
Tax Sale Advertising Costs	A-15	1,410.82
Lease of Property	A-15	6,680.00
Refunds	A-15	23,968.67
Fieldstone Reimbursement	A-15	35,079.27
Miscellaneous	A-15	21,789.50
	A-2	112,059.02

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

STATEMENT OF EXPENDITURES

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries & Wages	29,900.00	33,900.00	33,844.45	55.55	
Municipal Clerk					
Salaries & Wages	58,930.00	55,830.00	55,789.27	40.73	
Other Expenses	47,588.70	47,488.70	39,849.58	7,639.12	
Financial Administration					
Salaries & Wages	36,810.49	41,810.49	41,459.20	351.29	
Other Expenses	7,658.50	7,658.50	7,113.76	544.74	
Audit Services					
Other Expenses	5,500.00	5,500.00	5,500.00		
Revenue Administration (Tax Collection)					
Salaries & Wages	61,570.00	62,320.00	62,267.97	52.03	
Other Expenses	10,392.70	10,392.70	7,531.71	2,860.99	
Tax Assessment Administration					
Salaries & Wages	13,395.00	13,395.00	13,392.13	2.87	
Other Expenses	6,075.00	6,075.00	1,770.39	4,304.61	
Legal Services and Costs					
Other Expenses	26,183.63	26,183.63	15,382.72	10,800.91	
Engineering Services and Costs					
Other Expenses	12,360.00	12,360.00	3,636.55	8,723.45	
Economic Development Committee					
Other Expenses	7,725.00	7,725.00	101.56	7,623.44	
LAND USE ADMINISTRATION					
Municipal Land Use Law (N.J.S.A. 40:55D-1)					
Municipal Land Use Board					
Salaries and Wages	4,300.00	800.00	551.24	248.76	
Other Expenses	4,259.05	4,259.05	2,260.56	1,998.49	

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

STATEMENT OF EXPENDITURES

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
INSURANCE						
Liability Insurance	135,363.36	135,363.36	113,139.86		22,223.50	
Worker Compensation Insurance	159,950.00	121,650.00	93,885.64		27,764.36	
Employee Group Insurance	232,469.80	232,469.80	230,719.03		1,750.77	
PUBLIC SAFETY FUNCTIONS						
Police						
Salaries and Wages	699,819.08	729,819.08	724,060.21		5,758.87	
Other Expenses	27,887.25	27,887.25	24,452.01	520.00	2,915.24	
Office of Emergency Management						
Other Expenses	10,712.00	10,712.00	763.00	9,933.46	15.54	
Municipal Prosecutor						
Other Expenses	10,635.78	8,635.78	8,602.10		33.68	
PUBLIC WORKS FUNCTIONS						
Road Repairs & Maintenance						
Salaries & Wages	81,163.00	87,363.00	87,362.69		0.31	
Other Expenses	33,217.50	39,217.50	38,857.58		359.92	
Public Buildings & Grounds						
Salaries & Wages	5,168.54	6,668.54	6,444.81		223.73	
Other Expenses	30,819.00	30,819.00	20,244.79		10,574.21	
Vehicle Maintenance						
Other Expenses	62,224.85	62,224.85	59,727.06		2,497.79	
Garbage and Trash Removal						
Salaries & Wages	218,176.66	210,176.66	206,585.94		3,590.72	
Sanitary Landfill						
Other Expenses	202,601.00	202,601.00	173,308.64		29,292.36	
Sewer System						
Salaries & Wages	166,543.79	166,543.79	153,485.69		13,058.10	
Other Expenses	12,720.50	12,720.50	12,225.74		494.76	

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

STATEMENT OF EXPENDITURES

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
HEALTH & HUMAN SERVICES						
Board of Health						
Salaries & Wages	100.00	100.00			100.00	
Other Expenses	360.50	860.50	846.50		14.00	
Dog Regulation						
Other Expenses	51.50	51.50			51.50	
Environmental Commission						
Other Expenses	206.00	706.00	630.00		76.00	
PARK & RECREATION FUNCTIONS						
Parks and Playgrounds						
Salaries & Wages	85,272.67	85,272.67	80,386.09		4,886.58	
Other Expenses	26,228.95	26,228.95	16,676.99		9,551.96	
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	6,180.00	6,180.00	6,180.00			
UNIFORM CONSTRUCTION CODE- APPROPRIATIONS OFFSET BY DEDICATED REVENUE (N.J.A.C. 5:23-4.17)						
Construction Official						
Other Expenses	14,471.50	14,471.50	2,719.61		11,751.89	
Housing Inspector						
Salaries & Wages	30,000.00	25,500.00	25,424.93		75.07	
Other Expenses	489.25	489.25	480.84		8.41	

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

STATEMENT OF EXPENDITURES

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	57,371.00	63,371.00	58,210.01	5,160.99	
Street Lighting	60,161.00	60,161.00	48,662.17	11,498.83	
Telephone	31,209.00	33,409.00	33,321.26	87.74	
Heating Oil	9,000.00	9,000.00	9,000.00		
Gasoline	51,308.42	62,308.42	57,026.66	5,281.76	
MUNICIPAL COURT FUNCTIONS					
Municipal Court					
Salaries & Wages	73,002.28	58,002.28	55,923.93	2,078.35	
Other Expenses	13,570.25	13,570.25	10,483.60	3,086.65	
Public Defender					
Other Expenses	4,120.00	4,120.00	4,120.00		
Total Operations Within "CAPS"	<u>2,885,222.50</u>	<u>2,884,372.50</u>	<u>2,654,408.47</u>	<u>10,453.46</u>	<u>219,510.57</u>
Detail:					
Salaries & Wages	1,564,151.51	1,577,501.51	1,546,978.55	30,522.96	
Other Expenses	<u>1,321,070.99</u>	<u>1,306,870.99</u>	<u>1,107,429.92</u>	<u>10,453.46</u>	<u>188,987.61</u>

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

STATEMENT OF EXPENDITURES

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
DEFERRED CHARGES & STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security System (O.A.S.I.)	88,400.00	88,400.00	86,664.32	1,735.68	
Total Deferred Charges & Statutory Expenditures within "CAPS"	88,400.00	88,400.00	86,664.32	1,735.68	
Total General Appropriations for Municipal Purposes within "CAPS"	2,973,622.50	2,972,772.50	2,741,072.79	10,453.46	221,246.25
OPERATIONS EXCLUDED FROM "CAPS"					
Gloucester County Utilities Authority					
Contractual - Share Costs - Sewerage Maintenance of Free Public Library	500,000.00	500,000.00	377,030.42	122,969.58	
Other Expenses	86,709.60	86,709.60	80,617.44	6,092.16	
SFSP Fire District Payment	2,326.00	2,326.00	2,326.00		
Group Insurance Plan for Employees	7,290.20	7,290.20	7,290.20		
Statutory Expenditures:					
Public Employees' Retirement System	92,292.40	93,142.40	93,117.22	25.18	
Police & Firemen's Retirement System of NJ	40,333.91	40,333.91	40,333.91		

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

STATEMENT OF EXPENDITURES

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PUBLIC AND PRIVATE PROGRAMS						
OFFSET BY REVENUES						
Recycling Tonnage Grant	1,625.94	1,625.94	1,625.94			
Municipal Alliance for Drug and Alcohol Abuse	9,693.00	9,693.00	9,693.00			
Body Armor Grant	965.08	965.08	965.08			
Municipal Stormwater Regulation Program	1,705.00	1,705.00	1,705.00			
Community Development Funds						
Downtown Revitalization		5,000.00	5,000.00			
Total Operations Excluded from "CAPS"	742,941.13	748,791.13	619,704.21		129,086.92	
Detail:						
Other Expenses	742,941.13	748,791.13	619,704.21		129,086.92	
CAPITAL IMPROVEMENTS						
- EXCLUDED FROM "CAPS"						
Capital Improvement Fund	12,500.00	12,500.00	12,500.00			
Purchase of a Computer and Phone System	16,000.00	16,000.00	4,095.25	1,988.82	9,915.93	
New Jersey Transportation Trust Fund Authority Act	150,000.00	150,000.00	150,000.00			
Capital Improvements Excluded from "CAPS"	178,500.00	178,500.00	166,595.25	1,988.82	9,915.93	

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

STATEMENT OF EXPENDITURES

	Appropriations		Expended		Unexpended Balance Canceled	
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved		
DEBT SERVICE						
Payment of Bond Principal	210,000.00	210,000.00	210,000.00			
Interest on Bonds	146,238.00	146,238.00	146,237.50		0.50	
Total Debt Service	356,238.00	356,238.00	356,237.50		0.50	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,277,679.13	1,283,529.13	1,142,536.96	1,988.82	139,002.85	0.50
Subtotal General Appropriations	4,251,301.63	4,256,301.63	3,883,609.75	12,442.28	360,249.10	0.50
RESERVE FOR UNCOLLECTED TAXES	250,698.37	250,698.37	250,698.37			
TOTAL GENERAL APPROPRIATIONS	4,502,000.00	4,507,000.00	4,134,308.12	12,442.28	360,249.10	0.50
Ref.	A-2			A-17	A	
	<u>Ref.</u>					
Budget	A-3	4,502,000.00				
Appropriations by 40A:4-87	A-2	5,000.00				
		<u>4,507,000.00</u>				
		<u>Ref.</u>				
Reserve for Federal and State Grants	A-21		168,989.02			
Reserve for Uncollected Taxes	A-2		250,698.37			
Disbursed	A-4		3,714,620.73			
			<u>4,134,308.12</u>			

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

TRUST FUND

COMPARATIVE BALANCE SHEET - TRUST FUND

<u>ASSETS</u>	<u>Ref.</u>	Balance <u>Dec. 31, 2007</u>	Balance <u>Dec. 31, 2006</u>
<u>Animal Control Trust Fund</u>			
Cash - Treasurer	B-1	3,159.97	2,732.77
Due from Bank		39.25	39.25
		<u>3,199.22</u>	<u>2,772.02</u>
 <u>Other Trust Funds</u>			
Cash - Treasurer	B-1	103,201.36	103,927.06
Cash - Collector	B-3	6,411.91	55,840.74
Escrow Accounts Receivable		532.12	1,687.72
		<u>110,145.39</u>	<u>161,455.52</u>
		<u>113,344.61</u>	<u>164,227.54</u>

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

COMPARATIVE BALANCE SHEET - TRUST FUND

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Balance</u> <u>Dec. 31, 2006</u>
<u>Animal Control Trust Fund</u>			
Due Current Fund	A	2,008.02	1,690.52
Unallocated Receipts		1.00	1.00
Due State of New Jersey		1.20	1.20
Reserve for Dog Fund Expenditures	B-5	1,189.00	1,079.30
		3,199.22	2,772.02
 <u>Other Trust Funds</u>			
Due Current Fund	A	16,898.64	15,205.23
Due General Capital Fund	C	137.50	137.50
Accounts Payable - State of New Jersey		9,126.93	9,126.93
Reserve for:			
Net Payroll		4,823.50	1,278.89
Payroll Taxes Payable		2,783.10	15,916.62
Fourth of July Celebration		8,726.75	6,916.93
Municipal Alliance		6,080.16	2,874.55
Unemployment		26,959.76	30,177.39
Redemption of Tax Title Liens		4,305.36	24,438.19
Planning and Zoning Board		22,369.43	20,726.18
Fieldstone Escrow		261.50	
Tax Sale Premiums		805.00	30,101.00
Parking Offense Adjudication Act		1,358.16	1,358.16
Forfeited Property		5,184.60	2,872.95
Rental Security Deposits		325.00	325.00
		110,145.39	161,455.52
		113,344.61	164,227.54

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

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL

<u>ASSETS</u>	<u>Ref.</u>	Balance <u>Dec. 31, 2007</u>	Balance <u>Dec. 31, 2006</u>
Cash - Treasurer	C-2	237,413.26	135,773.81
Loan Receivable	C-5	582,288.00	
Due from State of New Jersey	C-6	94,642.20	94,642.20
Due from Federal and State Grant Fund	A	238,829.58	238,829.58
Due from Current Fund	A	282,442.77	346,971.24
Due from Trust Other	B	137.50	137.50
Deferred Charges to Future Taxation:			
Funded	C-7	3,587,024.00	3,170,000.00
Unfunded	C-8	376,419.00	1,443.00
		<u>5,399,196.31</u>	<u>3,987,797.33</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-12	2,960,000.00	3,170,000.00
Bond Anticipation Notes Payable	C-14	362,000.00	
New Jersey Infrastructure Loan Payable	C-13	627,024.00	
Encumbrances Payable	C-10	23,569.78	
Contracts Payable	C-11	6,861.50	70,486.94
Improvement Authorizations:			
Funded	C-10	1,251,530.48	724,707.94
Unfunded	C-10	152,160.10	
Capital Improvement Fund	C-9	5,948.00	12,500.00
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
Fund Balance	C-1	819.00	819.00
		<u>5,399,196.31</u>	<u>3,987,797.33</u>

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

STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2006	C	819.00
Balance December 31, 2007	C	<u>819.00</u>

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

WATER UTILITY FUND

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND

<u>ASSETS</u>	<u>Ref.</u>	Balance <u>Dec. 31, 2007</u>	Balance <u>Dec. 31, 2006</u>
<u>Operating Fund</u>			
Cash - Treasurer	D-5	72,977.80	45,758.28
Cash - Change Fund		50.00	50.00
Due from Utility Capital Fund	D	132,680.14	131,913.07
		<u>205,707.94</u>	<u>177,721.35</u>
Receivables with Full Reserves:			
Water Rents Receivable	D-8	29,131.05	13,749.18
Water Laboratory Reimbursement Receivable			17,487.68
Other Accounts Receivable	D-10	624.95	556.14
		<u>29,756.00</u>	<u>31,793.00</u>
Total Operating Fund		<u>235,463.94</u>	<u>209,514.35</u>
<u>Capital Fund</u>			
Cash - Treasurer	D-5	14,940.59	14,591.52
Due from State of New Jersey - Infrastructure Trust Loan		156,744.00	156,744.00
Other Accounts Receivable	D-10	170.47	170.47
Fixed Capital	D-11	2,899,707.19	2,883,714.43
Fixed Capital Authorized and Uncompleted	D-12	1,659,773.00	1,659,773.00
		<u>4,731,335.25</u>	<u>4,714,993.42</u>
Total Capital Fund		<u>4,966,799.19</u>	<u>4,924,507.77</u>

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

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Balance</u> <u>Dec. 31, 2006</u>
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves	D-4:D-13	62,222.49	14,514.38
Encumbrances Payable	D-14	866.46	3,282.64
Accrued Interest on Bonds, Notes & Loans	D-15	14,863.69	13,717.15
Utility Rent Prepayments		5,284.76	7,054.59
Utility Rent Overpayments		80.70	533.83
Accounts Payable		2,009.50	2,009.50
Reserve for Brooklawn Escrow Agreement		31,250.00	31,250.00
		116,577.60	72,362.09
Reserve for Receivables		29,756.00	31,793.00
Fund Balance	D-1	89,130.34	105,359.26
Total Operating Fund		235,463.94	209,514.35
 <u>Capital Fund</u>			
Serial Bonds Payable	D-21	1,126,349.00	1,184,315.00
Bond Anticipation Notes	D-23	239,773.00	239,773.00
New Jersey Environmental Trust Loan	D-22	312,843.86	334,689.77
Contracts Payable			6,602.80
Improvement Authorizations:			
Funded	D-17	24,162.26	24,162.26
Unfunded	D-17	586.00	586.00
Capital Improvement Fund	D-18	4,076.00	4,076.00
Due Utility Operating Fund	D	132,680.14	131,913.07
Reserve for Debt Service		81.00	81.00
Retained Percentage Due Contractor			4,368.86
Reserve for Amortization	D-19	2,658,678.33	2,562,873.66
Deferred Reserve for Amortization	D-20	221,250.00	221,250.00
Fund Balance	D-2	10,855.66	302.00
Total Capital Fund		4,731,335.25	4,714,993.42
		4,966,799.19	4,924,507.77

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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2007</u>	<u>Year 2006</u>
Fund Balance Utilized	D-3	80,000.00	200,000.00
Rents	D-3	809,525.10	679,183.48
Fire Hydrant Services	D-3	2,250.00	2,250.00
Miscellaneous	D-3	86,991.81	96,512.56
Reserve to Pay Bonds - General Capital Fund			29,000.00
Water Capital Fund Balance			10,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-13	5,882.44	842.79
Encumbrances Canceled	D-14	679.10	29,737.17
Liquidated Reserve - Accounts Receivable			67.20
Unallocated Receipts			743.47
Interfund Loans Returned		17,487.68	
Total Income		<u>1,002,816.13</u>	<u>1,048,336.67</u>
<u>Expenditures</u>			
Operating	D-4	744,603.75	816,294.00
Capital Improvements	D-4	15,000.00	8,925.00
Debt Service	D-4	136,884.81	146,395.67
Deferred Charges and Statutory Expenditures	D-4	25,000.00	23,423.00
Refund of Prior Year Revenue			2,678.31
Water Laboratory Reimbursement Canceled	D-9	17,487.68	
Interfund Loan Advanced		68.81	134.47
Total Expenditures		<u>939,045.05</u>	<u>997,850.45</u>
Excess in Revenue		63,771.08	50,486.22
<u>Fund Balance</u>			
Balance January 1	D	105,359.26	254,873.04
		169,130.34	305,359.26
Decreased by:			
Utilization as Anticipated Revenue	D-1	80,000.00	200,000.00
Balance December 31	D	<u>89,130.34</u>	<u>105,359.26</u>

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

STATEMENT OF FUND BALANCE - WATER CAPITAL FUND

	<u>Ref.</u>	
Balance December 31, 2006	D	302.00
Increased by:		
Contracts Payable Canceled	D-16	6,184.80
Retained Percentage Due Contractor Canceled	D	4,368.86
		<u>10,553.66</u>
Balance December 31, 2007	D	<u>10,855.66</u>

EXHIBIT D-3STATEMENT OF REVENUES

	<u>Ref.</u>	<u>Anticipated Budget 2007</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	80,000.00	80,000.00	
Rents	D-3	841,450.00	809,525.10	(31,924.90)
Fire Hydrant Service	D-5	2,250.00	2,250.00	
Miscellaneous	D-3	75,000.00	86,991.81	11,991.81
Budget Totals		<u>998,700.00</u>	<u>978,766.91</u>	<u>(19,933.09)</u>
	Ref.	D-4		

Analysis of Realized Revenue

	<u>Ref.</u>	
Rents:		
Consumer Accounts Receivable:		
Collected	D-8	801,936.68
Overpayments Applied	D-8	533.83
Prepayments Applied	D-8	7,054.59
	D-3	<u>809,525.10</u>
Miscellaneous:		
Interest on Investments		6,978.76
Interest on Delinquent Accounts		3,449.06
Water Laboratory Fees		62,698.50
Sprinkler		2,803.29
Miscellaneous		11,062.20
	D-3:D-5	<u>86,991.81</u>

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

STATEMENT OF EXPENDITURES

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Operating:						
Salaries and Wages	316,023.57	316,023.57	311,294.22		4,729.35	
Other Expenses	430,166.43	428,166.43	371,720.06	866.46	55,579.91	
Purchase of Water - NJ American Water Company	56,510.00	56,510.00	413.75			56,096.25
Capital Improvements:						
Capital Outlay	13,000.00	15,000.00	14,272.76		727.24	
Debt Service:						
Payment of Bond Principal	58,000.00	58,000.00	57,966.00			34.00
Interest on Bonds	57,000.00	57,000.00	55,892.94			1,107.06
Interest on Notes	10,000.00	10,000.00	9,338.30			661.70
Infrastructure Trust and Fund Loan Principal	33,000.00	33,000.00	13,687.57			19,312.43
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	25,000.00	25,000.00	23,814.01		1,185.99	
	<u>998,700.00</u>	<u>998,700.00</u>	<u>858,399.61</u>	<u>866.46</u>	<u>62,222.49</u>	<u>77,211.44</u>
Ref.	D-3	D-4		D-14	D	
		<u>Ref.</u>				
Interest on Bonds, Notes and Loans		D-15	76,872.90			
Disbursed		D-5	781,526.71			
			<u>858,399.61</u>			

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

GENERAL FIXED ASSETS

EXHIBIT E

STATEMENT OF GENERAL FIXED ASSETS

	Balance Dec. 31, 2007	Balance Dec. 31, 2006
General Fixed Assets:		
Land and Improvements Other Than Buildings	3,502,200.00	3,502,200.00
Buildings	1,470,669.71	1,470,669.71
Vehicles	964,031.67	964,031.67
Miscellaneous Equipment	259,434.63	259,434.63
Office Furniture and Equipment	91,208.00	91,208.00
	<u>6,287,544.01</u>	<u>6,287,544.01</u>
Investment in General Fixed Assets	<u>6,287,544.01</u>	<u>6,287,544.01</u>

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

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

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

B. Description of Funds and Account Groups

The accounting policies of the Borough of Westville 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 of Westville accounts for its transactions through the following separate funds and accounts as presented below. This presentation differs from the three fund, two account group presentation as required by GAAP.

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.

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

General Fixed Assets – To account for fixed assets used in governmental operations.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting

A modified accrual basis of accounting is followed. The more significant accounting principles are as follows:

Budget – The Borough adopts an annual budget in accordance with N.J.S.A. 40:4. Once approved, the Borough may make emergency appropriations for purposes which are not foreseen at the time the budget was adopted per N.J.S.A. 40A:4-46. After approval from the Director, the Borough may also make amendments for any special item of revenue made available by any public or private funding source per N.J.S.A. 40A:4-87.

Authorized budget amendments were approved as follows:

Current Fund:

Special Items of Revenue	5,000.00
--------------------------	----------

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.

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, whereas interest on utility indebtedness is on the accrual basis.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting (Cont'd)

Property Taxes – Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied annually and are payable in quarterly installments on February 1, May 1, August 1, and November 1 of each year. All unpaid taxes levied become delinquent January 1 of the following year. Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided.

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

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

Insurance – Cost of insurance for all funds are recorded as expenditures at the time of payment. Insurance costs chargeable to future periods are not carried as prepayments.

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.

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.

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, in accordance with the State of New Jersey's Administrative Code. However, land and improvements are recorded at their assessed value which is a departure from the aforementioned directive.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting (Cont'd)

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.

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.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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.

Departures from Generally Accepted Accounting Principles – The accounting principles and practices followed by the Borough of Westville differ in some respects, which in some instances may be material, from generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

Taxes and other receivables are fully reserved.

Interfund receivables in the Current Fund are fully reserved and recognized as revenue in the year of liquidation.

Unexpended and uncommitted appropriations are reflected as expenditures.

Overexpended appropriations and emergency appropriations are deferred to the succeeding year's operations.

No provision is made for accumulated vested vacation and sick leave.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting (Cont'd)

Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.

Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Depreciation expense is not calculated on fixed assets.

Encumbrances are reported as a liability in the financial statement.

It was not practicable to determine the effect of such differences.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Borough of Westville has defined cash and cash equivalents to consist primarily of petty cash, change funds, cash on deposit, certificates of deposit, money market accounts, and short term investments with original maturities of three months or less.

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

Deposits

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

New Jersey statutes require public depositories to maintain collateral for deposits of public funds, under the Governmental Unit Deposit Protection Act (G.U.D.P.A.) N.J.S.A. 17:9-41, that exceed depository insurance limits as follows:

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

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

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

Although the pledged securities are not in the name of the municipality, the deposits are deemed collateralized under New Jersey law, and certificates to eligibility are issued every six months by the public depository under the provisions of G.U.D.P.A.

The carrying amount of the Borough's cash and cash equivalents at December 31, 2007 was \$1,898,946.20 and the bank balance was \$2,159,796.74. Of the bank balance, \$200,000.00 was covered by federal depository insurance (including public and custodial funds) and \$1,959,796.74 was covered by a collateral pool maintained by the bank as required by New Jersey statutes.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Borough's deposits may not be returned or the Borough will 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. At December 31, 2007, all of the Borough's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The Borough does not have a policy for custodial credit risk.

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than 397 days from the date of purchase.
- c. Bonds or other obligations of the Borough, or bonds or other obligations of the Borough school district.
- d. 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.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Investments (Cont'd)

- e. Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- f. Repurchase agreements (repos) of fully collateralized securities, subject to conditions, as indicated in N.J.S.A. 40A:5-15.1(a).
- g. Certificates of deposit at federally insured banks.

During the period ended December 31, 2007, the Borough did not hold any investments.

Credit risk: The Borough does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government.

Interest rate risk: The Borough does not have a policy to limit interest rate risk.

Foreign currency risk: The Borough does not have a policy for foreign currency risk since statutes preclude municipalities from investing in these types of securities.

NOTE 3: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2007, the following deferred charges are shown on the balance sheets of the various funds.

	<u>Balance</u>	<u>To be Raised in</u>
	<u>Dec. 31, 2007</u>	<u>Succeeding Year</u>
Current Fund:		
Expenditure Without Appropriation	<u>862.83</u>	<u>862.83</u>

NOTE 4: FUND BALANCES APPROPRIATED

Of the \$639,244.74 Current Fund balance at December 31, 2007, \$360,000 was appropriated and included as anticipated revenue in the introduced budget for the year ending December 31, 2008.

Of the \$89,130.34 Water Operating Fund balance at December 31, 2007, \$88,000 was appropriated and included as anticipated revenue in the introduced budget for the year ending December 31, 2008.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 5: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2007:

	Balance Dec. 31, 2006	Additions	Deletions	Balance Dec. 31, 2007
Land & Improvements				
Other Than Buildings	3,502,200.00			3,502,200.00
Buildings	1,470,669.71			1,470,669.71
Vehicles	964,031.67			964,031.67
Miscellaneous Equipment	259,434.63			259,434.63
Office Furniture & Equipment	91,208.00			91,208.00
	<u>6,287,544.01</u>	<u>None</u>	<u>None</u>	<u>6,287,544.01</u>

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES

	Due From	Due To
Current Fund		
Federal and State Grant Fund	113,871.17	
Other Trust Funds	16,898.64	
Animal Control Trust	2,008.02	
General Capital Fund		282,442.77
Federal and State Grant		
Current Fund		113,871.17
General Capital Fund		238,829.58
Animal Control Trust Fund		
Current Fund		2,008.02
Other Trust Funds		
Current Fund		16,898.64
General Capital Fund		137.50
General Capital Fund		
Current Fund	282,442.77	
Federal and State Grant Fund	238,829.58	
Other Trust Funds	137.50	
Water Utility Operating Fund		
Utility Capital Fund	132,680.14	
Water Utility Capital Fund		
Utility Operating Fund		132,680.14
	<u>786,867.82</u>	<u>786,867.82</u>

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 7: LEASE OBLIGATIONS

The Borough had lease agreements in effect at December 31, 2007 for police vehicles.

Future minimum lease payments under lease agreements are as follows:

Year Ended Dec. 31	Principal	Interest	Total
2008	16,305.90	1,810.62	18,116.52
2009	12,936.73	721.73	13,658.46
2010	4,509.07	91.01	4,600.08
	<u>33,751.70</u>	<u>2,623.36</u>	<u>36,375.06</u>

NOTE 8: LONG-TERM DEBT

Summary of Municipal Debt Service

During the calendar year 2007, the following changes occurred in the municipal debt of the Borough:

	Balance Dec. 31, 2006	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2007
<u>ISSUED:</u>				
General:				
Bonds & Loans	3,170,000.00	627,024.00	210,000.00	3,587,024.00
Bond Anticipation Notes		362,000.00		362,000.00
Water Utility:				
Bonds & Loans	1,519,004.77		79,811.91	1,439,192.86
Bond Anticipation Notes	239,773.00			239,773.00
Net Debt Issued	<u>4,928,777.77</u>	<u>989,024.00</u>	<u>289,811.91</u>	<u>5,627,989.86</u>
<u>AUTHORIZED BUT NOT ISSUED:</u>				
General:				
Bonds & Notes	1,443.00	1,002,000.00	989,024.00	14,419.00
Water Utility:				
Bonds & Notes	586.00			586.00
Authorized but not Issued	<u>2,029.00</u>	<u>1,002,000.00</u>	<u>989,024.00</u>	<u>15,005.00</u>
Total Debt Issued and Authorized but not Issued	<u>4,930,806.77</u>	<u>1,991,024.00</u>	<u>1,278,835.91</u>	<u>5,642,994.86</u>

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 8: LONG-TERM DEBT (CONT'D)

Summary of Municipal Debt Service (Cont'd)

Permanently funded debt as of December 31, 2007 consists of general obligation serial bonds as follows:

	Date of Issue	Maturities	Interest Rate	Amount
Refunding Bonds of 1997	9/15/1997	2008/2009	5%	185,000.00
General Improvement Bonds of 2005	12/1/2005	2008/2022	4% to 4.625%	2,775,000.00
Environmental Trust Loan	11/8/2007	2008/2027	3.4% to 5%	320,000.00
Environmental Fund Loan	11/8/2007	2008/2027	0%	307,024.00
Water Bonds	10/15/1981	2008/2021	5%	472,349.00
Water Bonds	12/1/2005	2008/2022	4% to 4.625%	654,000.00
Environmental Trust Loan	10/15/1999	2008/2019	4.9% to 5.7%	170,000.00
Environmental Fund Loan	10/15/1999	2008/2019	0%	142,843.86
				<u>5,026,216.86</u>

Temporary unfunded debt as of December 31, 2007 consists of one year maturity or less of bond anticipation notes as follows:

	Interest Rate	Amount
General Capital Fund:		
Rehabilitation & Resurfacing of Certain Streets & Certain Park Improvement Projects	3.60%	209,000.00
Rehabilitation of Borough Owned Buildings, Purchase of a Digital Audio System & Security System for Courts & Council, Purchase of a Filing System for the Municipal Records, 4x4 Vehicle for Code Enforcement & Emergency Management Use and Pickup Truck & Snow Plow for Public Works	3.60%	153,000.00
Utility Capital Fund:		
Redrill Well #5	3.70%	239,773.00
		<u>601,773.00</u>

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 8: LONG-TERM DEBT (CONT'D)

Summary of Municipal Debt Service (Cont'd)

As of December 31, 2007, debt service requirements on long-term debt in future years are:

Year Ended <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Serial Bonds:			
2008	220,000.00	148,011.28	368,011.28
2009	240,470.74	140,300.00	380,770.74
2010	200,152.57	129,675.00	329,827.57
2011	199,834.41	121,300.00	321,134.41
2012	207,697.89	112,925.00	320,622.89
2013-2017	1,058,067.93	436,798.76	1,494,866.69
2018-2022	1,271,155.77	197,100.00	1,468,255.77
2023-2027	189,644.69	15,162.50	204,807.19
	<u>3,587,024.00</u>	<u>1,301,272.54</u>	<u>4,888,296.54</u>
Utility Serial Bonds:			
2008	80,654.35	62,869.96	143,524.31
2009	81,546.39	59,599.20	141,145.59
2010	82,493.06	56,258.20	138,751.26
2011	83,471.79	52,803.90	136,275.69
2012	92,708.88	49,283.10	141,991.98
2013-2017	499,148.84	186,334.12	685,482.96
2018-2022	519,169.55	66,902.16	586,071.71
	<u>1,439,192.86</u>	<u>534,050.64</u>	<u>1,973,243.50</u>

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 8: LONG-TERM DEBT (CONT'D)

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.55%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	3,732,435.50	3,732,435.50	
Utility Debt	1,679,551.86	1,679,551.86	
General Debt	3,963,443.00		3,963,443.00
	<u>9,375,430.36</u>	<u>5,411,987.36</u>	<u>3,963,443.00</u>

Net Debt \$3,963,443/Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$254,886,051 = 1.55%.

Summary of Statutory Debt Condition – Annual Debt Statement

Borrowing Power under N.J.S.A. 40:A2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	8,921,011.79
Net Debt	<u>3,963,443.00</u>
Remaining Borrowing Power	<u>4,957,568.79</u>

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

Cash Receipts from fees, rents, or other charges	978,766.91
Deductions:	
Operating and Maintenance Costs	769,603.75
Debt Service	<u>136,884.81</u>
	906,488.56
Excess in Revenue	<u>72,278.35</u>

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 9: PENSION FUNDS

Description of Plan – All required employees of the Borough are covered by either the Public Employees' Retirement System or the Police and Firemen's Retirement System which have been established by state statute and are administered by the New Jersey Department of Pension and Benefits. According to the State of New Jersey Administrative Code, all obligations of both 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 retirement systems. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

Public Employees' Retirement System (PERS) – The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is generally required for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system. Members are eligible for retirement at age 60 with an annual benefit generally determined to be the number of years of service divided by 55, times the final average salary. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early, and is under age 55, receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

Police and Firemen's Retirement System (PFRS) – 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. Enrollment is required for permanent, full-time employees appointed to positions in law enforcement or fire fighting in the State of New Jersey. Members are eligible for retirement at age 55 with a benefit equal to two percent of final compensation for each year of creditable service up to twenty years. Members with at least twenty years but less than twenty-five years of service credit will receive fifty percent of final compensation. Special retirement is available at any age to those with twenty-five years of service credit. The annual benefit calculation is equal to sixty-five percent of final compensation plus one percent for each year of creditable service over twenty-five years but not to exceed thirty years.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

NOTE 9: PENSION FUNDS (CONT'D)

The systems provide for employee contributions of 5% of employees' annual base salary for PERS and 8 ½% for PFRS of employees' annual base salary. Funding by the State and the Borough are determined by the annual actuarial valuation. The State's annual contribution approximates the actuarially determined pension cost for the year. Significant actuarial assumptions used to compute the pension contribution requirements are the same as those used to determine the pension benefit obligation.

NOTE 10: 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 11: POSTRETIREMENT BENEFITS

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

NOTE 12: 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 13: 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.

NOTE 14: LITIGATION

It is the Borough of Westville Counsel's opinion there exists 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.

SUPPLEMENTARY DATA

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

	Year 2007		Year 2006	
	Amount	%	Amount	%
<u>Revenue & Other Income Realized</u>				
Fund Balance Utilized	325,000.00	2.98%	195,000.00	1.93%
Miscellaneous - From Other Than Local Property Tax Levies	2,262,079.59	20.77%	2,240,124.88	22.17%
Collection of Delinquent Taxes and Tax Title Liens	197,550.60	1.81%	177,892.31	1.76%
Collection of Current Tax Levy	8,094,917.83	74.33%	7,376,159.32	72.99%
Interfund Loans Returned	12,351.46	0.11%	115,760.01	1.15%
Total Income	<u>10,891,899.48</u>	<u>100.00%</u>	<u>10,104,936.52</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Appropriations:				
Municipal Purposes	4,256,301.13	40.82%	4,171,603.08	42.74%
County Taxes	1,445,610.56	13.86%	1,310,511.91	13.43%
School Taxes	4,315,978.85	41.39%	3,962,718.61	40.58%
Fire District Tax	289,603.64	2.78%	289,496.30	2.97%
Other Expenditures	120,266.84	1.15%	26,907.75	0.28%
Total Expenditures	<u>10,427,761.02</u>	<u>100.00%</u>	<u>9,761,237.65</u>	<u>100.00%</u>
Excess in Revenue	464,138.46		343,698.87	
Fund Balance January 1	500,106.28		351,407.41	
	<u>964,244.74</u>		<u>695,106.28</u>	
Decreased by:				
Utilization as Anticipated Revenue	325,000.00		195,000.00	
Fund Balance December 31	<u>639,244.74</u>		<u>500,106.28</u>	

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

	Year 2007		Year 2006	
	Amount	%	Amount	%
<u>Revenue & Other Income Realized</u>				
Fund Balance Utilized	80,000.00	7.98%	200,000.00	19.08%
Miscellaneous - From Other Than Water Rents	113,291.03	11.30%	169,153.19	16.14%
Collection of Water Rents	809,525.10	80.72%	679,183.48	64.78%
Total Income	<u>1,002,816.13</u>	<u>100.00%</u>	<u>1,048,336.67</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Appropriations:				
Operating	744,603.75	79.29%	816,294.00	81.81%
Capital Improvements	15,000.00	1.60%	8,925.00	0.89%
Debt Service	136,884.81	14.58%	146,395.67	14.67%
Deferred Charges & Statutory Expenditures	25,000.00	2.66%	23,423.00	2.35%
Other Expenditures	17,556.49	1.87%	2,812.78	0.28%
Total Expenditures	<u>939,045.05</u>	<u>100.00%</u>	<u>997,850.45</u>	<u>100.00%</u>
Excess in Revenue	63,771.08		50,486.22	
Fund Balance January 1	<u>105,359.26</u>		<u>254,873.04</u>	
	169,130.34		305,359.26	
Decreased by:				
Utilization as Anticipated Revenue	<u>80,000.00</u>		<u>200,000.00</u>	
Fund Balance December 31	<u>89,130.34</u>		<u>105,359.26</u>	

COMPARATIVE STATEMENT OF TAX RATE INFORMATION

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Tax Rate</u>	5.159	4.696	4.274
 <u>Apportionment of Tax Rate</u>			
Municipal	1.411	1.242	1.082
County	0.895	0.814	0.779
Local School	1.124	1.041	0.944
Regional High School	1.549	1.419	1.286
Fire District	0.180	0.180	0.183
 <u>Assessed Valuation</u>			
2007	1,447,494,592		
2006		161,076,249	
2005			161,075,099

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2007	8,337,969.91	8,094,917.83	97.08%
2006	7,557,036.86	7,376,159.32	97.61%
2005	6,893,656.50	6,712,266.20	97.37%

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>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Amount of Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2007	5,148.65	243,939.61	249,088.26	2.99%
2006	7,635.97	198,908.66	206,544.63	2.73%
2005	7,382.39	183,045.92	190,428.31	2.76%

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>Year</u>	<u>Amount</u>
2007	135,450.00
2006	132,000.00
2005	132,000.00

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>
2007	824,942.12	809,525.10
2006	679,902.72	679,183.48
2005	691,039.16	689,727.48

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2007	639,244.74	360,000.00 a
	2006	500,106.28	325,000.00
	2005	351,407.41	195,000.00
	2004	376,016.65	250,000.00
	2003	284,700.79	165,000.00
Utility Fund	2007	89,130.34	88,000.00 a
	2006	105,359.26	80,000.00
	2005	254,873.04	200,000.00
	2004	348,824.88	295,000.00
	2003	570,046.53	390,000.00

a = Introduced Budget

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Michael K. Galbraith	Mayor	
Russell W. Welsh, Jr.	President of Council	
George K. Baker	Councilman	
Woodrow A. Dooley, III	Councilman	
Michael O. Ledrich	Councilman	
James A. Pennington, Jr.	Councilman	
Susan V. Rogers	Councilwoman	
Timothy W. Chell, Esq.	Solicitor	
James Spratt	Borough Engineer	
William J. Bittner, Jr.	Borough Administrator, Deputy Tax Collector, Deputy Clerk, Treasurer, Deputy Finance Officer	1,000,000.00
John A. Bruno	Chief Financial Officer	
Christine A. Helder	Borough Clerk, Tax Collector	1,000,000.00
Donna M. Domico	Deputy Borough Administrator, Public Works Manager Assistant Borough Administrator	
Louise Priest	Court Administrator (to 2/21)	1,000,000.00
Karen Caliva	Court Administrator (from 4/1), Deputy Court Administrator (to 4/1)	1,000,000.00
Thomas M. North, Esq.	Magistrate	1,000,000.00

Bonds were written with the Municipal Excess Liability Joint Insurance Fund.

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2006	A	574,384.19	16,619.70
Increased by Receipts:			
Transferred from Tax Collector	A-6	8,250,000.00	
Transferred from Sewer Collector	A-8	875,000.00	
Federal and State Grants Receivable	A-10	261,876.96	
Revenue Accounts Receivable	A-15	1,166,326.09	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-18	79,313.49	
Federal and State Grants - Unappropriated	A-22	20,582.20	
Street Scape Refund	A	19,523.00	
Reserve for Zoning Escrow		1,045.00	
Due General Capital Fund		44.00	
Due Bank		114.99	
Due Fire District		4,325.10	
State Library Aid	A-4	4,828.00	
Prior Year Refund	A-1	11,824.50	
Small Cities Loan Payback			2,233.92
		<u>10,694,803.33</u>	
		11,269,187.52	<u>18,853.62</u>
Decreased by Disbursements:			
2007 Budget Appropriations	A-3	3,714,620.73	
2006 Appropriation Reserves	A-16	58,354.88	
Encumbrances Payable	A-17	41,041.14	
Reserve for Federal and State Grants	A-21	394,758.83	
Tax Overpayments Refunded		3,177.96	
Sewer Overpayments Refunded		193.24	
Expenditure Without Appropriation	A	862.83	
Due General Capital Fund		229,960.56	
Refund of Prior Year Revenue	A-1	6,395.67	
State Library Aid	A-4	4,828.00	
County Taxes		1,446,022.29	
Fire District Tax		289,603.64	
Local District School Tax	A-19	1,806,174.00	
Regional High School Tax	A-20	2,535,516.04	
		<u>10,531,509.81</u>	
Balance December 31, 2007	A	<u>737,677.71</u>	<u>18,853.62</u>

SCHEDULE OF CURRENT FUND CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 - TREASURER

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2007	A-4	737,667.71	18,853.62
Increased by Receipts:			
Cash Receipts Record		5,060,249.47	821.59
		5,797,917.18	19,675.21
Decreased by Disbursements:			
Cash Disbursements Record		4,538,558.32	
Balance May 30, 2008	A-5	1,259,358.86	19,675.21
<u>Cash Reconciliation - May 30, 2008</u>			
Balance per Statement			
Colonial National Bank		1,371,542.41	19,675.21
Less: Outstanding Checks		112,173.55	
Balance May 30, 2008	A-5	1,259,368.86	19,675.21

SCHEDULE OF CASH - TAX COLLECTOR

	<u>Ref.</u>		
Balance December 31, 2006	A		241,844.72
Increased by Receipts:			
Taxes Receivable	A-11	8,159,175.80	
Revenue Accounts Receivable	A-15	65,743.75	
Prepaid Taxes		46,015.33	
Tax Overpayments		3,306.18	
		<hr/>	8,274,241.06
			<hr/>
			8,516,085.78
Decreased by Disbursements:			
Paid to Treasurer	A-4		8,250,000.00
Balance December 31, 2007	A		<hr/> <hr/> 266,085.78

SCHEDULE OF CURRENT FUND CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 - TAX COLLECTOR

	<u>Ref.</u>		
Balance December 31, 2007	A-6		266,085.78
Increased by Receipts:			
Cash Receipts Record			4,051,260.34
			<hr/> 4,317,346.12
Decreased by Disbursements:			
Cash Disbursements Record			4,200,500.00
			<hr/> 116,846.12
Balance May 30, 2008	A-7		<hr/> <hr/> 116,846.12
<u>Cash Reconciliation - May 30, 2008</u>			
Balance per Statement			
Colonial National Bank	A-7		<hr/> <hr/> 116,846.12

SCHEDULE OF CASH - SEWER COLLECTOR

	<u>Ref.</u>		
Balance December 31, 2006	A		306,637.54
Increased by Receipts:			
Rents Receivable	A-14	812,390.20	
Revenue Accounts Receivable	A-15	15,792.24	
Prepaid Rents		2,871.29	
Sewer Overpayments		282.93	
Due General Capital Fund		175,000.00	
		<hr/>	1,006,336.66
			<hr/>
			1,312,974.20
Decreased by Disbursements:			
Paid to Treasurer	A-4		875,000.00
			<hr/>
Balance December 31, 2007	A		<u><u>437,974.20</u></u>

SCHEDULE OF CURRENT FUND CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 - SEWER COLLECTOR

	<u>Ref.</u>		
Balance December 31, 2007	A-8		437,974.20
Increased by Receipts:			
Cash Receipts Record			297,587.04
			<hr/>
			735,561.24
Decreased by Disbursements:			
Cash Disbursements Record			300,725.22
			<hr/>
Balance May 30, 2008	A-9		<u><u>434,836.02</u></u>
<u>Cash Reconciliation - May 30, 2008</u>			
Balance per Statement			
Colonial National Bank	A-9		<u><u>434,836.02</u></u>

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Grant</u>	Balance Dec. 31, 2006	2007 Budget Revenue Realized	Received	From Grants Unappropriated	Balance Dec. 31, 2007
Federal Programs:					
Small Cities Grant	21,266.00				21,266.00
COPS More Program	20,274.00				20,274.00
COPS Fast Program	15,000.05				15,000.05
Community Development Funds:					
Downtown Revitalization	30,000.00	5,000.00	22,096.45		12,903.55
Park	40,000.00				40,000.00
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
Bikepath Safety	120,000.00				120,000.00
Pedestrian Safety	12,136.25		9,321.26		2,814.99
Reconstruction of River Drive	150,000.00	150,000.00			300,000.00
Click It or Ticket	4,000.00				4,000.00
Transportation Enhancement Project	229,891.25		226,891.25		3,000.00
Liveable Communities Library Grant	45,000.00				45,000.00
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	8,882.26	7,749.00	3,568.00		13,063.26
Clean Communities	3,130.50				3,130.50
Body Armor Fund		965.08		965.08	
Recycling Tonnage Grant		1,625.94		1,625.94	
Municipal Stormwater Regulation Program		1,705.00		1,705.00	
	822,334.52	167,045.02	261,876.96	4,296.02	723,206.56
Ref.	A	A-2	A-4	A-22	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2007 Levy	Collected		Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2006		2006	2007			Dec. 31, 2007
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	1,067.74			1,034.92			32.82
2004	897.13			200.75			696.38
2005	38.47						38.47
2006	196,740.03			196,314.93			425.10
	<u>198,908.66</u>			<u>197,550.60</u>			<u>1,358.06</u>
2007		8,337,969.91	55,276.43	8,039,641.40	191.94	278.59	242,581.55
	<u>198,908.66</u>	<u>8,337,969.91</u>	<u>55,276.43</u>	<u>8,237,192.00</u>	<u>191.94</u>	<u>278.59</u>	<u>243,939.61</u>
Ref.	A					A-12	A
			<u>Ref.</u>				
	Cash		A-6	8,159,175.80			
	Due State of New Jersey		A-18	78,016.20			
				<u>8,237,192.00</u>			

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVYAnalysis of Property Tax LevyTax Yield

General Purpose Tax:			
Business Personalty Tax		12,513.82	
General Property Tax		8,317,923.56	
		<hr/>	
			8,330,437.38
Added Taxes (54:4-63.1 et seq.)			7,532.53
			<hr/>
			<u>8,337,969.91</u>

Tax Levied

	<u>Ref.</u>		
Local District School Tax (Abstract)	A-19		1,814,803.00
Regional High School Tax Payable (Abstract)	A-20		2,501,175.85
Fire District Tax (Abstract)			289,603.64
County Taxes:			
County Tax (Abstract)		1,339,437.44	
County Open Space Tax (Abstract)		104,866.31	
Due County for Added Taxes (54:4-63.1 et seq.)		1,306.81	
		<hr/>	
Total County Taxes			1,445,610.56
Local Tax for Municipal Purposes	A-2	2,279,000.00	
Add: Additional Taxes Levied		7,776.86	
		<hr/>	
			2,286,776.86
			<hr/>
			<u>8,337,969.91</u>

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2006	A	7,635.97
Increased by:		
Transfers from Taxes Receivable	A-11	278.59
		<hr/>
		7,914.56
Decreased by:		
Canceled		2,765.91
		<hr/>
Balance December 31, 2007	A	<u><u>5,148.65</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	<u>Ref.</u>	
Balance December 31, 2006	A	132,000.00
Increased by:		
Prior Year Adjustment		3,450.00
		<hr/>
Balance December 31, 2007	A	<u><u>135,450.00</u></u>

SCHEDULE OF SEWER RENTS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2006	A		55,313.17
Increased by:			
Sewer Rents Levied			811,074.69
			<hr/> 866,387.86
Decreased by:			
Collections	A-8	812,390.20	
Overpayments Applied		212.35	
Prepayments Applied		2,761.45	
Canceled		310.31	
			<hr/> 815,674.31
Balance December 31, 2007	A		<hr/> <hr/> 50,713.55

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Accrued</u> <u>in 2007</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
<u>Miscellaneous Revenue Anticipated</u>				
Licenses:				
Alcoholic Beverages		10,000.00	10,000.00	
Other		5,297.00	5,297.00	
Fees and Permits		6,441.07	6,441.07	
Fines and Costs:				
Municipal Court	12,972.56	143,209.70	146,799.84	9,382.42
Interest and Costs on Taxes		42,558.44	42,558.44	
Interest on Investments		68,090.90	67,974.46	116.44
Interest on Delinquent Sewer Rents		6,078.95	6,078.95	
Housing Inspection Fees		41,511.42	41,511.42	
Legislative Initiative Municipal Block Grant		20,010.00	20,010.00	
Extraordinary Aid		200,000.00	200,000.00	
Consolidated Municipal Property Tax Relief Act		218,065.00	218,065.00	
Energy Receipts Tax		298,992.00	298,992.00	
Supplemental Energy Receipts Tax		13,592.00	13,592.00	
Municipal Homeland Security Assistance Aid		25,000.00	25,000.00	
Municipal Property Tax Assistance		10,653.00	10,653.00	
Franchise Fees - Cable TV		16,829.88	16,829.88	
Borough of Brooklawn - Busing Services		6,000.00	6,000.00	
<u>Miscellaneous Revenue Not Anticipated</u>				
Administrative Fee		1,586.27	1,586.27	
Sale of Scrap Iron		12,549.49	12,549.49	
Sign Rental		8,995.00	8,995.00	
Tax Sale Advertising Costs		1,410.82	1,410.82	
Lease of Property		6,680.00	6,680.00	
Refunds		23,968.67	23,968.67	
Fieldstone Reimbursement		35,079.27	35,079.27	
Miscellaneous		21,789.50	21,789.50	
	<u>12,972.56</u>	<u>1,244,388.38</u>	<u>1,247,862.08</u>	<u>9,498.86</u>
Ref.	A			A
		<u>Ref.</u>		
Treasurer		A-4	1,166,326.09	
Tax Collector		A-6	65,743.75	
Sewer Collector		A-8	15,792.24	
			<u>1,247,862.08</u>	

SCHEDULE OF 2006 APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2006</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages				
Police Department	5,601.79	601.79		601.79
Other Expenses				
Municipal Clerk	308.81	1,008.81	930.52	78.29
Financial Administration	12.31	312.31	295.77	16.54
Assessment of Taxes	965.31	975.31	974.00	1.31
Collection of Taxes	1,550.60	40.60		40.60
Legal Services and Costs	37.23	1,237.23	1,206.46	30.77
Engineering Services	2,325.00	2,325.00	1,776.21	548.79
Police Department	2,180.38	2,180.38	1,431.37	749.01
Municipal Court	4,728.99	4,728.99	1,648.60	3,080.39
Road Repairs and Maintenance	1,826.89	2,126.89	2,118.80	8.09
Public Buildings and Grounds	6,695.57	6,695.57	1,626.27	5,069.30
Vehicle Maintenance	9,016.55	2,016.55	1,607.47	409.08
Sanitary Landfill	12,198.32	15,098.32	14,787.90	310.42
Parks and Playgrounds	7,924.83	2,924.83	2,599.20	325.63
Construction Code Official	3,998.56	998.56		998.56
Gasoline	6.70	4,006.70	3,143.38	863.32
Electricity	158.29	6,358.29	6,120.84	237.45
Telephone and Telegraph	16.23	916.23	827.07	89.16
Street Lighting	1.71	5,001.71	4,959.66	42.05
Maintenance of Free Public Library	12,301.36	12,301.36	12,301.36	
Other Accounts - No Change	6,483.35	6,483.35		6,483.35
	<u>78,338.78</u>	<u>78,338.78</u>	<u>58,354.88</u>	<u>19,983.90</u>
Ref.	A		A-4	A-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2006	A	24,565.43	17,018.70
Increased by:			
Charges to 2007 Appropriations	A-3	12,442.28	
		<u>37,007.71</u>	<u>17,018.70</u>
Decreased by:			
Payments	A-4	24,022.44	17,018.70
Canceled	A-1	0.09	
		<u>24,022.53</u>	<u>17,018.70</u>
Balance December 31, 2007	A	<u><u>12,985.18</u></u>	

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

	<u>Ref.</u>	
Balance December 31, 2006	A	41,884.78
Increased by:		
Receipts	A-4	<u>79,313.49</u>
		121,198.27
Decreased by:		
2007 Deductions Per Tax Duplicate		82,500.00
2007 Deductions Allowed by Collector		2,250.00
2007 Deductions Disallowed by Collector		<u>(6,733.80)</u>
	A-11	<u>78,016.20</u>
Balance December 31, 2007	A	<u><u>43,182.07</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>Ref.</u>	
Balance December 31, 2006	A	(2,656.06)
Increased by:		
2007 Calendar Year School Levy	A-11	1,814,803.00
		<hr/>
		1,812,146.94
Decreased by:		
Payments	A-4	1,806,174.00
		<hr/>
Balance December 31, 2007	A	<u>5,972.94</u>

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

	<u>Ref.</u>	
Balance December 31, 2006	A	34,340.19
Increased by:		
2007 Calendar Year School Levy	A-11	2,501,175.85
		<hr/>
		2,535,516.04
Decreased by:		
Payments	A-4	2,535,516.04
		<hr/>

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	Balance Dec. 31, 2006	Transferred from 2007 Budget Appropriation	Paid or Charged	Balance Dec. 31, 2007
Federal Grants:				
Community Development Funds:				
Downtown Revitalization	13,601.00	5,000.00	5,697.75	12,903.25
Park	15,000.00			15,000.00
State Grants:				
Alcohol Education and Rehabilitation Grant	39.00			39.00
Drunk Driving Enforcement	566.31			566.31
New Jersey Legislative Grant:				
Downtown Redevelopment	12,379.32			12,379.32
Library Expansion	100,000.00		9,566.50	90,433.50
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	6,287.85		1,465.80	4,822.05
Bikepath Safety	119,670.00			119,670.00
Reconstruction of River Drive	150,000.00	150,000.00	292,590.30	7,409.70
Click It or Ticket	4,000.00			4,000.00
Liveable Communities Library Grant	45,000.00			45,000.00
Liveable Communities Park Grant	70,554.78		70,554.78	
Statewide Domestic Preparedness - 2003	331.34			331.34
Statewide Domestic Preparedness - 2005	17.44			17.44
Municipal Alliance for Drug and Alcohol Abuse	18,866.32	9,693.00	7,779.88	20,779.44
Clean Communities	5,627.47		4,713.65	913.82
Body Armor Fund	1,651.88	965.08		2,616.96
Recycling Tonnage Grant	1,471.89	1,625.94		3,097.83
Municipal Stormwater Regulation Program	6,822.00	1,705.00	2,390.17	6,136.83
	<u>574,819.12</u>	<u>168,989.02</u>	<u>394,758.83</u>	<u>349,049.31</u>
Ref.	A	A-3	A-4	A

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2006	Received	To Grants Receivable	Balance Dec. 31, 2007
Body Armor Fund	965.08	1,044.03	965.08	1,044.03
Recycling Tonnage Grant	1,625.94	6,466.23	1,625.94	6,466.23
Municipal Stormwater Regulation Program	1,705.00		1,705.00	
Drunk Driving Enforcement		13,071.94		13,071.94
	<u>4,296.02</u>	<u>20,582.20</u>	<u>4,296.02</u>	<u>20,582.20</u>
Ref.	A	A-4	A-10	A

TRUST FUND

SCHEDULE OF TRUST FUND CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Trust</u>	<u>Other Trust Fund</u>
Balance December 31, 2006	B	2,732.77	103,927.06
Increased by Receipts:			
Interest Earned		154.00	6,163.30
Dog License Fees:			
Municipal Share	B-5	516.20	
State Share		154.80	
Deposits for Net Pay			1,391,577.14
Payroll Deductions Payable			836,159.02
Donations for Public Events			16,381.00
Program Income for Municipal Alliance			2,957.00
Escrow Deposits			54,725.65
Forfeited Funds			1,737.00
		<u>825.00</u>	<u>2,309,700.11</u>
		3,557.77	2,413,627.17
Decreased by Disbursements:			
Expenditures Under RS 4:19-15.11	B-5	243.00	
NJ State Department of Health		154.80	
Net Pay			1,388,385.52
Payroll Deductions Paid			848,230.95
Fourth of July Expenditures			15,100.00
Unemployment Claims			5,214.97
Escrow Expenditures			53,494.37
		<u>397.80</u>	<u>2,310,425.81</u>
Balance December 31, 2007	B	<u>3,159.97</u>	<u>103,201.36</u>

EXHIBIT B-2

SCHEDULE OF TRUST FUND CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 -- TREASURER

	<u>Ref.</u>	<u>Animal Control Trust</u>	<u>Other Trust Funds</u>
Balance December 31, 2007	B-1	3,159.97	103,201.36
Increased by Receipts:			
Cash Receipts Record		746.16	1,112,275.94
		3,906.13	1,215,477.30
Decreased by Disbursements:			
Cash Disbursements Record		886.50	1,083,619.67
Balance May 30, 2008	B-2	3,019.63	131,857.63

Cash Reconciliation - May 30, 2008

Balance per Statement			
Colonial National Bank		3,019.63	133,199.63
Less: Outstanding Checks			1,342.00
Balance May 30, 2008	B-2	3,019.63	131,857.63

SCHEDULE OF TRUST FUND CASH - COLLECTOR

Balance December 31, 2006	<u>Ref.</u> B		55,840.74
Increased by:			
Deposits for Redemption of Tax Sale Certificates		61,851.00	
Interest Earned		813.11	
		<hr/>	62,664.11
			<hr/>
			118,504.85
Decreased by:			
Premiums Received at Tax Sale		26,001.00	
Refunds Upon Redemption		86,091.94	
		<hr/>	112,092.94
			<hr/>
Balance December 31, 2007	B		<u><u>6,411.91</u></u>

SCHEDULE OF TRUST FUND CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 -- COLLECTOR

	<u>Ref.</u>	
Balance December 31, 2007	B-3	6,411.91
Increased by:		
Cash Receipts Record		63,833.26
		<hr/>
		70,245.17
Decreased by:		
Cash Disbursements Record		60,131.02
		<hr/>
Balance May 30, 2008	B-4	10,114.15
		<hr/> <hr/>
		<u>Cash Reconciliation - May 30, 2008</u>
Balance per Statement		
Colonial National Bank	B-4	10,114.15
		<hr/> <hr/>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2006	<u>Ref.</u> B		1,079.30
Increased by:			
Municipal Share of Dog License Fees	B-1		516.20
			<hr/>
			1,595.50
Decreased by:			
Expenditures Under R.S.4:19-15.11: Cash	B-1	243.00	
Statutory Excess Due Current Fund		163.50	
		<hr/>	
			406.50
Balance December 31, 2007	B		<hr/> <hr/>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2005	591.60
2006	597.40
	<hr/>
	1,189.00
	<hr/> <hr/>

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2006	C		135,773.81
Increased by:			
Interest Earned	C-4	9,611.91	
Budget Appropriation:			
Capital Improvement Fund	C-9	12,500.00	
Loan Receivable	C-5	31,760.00	
Bond Anticipation Notes	C-14	362,000.00	
Due Current Fund	C-4	229,960.56	
		<hr/>	645,832.47
			<hr/>
			781,606.28
Decreased by:			
Improvement Authorizations	C-10	305,523.58	
Contracts Payable	C-11	63,625.44	
Due Current Fund	C-4	175,044.00	
		<hr/>	544,193.02
Balance December 31, 2007	C		<hr/> <hr/>
			237,413.26

SCHEDULE OF GENERAL CAPITAL CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 - TREASURER

	<u>Ref.</u>	
Balance December 31, 2007	C-2	237,413.26
Increased by:		
Cash Receipts Record		2,904.20
		<hr/>
		240,317.46
Decreased by:		
Cash Disbursements Record		92,659.84
		<hr/>
Balance May 30, 2008	C-3	<u><u>147,657.62</u></u>
 <u>Cash Reconciliation - May 30, 2008</u> 		
Balance per Statement		
Colonial National Bank		151,452.42
Less: Outstanding Checks		3,794.80
		<hr/>
Balance May 30, 2008	C-3	<u><u>147,657.62</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2006	Receipts			Disbursements			Balance Dec. 31, 2007
		Budget Appropriations	Bond Anticipation Notes	Miscellaneous	Improvement Authorization	Miscellaneous	Transfers	
Fund Balance	819.00							819.00
Capital Improvement Fund	12,500.00	12,500.00					(19,052.00)	5,948.00
Loan Receivable				31,760.00			(614,048.00)	(582,288.00)
Due from State of New Jersey	(94,642.20)							(94,642.20)
Due from Federal and State Grant Fund	(238,829.58)							(238,829.58)
Due from Current Fund	(346,971.24)			239,572.47		175,044.00		(282,442.77)
Due From Trust Other	(137.50)							(137.50)
Encumbrances Payable							23,569.78	23,569.78
Contracts Payable	70,486.94					63,625.44		6,861.50
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
Improvement Authorizations:								
<u>Ordinance #</u>								
250-89 Various Improvements - Highway Department	16,394.00							16,394.00
5-95 Rehabilitation of Downtown Area	12,035.84							12,035.84
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	12,316.23							12,316.23
172-99 Improvements of Certain Roads	985.95							985.95
25-00 Purchase of a Trash Truck	9,325.00							9,325.00
47-00 Various Street Improvements	28,942.18							28,942.18
7-01 Improvements to New Street and Center Street	101,836.05							101,836.05
7-03 Various Improvements or Purposes Including Crown Point Parking Lot	455,793.37				3,100.00			452,693.37
25-04 Summit Avenue Phase II	(1,443.00)							(1,443.00)
15-05 Various Improvements or Purposes	86,079.52				23,105.14			62,974.38
6-07 Rehabilitation to the Sanitary Sewer Lines					59,395.14		612,422.82	553,027.68
7-07 Rehabilitation and Resurfacing of Certain Streets and Certain Park Improvement Projects			209,000.00		193,392.08		(10,944.60)	4,663.32
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								
			153,000.00		26,531.22		8,052.00	134,520.78
	135,773.81	12,500.00	362,000.00	271,332.47	305,523.58	238,669.44		237,413.26
Ref.	C	C-6	C-14	C-2;C-5	C-10	C-2;C-11		C

SCHEDULE OF LOAN RECEIVABLE

	<u>Ref.</u>	<u>Total</u>	<u>Trust Portion</u>	<u>Fund Portion</u>
Increased by:				
Authorized in 2007 - Ordinance 06-07	C-13	627,024.00	320,000.00	307,024.00
Decreased by:				
Receipts	C-2	31,760.00	15,880.00	15,880.00
Cost of Issuance	C-10	12,976.00	12,976.00	
		44,736.00	28,856.00	15,880.00
Balance December 31, 2007	C	582,288.00	291,144.00	291,144.00

SCHEDULE OF DUE FROM STATE OF NEW JERSEY

	<u>Ref.</u>	
Balance December 31, 2006	C	<u>94,642.20</u>
Balance December 31, 2007	C	<u><u>94,642.20</u></u>
Analysis of Balance:		
Summit Avenue Phase II - Ordinance 25-04		35,000.00
Birch and Boundry Roads		12,974.43
Big Timber Creek - Ordinance 4-02		<u>46,667.77</u>
		<u><u>94,642.20</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>	
Balance December 31, 2006	C	3,170,000.00
Increased by:		
Improvement Cost Funded by:		
Loans Issued	C-8	627,024.00
		<hr/>
		3,797,024.00
Decreased by:		
2007 Budget Appropriation to Pay Bonds	C-12	210,000.00
		<hr/>
Balance December 31, 2007	C	<u><u>3,587,024.00</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION - UNFUNDED

<u>Ordinance #</u>	<u>Purpose</u>	Balance Dec. 31, 2006	2007 Authorization	Transferred to Deferred Taxation Funded	Balance Dec. 31, 2007	Analysis of Balance Dec. 31, 2007		Unexpended Improvement Authorizations
						Financed By Bond Anticipation Notes	Expenditures	
25-04	Summit Avenue Phase II	1,443.00			1,443.00		1,443.00	
06-07	Rehabilitation to the Sanitary Sewer Lines		640,000.00	627,024.00	12,976.00			12,976.00
07-07	Rehabilitation and Resurfacing of Certain Streets and Certain Park Improvement Projects		209,000.00		209,000.00	209,000.00		
08-07	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		153,000.00		153,000.00	153,000.00		
		<u>1,443.00</u>	<u>1,002,000.00</u>	<u>627,024.00</u>	<u>376,419.00</u>	<u>362,000.00</u>	<u>1,443.00</u>	<u>12,976.00</u>
		C	C-10	C-7	C		C-4	
	Improvement Authorizations - Unfunded					<u>Ref.</u>		
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued:					C-10		152,160.10
	Ordinance #07-07					C-4	4,663.32	
	Ordinance #08-07					C-4	134,520.78	
							<u>139,184.10</u>	
								<u>12,976.00</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2006	C	12,500.00
Increased by:		
2007 Budget Appropriation	C-2	<u>12,500.00</u>
		25,000.00
Decreased by:		
Amount Appropriated to Finance Improvement Authorization	C-10	<u>19,052.00</u>
Balance December 31, 2007	C	<u><u>5,948.00</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance #	Purpose	Date	Amount	2007 Authorizations					Balance Dec. 31, 2007	
				Balance Dec. 31, 2006	Down Payment or Capital Improvement Fund	Deferred Charges to Future Taxation Unfunded	Paid or Charged	Encumbered	Funded	Unfunded
				Funded	Fund	Unfunded				
250-89	Various Improvements - Highway Department	10/10/89	930,000.00	16,394.00					16,394.00	
5-95	Rehabilitation of Downtown Area	7/11/95	45,355.00	12,035.84					12,035.84	
9-96	Purchase of Computer Hardware and Software and Telephone System	9/10/95	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	12,316.23					12,316.23	
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	
47-00	Various Street Improvements	10/11/00	146,660.00	28,942.18					28,942.18	
7-01	Improvements to New Street and Center Street	11/28/01	172,000.00	101,836.05					101,836.05	
7-03	Various Improvements or Purposes Including Crown Point Parking Lot	6/25/03	883,500.00	455,793.37			3,100.00		452,693.37	
15-05	Various Improvements or Purposes	7/27/05	200,000.00	86,079.52			23,105.14		62,974.38	
06-07	Rehabilitation to the Sanitary Sewer Lines	4/25/07	640,000.00			640,000.00	72,371.14	1,625.18	553,027.68	12,976.00
07-07	Rehabilitation and Resurfacing of Certain Streets and Certain Park Improvement Projects	5/9/07	220,000.00		11,000.00	209,000.00	193,392.08	21,944.60		4,663.32
08-07	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		8,052.00	153,000.00	26,531.22			134,520.78
				<u>724,707.94</u>	<u>19,052.00</u>	<u>1,002,000.00</u>	<u>318,499.58</u>	<u>23,569.78</u>	<u>1,251,530.48</u>	<u>152,160.10</u>
Ref.				C	C-9	C-8		C	C	C
	Cash					Ref.	305,523.58			
	Cost of Issuance					C-5	12,976.00			
							<u>318,499.58</u>			

SCHEDULE OF CONTRACTS PAYABLE

	<u>Ref.</u>	
Balance December 31, 2006	C	70,486.94
Decreased by:		
Payments	C-2	63,625.44
Balance December 31, 2007	C	<u>6,861.50</u>

SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance		Balance Dec. 31, 2007
			Date	Amount		Dec. 31, 2006	Decreased	
Refunding Issue of 1997	9/15/97	965,000.00	11/15/08	95,000.00	5.00%			
			11/15/09	90,000.00	5.00%	270,000.00	85,000.00	185,000.00
General Improvement Bonds of 2005	12/1/05	3,025,000.00	12/1/08-09	125,000.00	4.50%			
			12/1/10-13	175,000.00	4.50%			
			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%			
						2,900,000.00	125,000.00	2,775,000.00
						<u>3,170,000.00</u>	<u>210,000.00</u>	<u>2,960,000.00</u>
					Ref.	C	C-7	C

SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST LOAN

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding			Interest Rate (A)	Increased	Balance Dec. 31, 2007
			Date	Trust Loan	Fund Loan			
11/8/07	Rehabilitation of Sanitary Sewer Lines	627,024.00	2/1/09		4,553.72			
			8/1/09	10,000.00	10,917.02	5.00%		
			2/1/10		4,394.64			
			8/1/10	10,000.00	10,757.93	5.00%		
			2/1/11		4,235.56			
			8/1/11	10,000.00	10,598.85	5.00%		
			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%	627,024.00	627,024.00
							627,024.00	627,024.00
						Ref.	C-7	C

(A) Interest is applicable to Trust Loan only.

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Increased</u>	<u>Balance Dec. 31, 2007</u>
07-07	Rehabilitation and Resurfacing of Certain Streets and Certain Park Improvement Projects	11/1/07	11/1/07	10/31/08	3.60%	209,000.00	209,000.00
08-07	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	11/1/07	10/31/08	3.60%	153,000.00	153,000.00
						<u>362,000.00</u>	<u>362,000.00</u>
					Ref.	C-2	C

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Balance Dec. 31, 2006</u>	<u>2007 Authorized</u>	<u>Bond Anticipation Notes Issued</u>	<u>Loans Issued</u>	<u>Balance Dec. 31, 2007</u>
25-04	Summit Avenue Phase II	1,443.00				1,443.00
06-07	Rehabilitation to the Sanitary Sewer Lines		640,000.00		627,024.00	12,976.00
07-07	Rehabilitation and Resurfacing of Certain Streets and Certain Park Improvement Projects		209,000.00	209,000.00		
08-07	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		153,000.00	153,000.00		
		<u>1,443.00</u>	<u>1,002,000.00</u>	<u>362,000.00</u>	<u>627,024.00</u>	<u>14,419.00</u>
	Ref.		C-10	C-14	C-13	

WATER UTILITY FUND

SCHEDULE OF UTILITY CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2006	D	45,758.28	14,591.52
Increased by:			
Consumer Accounts Receivable	D-8	801,936.68	
Fire Hydrant Service	D-3	2,250.00	
Miscellaneous Revenues	D-3	86,224.74	767.07
Utility Rent Overpayments		80.70	
Utility Rent Prepayments		5,284.76	
		<u>895,776.88</u>	<u>767.07</u>
		941,535.16	15,358.59
Decreased by:			
Budget Appropriations	D-4	781,526.71	
Appropriation Reserves	D-13	8,631.94	
Encumbrances Payable	D-14	2,603.54	
Protested Checks	D-10	68.81	
Accrued Interest Paid	D-15	75,726.36	
Contracts Payable	D-16		418.00
		<u>868,557.36</u>	<u>418.00</u>
Balance December 31, 2007	D	<u><u>72,977.80</u></u>	<u><u>14,940.59</u></u>

SCHEDULE OF UTILITY CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2007	D-5	72,977.80	14,940.59
Increased by:			
Cash Receipts Record		433,738.65	213.18
		506,716.45	15,153.77
Decreased by:			
Cash Disbursements Record		358,157.24	
Balance May 30, 2008	D-6	148,559.21	15,153.77
		<u>148,559.21</u>	<u>15,153.77</u>
		<u>Cash Reconciliation - May 30, 2008</u>	
Balance per Statement			
Colonial National Bank		178,606.00	15,153.77
Add: Deposit in Transit		2,522.01	
		181,128.01	15,153.77
Less: Outstanding Checks		32,568.80	
Balance May 30, 2008	D-6	148,559.21	15,153.77
		<u>148,559.21</u>	<u>15,153.77</u>

ANALYSIS OF UTILITY CAPITAL FUND CASH

	Balance Dec. 31, 2006	<u>Receipts</u> Miscellaneous	<u>Disbursements</u> Miscellaneous	Transfers	Balance Dec. 31, 2007
Capital Fund Balance	302.00			10,553.66	10,855.66
Capital Improvement Fund	4,076.00				4,076.00
Reserve for Debt Service	81.00				81.00
Due Utility Operating Fund	131,913.07	767.07			132,680.14
Contracts Payable	6,602.80		418.00	(6,184.80)	
Retained Percentage Due Contractor	4,368.86			(4,368.86)	
Accounts Payable	(170.47)				(170.47)
Due from State of New Jersey	(156,744.00)				(156,744.00)
Improvement Authorizations:					
<u>Ordinance #</u>					
93-8 Various Improvements	1,154.00				1,154.00
95-9 Redevelopment of Well #5	7,181.00				7,181.00
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
	<u>14,591.52</u>	<u>767.07</u>	<u>418.00</u>		<u>14,940.59</u>
Ref.	D	D-5	D-5		D

EXHIBIT D-8

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2006	D		13,749.18
Increased by:			
Utility Rents Levied			824,942.12
			<hr/>
			838,691.30
Decreased by:			
Collections	D-5	801,936.68	
Overpayments Applied		533.83	
Prepayments Applied		7,054.59	
Canceled		35.15	
		<hr/>	<hr/>
			809,560.25
Balance December 31, 2007	D		<hr/> <hr/>
			29,131.05

EXHIBIT D-9

SCHEDULE OF WATER LABORATORY REIMBURSEMENTS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2006	D		17,487.68
Decreased by:			
Canceled	D-1		17,487.68
			<hr/>

SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2006	D	556.14	170.47
Increased by:			
Protested Checks	D-5	68.81	
Balance December 31, 2007	D	<u>624.95</u>	<u>170.47</u>

SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2006	<u>Additions by Capital Outlay</u>	Balance Dec. 31, 2007
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	83,129.80	15,992.76	99,122.56
	<u>2,883,714.43</u>	<u>15,992.76</u>	<u>2,899,707.19</u>
Ref.	D		D
	<u>Ref.</u>		
2007 Appropriations	D-4	14,272.76	
Encumbrances Payable		1,720.00	
		<u>15,992.76</u>	

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Purpose	Ordinance		Balance	Balance
	Date	Amount	Dec. 31, 2006	Dec. 31, 2007
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
Redrill Well #5	7/12/06	239,773.00	239,773.00	239,773.00
			<u>1,659,773.00</u>	<u>1,659,773.00</u>
	Ref.		D	D

SCHEDULE OF 2006 APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2006</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries & Wages	2,276.65	276.65		276.65
Other Expenses	10,900.03	12,900.03	8,631.94	4,268.09
Other Accounts - No Changes	1,337.70	1,337.70		1,337.70
	<u>14,514.38</u>	<u>14,514.38</u>	<u>8,631.94</u>	<u>5,882.44</u>
Ref.	D	D	D-5	D-1

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance December 31, 2006	<u>Ref.</u> D	3,282.64
Increased by:		
Charges to 2007 Appropriations	D-4	866.46
		<u>4,149.10</u>
Decreased by:		
Payments	D-5	2,603.54
Canceled	D-1	679.10
		<u>3,282.64</u>
Balance December 31, 2007	D	<u>866.46</u>

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

Balance December 31, 2006	<u>Ref.</u> D	13,717.15
Increased by:		
Budget Appropriation for:		
Interest on Bonds and Notes	D-4	76,872.90
		<hr/> 90,590.05
Decreased by:		
Interest Paid	D-5	75,726.36
Balance December 31, 2007	D	<hr/> <hr/> 14,863.69

Analysis of Accrued Interest December 31, 2007

	<u>Principal Outstanding Dec. 31, 2007</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Bonds:						
	472,349.00	5.000%	10/15/07	12/31/07	77 Days	4,982.31
	654,000.00	Various	12/1/07	12/31/07	1 Month	2,498.02
Notes:						
	239,773.00	3.700%	8/9/07	12/31/07	144 Days	3,500.03
Loans:						
	170,000.00	Various	8/1/07	12/31/07	5 Months	3,883.33
						<hr/> 14,863.69 <hr/> <hr/>

SCHEDULE OF CONTRACTS PAYABLE

Balance December 31, 2006	<u>Ref.</u> D		6,602.80
Decreased by:			
Payments	D-5	418.00	
Canceled	D-2	6,184.80	
		<hr/>	<hr/>
			6,602.80

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2006		Balance Dec. 31, 2007	
				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		7,181.00	
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
04-23	Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	12/8/04	65,000.00	11,253.72		11,253.72	
				24,162.26	586.00	24,162.26	586.00
			Ref.	D	D	D	D

EXHIBIT D-18

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2006	D	4,076.00
Balance December 31, 2007	D	<u>4,076.00</u>

EXHIBIT D-19

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2006	D	2,562,873.66
Increased by:		
Serial Bonds Paid by Operating Budget	D-21	57,966.00
Loan Paid by Operating Budget	D-22	21,845.91
Capital Outlay:		
By Operating Budgets	D-11	<u>15,992.76</u>
		95,804.67
Balance December 31, 2007	D	<u>2,658,678.33</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2006</u>	<u>Balance Dec. 31, 2007</u>
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, 2007
			Date	Amount		Dec. 31, 2006	Decreased	
10/15/81	Improvement to Water System	819,000.00	10/15/08	24,115.00	5.00%	495,315.00	22,966.00	472,349.00
			10/15/09	25,320.00	5.00%			
			10/15/10	26,586.00	5.00%			
			10/15/11	27,916.00	5.00%			
			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%						
12/1/05	Improvements to Water System	724,000.00	12/1/08-13	35,000.00	4.50%	689,000.00	35,000.00	654,000.00
			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%			
						<u>689,000.00</u>	<u>35,000.00</u>	<u>654,000.00</u>
						<u>1,184,315.00</u>	<u>57,966.00</u>	<u>1,126,349.00</u>
						D	D-19	D

SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST LOAN

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding			Interest Rate (A)	Balance Dec. 31, 2006	Decreased	Balance Dec. 31, 2007
			Date	Trust Loan	Fund Loan				
10/15/99	Replacement, Repair and Rehabilitation of Water Mains	472,136.00	2/1/08		2,576.31				
			8/1/08	10,000.00	8,963.04	4.90%			
			2/1/09		2,419.83				
			8/1/09	10,000.00	8,806.56	5.00%			
			2/1/10		2,260.16				
			8/1/10	10,000.00	8,646.90	5.50%			
			2/1/11		2,084.53				
			8/1/11	10,000.00	8,471.26	5.50%			
			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%	334,689.77	21,845.91	312,843.86
							<u>334,689.77</u>	<u>21,845.91</u>	<u>312,843.86</u>
						Ref.	D	D-19	D

(A) Interest is applicable to Trust Loan only.

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2006</u>	<u>Balance Dec. 31, 2007</u>
06-06	Redrill Well #5	8/9/06	8/9/07	8/8/08	3.70%	239,773.00	239,773.00
					Ref.	D	D

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Balance Dec. 31, 2006</u>	<u>Balance Dec. 31, 2007</u>
11-03	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

PART II

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:

Road Improvements on River Drive from Delaware View Avenue to Route 130
Sanitary Sewer Line Rehabilitation

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 payments, contracts or agreements 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.

Other Purchasing Procedures

In accordance with P.L. 2004, c.57, all business organizations that do business with a local contracting agency are required to be registered with the State and provide proof of that registration to the contracting agency before the contracting agency may enter into a contract with the business. No purchase orders should be issued (other than emergencies) without having a Business Registration Certification (BRC) from the vendor on file prior to issuing the order. A vendor does not need to submit a BRC if the aggregate value of small purchases over the year is estimated to be less than 15% of the contracting agency's bid threshold.

Our test of compliance disclosed that Business Registration Certificates were not obtained for purchases that required them.

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 3, 2007 adopted the following resolutions 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, and 18% per annum will be charged on delinquent taxes, assessments, sewer charges and water charges in excess of \$1,500.

WHEREAS, in accordance with N.J.S.A. 54:4-67, municipalities are allowed to charge an additional 6% year end penalty for those accounts whose taxes and/or water and/or sewer arrears exceed \$10,000; and

WHEREAS, the Borough of Westville wishes to comply with this penalty rate.

NOW, THEREFORE BE IT RESOLVED by the Mayor and Council of the Borough of Westville that an additional penalty of 6% will be charged on any outstanding taxes and/or water and/or sewer arrears exceeding \$10,000 in accordance with N.J.S.A. 54:4-67.

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 13, 2007 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>
2007	1
2006	1
2005	1

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.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services. All notices returned were reviewed and no discrepancies were noted. A separate report will be rendered if any irregularities develop after the date of the audit.

OTHER COMMENTS

Chief Financial Officer

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.
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 routinely cleared in the subsequent year.

There was an expenditure without an appropriation made during the year. This was a result of a reporting error made in the prior year. No recommendation is deemed necessary.

Tax Collector

The records maintained by the Tax Collector were found to be in compliance with requirements prescribed by the Division of Local Government Services.

Corrective Action Plan

A corrective action plan was filed by the governing body for the year 2006. Corrective action has been implemented for the prior year recommendation.

FINDINGS AND RECOMMENDATIONS

COMPLIANCE

1. Finding: Our test of compliance disclosed that Business Registration Certificates were not obtained for purchases that required them.

Recommendation: Business Registration Certificates be obtained from all required vendors.

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

Petroni & Associates