

**BOROUGH OF WESTVILLE**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2008**

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**PART I**

# PETRONI & ASSOCIATES

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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, 2008 and 2007, and the related statements of operations and changes in fund balance – statutory basis for the years 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, 2008. These financial statements are the responsibility of the Borough of Westville's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the Borough of Westville prepares 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, 2008, or the results of its operations for the year then ended.

However, in our opinion, 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, 2008 and 2007, 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, 2008 on the modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2009 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".

April 8, 2009

# 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, 2008, and have issued our report thereon dated April 8, 2009. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

The image shows a handwritten signature in cursive script that reads "Petroni & Associates". The signature is written in black ink and is positioned below the printed name of the firm.

April 8, 2009

**CURRENT FUND**

COMPARATIVE BALANCE SHEET - CURRENT FUND

	<u>ASSETS</u>	<u>Ref.</u>	Balance <u>Dec. 31, 2008</u>	Balance <u>Dec. 31, 2007</u>
<u>Regular Fund</u>				
Cash - Treasurer		A-4	1,005,625.25	737,677.71
Cash -Tax Collector		A-6	29,230.44	266,085.78
Cash - Sewer Collector		A-8	881,938.83	437,974.20
Change Fund			200.00	200.00
			<u>1,916,994.52</u>	<u>1,441,937.69</u>
Receivables and Other Assets with Full Reserves:				
Delinquent Property Taxes Receivable		A-11	285,588.47	243,939.61
Tax Title Liens Receivable		A-12	5,653.66	5,148.65
Municipal Maintenance Liens Receivable			324.06	324.06
Property Acquired for Taxes - Assessed Valuation		A-13	135,450.00	135,450.00
Sewer Rents Receivable		A-14	78,501.95	50,713.55
Other Accounts Receivable			4,990.50	4,990.50
Revenue Accounts Receivable		A-15	15,187.64	9,498.86
Protested Checks			1,435.66	1,435.66
Due from Borough Clerk			30.20	30.20
Due from Other Trust Funds		B	22,408.04	16,898.64
Due from Animal Control Trust Fund		B	2,097.92	2,008.02
Due from Community Development			2,860.84	2,860.84
Due from Federal and State Grant Fund		A	18,084.44	113,871.17
			<u>572,613.38</u>	<u>587,169.76</u>
Deferred Charges:				
Expenditure Without Appropriation			862.83	862.83
Special Emergency Authorization (40A:4-55)		A-16	20,000.00	
			<u>20,862.83</u>	<u>862.83</u>
			<u>2,510,470.73</u>	<u>2,029,970.28</u>
<u>Federal and State Grant Fund</u>				
Cash		A-4	20,747.86	18,853.62
Grants Receivable		A-10	545,929.81	723,206.56
			<u>566,677.67</u>	<u>742,060.18</u>
			<u>3,077,148.40</u>	<u>2,772,030.46</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, 2008</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
<u>Regular Fund</u>			
Liabilities:			
Appropriation Reserves	A-3:A-17	268,677.72	360,249.10
Encumbrances Payable	A-18	45,904.91	12,985.18
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-19	41,666.68	43,182.07
Prepaid Taxes		41,858.95	46,015.33
Tax Overpayments		1,673.44	128.22
Prepaid Sewer Rents		537.17	2,871.29
Sewer Overpayments		249.15	89.69
Unallocated Receipts			116.80
Due to Bank		31.50	31.50
Due General Capital Fund	C	227,253.55	282,442.77
Reserve for Zoning Escrow		1,845.00	1,845.00
Reserve for Supplemental Franchise and Gross Receipts Tax		26.00	26.00
Reserve for Stormwater Grant		5,117.00	5,117.00
Reserve for Revaluation		11,620.00	11,620.00
Reserve for Street Scape Refund		19,523.00	19,523.00
Reserve for Library Addition Donation	A-20	3,850.40	
Reserve for Public Defender		3,857.00	
Local District School Taxes Payable	A-21	5,971.94	5,972.94
Regional High School Taxes Payable	A-22	4,569.13	
Due County for Added & Omitted Taxes		748.30	1,306.81
Due Fire District		5,707.98	10,033.08
Due Library		6,092.16	
		<hr/>	<hr/>
		696,780.98	803,555.78
Reserve for Receivables		572,613.38	587,169.76
Fund Balance	A-1	1,241,076.37	639,244.74
		<hr/>	<hr/>
		2,510,470.73	2,029,970.28
<u>Federal and State Grant Fund</u>			
Encumbrances Payable	A-18	1,000.00	
Reserve for Grants - Appropriated	A-23	271,598.89	349,049.61
Reserve for Grants - Unappropriated	A-24	15,542.90	20,582.20
Reserve for Small Cities Loan Payback		20,747.86	18,853.62
Due Fire District		874.00	874.00
Due General Capital Fund	C	238,829.58	238,829.58
Due Current Fund	A	18,084.44	113,871.17
		<hr/>	<hr/>
		566,677.67	742,060.18
		<hr/>	<hr/>
		3,077,148.40	2,772,030.46
		<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 2008</u>	<u>Year 2007</u>
Fund Balance Utilized	A-2	360,000.00	325,000.00
Miscellaneous Revenue Anticipated	A-2	2,143,042.38	2,118,212.08
Receipts from Delinquent Taxes	A-2	242,835.84	197,550.60
Receipts from Current Taxes	A-2	8,534,729.26	8,094,917.83
Non-Budget Revenue	A-2	277,065.02	112,059.02
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-17	266,019.89	19,983.90
Encumbrances Payable - Canceled	A-18	743.00	0.09
Interfund Loans Returned		100,975.95	12,351.46
Prior Year Refund			11,824.50
Prior Year Unallocated Receipts	A	116.80	
Total Income		<u>11,925,528.14</u>	<u>10,891,899.48</u>
<u>Expenditures</u>			
Budget Appropriations:			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	1,765,575.00	1,577,501.51
Other Expenses	A-3	1,427,160.96	1,306,870.99
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	103,700.00	88,400.00
Appropriations Excluded from "CAPS":			
Operations:			
Other Expenses	A-3	953,229.04	748,791.13
Capital Improvements	A-3	28,500.00	178,500.00
Debt Service	A-3	369,394.50	356,237.50
County Taxes		1,576,260.61	1,444,303.75
Due County for Added Taxes		748.30	1,306.81
Local District School Tax	A-21	1,814,803.00	1,814,803.00
Regional High School Tax	A-22	2,651,960.71	2,501,175.85
Fire District Tax		290,621.56	289,603.64
Interfund Loan Advanced			113,871.17
Refund of Prior Year Revenue	A-4	1,742.83	6,395.67
Total Expenditures		<u>10,983,696.51</u>	<u>10,427,761.02</u>
Excess in Revenue		941,831.63	464,138.46
Adjustments to Income before Fund Balance:			
Expenditures above which are by Statute Deferred			
Charges to Budget of Succeeding Year	A-3	20,000.00	
Statutory Excess to Fund Balance		961,831.63	464,138.46
<u>Fund Balance</u>			
Balance January 1	A	639,244.74	500,106.28
		1,601,076.37	964,244.74
Decreased by:			
Utilization as Anticipated Revenue	A-1	360,000.00	325,000.00
Balance December 31	A	<u>1,241,076.37</u>	<u>639,244.74</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 2008	Special N.J.S.A. 40A:4-87		
Fund Balance Anticipated	A-1	360,000.00		360,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-15	10,000.00		12,171.00	2,171.00
Other	A-15	2,000.00		3,016.00	1,016.00
Fees and Permits	A-15	4,000.00		8,248.00	4,248.00
Fines and Costs:					
Municipal Court	A-15	100,000.00		145,836.43	45,836.43
Interest and Costs on Taxes	A-15	19,000.00		46,356.53	27,356.53
Interest on Investments	A-15	29,956.80		56,621.45	26,664.65
Sewer Rents	A-14	700,000.00		778,175.76	78,175.76
Interest on Delinquent					
Sewer Rents	A-15	1,000.00		1,983.59	983.59
Housing Inspection Fees	A-15	12,000.00		44,920.00	32,920.00
Extraordinary Aid	A-15	100,000.00		100,000.00	
Consolidated Municipal					
Property Tax Relief Act (N.J.S.A. 52:27D-118.34)	A-15	148,453.00		148,453.00	
Energy Receipts Tax	A-15	332,712.00		332,712.00	
Franchise Fees - Cable TV	A-15	12,000.00		15,879.65	3,879.65
Borough of Brooklawn -					
Busing Service	A-15	3,000.00		4,800.00	1,800.00
Shared Service Agreement					
Borough of National Park	A-15		194,870.00	194,870.00	
Clean Communities	A-10		5,667.77	5,667.77	
Recycling Tonnage	A-10	6,466.23		6,466.23	
Municipal Alliance on					
Alcoholism and Drug Abuse	A-10	7,749.00		7,749.00	
Body Armor	A-10	1,044.03		1,044.03	
Drunk Driving Enforcement	A-10	13,071.94		13,071.94	
Community Development					
Block Grant	A-10		75,000.00	75,000.00	
Donation - Westville Municipal					
Library Trustees	A-15		140,000.00	140,000.00	
Total Miscellaneous Revenues		1,502,453.00	415,537.77	2,143,042.38	225,051.61

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

STATEMENT OF REVENUES

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget 2008	Special N.J.S.A. 40A:4-87		
Receipts from Delinquent Taxes	A-2	175,000.00		242,835.84	67,835.84
Subtotal General Revenues		2,037,453.00	415,537.77	2,745,878.22	292,887.45
Amount to be Raised by Taxation	A-2	2,481,547.00		2,506,207.85	24,660.85
Budget Totals		4,519,000.00	415,537.77	5,252,086.07	317,548.30
Non-Budget Revenue	A-2			277,065.02	
	Ref.	4,519,000.00	415,537.77	5,529,151.09	
		A-3	A-3		

Analysis of Realized Revenue

	<u>Ref.</u>	
Allocation of Current Tax Collections:		
Revenue from Collections	A-11	8,534,729.26
Allocated to:		
School, Fire and County Taxes	A-11	6,334,394.18
Balance for Support of Municipal Budget Appropriation		2,200,335.08
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	305,872.77
Amount for Support of Municipal Budget Appropriation	A-2	2,506,207.85
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-2:A-11	242,835.84

Analysis of Non-Budget Revenue

	<u>Ref.</u>	
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Administrative Fee	A-15	3,246.11
Sale of Scrap Iron	A-15	2,083.84
Recycling Income	A-15	19,348.45
Sign Rental	A-15	8,800.00
Tax Sale Advertising Costs	A-15	1,537.42
Lease of Property	A-15	9,720.00
JIF Dividend	A-15	16,250.00
Refunds	A-15	57,823.74
Sale of Borough Property	A-15	139,801.84
Miscellaneous	A-15	18,453.62
	A-2	277,065.02

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	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT</b>						
General Administration						
Salaries & Wages	31,000.00	35,500.00	35,493.95		6.05	
Municipal Clerk						
Salaries & Wages	62,000.00	62,000.00	57,425.18		4,574.82	
Other Expenses	49,300.00	69,300.00	44,937.44		24,362.56	
Financial Administration						
Salaries & Wages	39,000.00	40,400.00	40,353.62		46.38	
Other Expenses	7,900.00	14,200.00	13,810.99		389.01	
Audit Services						
Other Expenses	5,720.00	5,720.00	5,720.00			
Revenue Administration (Tax Collection)						
Salaries & Wages	64,100.00	65,400.00	65,356.89		43.11	
Other Expenses	11,300.00	11,300.00	9,176.32		2,123.68	
Tax Assessment Administration						
Salaries & Wages	13,930.00	13,930.00	13,927.74		2.26	
Other Expenses	5,800.00	5,800.00	2,777.32		3,022.68	
Legal Services and Costs						
Other Expenses	25,000.00	25,000.00	15,090.42	271.67	9,637.91	
Engineering Services and Costs						
Other Expenses	12,000.00	12,000.00	11,983.00		17.00	
Economic Development Committee						
Other Expenses	6,500.00	6,500.00	2,922.68		3,577.32	
<b>LAND USE ADMINISTRATION</b>						
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Municipal Land Use Board						
Salaries and Wages	1,000.00	985.00	265.53		719.47	
Other Expenses	10,000.00	10,215.00	10,187.30	22.80	4.90	

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	
<b>INSURANCE</b>						
Liability Insurance	113,500.00	113,500.00	109,503.99		3,996.01	
Worker Compensation Insurance	145,000.00	145,000.00	141,797.09		3,202.91	
Employee Group Insurance	260,000.00	260,000.00	217,061.58		42,938.42	
<b>PUBLIC SAFETY FUNCTIONS</b>						
Police						
Salaries and Wages	763,110.00	859,009.00	849,527.19		9,481.81	
Other Expenses	26,901.00	86,171.00	56,915.56	611.54	28,643.90	
Office of Emergency Management						
Other Expenses	8,900.00	8,900.00	1,875.23	4,627.47	2,397.30	
Municipal Prosecutor						
Other Expenses	8,981.21	8,981.21	7,480.90		1,500.31	
<b>PUBLIC WORKS FUNCTIONS</b>						
Road Repairs & Maintenance						
Salaries & Wages	82,100.00	82,100.00	80,138.59		1,961.41	
Other Expenses	32,366.00	30,866.00	24,335.74	1,257.96	5,272.30	
Public Buildings & Grounds						
Salaries & Wages	5,200.00	8,800.00	8,751.99		48.01	
Other Expenses	25,660.00	23,160.00	22,214.64	917.21	28.15	
Vehicle Maintenance						
Other Expenses	58,600.00	64,600.00	63,649.67	467.54	482.79	
Garbage and Trash Removal						
Salaries & Wages	223,200.00	223,200.00	218,082.66		5,117.34	
Sanitary Landfill						
Other Expenses	210,000.00	210,000.00	170,195.92	14,865.39	24,938.69	
Sewer System						
Salaries & Wages	185,000.00	185,000.00	172,198.55		12,801.45	
Other Expenses	14,900.00	14,900.00	13,174.70		1,725.30	

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

STATEMENT OF EXPENDITURES

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>HEALTH &amp; HUMAN SERVICES</b>						
Board of Health						
Salaries & Wages	100.00	100.00			100.00	
Other Expenses	850.00	850.00	285.32		564.68	
Dog Regulation						
Other Expenses	50.00	50.00			50.00	
Environmental Commission						
Other Expenses	1,000.00	1,000.00	655.48	219.81	124.71	
<b>PARK &amp; RECREATION FUNCTIONS</b>						
Parks and Playgrounds						
Salaries & Wages	90,400.00	90,550.00	90,194.54		355.46	
Other Expenses	26,000.00	26,150.00	25,139.09	750.00	260.91	
<b>OTHER COMMON OPERATING FUNCTIONS</b>						
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	2,382.75	2,382.75	2,382.75			
<b>UNIFORM CONSTRUCTION CODE- APPROPRIATIONS OFFSET BY DEDICATED REVENUE (N.J.A.C. 5:23-4.17)</b>						
Construction Official						
Other Expenses	15,550.00	15,550.00	9,353.69		6,196.31	
Housing Inspector						
Salaries & Wages	31,200.00	31,201.00	31,200.07		0.93	
Other Expenses	500.00	1,600.00	1,444.49		155.51	

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

STATEMENT OF EXPENDITURES

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Electricity	65,000.00	85,000.00	84,400.80		599.20	
Street Lighting	59,000.00	39,000.00	18,486.34		20,513.66	
Telephone	34,000.00	34,000.00	31,951.76		2,048.24	
Heating Oil	13,000.00	13,000.00	13,000.00			
Gasoline	64,000.00	64,000.00	58,688.66	3,222.78	2,088.56	
<b>MUNICIPAL COURT FUNCTIONS</b>						
Municipal Court						
Salaries & Wages	58,400.00	67,400.00	67,269.00		131.00	
Other Expenses	13,465.00	13,465.00	10,607.63		2,857.37	
Public Defender						
Other Expenses	5,000.00	5,000.00	5,000.00			
Total Operations Within "CAPS"	<u>2,987,865.96</u>	<u>3,192,735.96</u>	<u>2,936,392.00</u>	<u>27,234.17</u>	<u>229,109.79</u>	
Detail:						
Salaries & Wages	1,649,740.00	1,765,575.00	1,730,185.50		35,389.50	
Other Expenses	<u>1,338,125.96</u>	<u>1,427,160.96</u>	<u>1,206,206.50</u>	<u>27,234.17</u>	<u>193,720.29</u>	

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

STATEMENT OF EXPENDITURES

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>						
DEFERRED CHARGES:						
Prior Year Bill:						
Consulting Engineers - November & December 2004	1,700.00	1,700.00	1,700.00			
STATUTORY EXPENDITURES:						
Contribution to:						
Social Security System (O.A.S.I.)	92,000.00	102,000.00	101,685.81		314.19	
Total Deferred Charges & Statutory Expenditures within "CAPS"	93,700.00	103,700.00	103,385.81		314.19	
Total General Appropriations for Municipal Purposes within "CAPS"	3,081,565.96	3,296,435.96	3,039,777.81	27,234.17	229,423.98	
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>						
Gloucester County Utilities Authority						
Contractual - Share Costs - Sewerage	400,000.00	400,000.00	363,066.62	5,680.74	31,252.64	
Maintenance of Free Public Library						
Other Expenses	95,000.87	95,000.87	87,026.22		7,974.65	
SFSP Fire District Payment	2,326.00	2,326.00	2,326.00			
Statutory Expenditures:						
Public Employees' Retirement System	72,691.20	72,691.20	72,691.20			
Police & Firemen's Retirement System of NJ	132,275.00	132,275.00	132,275.00			

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

STATEMENT OF EXPENDITURES

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>PUBLIC AND PRIVATE PROGRAMS</b>						
<b>OFFSET BY REVENUES</b>						
Recycling Tonnage Grant	6,466.23	6,466.23	6,466.23			
Municipal Alliance for Drug and Alcohol Abuse	9,686.00	9,686.00	9,686.00			
Drunk Driving Enforcement	13,071.94	13,071.94	13,071.94			
Body Armor Grant	1,044.03	1,044.03	1,044.03			
Community Development Funds						
High Street Flood Control		75,000.00	75,000.00			
Clean Communities		5,667.77	5,667.77			
Donation - Construction of a Library Addition		140,000.00	140,000.00			
Total Operations Excluded from "CAPS"	732,561.27	953,229.04	908,321.01	5,680.74	39,227.29	
Detail:						
Other Expenses	732,561.27	953,229.04	908,321.01	5,680.74	39,227.29	
<b>CAPITAL IMPROVEMENTS</b>						
<b>- EXCLUDED FROM "CAPS"</b>						
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	10,073.55	5,900.00	26.45	
Capital Improvements Excluded from "CAPS"	28,500.00	28,500.00	22,573.55	5,900.00	26.45	

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

STATEMENT OF EXPENDITURES

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>DEBT SERVICE</b>						
Payment of Bond Principal	220,000.00	220,000.00	220,000.00			
Interest on Bonds	137,000.00	137,000.00	136,362.50			637.50
Interest on Notes	13,500.00	13,500.00	13,032.00			468.00
Total Debt Service	370,500.00	370,500.00	369,394.50			1,105.50
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,131,561.27	1,352,229.04	1,300,289.06	11,580.74	39,253.74	1,105.50
Subtotal General Appropriations	4,213,127.23	4,648,665.00	4,340,066.87	38,814.91	268,677.72	1,105.50
RESERVE FOR UNCOLLECTED TAXES	305,872.77	305,872.77	305,872.77			
TOTAL GENERAL APPROPRIATIONS	4,519,000.00	4,954,537.77	4,645,939.64	38,814.91	268,677.72	1,105.50
Ref.	A-2			A-18	A	
	<u>Ref.</u>					
Budget	A-3	4,519,000.00				
Special Emergency Appropriation 40A:4-55	A-16	20,000.00				
Appropriations by 40A:4-87	A-2	415,537.77				
		<u>4,954,537.77</u>				
	<u>Ref.</u>					
Reserve for Federal and State Grants	A-23		110,935.97			
Reserve for Library Addition Donation	A-20		140,000.00			
Reserve for Uncollected Taxes	A-2		305,872.77			
Disbursed	A-4		4,089,130.90			
			<u>4,645,939.64</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, 2008</u>	Balance <u>Dec. 31, 2007</u>
<u>Animal Control Trust Fund</u>			
Cash - Treasurer	B-1	3,175.17	3,159.97
Due from Bank		39.25	39.25
		<u>3,214.42</u>	<u>3,199.22</u>
 <u>Other Trust Funds</u>			
Cash - Treasurer	B-1	126,879.15	103,201.36
Cash - Collector	B-3	4,024.53	6,411.91
Escrow Accounts Receivable		633.50	532.12
		<u>131,537.18</u>	<u>110,145.39</u>
		<u>134,751.60</u>	<u>113,344.61</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 Dec. 31, 2008</u>	<u>Balance Dec. 31, 2007</u>
<u>Animal Control Trust Fund</u>			
Due Current Fund	A	2,097.92	2,008.02
Unallocated Receipts		1.00	1.00
Due State of New Jersey		20.40	1.20
Reserve for Dog Fund Expenditures	B-5	1,095.10	1,189.00
		3,214.42	3,199.22
 <u>Other Trust Funds</u>			
Due Current Fund	A	22,408.04	16,898.64
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		5,624.33	4,823.50
Payroll Taxes Payable		20,708.77	2,783.10
Fourth of July Celebration		8,784.97	8,726.75
Municipal Alliance		6,260.78	6,080.16
Unemployment		23,566.10	26,959.76
Redemption of Tax Title Liens		1,917.98	4,305.36
Planning and Zoning Board		19,748.66	22,369.43
Fieldstone Escrow		73.84	261.50
Tax Sale Premiums		805.00	805.00
Parking Offense Adjudication Act		1,358.16	1,358.16
Forfeited Property		10,691.12	5,184.60
Rental Security Deposits		325.00	325.00
		131,537.18	110,145.39
		134,751.60	113,344.61

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>	<u>Balance Dec. 31, 2008</u>	<u>Balance Dec. 31, 2007</u>
Cash - Treasurer	C-2	15,647.45	237,413.26
Loan Receivable	C-5	323,768.00	582,288.00
Due from State of New Jersey	C-6	160,432.20	94,642.20
Due from Federal and State Grant Fund	A	238,829.58	238,829.58
Due from Current Fund	A	227,253.55	282,442.77
Due from Trust Other	B	137.50	137.50
Deferred Charges to Future Taxation:			
Funded	C-7	3,367,024.00	3,587,024.00
Unfunded	C-8	405,869.00	376,419.00
		<u>4,738,961.28</u>	<u>5,399,196.31</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-12	2,740,000.00	2,960,000.00
Bond Anticipation Notes Payable	C-14	362,000.00	362,000.00
New Jersey Infrastructure Loan Payable	C-13	627,024.00	627,024.00
Encumbrances Payable			23,569.78
Contracts Payable	C-11	6,861.50	6,861.50
Improvement Authorizations:			
Funded	C-10	846,510.13	1,251,530.48
Unfunded	C-10	129,565.20	152,160.10
Capital Improvement Fund	C-9	16,898.00	5,948.00
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>4,738,961.28</u>	<u>5,399,196.31</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, 2007	C	819.00
Balance December 31, 2008	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, 2008</u>	Balance <u>Dec. 31, 2007</u>
<u>Operating Fund</u>			
Cash - Treasurer	D-5	132,768.16	72,977.80
Cash - Change Fund		50.00	50.00
Due from Utility Capital Fund	D	133,123.25	132,680.14
		<u>265,941.41</u>	<u>205,707.94</u>
Receivables with Full Reserves:			
Water Rents Receivable	D-8	50,347.40	29,131.05
Other Accounts Receivable	D-9	639.95	624.95
		<u>50,987.35</u>	<u>29,756.00</u>
Total Operating Fund		<u>316,928.76</u>	<u>235,463.94</u>
<u>Capital Fund</u>			
Cash - Treasurer	D-5	15,383.70	14,940.59
Due from State of New Jersey - Infrastructure Trust Loan		156,744.00	156,744.00
Other Accounts Receivable	D-9	170.47	170.47
Fixed Capital	D-10	2,912,896.88	2,899,707.19
Fixed Capital Authorized and Uncompleted	D-11	1,659,773.00	1,659,773.00
Total Capital Fund		<u>4,744,968.05</u>	<u>4,731,335.25</u>
		<u>5,061,896.81</u>	<u>4,966,799.19</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, 2008</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves	D-4:D-12	67,314.55	62,222.49
Encumbrances Payable	D-13	14,155.41	866.46
Accrued Interest on Bonds, Notes & Loans	D-14	12,959.04	14,863.69
Utility Rent Prepayments		38,365.01	5,284.76
Utility Rent Overpayments		1,191.87	80.70
Accounts Payable		2,009.50	2,009.50
Reserve for Brooklawn Escrow Agreement		31,250.00	31,250.00
		167,245.38	116,577.60
Reserve for Receivables		50,987.35	29,756.00
Fund Balance	D-1	98,696.03	89,130.34
		316,928.76	235,463.94
 <u>Capital Fund</u>			
Serial Bonds Payable	D-19	1,067,234.00	1,126,349.00
Bond Anticipation Notes	D-21	239,773.00	239,773.00
New Jersey Environmental Trust Loan	D-20	291,304.51	312,843.86
Improvement Authorizations:			
Funded	D-15	24,162.26	24,162.26
Unfunded	D-15	586.00	586.00
Capital Improvement Fund	D-16	4,076.00	4,076.00
Due Utility Operating Fund	D	133,123.25	132,680.14
Reserve for Debt Service		81.00	81.00
Reserve for Amortization	D-17	2,752,522.37	2,658,678.33
Deferred Reserve for Amortization	D-18	221,250.00	221,250.00
Fund Balance	D-2	10,855.66	10,855.66
		4,744,968.05	4,731,335.25
		5,061,896.81	4,966,799.19

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 2008</u>	<u>Year 2007</u>
Fund Balance Utilized	D-3	88,000.00	80,000.00
Rents	D-3	840,650.24	809,525.10
Fire Hydrant Services	D-3	2,250.00	2,250.00
Miscellaneous	D-3	81,395.38	86,991.81
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-12	43,424.16	5,882.44
Encumbrances Canceled			679.10
Interfund Loans Returned			17,487.68
Total Income		<u>1,055,719.78</u>	<u>1,002,816.13</u>
<u>Expenditures</u>			
Operating	D-4	788,761.00	744,603.75
Capital Improvements	D-4	13,200.00	15,000.00
Debt Service	D-4	131,139.09	136,884.81
Deferred Charges and Statutory Expenditures	D-4	25,039.00	25,000.00
Water Laboratory Reimbursement Canceled			17,487.68
Interfund Loan Advanced		15.00	68.81
Total Expenditures		<u>958,154.09</u>	<u>939,045.05</u>
Excess in Revenue		97,565.69	63,771.08
<u>Fund Balance</u>			
Balance January 1	D	89,130.34	105,359.26
		186,696.03	169,130.34
Decreased by:			
Utilization as Anticipated Revenue	D-1	88,000.00	80,000.00
Balance December 31	D	<u>98,696.03</u>	<u>89,130.34</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, 2007	D	10,855.66
Balance December 31, 2008	D	10,855.66

EXHIBIT D-3STATEMENT OF REVENUES

	<u>Ref.</u>	<u>Anticipated Budget 2008</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	88,000.00	88,000.00	
Rents	D-3	817,000.00	840,650.24	23,650.24
Fire Hydrant Service	D-5	2,250.00	2,250.00	
Miscellaneous	D-3	76,750.00	81,395.38	4,645.38
Budget Totals		<u>984,000.00</u>	<u>1,012,295.62</u>	<u>28,295.62</u>
	Ref.	D-4		

Analysis of Realized Revenue

	<u>Ref.</u>	
Rents:		
Consumer Accounts Receivable:		
Collected	D-8	835,284.78
Overpayments Applied	D-8	80.70
Prepayments Applied	D-8	5,284.76
	D-3	<u>840,650.24</u>
Miscellaneous:		
Interest on Investments		5,281.74
Interest on Delinquent Accounts		4,821.00
Water Laboratory Fees		62,320.24
Sprinkler		4,198.40
Miscellaneous		4,774.00
	D-3:D-5	<u>81,395.38</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	327,000.00	330,500.00	330,219.40		280.60	
Other Expenses	461,961.00	458,261.00	377,758.06	14,155.41	66,347.53	
Capital Improvements:						
Capital Outlay	13,000.00	13,200.00	13,189.69		10.31	
Debt Service:						
Payment of Bond Principal	60,000.00	60,000.00	59,115.00			885.00
Interest on Bonds	55,000.00	55,000.00	53,156.81			1,843.19
Interest on Notes	10,000.00	10,000.00	7,532.09			2,467.91
Infrastructure Trust and Fund Loan	32,000.00	32,000.00	11,335.19			20,664.81
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	25,039.00	25,039.00	24,362.89		676.11	
	<u>984,000.00</u>	<u>984,000.00</u>	<u>876,669.13</u>	<u>14,155.41</u>	<u>67,314.55</u>	<u>25,860.91</u>
Ref.	D-3	D-4		D-13	D	
		<u>Ref.</u>				
Interest on Bonds, Notes and Loans		D-14	69,714.74			
Disbursed		D-5	806,954.39			
			<u>876,669.13</u>			

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

**GENERAL FIXED ASSETS**

EXHIBIT ESTATEMENT OF GENERAL FIXED ASSETS

	Balance Dec. 31, 2008	Balance Dec. 31, 2007
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, 2008

**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, 2008

**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	415,537.77
Special Emergency Appropriation	20,000.00

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, 2008

**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, 2008

**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, 2008

**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, 2008

**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.

On October 3, 2008, the Emergency Economic Stabilization Act of 2008 was enacted, which temporarily raises the basic limit on federal deposit insurance coverage from \$100,000 to \$250,000 per depositor. The legislation provides that the basic deposit insurance limit will return to \$100,000 after December 31, 2009.

The carrying amount of the Borough's cash and cash equivalents at December 31, 2008 was \$2,235,670.54 and the bank balance was \$2,255,442.02. Of the bank balance, \$250,000.00 was covered by federal depository insurance (including public and custodial funds) and \$2,005,442.02 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, 2008, 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.

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

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

**Investments (Cont'd)**

- 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.
- 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, 2008, 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, 2008, the following deferred charges are shown on the balance sheets of the various funds.

	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>2009 Budget</u> <u>Appropriation</u>	<u>To be Raised in</u> <u>Succeeding Year</u>
Current Fund:			
Special Emergency Authorization	20,000.00	4,000.00	16,000.00
Expenditure Without Appropriation	862.83	862.83	
	<u>20,862.83</u>	<u>4,862.83</u>	<u>16,000.00</u>

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

**NOTE 4: INTERFUND RECEIVABLES AND PAYABLES**

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Federal and State Grant Fund	18,084.44	
Other Trust Funds	22,408.04	
Animal Control Trust	2,097.92	
General Capital Fund		227,253.55
Federal and State Grant		
Current Fund		18,084.44
General Capital Fund		238,829.58
Animal Control Trust Fund		
Current Fund		2,097.92
Other Trust Funds		
Current Fund		22,408.04
General Capital Fund		137.50
General Capital Fund		
Current Fund	227,253.55	
Federal and State Grant Fund	238,829.58	
Other Trust Funds	137.50	
Water Utility Operating Fund		
Utility Capital Fund	133,123.25	
Water Utility Capital Fund		
Utility Operating Fund		133,123.25
	<u>641,934.28</u>	<u>641,934.28</u>

**NOTE 5: FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2008:

	<u>Balance</u>			<u>Balance</u>
	<u>Dec. 31, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2008</u>
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>

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

**NOTE 6: LEASE OBLIGATIONS**

The Borough had lease agreements in effect at December 31, 2008 for police vehicles.

Future minimum lease payments under lease agreements are as follows:

Year Ended Dec. 31	Principal	Interest	Total
2009	20,034.31	1,595.39	21,629.70
2010	12,040.65	530.67	12,571.32
2011	3,272.67	48.68	3,321.35
	<u>35,347.63</u>	<u>2,174.74</u>	<u>37,522.37</u>

**NOTE 7: LONG-TERM DEBT**

**Summary of Municipal Debt Service**

During the calendar year 2008, the following changes occurred in the municipal debt of the Borough:

	Balance Dec. 31, 2007	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2008
<u>ISSUED:</u>				
General:				
Bonds & Loans	3,587,024.00		220,000.00	3,367,024.00
Bond Anticipation Notes	362,000.00			362,000.00
Water Utility:				
Bonds & Loans	1,439,192.86		80,654.35	1,358,538.51
Bond Anticipation Notes	239,773.00			239,773.00
Net Debt Issued	<u>5,627,989.86</u>		<u>300,654.35</u>	<u>5,327,335.51</u>
<u>AUTHORIZED BUT NOT ISSUED:</u>				
General:				
Bonds & Notes	14,419.00	29,450.00		43,869.00
Water Utility:				
Bonds & Notes	586.00			586.00
Authorized but not Issued	<u>15,005.00</u>	<u>29,450.00</u>		<u>44,455.00</u>
Total Debt Issued and Authorized but not Issued	<u>5,642,994.86</u>	<u>29,450.00</u>	<u>300,654.35</u>	<u>5,371,790.51</u>

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

**NOTE 7: LONG-TERM DEBT (CONT'D)**

**Summary of Municipal Debt Service (Cont'd)**

Permanently funded debt as of December 31, 2008 consists of general obligation serial bonds as follows:

	<u>Date of Issue</u>	<u>Maturities</u>	<u>Interest Rate</u>	<u>Amount</u>
Refunding Bonds of 1997	9/15/1997	2009	5%	90,000.00
General Improvement Bonds of 2005	12/1/2005	2009/2022	4% to 4.625%	2,650,000.00
Environmental Trust Loan	11/8/2007	2009/2027	3.4% to 5%	320,000.00
Environmental Fund Loan	11/8/2007	2009/2027	0%	307,024.00
Water Bonds	10/15/1981	2009/2021	5%	448,234.00
Water Bonds	12/1/2005	2009/2022	4% to 4.625%	619,000.00
Environmental Trust Loan	10/15/1999	2009/2019	4.9% to 5.7%	160,000.00
Environmental Fund Loan	10/15/1999	2009/2019	0%	131,304.51
				<u>4,725,562.51</u>

Temporary unfunded debt as of December 31, 2008 consists of one year maturity or less of bond anticipation notes as follows:

	<u>Interest Rate</u>	<u>Amount</u>
General Capital Fund:		
Rehabilitation & Resurfacing of Certain Streets & Certain Park Improvement Projects	3.00%	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	3.00%	153,000.00
Utility Capital Fund:		
Redrill Well #5	2.31%	239,773.00
		<u>601,773.00</u>

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

**NOTE 7: LONG-TERM DEBT (CONT'D)**

**Summary of Municipal Debt Service (Cont'd)**

As of December 31, 2008, 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:			
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	207,373.36	104,540.00	311,913.36
2014-2018	1,080,958.50	392,121.26	1,473,079.76
2019-2023	1,076,696.66	142,075.00	1,218,771.66
2024-2027	153,839.87	10,325.00	164,164.87
	<u>3,367,024.00</u>	<u>1,153,261.26</u>	<u>4,520,285.26</u>
Utility Serial Bonds:			
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	93,647.98	45,417.56	139,065.54
2014-2018	528,210.68	164,783.46	692,994.14
2019-2022	396,459.73	43,035.26	439,494.99
	<u>1,358,538.51</u>	<u>471,180.68</u>	<u>1,829,719.19</u>

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

**NOTE 7: 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 1.13%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	3,516,048.43	3,516,048.43	
Utility Debt	1,598,897.51	1,598,897.51	
General Debt	<u>3,772,893.00</u>		<u>3,772,893.00</u>
	<u><u>8,887,838.94</u></u>	<u><u>5,114,945.94</u></u>	<u><u>3,772,893.00</u></u>

Net Debt \$3,772,893/Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$277,508,036 = 1.35%.

**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)	9,712,781.26
Net Debt	<u>3,772,893.00</u>
Remaining Borrowing Power	<u><u>5,939,888.26</u></u>

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

Cash Receipts from fees, rents, or other charges	1,012,295.62
Deductions:	
Operating and Maintenance Costs	813,800.00
Debt Service	<u>131,139.09</u>
	<u>944,939.09</u>
Excess in Revenue	<u><u>67,356.53</u></u>

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

**NOTE 8: FUND BALANCES APPROPRIATED**

Of the \$1,241,076.37 Current Fund balance at December 31, 2008, \$525,000 was appropriated and included as anticipated revenue in the introduced budget for the year ending December 31, 2009.

Of the \$98,696.03 Water Operating Fund balance at December 31, 2008, \$95,000 was appropriated and included as anticipated revenue in the introduced budget for the year ending December 31, 2009.

**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).

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

**NOTE 9: PENSION FUNDS (CONT'D)**

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.

The systems provide for employee contributions of 5.5% of employees' annual base salary for PERS and 8 1/2% 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.

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

**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 2008		Year 2007	
	Amount	%	Amount	%
<u>Revenue &amp; Other Income Realized</u>				
Fund Balance Utilized	360,000.00	3.02%	325,000.00	2.98%
Miscellaneous - From Other Than Local Property Tax Levies	2,686,987.09	22.53%	2,262,079.59	20.77%
Collection of Delinquent Taxes and Tax Title Liens	242,835.84	2.04%	197,550.60	1.81%
Collection of Current Tax Levy	8,534,729.26	71.56%	8,094,917.83	74.33%
Interfund Loans Returned	100,975.95	0.85%	12,351.46	0.11%
Total Income	11,925,528.14	100.00%	10,891,899.48	100.00%
<u>Expenditures</u>				
Budget Appropriations:				
Municipal Purposes	4,647,559.50	42.30%	4,256,301.13	40.82%
County Taxes	1,577,008.91	14.36%	1,445,610.56	13.86%
School Taxes	4,466,763.71	40.67%	4,315,978.85	41.39%
Fire District Tax	290,621.56	2.65%	289,603.64	2.78%
Other Expenditures	1,742.83	0.02%	120,266.84	1.15%
Total Expenditures	10,983,696.51	100.00%	10,427,761.02	100.00%
Excess in Revenue	941,831.63		464,138.46	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year				
	20,000.00			
Statutory Excess to Fund Balance	961,831.63		464,138.46	
Fund Balance January 1	639,244.74		500,106.28	
	1,601,076.37		964,244.74	
Decreased by:				
Utilization as Anticipated Revenue				
	360,000.00		325,000.00	
Fund Balance December 31	1,241,076.37		639,244.74	

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

	Year 2008		Year 2007	
	Amount	%	Amount	%
<u>Revenue &amp; Other Income Realized</u>				
Fund Balance Utilized	88,000.00	8.34%	80,000.00	7.98%
Miscellaneous - From Other Than Water Rents	127,069.54	12.04%	113,291.03	11.30%
Collection of Water Rents	840,650.24	79.62%	809,525.10	80.72%
<b>Total Income</b>	<b>1,055,719.78</b>	<b>100.00%</b>	<b>1,002,816.13</b>	<b>100.00%</b>
<u>Expenditures</u>				
Budget Appropriations:				
Operating	788,761.00	82.32%	744,603.75	79.29%
Capital Improvements	13,200.00	1.38%	15,000.00	1.60%
Debt Service	131,139.09	13.69%	136,884.81	14.58%
Deferred Charges & Statutory Expenditures	25,039.00	2.61%	25,000.00	2.66%
Other Expenditures	15.00	0.00%	17,556.49	1.87%
<b>Total Expenditures</b>	<b>958,154.09</b>	<b>102.03%</b>	<b>939,045.05</b>	<b>100.00%</b>
Excess in Revenue	97,565.69		63,771.08	
Fund Balance January 1	89,130.34		105,359.26	
	186,696.03		169,130.34	
Decreased by:				
Utilization as Anticipated Revenue	88,000.00		80,000.00	
Fund Balance December 31	98,696.03		89,130.34	

COMPARATIVE STATEMENT OF TAX RATE INFORMATION

	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Tax Rate</u>	5.463	5.159	4.696
<u>Apportionment of Tax Rate</u>			
Municipal	1.537	1.411	1.242
County	0.977	0.895	0.814
Local School	1.125	1.124	1.041
Regional High School	1.643	1.549	1.419
Fire District	0.181	0.180	0.180
<u>Assessed Valuation</u>			
2008	161,406,296		
2007		161,473,863	
2006			161,076,249

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>
2008	8,821,608.29	8,534,729.26	96.75%
2007	8,337,969.91	8,094,917.83	97.08%
2006	7,557,036.86	7,376,159.32	97.61%

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>
2008	5,653.66	285,588.47	291,242.13	3.30%
2007	5,148.65	243,939.61	249,088.26	2.99%
2006	7,635.97	198,908.66	206,544.63	2.73%

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>
2008	135,450.00
2007	135,450.00
2006	132,000.00

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>
2008	864,798.71	840,650.24
2007	824,942.12	809,525.10
2006	679,902.72	679,183.48

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2008	1,241,076.37	525,000.00 a
	2007	639,244.74	360,000.00
	2006	500,106.28	325,000.00
	2005	351,407.41	195,000.00
	2004	376,016.65	250,000.00
Utility Fund	2008	98,696.03	95,000.00 a
	2007	89,130.34	88,000.00
	2006	105,359.26	80,000.00
	2005	254,873.04	200,000.00
	2004	348,824.88	295,000.00

a = Introduced Budget

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Michael K. Galbraith	Mayor (to 6/13)	
Russell W. Welsh, Jr.	Mayor (from 6/27)	
	President of Council (to 6/27)	
Michael O. Ledrich	President of Council (from 6/27)	
	Councilman (to 6/27)	
George K. Baker	Councilman	
Ronald S. Mulbaier	Councilman	
Charles D. Murtaugh	Councilman (from 6/27 to 11/12)	
James A. Pennington, Jr.	Councilman	
William C. Rebel	Councilman (from 11/12)	
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	950,000.00
Christine A. Helder	Borough Clerk, Tax Collector	1,000,000.00
Donna M. Domico	Deputy Borough Administrator, Public Works Manager Assistant Borough Administrator	
Karen Caliva	Court Administrator	950,000.00
Thomas M. North, Esq.	Magistrate	950,000.00

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, 2007	A	737,677.71	18,853.62
Increased by Receipts:			
Transferred from Tax Collector	A-6	9,000,205.00	
Transferred from Sewer Collector	A-8	300,000.00	
Federal and State Grants Receivable	A-10	265,693.52	
Revenue Accounts Receivable	A-15	1,451,870.78	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-19	76,486.10	
Federal and State Grants - Unappropriated	A-24	15,542.90	
Reserve for Public Defender		3,857.00	
Due Library		6,092.16	
State Library Aid	A-4	4,563.00	
Small Cities Loan Payback			1,894.24
		<u>11,124,310.46</u>	
		11,861,988.17	20,747.86
Decreased by Disbursements:			
2008 Budget Appropriations	A-3	4,089,130.90	
2007 Appropriation Reserves	A-17	87,139.21	
Encumbrances Payable	A-18	12,242.18	
Reserve for Library Addition Donations	A-20	136,149.60	
Reserve for Federal and State Grants	A-23	187,386.69	
Tax Overpayments Refunded		3,298.85	
Due Fire District		4,325.10	
Refunds	A-1	1,742.83	
State Library Aid	A-4	4,563.00	
County Taxes		1,577,567.42	
Fire District Tax		290,621.56	
Local District School Tax	A-21	1,814,804.00	
Regional High School Tax	A-22	2,647,391.58	
		<u>10,856,362.92</u>	
Balance December 31, 2008	A	<u>1,005,625.25</u>	<u>20,747.86</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, 2008	A-4	1,005,625.25	20,747.86
Increased by Receipts:			
Cash Receipts Record		2,201,224.51	286.97
		3,206,849.76	21,034.83
Decreased by Disbursements:			
Cash Disbursements Record		2,105,290.05	
Balance February 27, 2009	A-5	1,101,559.71	21,034.83
<u>Cash Reconciliation - February 27, 2009</u>			
Balance per Statement			
Colonial National Bank		1,164,471.69	21,034.83
Less: Outstanding Checks		62,911.98	
Balance February 27, 2009	A-5	1,101,559.71	21,034.83

SCHEDULE OF CASH - TAX COLLECTOR

	<u>Ref.</u>		
Balance December 31, 2007	A		266,085.78
Increased by Receipts:			
Taxes Receivable	A-11	8,653,388.25	
Revenue Accounts Receivable	A-15	63,098.36	
Prepaid Taxes		41,858.95	
Tax Overpayments		5,004.10	
		<hr/>	8,763,349.66
			<hr/>
			9,029,435.44
Decreased by Disbursements:			
Paid to Treasurer	A-4		9,000,205.00
			<hr/>
Balance December 31, 2008	A		<hr/> <hr/> 29,230.44

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

	<u>Ref.</u>		
Balance December 31, 2008	A-6		29,230.44
Increased by Receipts:			
Cash Receipts Record			2,093,564.19
			<hr/>
			2,122,794.63
Decreased by Disbursements:			
Cash Disbursements Record			1,925,000.00
			<hr/>
Balance February 27, 2009	A-7		<hr/> <hr/> 197,794.63
<u>Cash Reconciliation - February 27, 2009</u>			
Balance per Statement			
Colonial National Bank	A-7		<hr/> <hr/> 197,794.63

SCHEDULE OF CASH - SEWER COLLECTOR

	<u>Ref.</u>		
Balance December 31, 2007	A		437,974.20
Increased by Receipts:			
Rents Receivable	A-14	775,214.78	
Revenue Accounts Receivable	A-15	17,963.53	
Prepaid Rents		537.17	
Sewer Overpayments		249.15	
Due General Capital Fund		225,000.00	
		<hr/>	1,018,964.63
			<hr/>
			1,456,938.83
Decreased by Disbursements:			
Paid to Treasurer	A-4	300,000.00	
Due General Capital Fund		275,000.00	
		<hr/>	575,000.00
			<hr/>
Balance December 31, 2008	A		<u><u>881,938.83</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, 2008	A-8		881,938.83
Increased by Receipts:			
Cash Receipts Record			95,051.77
			<hr/>
			976,990.60
Decreased by Disbursements:			
Cash Disbursements Record			6,541.50
			<hr/>
Balance February 27, 2009	A-9		<u><u>970,449.10</u></u>
			<hr/>
		<u>Cash Reconciliation - February 27, 2009</u>	
Balance per Statement			
Colonial National Bank	A-9		<u><u>970,449.10</u></u>

## SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Grant	Balance	2008 Budget		From	Balance
	Dec. 31, 2007	Revenue	Received	Grants	Dec. 31, 2008
		Realized		Unappropriated	
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	12,903.55				12,903.55
Park	40,000.00		40,000.00		
High Street Flood Control		75,000.00			75,000.00
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
Bike path Safety	120,000.00				120,000.00
Pedestrian Safety	2,814.99				2,814.99
Reconstruction of River Drive	300,000.00		209,670.75		90,329.25
Click It or Ticket	4,000.00				4,000.00
Transportation Enhancement Project	3,000.00				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	13,063.26	7,749.00	10,355.00		10,457.26
Clean Communities	3,130.50	5,667.77	5,667.77		3,130.50
Body Armor Fund		1,044.03		1,044.03	
Recycling Tonnage Grant		6,466.23		6,466.23	
Drunk Driving Enforcement		13,071.94		13,071.94	
	<u>723,206.56</u>	<u>108,998.97</u>	<u>265,693.52</u>	<u>20,582.20</u>	<u>545,929.81</u>
Ref.	A	A-2	A-4	A-24	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2008 Levy	Added Taxes	Collected		Canceled	Overpayments Applied	Transferred to Tax Title Liens	Balance
	Dec. 31, 2007			2007	2008				Dec. 31, 2008
1997	27.63								27.63
1998	27.90								27.90
1999	28.21								28.21
2000	21.08								21.08
2001	29.31								29.31
2002	31.16								31.16
2003	32.82								32.82
2004	696.38				246.75				449.63
2005	38.47								38.47
2006	425.10				12.36				412.74
2007	242,581.55		65.97		242,576.73				70.79
	243,939.61		65.97		242,835.84				1,169.74
2008		8,821,608.29		46,015.33	8,488,553.90	2,165.30	160.03	295.00	284,418.73
	243,939.61	8,821,608.29	65.97	46,015.33	8,731,389.74	2,165.30	160.03	295.00	285,588.47
Ref.	A							A-12	A
				<u>Ref.</u>					
		Cash		A-6	8,653,388.25				
		Due State of New Jersey		A-19	78,001.49				
					<u>8,731,389.74</u>				

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

General Purpose Tax:			
Business Personalty Tax		12,520.97	
General Property Tax		8,805,106.06	
		<hr/>	
			8,817,627.03
Added Taxes (54:4-63.1 et seq.)			3,981.26
			<hr/>
			<u>8,821,608.29</u>

Tax Levied

	<u>Ref.</u>		
Local District School Tax (Abstract)	A-21		1,814,803.00
Regional High School Tax Payable (Abstract)	A-22		2,651,960.71
Fire District Tax (Abstract)			290,621.56
County Taxes:			
County Tax (Abstract)		1,461,713.55	
County Open Space Tax (Abstract)		114,547.06	
Due County for Added Taxes (54:4-63.1 et seq.)		748.30	
		<hr/>	
Total County Taxes			1,577,008.91
Local Tax for Municipal Purposes	A-2	2,481,547.00	
Add: Additional Taxes Levied		5,667.11	
		<hr/>	
			2,487,214.11
			<hr/>
			<u>8,821,608.29</u>

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2007	A		5,148.65
Increased by:			
Transfers from Taxes Receivable	A-11	295.00	
Prior Year Adjustment		210.01	
		<hr/>	505.01
Balance December 31, 2008	A		<hr/> <hr/> 5,653.66

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

	<u>Ref.</u>	
Balance December 31, 2007	A	<hr/> 135,450.00
Balance December 31, 2008	A	<hr/> <hr/> 135,450.00

SCHEDULE OF SEWER RENTS RECEIVABLE

Balance December 31, 2007	<u>Ref.</u> A		50,713.55
Increased by:			
Sewer Rents Levied			806,019.16
			<hr/>
			856,732.71
Decreased by:			
Collections	A-8	775,214.78	
Overpayments Applied		89.69	
Prepayments Applied		2,871.29	
Canceled		55.00	
		<hr/>	
			778,230.76
Balance December 31, 2008	A		<hr/> <hr/>
			78,501.95

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2007	Accrued in 2008	Collected	Balance Dec. 31, 2008
<u>Miscellaneous Revenue Anticipated</u>				
Licenses:				
Alcoholic Beverages		12,171.00	12,171.00	
Other		3,016.00	3,016.00	
Fees and Permits		8,248.00	8,248.00	
Fines and Costs:				
Municipal Court	9,382.42	151,569.49	145,836.43	15,115.48
Interest and Costs on Taxes		46,356.53	46,356.53	
Interest on Investments	116.44	56,577.17	56,621.45	72.16
Interest on Delinquent Sewer Rents		1,983.59	1,983.59	
Housing Inspection Fees		44,920.00	44,920.00	
Extraordinary Aid		100,000.00	100,000.00	
Consolidated Municipal Property Tax Relief Act		148,453.00	148,453.00	
Energy Receipts Tax		332,712.00	332,712.00	
Franchise Fees - Cable TV		15,879.65	15,879.65	
Borough of Brooklawn - Busing Services		4,800.00	4,800.00	
Shared Service Agreement -				
Borough of National Park		194,870.00	194,870.00	
Westville Municipal Library Trustee Donation		140,000.00	140,000.00	
<u>Miscellaneous Revenue Not Anticipated</u>				
Administrative Fee		3,246.11	3,246.11	
Sale of Scrap Iron		2,083.84	2,083.84	
Recycling Income		19,348.45	19,348.45	
Sign Rental		8,800.00	8,800.00	
Tax Sale Advertising Costs		1,537.42	1,537.42	
Lease of Property		9,720.00	9,720.00	
JIF Dividend		16,250.00	16,250.00	
Refunds		57,823.74	57,823.74	
Sale of Borough Property		139,801.84	139,801.84	
Miscellaneous		18,453.62	18,453.62	
	9,498.86	1,538,621.45	1,532,932.67	15,187.64
Ref.	A			A
		<u>Ref.</u>		
Treasurer		A-4	1,451,870.78	
Tax Collector		A-6	63,098.36	
Sewer Collector		A-8	17,963.53	
			<u>1,532,932.67</u>	

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

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Issued in 2008</u>	<u>Balance Dec. 31, 2008</u>
4/9/08	Codification of Ordinances	<u>20,000.00</u>	<u>4,000.00</u>	<u>20,000.00</u>	<u>20,000.00</u>
	Ref.			A-3	A

## SCHEDULE OF 2007 APPROPRIATION RESERVES

	Balance Dec. 31, 2007	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses				
Municipal Clerk	7,639.12	7,639.12	377.30	7,261.82
Financial Administration	544.74	544.74	193.25	351.49
Assessment of Taxes	4,304.61	4,304.61	4,017.50	287.11
Collection of Taxes	2,860.99	2,860.99	786.00	2,074.99
Legal Services and Costs	10,800.91	10,800.91	3,008.50	7,792.41
Economic Development Committee	7,623.44	7,623.44	6,000.00	1,623.44
Municipal Land Use Board	1,998.49	1,998.49	19.60	1,978.89
Liability Insurance	22,223.50	7,698.50		7,698.50
Police Department	2,915.24	2,915.24	1,156.09	1,759.15
Municipal Court	3,086.65	3,086.65	406.97	2,679.68
Road Repairs and Maintenance	359.92	534.92	529.17	5.75
Public Buildings and Grounds	10,574.21	10,574.21	556.62	10,017.59
Vehicle Maintenance	2,497.79	2,497.79	185.02	2,312.77
Sanitary Landfill	29,292.36	29,292.36	23,293.03	5,999.33
Sewer System	494.76	494.76	318.00	176.76
Parks and Playgrounds	9,551.96	9,551.96	1,315.58	8,236.38
Construction Code Official	11,751.89	22,751.89	21,908.79	843.10
Gasoline	5,281.76	7,781.76	6,342.05	1,439.71
Electricity	5,160.99	5,660.99	5,576.23	84.76
Telephone and Telegraph	87.74	437.74	425.09	12.65
Street Lighting	11,498.83	11,498.83	5,085.06	6,413.77
Maintenance of Free Public Library	6,092.16	6,092.16	6,092.16	
Purchase of a Computer and Phone System	9,915.93	9,915.93	6,637.20	3,278.73
Other Accounts - No Change	193,691.11	193,691.11		193,691.11
	<u>360,249.10</u>	<u>360,249.10</u>	<u>94,229.21</u>	<u>266,019.89</u>
Ref.           A		<u>Ref.</u>		A-1
		Paid	87,139.21	
		Encumbered	7,090.00	
			<u>94,229.21</u>	

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2007	A	<u>12,985.18</u>	
Increased by:			
Charges to 2008 Appropriations	A-3	38,814.91	
Charges to 2007 Appropriations	A-17	7,090.00	
Reserve for Grants Appropriated	A-23		1,000.00
		<u>45,904.91</u>	<u>1,000.00</u>
		<u>58,890.09</u>	<u>1,000.00</u>
Decreased by:			
Payments	A-4	12,242.18	
Canceled	A-1	743.00	
		<u>12,985.18</u>	
Balance December 31, 2008	A	<u><u>45,904.91</u></u>	<u><u>1,000.00</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2007	A	43,182.07
Increased by:		
Receipts	A-4	76,486.10
		<hr/>
		119,668.17
Decreased by:		
2008 Deductions Per Tax Duplicate		77,750.00
2008 Deductions Allowed by Collector		3,000.00
2008 Deductions Disallowed by Collector		(2,748.51)
		<hr/>
	A-11	78,001.49
		<hr/>
Balance December 31, 2008	A	41,666.68
		<hr/> <hr/>

RESERVE FOR LIBRARY ADDITION DONATIONS

	<u>Ref.</u>	
Increased by:		
Budget Appropriation	A-3	140,000.00
Decreased by:		
Payments	A-4	136,149.60
		<hr/>
Balance December 31, 2008	A	3,850.40
		<hr/> <hr/>

EXHIBIT A-21

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>Ref.</u>	
Balance December 31, 2007	A	5,972.94
Increased by:		
2008 Calendar Year School Levy	A-11	1,814,803.00
		<hr/>
		1,820,775.94
Decreased by:		
Payments	A-4	1,814,804.00
		<hr/>
Balance December 31, 2008	A	<u><u>5,971.94</u></u>

EXHIBIT A-22

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

	<u>Ref.</u>	
Increased by:		
2008 Calendar Year School Levy	A-11	2,651,960.71
Decreased by:		
Payments	A-4	2,647,391.58
		<hr/>
Balance December 31, 2008	A	<u><u>4,569.13</u></u>

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	Balance Dec. 31, 2007	Transferred from 2008 Budget Appropriation	Paid or Charged	Balance Dec. 31, 2008
Federal Grants:				
Community Development Funds:				
Downtown Revitalization	12,903.55		11,904.31	999.24
Park	15,000.00			15,000.00
High Street Flood Control		75,000.00	10,157.23	64,842.77
State Grants:				
Alcohol Education and Rehabilitation Grant	39.00			39.00
Drunk Driving Enforcement	566.31	13,071.94	694.99	12,943.26
New Jersey Legislative Grant:				
Downtown Redevelopment	12,379.32			12,379.32
Library Expansion	90,433.50		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	4,822.05			4,822.05
Bike path Safety	119,670.00			119,670.00
Reconstruction of River Drive	7,409.70		6,674.70	735.00
Click It or Ticket	4,000.00			4,000.00
Liveable Communities Library Grant	45,000.00		45,000.00	
Statewide Domestic Preparedness - 2003	331.34			331.34
Statewide Domestic Preparedness - 2005	17.44			17.44
Municipal Alliance for Drug and Alcohol Abuse	20,779.44	9,686.00	9,748.58	20,716.86
Clean Communities	913.82	5,667.77	6,581.59	
Body Armor Fund	2,616.96	1,044.03	1,044.03	2,616.96
Recycling Tonnage Grant	3,097.83	6,466.23	84.41	9,479.65
Municipal Stormwater Regulation Program	6,136.83		6,063.35	73.48
	<u>349,049.61</u>	<u>110,935.97</u>	<u>188,386.69</u>	<u>271,598.89</u>
Ref.	A	A-3		A
		<u>Ref.</u>		
Cash		A-4	187,386.69	
Encumbered		A-18	1,000.00	
			<u>188,386.69</u>	

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2007	Received	To Grants Receivable	Balance Dec. 31, 2008
Body Armor Fund	1,044.03	982.90	1,044.03	982.90
Recycling Tonnage Grant	6,466.23	14,560.00	6,466.23	14,560.00
Drunk Driving Enforcement	13,071.94		13,071.94	
	<u>20,582.20</u>	<u>15,542.90</u>	<u>20,582.20</u>	<u>15,542.90</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 Funds</u>
Balance December 31, 2007	B	3,159.97	103,201.36
Increased by Receipts:			
Interest Earned		89.90	3,480.65
Dog License Fees:			
Municipal Share	B-5	655.20	
State Share		199.80	
Deposits for Net Pay			1,641,323.11
Payroll Deductions Payable			799,605.10
Donations for Public Events			16,427.00
Escrow Deposits			20,870.41
Forfeited Funds			8,871.00
		<u>944.90</u>	<u>2,490,577.27</u>
		4,104.87	2,593,778.63
Decreased by Disbursements:			
Expenditures Under RS 4:19-15.11	B-5	749.10	
NJ State Department of Health		180.60	
Net Pay			1,640,908.85
Payroll Deductions Paid			777,068.75
Public Event Expenditures			16,804.06
Unemployment Claims			4,448.16
Escrow Expenditures			23,833.62
Forfeited Funds Expenditures			3,836.04
		<u>929.70</u>	<u>2,466,899.48</u>
Balance December 31, 2008	B	<u>3,175.17</u>	<u>126,879.15</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, 2008	B-1	3,175.17	126,879.15
Increased by Receipts:			
Cash Receipts Record		413.27	415,089.46
		3,588.44	541,968.61
Decreased by Disbursements:			
Cash Disbursements Record		1,128.10	414,059.24
Balance February 27, 2009	B-2	2,460.34	127,909.37

Cash Reconciliation - February 27, 2009

Balance per Statement			
Colonial National Bank		2,460.34	128,704.37
Less: Outstanding Checks			795.00
Balance February 27, 2009	B-2	2,460.34	127,909.37

EXHIBIT B-3

SCHEDULE OF TRUST FUND CASH - COLLECTOR

	<u>Ref.</u>	
Balance December 31, 2007	B	6,411.91
Increased by:		
Deposits for Redemption of Tax Sale Certificates		122,591.90
Interest Earned		264.44
		<hr/>
		122,856.34
		<hr/>
		129,268.25
Decreased by:		
Refunds Upon Redemption		125,243.72
		<hr/>
Balance December 31, 2008	B	4,024.53
		<hr/> <hr/>

EXHIBIT B-4

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

	<u>Ref.</u>	
Balance December 31, 2008	B-3	4,024.53
Increased by:		
Cash Receipts Record		34,549.90
		<hr/>
		38,574.43
Decreased by:		
Cash Disbursements Record		8,242.41
		<hr/>
Balance February 27, 2009	B-4	30,332.02
		<hr/> <hr/>
		<u>Cash Reconciliation - February 27, 2009</u>
Balance per Statement		
Colonial National Bank	B-4	30,332.02
		<hr/> <hr/>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2007	<u>Ref.</u> B	1,189.00
Increased by:		
Municipal Share of Dog License Fees	B-1	655.20
		<hr/>
		1,844.20
Decreased by:		
Expenditures Under R.S.4:19-15.11: Cash	B-1	749.10
		<hr/>
Balance December 31, 2008	B	<u><u>1,095.10</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2006	597.40
2007	516.20
	<hr/>
	<u><u>1,113.60</u></u>

**GENERAL CAPITAL FUND**

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2007	C		237,413.26
Increased by:			
Interest Earned	C-4	5,189.22	
Budget Appropriation:			
Capital Improvement Fund	C-9	12,500.00	
Loan Receivable	C-5	258,520.00	
Due from State of New Jersey	C-6	78,210.00	
Due Current Fund	C-4	275,000.00	
		<hr/>	629,419.22
			<hr/>
			866,832.48
Decreased by:			
Improvement Authorizations	C-10	602,615.25	
Encumbrances Payable	C	23,569.78	
Due Current Fund	C-4	225,000.00	
		<hr/>	851,185.03
Balance December 31, 2008	C		<hr/> <hr/> 15,647.45

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

	<u>Ref.</u>	
Balance December 31, 2008	C-2	15,647.45
Increased by:		
Cash Receipts Record		35,130.84
		<hr/>
		50,778.29
Decreased by:		
Cash Disbursements Record		5,073.32
		<hr/>
Balance February 27, 2009	C-3	45,704.97
		<hr/> <hr/>
<u>Cash Reconciliation - February 27, 2009</u>		
Balance per Statement		
Colonial National Bank		53,496.97
Less: Outstanding Checks		7,792.00
		<hr/>
Balance February 27, 2009	C-3	45,704.97
		<hr/> <hr/>

## ANALYSIS OF GENERAL CAPITAL FUND CASH

	Receipts			Disbursements			Balance Dec. 31, 2008
	Balance Dec. 31, 2007	Budget Appropriations	Miscellaneous	Improvement Authorization	Miscellaneous	Transfers	
	Fund Balance	819.00					
Capital Improvement Fund	5,948.00	12,500.00				(1,550.00)	16,898.00
Loan Receivable	(582,288.00)		258,520.00				(323,768.00)
Due from State of New Jersey	(94,642.20)		78,210.00			(144,000.00)	(160,432.20)
Due from Federal and State Grant Fund	(238,829.58)						(238,829.58)
Due from Current Fund	(282,442.77)		280,189.22		225,000.00		(227,253.55)
Due From Trust Other	(137.50)						(137.50)
Encumbrances Payable	23,569.78				23,569.78		
Contracts Payable	6,861.50						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			5,376.00			11,018.00
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			4,596.09			7,720.14
172-99 Improvements of Certain Roads	985.95						985.95
25-00 Purchase of a Trash Truck	9,325.00						9,325.00
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	452,693.37			5,182.65			447,510.72
25-04 Summit Avenue Phase II	(1,443.00)						(1,443.00)
15-05 Various Improvements or Purposes	62,974.38			56,551.69			6,422.69
6-07 Rehabilitation to the Sanitary Sewer Lines	553,027.68			341,320.92			211,706.76
7-07 Rehabilitation and Resurfacing of Certain Streets and Certain Park Improvement Projects	4,663.32			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	134,520.78			47,381.58			87,139.20
7-08 Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road				137,543.00		145,550.00	8,007.00
	<u>237,413.26</u>	<u>12,500.00</u>	<u>616,919.22</u>	<u>602,615.25</u>	<u>248,569.78</u>		<u>15,647.45</u>
Ref.	C	C-6	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>
Balance December 31, 2007	C	582,288.00	291,144.00	291,144.00
Decreased by:				
Receipts	C-2	258,520.00	129,260.00	129,260.00
Balance December 31, 2008	C	<u>323,768.00</u>	<u>161,884.00</u>	<u>161,884.00</u>

SCHEDULE OF DUE FROM STATE OF NEW JERSEY

	<u>Ref.</u>	
Balance December 31, 2007	C	94,642.20
Increased by:		
State Aid Allocation - Ordinance 7-08	C-10	144,000.00
		<hr/>
		238,642.20
Decreased by:		
Receipts	C-2	78,210.00
		<hr/>
Balance December 31, 2008	C	160,432.20
		<hr/> <hr/>
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		46,667.77
Burr Avenue - Ordinance 7-08		65,790.00
		<hr/>
		160,432.20
		<hr/> <hr/>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>	
Balance December 31, 2007	C	3,587,024.00
Decreased by:		
2008 Budget Appropriation to Pay Bonds	C-12	<u>220,000.00</u>
Balance December 31, 2008	C	<u><u>3,367,024.00</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE  
TAXATION - UNFUNDED

<u>Ordinance #</u>	<u>Purpose</u>	Balance Dec. 31, 2007	2008 Authorization	Balance Dec. 31, 2008	Analysis of Balance Dec. 31, 2008		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	12,976.00		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		
07-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road		29,450.00	29,450.00			29,450.00
		<u>376,419.00</u>	<u>29,450.00</u>	<u>405,869.00</u>	<u>362,000.00</u>	<u>1,443.00</u>	<u>42,426.00</u>
		C	C-10	C	C-14	C-4	
	Improvement Authorizations - Unfunded					<u>Ref.</u>	129,565.20
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued: Ordinance #08-07					C-4	87,139.20
							<u>42,426.00</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2007	C	5,948.00
Increased by:		
2008 Budget Appropriation	C-2	<u>12,500.00</u>
		18,448.00
Decreased by:		
Amount Appropriated to Finance Improvement Authorization	C-10	<u>1,550.00</u>
Balance December 31, 2008	C	<u><u>16,898.00</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance #	Purpose	Date	Amount	Balance Dec. 31, 2007		2008 Authorizations					Balance Dec. 31, 2008	
				Funded	Unfunded	Down Payment or Capital Improvement Fund	State Aid Allocation	Deferred Charges to Future Taxation Unfunded	Paid or Charged	Funded	Unfunded	
250-89	Various Improvements - Highway Department	10/10/89	930,000.00	16,394.00					5,376.00	11,018.00		
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				4,596.09		7,720.14		
172-99	Improvements of Certain Roads	8/25/99	113,000.00	985.95						985.95		
25-00	Purchase of a Trash Truck	5/31/00	110,000.00	9,325.00						9,325.00		
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	452,693.37				5,182.65		447,510.72		
15-05	Various Improvements or Purposes	7/27/05	200,000.00	62,974.38				56,551.69		6,422.69		
06-07	Rehabilitation to the Sanitary Sewer Lines	4/25/07	640,000.00	553,027.68	12,976.00			341,320.92		211,706.76	12,976.00	
07-07	Rehabilitation and Resurfacing of Certain Streets and Certain Park Improvement Projects	5/9/07	220,000.00		4,663.32			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	134,520.78				47,381.58		87,139.20		
07-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	9/10/08	175,000.00			1,550.00	144,000.00	29,450.00	137,543.00	8,007.00	29,450.00	
				1,251,530.48	152,160.10	1,550.00	144,000.00	29,450.00	602,615.25	846,510.13	129,565.20	
	Ref.			C	C	C-9	C-10	C-8	C-2	C	C	

SCHEDULE OF CONTRACTS PAYABLE

	<u>Ref.</u>	
Balance December 31, 2007	C	6,861.50
Balance December 31, 2008	C	<u>6,861.50</u>

SCHEDULE OF SERIAL BONDS PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance</u>		<u>Balance</u>
			<u>Date</u>	<u>Amount</u>		<u>Dec. 31, 2007</u>	<u>Decreased</u>	<u>Dec. 31, 2008</u>
Refunding Issue of 1997	9/15/97	965,000.00	11/15/09	90,000.00	5.00%	185,000.00	95,000.00	90,000.00
General Improvement Bonds of 2005	12/1/05	3,025,000.00	12/1/09	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%		2,775,000.00	125,000.00	2,650,000.00	
						2,960,000.00	220,000.00	2,740,000.00
					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)	Balance Dec. 31, 2007	Balance Dec. 31, 2008
			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	
						Ref.	C	
							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>Balance Dec. 31, 2007</u>	<u>Balance Dec. 31, 2008</u>
07-07	Rehabilitation and Resurfacing of Certain Streets and Certain Park Improvement Projects	11/1/07	11/1/08	10/31/09	3.00%	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	11/1/07	11/1/08	10/31/09	3.00%	153,000.00	153,000.00
						<u>362,000.00</u>	<u>362,000.00</u>
					Ref.	C	C

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Balance Dec. 31, 2007</u>	<u>2008 Authorized</u>	<u>Balance Dec. 31, 2008</u>
25-04	Summit Avenue Phase II	1,443.00		1,443.00
06-07	Rehabilitation to the Sanitary Sewer Lines	12,976.00		12,976.00
07-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road		29,450.00	29,450.00
		<u>14,419.00</u>	<u>29,450.00</u>	<u>43,869.00</u>
		Ref.	C-10	

**WATER UTILITY FUND**

SCHEDULE OF UTILITY CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2007	D	72,977.80	14,940.59
Increased by:			
Consumer Accounts Receivable	D-8	835,284.78	
Fire Hydrant Service	D-3	2,250.00	
Miscellaneous Revenues	D-3	80,952.27	443.11
Utility Rent Overpayments		1,191.87	
Utility Rent Prepayments		38,365.01	
		<u>958,043.93</u>	<u>443.11</u>
		1,031,021.73	15,383.70
Decreased by:			
Budget Appropriations	D-4	806,954.39	
Appropriation Reserves	D-12	18,798.33	
Encumbrances Payable	D-13	866.46	
Other Accounts Receivable	D-9	15.00	
Accrued Interest Paid	D-14	71,619.39	
		<u>898,253.57</u>	<u>0.00</u>
Balance December 31, 2008	D	<u><u>132,768.16</u></u>	<u><u>15,383.70</u></u>

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

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2008	D-5	132,768.16	15,383.70
Increased by:			
Cash Receipts Record		173,104.26	49.77
		305,872.42	15,433.47
Decreased by:			
Cash Disbursements Record		190,521.75	
Balance February 27, 2009	D-6	115,350.67	15,433.47
		<u>115,350.67</u>	<u>15,433.47</u>
		<u>Cash Reconciliation - February 27, 2009</u>	
Balance per Statement			
Colonial National Bank		138,780.33	15,433.47
Less: Outstanding Checks		23,429.66	
Balance February 27, 2009	D-6	115,350.67	15,433.47
		<u>115,350.67</u>	<u>15,433.47</u>

ANALYSIS OF UTILITY CAPITAL FUND CASH

	Balance Dec. 31, 2007	<u>Receipts</u> <u>Miscellaneous</u>	Balance Dec. 31, 2008
Capital Fund Balance	10,855.66		10,855.66
Capital Improvement Fund	4,076.00		4,076.00
Reserve for Debt Service	81.00		81.00
Due Utility Operating Fund	132,680.14	443.11	133,123.25
Contracts Payable			
Retained Percentage Due Contractor			
Other Accounts Receivable	(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>14,940.59</u>	<u>443.11</u>	<u>15,383.70</u>
Ref.	D	D-5	D

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2007	D		29,131.05
Increased by:			
Utility Rents Levied			864,798.71
			<hr/>
			893,929.76
Decreased by:			
Collections	D-5	835,284.78	
Overpayments Applied		80.70	
Prepayments Applied		5,284.76	
Canceled		2,932.12	
		<hr/>	
			843,582.36
Balance December 31, 2008	D		<hr/> <hr/>
			50,347.40

SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2007	D	624.95	170.47
Increased by:			
Service Charge	D-5	15.00	
Balance December 31, 2008	D	<u>639.95</u>	<u>170.47</u>

SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2007	Additions by Capital Outlay	Balance Dec. 31, 2008
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	99,122.56	13,189.69	112,312.25
	2,899,707.19	13,189.69	2,912,896.88
Ref.	D	D-4	D

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Purpose</u>	<u>Ordinance</u>		<u>Balance</u>	<u>Balance</u>
	<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2008</u>
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 2007 APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2007</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:			
Other Expenses	55,579.91	17,899.42	37,680.49
Social Security System	1,185.99	898.91	287.08
Other Accounts - No Changes	5,456.59		5,456.59
	<u>62,222.49</u>	<u>18,798.33</u>	<u>43,424.16</u>
Ref.	D	D-5	D-1

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance December 31, 2007	<u>Ref.</u> D	866.46
Increased by:		
Charges to 2008 Appropriations	D-4	14,155.41
		<u>15,021.87</u>
Decreased by:		
Payments	D-5	866.46
Balance December 31, 2008	D	<u>14,155.41</u>

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

Balance December 31, 2007	<u>Ref.</u> D	14,863.69
Increased by:		
Budget Appropriation for:		
Interest on Bonds and Notes	D-4	69,714.74
		<hr/> 84,578.43
Decreased by:		
Interest Paid	D-5	71,619.39
Balance December 31, 2008	D	<hr/> <hr/> 12,959.04

Analysis of Accrued Interest December 31, 2008

	Principal Outstanding Dec. 31, 2008	Interest Rate	From	To	Period	Amount
Bonds:						
	448,234.00	5.000%	10/15/08	12/31/08	77 Days	4,727.95
	619,000.00	Various	12/1/08	12/31/08	1 Month	2,366.77
Notes:						
	239,773.00	2.310%	8/9/08	12/31/08	144 Days	2,185.15
Loans:						
	160,000.00	Various	8/1/08	12/31/08	5 Months	3,679.17
						<hr/> 12,959.04 <hr/> <hr/>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2007		Balance Dec. 31, 2008	
				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-16

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2007	D	4,076.00
Balance December 31, 2008	D	<u>4,076.00</u>

EXHIBIT D-17

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2007	D	2,658,678.33
Increased by:		
Serial Bonds Paid by Operating Budget	D-19	59,115.00
Loan Paid by Operating Budget	D-20	21,539.35
Capital Outlay:		
By Operating Budgets	D-10	<u>13,189.69</u>
		93,844.04
Balance December 31, 2008	D	<u>2,752,522.37</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2007</u>	<u>Balance Dec. 31, 2008</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	
			December 31, 2008		Dec. 31, 2007		Decreased	Dec. 31, 2008
			Date	Amount				
10/15/81	Improvement to Water System	819,000.00	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%			472,349.00
12/1/05	Improvements to Water System	724,000.00	12/1/09-13	35,000.00	4.50%			
			12/1/14	35,000.00	4.60%			
			12/1/15	35,000.00	4.625%			
			12/1/16-17	45,000.00	4.625%			
			12/1/18-20	50,000.00	4.625%			
			12/1/21	65,000.00	4.625%			
			12/1/22	69,000.00	4.625%			654,000.00
						<u>1,126,349.00</u>	<u>59,115.00</u>	<u>1,067,234.00</u>
						D	D-17	D

## SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST LOAN

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding			Interest Rate (A)	Balance Dec. 31, 2007	Decreased	Balance Dec. 31, 2008
			Date	Trust Loan	Fund Loan				
10/15/99	Replacement, Repair and Rehabilitation of Water Mains	472,136.00	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%						
						312,843.86	21,539.35	291,304.51	
						<u>312,843.86</u>	<u>21,539.35</u>	<u>291,304.51</u>	
						Ref. D	D-17	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, 2007</u>	<u>Balance Dec. 31, 2008</u>
06-06	Redrill Well #5	8/9/06	8/8/08	8/7/09	2.31%	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, 2007</u>	<u>Balance Dec. 31, 2008</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:

- Sanitary Sewer Line Rehabilitation
- General Construction of Addition to Library
- Electrical Services for Addition to Library
- Plumbing for Addition to Library
- HVAC for Addition to Library
- Reconstruction of Burr Avenue
- Roadway Improvements to Intersections on High Street

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.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 2, 2008 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 15, 2008 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>
2008	1
2007	1
2006	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.

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 2007. Corrective action has been implemented for the prior year recommendation.

FINDINGS AND RECOMMENDATIONS

None

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

Respectfully submitted,

PETRONI & ASSOCIATES

*Petroni & Associates*