

BOROUGH OF WESTVILLE
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2010

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PART I
REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2010

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Westville
1035 Broadway
Westville, NJ 08093

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Westville as of December 31, 2010 and 2009, and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statements of revenues – regulatory basis, and statement of expenditures – regulatory basis of the various funds, as listed in the table of contents for the year ended December 31, 2010. 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 practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the 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, 2010 and 2009, or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough of Westville as of December 31, 2010 and 2009, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2010 on the modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2011 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 supplemental schedules listed in the table of contents are not a required part of the financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by New Jersey Treasurer Circular Letter 04-04 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and is also not a required part 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. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PETRONI & ASSOCIATES LLC



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

March 21, 2011

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	<u>ASSETS</u>	Ref.	Balance <u>Dec. 31, 2010</u>	Balance <u>Dec. 31, 2009</u>
<u>Regular Fund</u>				
	Cash - Treasurer	A-4	743,924	1,411,016
	Cash -Tax Collector	A-6	78,020	30,372
	Cash - Sewer Collector	A-8	1,192,478	474,552
	Change Fund		200	200
			<u>2,014,622</u>	<u>1,916,140</u>
Receivables and Other Assets with Full Reserves:				
	Delinquent Property Taxes Receivable	A-11	293,216	279,915
	Tax Title Liens Receivable	A-12	24,861	16,512
	Municipal Maintenance Liens Receivable		1,046	324
	Property Acquired for Taxes - Assessed Valuation	A-13	135,450	135,450
	Sewer Rents Receivable	A-14	85,673	81,550
	Sewer Utility Liens Receivable	A-15	1,322	822
	Other Accounts Receivable		4,990	4,990
	Revenue Accounts Receivable	A-16	9,401	89,110
	Protested Checks		1,436	1,436
	Due from Borough Clerk		353	30
	Due from Water Utility Operating Fund	D	48,239	38,299
	Due from Other Trust Funds	B	24,454	17,410
	Due from Animal Control Trust Fund	B	2,203	2,152
	Due from Community Development		2,861	2,861
	Due from Bank		8	
			<u>635,513</u>	<u>670,861</u>
Deferred Charges:				
	Special Emergency Authorization (40A:4-55)	A-17	12,000	16,000
			<u>12,000</u>	<u>16,000</u>
			<u>2,662,135</u>	<u>2,603,001</u>
<u>Federal and State Grant Fund</u>				
	Cash	A-4	24,164	22,483
	Grants Receivable	A-10	207,562	300,826
	Due Current Fund	A	156,544	65,293
			<u>388,270</u>	<u>388,602</u>
			<u>3,050,405</u>	<u>2,991,603</u>

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Balance Dec. 31, 2009</u>
<u>Regular Fund</u>			
Liabilities:			
Appropriation Reserves	A-3:A-18	310,333	299,282
Encumbrances Payable	A-19	47,353	31,061
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-20	42,580	42,588
Prepaid Taxes		44,660	40,673
Tax Overpayments			6,660
Sewer Overpayments		308	1,199
Due to Bank			31
Due General Capital Fund	C	39,367	45,464
Due Federal and State Grant Fund	A	156,544	65,293
Reserve for Zoning Escrow		1,845	1,845
Reserve for Supplemental Franchise and Gross Receipts Tax		26	26
Reserve for Stormwater Grant		5,117	5,117
Reserve for Revaluation		9,016	9,016
Reserve for Street Scape Refund		19,523	19,523
Reserve for Public Defender		18,065	7,286
Reserve for Codification of Ordinances		19,199	24,007
Local District School Taxes Payable	A-21	9,973	5,973
Regional High School Taxes Payable			3
County Taxes Payable		266	
Due County for Added & Omitted Taxes		34	2,636
Due Fire District		8,576	5,708
Due Library		19,461	14,067
		<hr/>	<hr/>
		752,246	627,458
Reserve for Receivables		635,513	670,861
Fund Balance	A-1	1,274,376	1,304,682
		<hr/>	<hr/>
		2,662,135	2,603,001
<u>Federal and State Grant Fund</u>			
Encumbrances Payable	A-19	2,640	18,520
Reserve for Grants - Appropriated	A-23	98,873	90,358
Reserve for Grants - Unappropriated	A-24	22,289	17,537
Reserve for Small Cities Loan Payback		24,164	22,483
Due Fire District		874	874
Due General Capital Fund	C	238,830	238,830
Unallocated Receipts	A-4	600	
		<hr/>	<hr/>
		388,270	388,602
		<hr/>	<hr/>
		3,050,405	2,991,603
		<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 - REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
Fund Balance Utilized	A-2	700,000	525,000
Miscellaneous Revenue Anticipated	A-2	2,269,279	2,255,096
Receipts from Delinquent Taxes	A-2	276,330	281,756
Receipts from Current Taxes	A-2	8,880,246	8,653,292
Non-Budget Revenue	A-2	126,863	125,618
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-18	230,616	199,880
Encumbrances Payable - Canceled	A-19	697	5,857
Interfund Loans Returned		6,097	19,874
Refund of Prior Year Grant Appropriations			17,272
Grant Reserve Canceled			119,670
Total Income		12,490,128	12,203,315
<u>Expenditures</u>			
Budget Appropriations:			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	1,753,145	1,657,725
Other Expenses	A-3	1,437,078	1,432,120
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	322,200	301,712
Appropriations Excluded from "CAPS":			
Operations:			
Other Expenses	A-3	1,157,984	1,181,306
Capital Improvements	A-3	40,146	40,200
Debt Service	A-3	364,929	391,621
Deferred Charges	A-3	4,000	4,000
County Taxes		1,639,649	1,595,832
Due County for Added Taxes		34	2,636
Local District School Tax	A-21	1,994,935	1,806,801
Regional High School Tax	A-22	2,788,208	2,736,580
Fire District Tax		302,356	302,356
Interfund Loan Advanced		10,302	42,150
Grants Receivable Canceled			119,670
Prior Year Deduction Disallowed	A-20	250	
Prior Year Revenue Refunded	A-4	5,218	
Total Expenditures		11,820,434	11,614,709
Statutory Excess to Fund Balance		669,694	588,606
<u>Fund Balance</u>			
Balance January 1	A	1,304,682	1,241,076
		1,974,376	1,829,682
Decreased by:			
Utilization as Anticipated Revenue	A-1	700,000	525,000
Balance December 31	A	1,274,376	1,304,682

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget 2010	Special N.J.S.A. 40A:4-87		
Fund Balance Anticipated	A-1	700,000		700,000	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-16	10,000		12,350	2,350
Other	A-16	2,000		3,164	1,164
Fees and Permits	A-16	4,000		6,423	2,423
Fines and Costs:					
Municipal Court	A-16	120,000		240,804	120,804
Interest and Costs on Taxes	A-16	40,000		70,153	30,153
Interest on Investments	A-16	39,117		33,240	(5,877)
Sewer Rents	A-14	700,000		798,164	98,164
Interest on Delinquent Sewer Rents	A-16	1,000		8,488	7,488
Housing Inspection Fees	A-16	12,000		41,890	29,890
Consolidated Municipal Property Tax Relief Act (N.J.S.A. 52:27D-118.34)	A-16	58,896		58,896	
Energy Receipts Tax	A-16	343,501		343,501	
Franchise Fees - Cable TV	A-16	12,000		17,653	5,653
Borough of Brooklawn - Busing Service	A-16	1,200			(1,200)
Shared Service Agreement Borough of National Park	A-16	599,500		599,500	
Clean Communities	A-10		7,567	7,567	
Recycling Tonnage	A-10	17,537		17,537	
Municipal Alliance on Alcoholism and Drug Abuse	A-10	9,249		9,249	
Clean Energy Program	A-10		200	200	
Clean Community Cleanup Grant	A-10		500	500	
Total Miscellaneous Revenues		1,970,000	8,267	2,269,279	291,012
Receipts from Delinquent Taxes	A-2	250,000		276,330	26,330
Subtotal General Revenues		2,920,000	8,267	3,245,609	317,342
Amount to be Raised by Taxation	A-2	2,478,000		2,480,724	2,724
Budget Totals		5,398,000	8,267	5,726,333	320,066
Non-Budget Revenue	A-2			126,863	
		5,398,000	8,267	5,853,196	
Ref.		A-3	A-3		

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

Analysis of Realized Revenue

	<u>Ref.</u>	
Allocation of Current Tax Collections:		
Revenue from Collections	A-11	8,880,246
Allocated to:		
School, Fire and County Taxes	A-11	6,725,182
Balance for Support of Municipal Budget Appropriation		<u>2,155,064</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	325,660
Amount for Support of Municipal Budget Appropriation	A-2	<u>2,480,724</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-2:A-11	<u>276,330</u>

Analysis of Non-Budget Revenue

	<u>Ref.</u>	
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Municipal Maintenance Liens	A-16	2,532
Sale of Scrap Iron	A-16	7,561
Payments in Lieu of Taxes	A-16	2,240
Sign Rental	A-16	8,913
Lease of Property	A-16	13,003
JIF Dividend	A-16	25,816
Refunds	A-16	32,100
Sale of Borough Property	A-16	2,202
Prior Year Check Voided	A-16	66
Miscellaneous	A-16	32,430
	A-2	<u>126,863</u>

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
General Administration						
Salaries & Wages	42,000	42,750	42,635		115	
Municipal Clerk						
Salaries & Wages	63,000	56,000	55,185		815	
Other Expenses	52,535	52,535	42,475	1,446	8,614	
Financial Administration						
Salaries & Wages	41,000	41,000	40,983		17	
Other Expenses	16,105	16,105	14,635	125	1,345	
Audit Services						
Other Expenses	10,000	10,000	10,000			
Revenue Administration (Tax Collection)						
Salaries & Wages	75,000	73,000	72,070		930	
Other Expenses	10,780	11,430	8,987	2,400	43	
Tax Assessment Administration						
Salaries & Wages	15,000	15,000	14,992		8	
Other Expenses	5,565	5,565	3,443	57	2,065	
Legal Services and Costs						
Other Expenses	25,750	25,750	15,736		10,014	
Engineering Services and Costs						
Other Expenses	11,400	21,400	10,576		10,824	
Economic Development Committee						
Other Expenses	6,175	6,175	1,454		4,721	
LAND USE ADMINISTRATION						
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Municipal Land Use Board						
Salaries and Wages	1,100	1,100	90		1,010	
Other Expenses	9,800	9,800	967		8,833	
INSURANCE						
Liability Insurance	118,325	84,825	82,015		2,810	
Worker Compensation Insurance	171,000	171,000	169,819		1,181	
Employee Group Insurance	263,848	263,848	247,069		16,779	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PUBLIC SAFETY FUNCTIONS						
Police						
Salaries and Wages	786,300	822,300	821,954		346	
Other Expenses	54,776	54,776	42,514	1,066	11,196	
Office of Emergency Management						
Other Expenses	11,900	11,900	557	11,343		
Municipal Prosecutor						
Other Expenses	11,980	12,080	12,064		16	
PUBLIC WORKS FUNCTIONS						
Road Repairs & Maintenance						
Salaries & Wages	81,000	81,000	79,863		1,137	
Other Expenses	42,293	42,293	38,213	181	3,899	
Public Buildings & Grounds						
Salaries & Wages	6,000	6,500	5,921		579	
Other Expenses	25,107	33,982	33,945		37	
Vehicle Maintenance						
Other Expenses	68,354	64,979	49,965		15,014	
Garbage and Trash Removal						
Salaries & Wages	228,000	228,000	227,648		352	
Sanitary Landfill						
Other Expenses	194,250	184,250	154,543		29,707	
Sewer System						
Salaries & Wages	181,000	197,000	196,596		404	
Other Expenses	21,805	22,305	16,315		5,990	
HEALTH & HUMAN SERVICES						
Board of Health						
Salaries & Wages	95	95	66		29	
Other Expenses	808	808	256	67	485	
Dog Regulation						
Other Expenses	50	50			50	
Environmental Commission						
Other Expenses	1,950	1,950	1,166	784		

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
PARK & RECREATION FUNCTIONS						
Parks and Playgrounds						
Salaries & Wages	119,400	111,400	111,157		243	
Other Expenses	22,640	22,640	15,921	3,663	3,056	
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	9,500	9,500	9,500			
UNIFORM CONSTRUCTION CODE- APPROPRIATIONS OFFSET BY DEDICATED REVENUE (N.J.A.C. 5:23-4.17)						
Construction Official						
Other Expenses	31,535	31,535	31,535			
Housing Inspector						
Salaries & Wages	34,000	34,000	33,584		416	
Other Expenses	1,530	2,030	2,007		23	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	85,000	85,000	77,206	60	7,734	
Street Lighting	46,000	46,000	42,684		3,316	
Telephone	34,000	34,000	31,769		2,231	
Heating Oil	13,000	13,000	13,000			
Gasoline	66,000	66,000	61,275		4,725	
MUNICIPAL COURT FUNCTIONS						
Municipal Court						
Salaries & Wages	44,000	44,000	35,317		8,683	
Other Expenses	14,817	14,817	14,331		486	
Public Defender						
Other Expenses	4,750	4,750	4,750			
Total Operations Within "CAPS"	<u>3,180,223</u>	<u>3,190,223</u>	<u>2,998,753</u>	<u>21,192</u>	<u>170,278</u>	
Detail:						
Salaries & Wages	1,716,895	1,753,145	1,738,061		15,084	
Other Expenses	<u>1,463,328</u>	<u>1,437,078</u>	<u>1,260,692</u>	<u>21,192</u>	<u>155,194</u>	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEFERRED CHARGES & STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
STATUTORY EXPENDITURES:						
Contribution to:						
Social Security System (O.A.S.I.)	100,000	90,000	88,050		1,950	
Public Employees' Retirement System	97,108	97,108	97,089		19	
Police and Firemen's Retirement System	135,092	135,092	134,601		491	
Total Deferred Charges & Statutory Expenditures within "CAPS"	332,200	322,200	319,740		2,460	
Total General Appropriations for Municipal Purposes within "CAPS"	3,512,423	3,512,423	3,318,493	21,192	172,738	
OPERATIONS EXCLUDED FROM "CAPS"						
Gloucester County Utilities Authority						
Contractual - Share Costs - Sewerage	410,000	410,000	352,383		57,617	
Maintenance of Free Public Library						
Other Expenses	99,348	99,348	93,810		5,538	
SFSP Fire District Payment	1,764	1,764	1,764			
National Park Interlocal Service Agreement	554,800	554,800	479,772	642	74,386	
Insurance						
Employee Group Insurance	27,907	27,907	27,907			
Contribution to:						
Public Employees' Retirement System	10,892	10,892	10,892			
Police and Firemen's Retirement System	15,908	15,908	15,908			

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC AND PRIVATE PROGRAMS						
OFFSET BY REVENUES						
Recycling Tonnage Grant	17,537	17,537	17,537			
Municipal Alliance for Drug and Alcohol Abuse	11,561	11,561	11,561			
Clean Energy Program		200	200			
Clean Community Cleanup Grant		500	500			
Clean Communities		7,567	7,567			
Total Operations Excluded from "CAPS"	1,149,717	1,157,984	1,019,801	642	137,541	
Detail:						
Other Expenses	1,149,717	1,157,984	1,019,801	642	137,541	
CAPITAL IMPROVEMENTS						
- EXCLUDED FROM "CAPS"						
Capital Improvement Fund	25,000	25,000	25,000			
Purchase of a Computer and Phone System	15,200	15,200	3,717	11,429	54	
Capital Improvements Excluded from "CAPS"	40,200	40,200	28,717	11,429	54	
DEBT SERVICE						
Payment of Bond Principal	200,500	200,500	200,153			347
Payment of Bond Anticipation Notes	28,000	28,000	28,000			
Interest on Bonds	130,000	130,000	129,675			325
Interest on Notes	7,500	7,500	7,101			399
Total Debt Service	366,000	366,000	364,929			1,071

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEFERRED CHARGES						
- EXCLUDED FROM "CAPS"						
Emergency Authorizations	4,000	4,000	4,000			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,559,917	1,568,184	1,417,447	12,071	137,595	1,071
Subtotal General Appropriations	5,072,340	5,080,607	4,735,940	33,263	310,333	1,071
RESERVE FOR UNCOLLECTED TAXES	325,660	325,660	325,660			
TOTAL GENERAL APPROPRIATIONS	5,398,000	5,406,267	5,061,600	33,263	310,333	1,071
Ref.	A-2			A-19	A	
Budget	<u>Ref.</u>					
Appropriations by 40A:4-87	A-3	5,398,000				
	A-2	8,267				
		<u>5,406,267</u>				
Deferred Charges - Special Emergency Reserve for Federal and State Grants			<u>Ref.</u>			
Reserve for Uncollected Taxes			A-17	4,000		
Disbursed			A-23	37,365		
			A-2	325,660		
			A-4	4,694,575		
				<u>5,061,600</u>		

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

TRUST FUND

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Balance Dec. 31, 2009</u>
<u>Animal Control Trust Fund</u>			
Cash - Treasurer	B-1	3,462	2,853
Due from Bank		39	39
		<u>3,501</u>	<u>2,892</u>
<u>Other Trust Funds</u>			
Cash - Treasurer	B-1	129,289	21,661
Cash - Collector	B-3	30,109	46,868
Prepaid Payroll Taxes			25,507
Prepaid Payroll			62,480
Accounts Receivable - Agency Account			760
Escrow Accounts Receivable		633	633
		<u>160,031</u>	<u>157,909</u>
		<u>163,532</u>	<u>160,801</u>

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
<u>Animal Control Trust Fund</u>			
Due Current Fund	A	2,203	2,152
Unallocated Receipts		1	1
Due State of New Jersey		37	1
Reserve for Dog Fund Expenditures	B-5	1,260	738
		<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
		3,501	2,892
<u>Other Trust Funds</u>			
Due Current Fund	A	24,454	17,410
Due General Capital Fund	C	137	137
Accounts Payable - State of New Jersey		9,127	9,127
Reserve for:			
Payroll Taxes Payable		27,149	11,031
Fourth of July Celebration		16,881	13,200
Municipal Alliance		6,484	6,383
Unemployment		6,796	20,828
Redemption of Tax Title Liens		8,743	44,762
Planning and Zoning Board		18,992	20,363
Fieldstone Escrow		651	640
Tax Sale Premiums		18,500	805
Parking Offense Adjudication Act		1,358	1,358
Forfeited Property		20,434	11,540
Rental Security Deposits		325	325
		<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
		160,031	157,909
		<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
		163,532	160,801
		<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>

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

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Cash - Treasurer	C-2	903,832	237,295
Loan Receivable	C-5	51,538	70,172
Due from State of New Jersey	C-6	305,938	321,432
Due from Federal and State Grant Fund	A	238,830	238,830
Due from Current Fund	A	39,367	45,464
Due from Trust Other	B	137	137
Deferred Charges to Future Taxation:			
Funded	C-7	2,926,401	3,126,553
Unfunded	C-8	1,589,819	951,869
		<u>6,055,862</u>	<u>4,991,752</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-12	2,350,000	2,525,000
Bond Anticipation Notes Payable	C-14	1,274,000	552,000
New Jersey Infrastructure Loan Payable	C-13	576,401	601,553
Encumbrances Payable	C-10	7,486	
Contracts Payable	C-11	6,861	189,797
Improvement Authorizations:			
Funded	C-10	796,656	654,593
Unfunded	C-10	1,030,508	444,809
Capital Improvement Fund	C-9	3,848	13,898
Retainage Percentage Due Contractor		3,093	3,093
Reserve for Land Acquisition		2,375	2,375
Reserve for Insurance Refund		1,460	1,460
Reserve for Sunoco Donations		2,255	2,255
Reserve for Debt Service		100	100
Fund Balance	C-1	819	819
		<u>6,055,862</u>	<u>4,991,752</u>

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

STATEMENT OF FUND BALANCE - GENERAL CAPITAL FUND - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2009	C	819
Balance December 31, 2010	C	<u>819</u>

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

WATER UTILITY FUND

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Balance Dec. 31, 2009</u>
<u>Operating Fund</u>			
Cash - Treasurer	D-5	75,529	68,328
Cash - Change Fund		550	50
Due from Utility Capital Fund	D	133,671	133,424
		<u>209,750</u>	<u>201,802</u>
Receivables with Full Reserves:			
Water Rents Receivable	D-8	61,998	59,050
Other Accounts Receivable	D-9	655	655
		<u>62,653</u>	<u>59,705</u>
Total Operating Fund		<u>272,403</u>	<u>261,507</u>
<u>Capital Fund</u>			
Cash - Treasurer	D-5	15,931	15,684
Due from State of New Jersey - Infrastructure Trust Loan		156,744	156,744
Other Accounts Receivable	D-9	171	171
Fixed Capital	D-10	2,933,202	2,925,894
Fixed Capital Authorized and Uncompleted	D-11	1,659,773	1,659,773
Total Capital Fund		<u>4,765,821</u>	<u>4,758,266</u>
		<u>5,038,224</u>	<u>5,019,773</u>

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

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves	D-4:D-12	1,807	6,804
Encumbrances Payable	D-13	275	13,091
Accrued Interest on Bonds, Notes & Loans	D-14	10,793	12,406
Utility Rent Prepayments		40,852	31,711
Utility Rent Overpayments		429	2,591
Due Current Fund	A	48,239	38,299
Accounts Payable		2,009	2,009
Reserve for Brooklawn Escrow Agreement			31,250
		<hr/>	<hr/>
		104,404	138,161
Reserve for Receivables		62,653	59,705
Fund Balance	D-1	105,346	63,641
		<hr/>	<hr/>
Total Operating Fund		272,403	261,507
 <u>Capital Fund</u>			
Serial Bonds Payable	D-19	945,328	1,006,914
Bond Anticipation Notes	D-21	214,000	227,000
New Jersey Environmental Trust Loan	D-20	249,171	270,078
Improvement Authorizations:			
Funded	D-15	24,162	24,162
Unfunded	D-15	586	586
Capital Improvement Fund	D-16	4,076	4,076
Due Utility Operating Fund	D	133,671	133,424
Reserve for Debt Service		81	81
Reserve for Amortization	D-17	2,962,640	2,859,839
Deferred Reserve for Amortization	D-18	221,250	221,250
Fund Balance	D-2	10,856	10,856
		<hr/>	<hr/>
Total Capital Fund		4,765,821	4,758,266
		<hr/>	<hr/>
		5,038,224	5,019,773
		<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 - WATER UTILITY FUND - REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2010</u>	<u>Year 2009</u>
Fund Balance Utilized	D-3	50,000	95,000
Rents	D-3	907,802	823,031
Fire Hydrant Services	D-3	2,184	2,250
Miscellaneous	D-3	76,415	83,344
Reserve for Brooklawn Escrow Agreement	D-3	31,250	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-12	665	63,570
Encumbrances Canceled	D-13	12,522	
Total Income		1,080,838	1,067,195
<u>Expenditures</u>			
Operating	D-4	812,887	812,512
Capital Improvements	D-4	8,700	13,000
Debt Service	D-4	139,570	154,735
Deferred Charges and Statutory Expenditures	D-4	27,976	26,988
Interfund Loan Advanced			15
Total Expenditures		989,133	1,007,250
Excess in Revenue		91,705	59,945
<u>Fund Balance</u>			
Balance January 1	D	63,641	98,696
		155,346	158,641
Decreased by:			
Utilization as Anticipated Revenue	D-1	50,000	95,000
Balance December 31	D	105,346	63,641

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

STATEMENT OF FUND BALANCE - WATER CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2009	<u>Ref.</u> D	10,856
Balance December 31, 2010	D	<u>10,856</u>

STATEMENT OF REVENUES - WATER UTILITY FUND - REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated Budget 2010</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	50,000	50,000	
Rents	D-3	848,500	907,802	59,302
Fire Hydrant Service	D-5	2,250	2,184	(66)
Miscellaneous	D-3	84,000	76,415	(7,585)
Reserve for Brooklawn Escrow Agreement	D	31,250	31,250	
Budget Totals		<u>1,016,000</u>	<u>1,067,651</u>	<u>51,651</u>
	<u>Ref.</u>	D-4		

Analysis of Realized Revenue

	<u>Ref.</u>	
Rents:		
Consumer Accounts Receivable:		
Collected	D-8	873,500
Overpayments Applied	D-8	2,591
Prepayments Applied	D-8	31,711
	D-3	<u>907,802</u>
Miscellaneous:		
Interest on Investments		1,824
Interest on Delinquent Accounts		7,220
Water Laboratory Fees		64,437
Sprinkler		2,786
Miscellaneous		148
	D-3:D-5	<u>76,415</u>

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

STATEMENT OF EXPENDITURES - WATER UTILITY FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operating:						
Salaries and Wages	338,225	358,925	358,864		61	
Other Expenses	468,462	453,962	453,386	275	301	
Capital Improvements:						
Capital Outlay	13,000	8,700	7,308		1,392	
Debt Service:						
Payment of Bond Principal	62,000	62,000	61,586			414
Payment of Bond Anticipation Notes	13,000	13,000	13,000			
Interest on Bonds	50,000	50,000	47,510			2,490
Interest on Notes	7,500	7,500	4,687			2,813
Infrastructure Trust and Fund Loan	31,000	31,000	12,787			18,213
Deferred Charges:						
Overexpenditure of Appropriation	2,937	2,937				2,937
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	29,876	27,976	27,923		53	
	<u>1,016,000</u>	<u>1,016,000</u>	<u>987,051</u>	<u>275</u>	<u>1,807</u>	<u>26,867</u>
Ref.	D-3	D-4		D-13	D	
		<u>Ref.</u>				
Interest on Bonds, Notes and Loans		D-14	60,297			
Disbursed		D-5	926,754			
			<u>987,051</u>			

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

GENERAL FIXED ASSETS

EXHIBIT E

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
General Fixed Assets:		
Land and Improvements Other Than Buildings	3,502,200	3,502,200
Buildings	1,470,670	1,470,670
Vehicles	994,032	964,032
Miscellaneous Equipment	259,435	259,435
Office Furniture and Equipment	91,208	91,208
	<u>6,317,545</u>	<u>6,287,545</u>
Investment in General Fixed Assets	<u>6,317,545</u>	<u>6,287,545</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Description of Funds and Account Groups

The accounting policies of the Borough conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its transactions through the following separate funds and accounts as presented below. This presentation differs from the three funds; two account group presentation as required by 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.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds and Account Groups (Continued)

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

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

C. Basis of Accounting

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

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

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

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

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - (Continued)

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

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

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

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

Interest on Delinquent Taxes – It is the policy of the Borough to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

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

Interfunds – Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. Under accounting principles generally accepted in the United States of America, interfunds are not reserved.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

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

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Borough capitalizes fixed assets with an original cost in excess of \$1,000.

No depreciation has been provided for in the financial statements.

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

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

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - (Continued)

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

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

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

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

D. Comparative Data

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

NOTE 2: BUDGETARY INFORMATION

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

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

NOTE 2: BUDGETARY INFORMATION (CONTINUED)

The Borough amended the budget during the year by the insertion of Special Items of Revenue in the amount of \$8,267 for various grants as detailed on Exhibit A-2.

NOTE 3: CASH

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (G.U.D.P.A.) or in qualified investments established in New Jersey Statutes N.J.S.A. 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2010 and 2009, the carrying amount of the Borough's deposits was \$3,197,488 and \$2,331,362 respectively. As of December 31, 2010 and 2009, \$0 of the municipality's bank balance of \$3,306,066 and \$2,448,694, respectively, was exposed to custodial credit risk.

NOTE 4: INVESTMENTS

As of December 31, 2010, the Borough had no investments.

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

Credit Risk - New Jersey Statutes N.J.S.A. 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Borough or bonds or other obligations of the Borough school district, Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

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

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

NOTE 5: FUND BALANCES APPROPRIATED

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

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	
Current Fund	2010	1,274,376	770,000	a
	2009	1,304,682	700,000	
	2008	1,241,076	525,000	
	2007	639,245	360,000	
	2006	500,106	325,000	
Utiltiy Fund	2010	105,346	95,000	a
	2009	63,641	50,000	
	2008	98,696	95,000	
	2007	89,130	88,000	
	2006	105,359	80,000	

a = The budget for 2011 has not been adopted as of the date of the audit and therefore, this amount is subject to change.

NOTE 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2010, the following deferred charges are shown on the balance sheets of the various funds.

	<u>Balance Dec. 31, 2010</u>	<u>2011 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Special Emergency Appropriation	12,000	4,000	8,000

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

NOTE 7: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2010.

	Balance <u>Dec. 31, 2009</u>	<u>Additions</u>	Balance <u>Dec. 31, 2010</u>
Land & Improvements Other than Buildings	3,502,200		3,502,200
Buildings	1,470,670		1,470,670
Vehicles	964,032	30,000	994,032
Miscellaneous Equipment	259,435		259,435
Office Furniture & Equipment	91,208		91,208
	<u>6,287,545</u>	<u>30,000</u>	<u>6,317,545</u>

NOTE 8: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2010:

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Utility Operating Fund	48,239	
Other Trust Fund	24,454	
Animal Control Trust	2,203	
General Capital Fund		39,367
Federal and State Grant Fund		156,544
Federal and State Grant Fund		
Current Fund	156,544	
General Capital Fund		238,830
Animal Control Trust		
Current Fund		2,203
Other Trust Fund		
Current Fund		24,454
General Capital Fund		137
General Capital Fund		
Current Fund	39,367	
Other Trust Fund	137	
Federal and State Grant Fund	238,830	
Utility Operating Fund		
Utility Capital Fund	133,671	
Current Fund		48,239
Utility Capital Fund		
Utility Operating Fund		133,671
	<u>643,445</u>	<u>643,445</u>

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

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

NOTE 9: LONG-TERM DEBT

During the calendar year 2010, the following changes occurred in the municipal debt of the Borough:

	<u>Balance Dec. 31, 2009</u>	<u>Issued/ Authorized</u>	<u>Retired/ Reduction</u>	<u>Balance Dec. 31, 2010</u>
<u>ISSUED:</u>				
Current Fund:				
Bonds & Loans	3,126,553		200,152	2,926,401
Bond Anticipation Notes	552,000	750,000	28,000	1,274,000
Utility Fund:				
Bonds & Loans	1,276,992		82,493	1,194,499
Bond Anticipation Notes	227,000		13,000	214,000
Net Debt Issued	<u>5,182,545</u>	<u>750,000</u>	<u>323,645</u>	<u>5,608,900</u>
<u>AUTHORIZED BUT NOT ISSUED:</u>				
Current Fund:				
Bonds & Notes	399,869	665,950	750,000	315,819
Utility Fund:				
Bonds & Notes	586			586
Authorized but not Issued	<u>400,455</u>	<u>665,950</u>	<u>750,000</u>	<u>316,405</u>
Total Debt Issued and Authorized but Not Issued	<u>5,583,000</u>	<u>1,415,950</u>	<u>1,073,645</u>	<u>5,925,305</u>

Permanently funded debt as of December 31, 2010, consisted of the following:

\$3,025,000 General Improvement Bonds dated 12/1/05 payable in annual installments through 12/1/22. Interest is paid semi-annually at rates of 4.5% to 4.625% per annum. The balance remaining at December 31, 2010, was \$2,350,000.

\$627,024 Environmental Trust Loan dated 11/8/07. The trust loan portion is payable in annual installments through 8/1/27 and interest is paid semi-annually at rates from 3.4% to 5% per annum. The fund portion of the loan is payable in semi-annual installments through 8/1/27 and no interest is charged. The balance remaining at December 31, 2010, was \$576,401.

\$819,000 Utility Improvement Bonds dated 10/15/81 payable in annual installments through 10/15/21. Interest is paid semi-annually at the rate of 5% per annum. The balance remaining at December 31, 2010, was \$396,328.

\$724,000 Utility Improvement Bonds dated 12/1/05 payable in annual installments through 12/1/22. Interest is paid semi-annually at rates of 4.5% to 4.625% per annum. The balance remaining at December 31, 2010, was \$549,000.

\$472,136 Environmental Trust Loan dated 10/15/99. The trust loan portion is payable in annual installments through 8/1/19 and interest is paid semi-annually at rates from 5.5% to 5.7% per annum. The fund portion of the loan is payable in semi-annual installments through 8/1/19 and no interest is charged. The balance remaining at December 31, 2010, was \$249,171.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

NOTE 9: LONG-TERM DEBT (CONTINUED)

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

Year Ended December 31	Principal	Interest	Total
General Serial Bonds & Loans			
2011	199,834	121,300	321,134
2012	207,698	112,925	320,623
2013	207,373	104,540	311,913
2014	207,039	96,140	303,179
2015	206,696	87,550	294,246
2016-2020	1,134,597	298,306	1,432,903
2021-2025	679,279	59,275	738,554
2026-2027	83,885	3,250	87,135
	<u>2,926,401</u>	<u>883,286</u>	<u>3,809,687</u>
Utility Serial Bonds & Loans			
2011	83,472	52,804	136,276
2012	92,709	49,283	141,992
2013	93,648	45,418	139,066
2014	94,660	41,479	136,139
2015	95,749	37,463	133,212
2016-2020	555,053	117,228	672,281
2021-2024	179,208	11,649	190,857
	<u>1,194,499</u>	<u>355,324</u>	<u>1,549,823</u>

Summary of Statutory Debt Condition – Annual Debt Statement

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

	Gross Debt	Deductions	Net Debt
School District Debt	2,913,093	2,913,093	None
Utility Debt	1,409,085	1,409,085	None
General Debt	4,516,220		4,516,220
	<u>8,838,398</u>	<u>4,322,178</u>	<u>4,516,220</u>

Net Debt \$4,516,220/Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended
\$290,976,412 = 1.55%

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

NOTE 9: LONG-TERM DEBT (CONTINUED)

Summary of Statutory Debt Condition – Annual Debt Statement (Continued)

Borrowing Power Under N.J.S.A. 40:A2-6 As Amended

3 1/2% of Equalized Valuation Basis (Municipal)	10,184,174
Net Debt	4,516,220
Remaining Borrowing Power	<u>5,667,954</u>

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

Cash Receipts from Fees, Rents, or Other Charges	1,067,651
Deductions:	
Operating and Maintenance Costs	840,863
Debt Service per Water & Sewer Account	<u>139,570</u>
	<u>980,433</u>
Excess in Revenue	<u>87,218</u>

NOTE 10: NOTES PAYABLE

The Borough had two Bond Anticipation notes outstanding as of December 31, 2010. One in the amount of \$214,000 for the re-drill of Well #5 that will mature on August 5, 2011 at an interest rate of 1.5% and one in the amount of \$1,274,000 for various capital improvements that will mature on October 29, 2011 at an interest rate of 1.29%.

NOTE 11: PENSION FUNDS

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

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

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

NOTE 11: PENSION FUNDS (CONTINUED)

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

Funding Policy - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. P.E.R.S. provide for employee contributions of 5.5% of employees' annual compensation, as defined. P.F.R.S. provides for employee contributions of 8.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in P.E.R.S. and P.F.R.S. The P.E.R.S. and P.F.R.S. rates in effect for 2010 are 8.95% and 25.88% of covered payroll, respectively as reported on June 30, 2008. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Borough's contributions to P.E.R.S. for the years ending December 31, 2010, 2009 and 2008 were \$107,981, \$93,825 and \$72,691 respectively, equal to the required contributions for each year. The Borough's contributions to P.F.R.S. for the years ending December 31, 2010, 2009 and 2008 were \$150,509, \$130,524 and \$132,275 respectively, equal to the required contributions for each year.

NOTE 12: ACCUMULATED ABSENCE BENEFITS

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

NOTE 13: POST-RETIREMENT BENEFITS

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

NOTE 14: DEFERRED COMPENSATION PLAN

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

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

NOTE 15: TAXES COLLECTED IN ADVANCE

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

	Balance Dec. 31, 2010	Balance Dec. 31, 2009
Prepaid Taxes - Cash Liability	44,660	40,673

NOTE 16: ECONOMIC DEPENDENCY

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

NOTE 17: RISK MANAGEMENT

The Borough is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough maintains commercial insurance coverage for property, liability and surety bonds. The Borough is a member of the Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Gloucester, Salem and Cumberland County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have been no claims in excess of coverage and no reduction in coverage during the year 2010.

New Jersey Unemployment Compensation Insurance

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

Year	Township Contribution	Employee Contribution	Amount Reimbursed	Ending Balance
2010	None	None	14,420	6,796
2009	None	None	3,364	20,828
2008	None	None	4,448	23,566

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

NOTE 18: PROPERTY TAX INFORMATION

COMPARISON OF TAX RATE INFORMATION

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Rate:	5.524	5.330	5.282
Apportionment of Tax Rate:			
Municipal	1.537	1.536	1.537
County	1.019	0.987	0.977
Local School	1.238	1.117	1.125
Regional High School	1.730	1.690	1.643
Assessed Valuation	161,143,736	161,856,123	161,406,296

COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Levy	9,204,712	8,937,278	8,821,608
Cash Collections	8,880,246	8,653,292	8,534,729
Percentage of Collections	96.48%	96.82%	96.75%

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>2010</u>	<u>2009</u>	<u>2008</u>
Amount of Tax Title Liens	24,861	16,512	5,149
Delinquent Taxes	293,216	279,915	243,940
Total Delinquent	318,077	296,427	249,088
Percentage of Tax Levy	3.46%	3.32%	2.82%

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>2010</u>	<u>2009</u>	<u>2008</u>
Property Acquired for Taxes (Assessed Valuation)	135,450	135,450	135,450

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

NOTE 19: LITIGATION

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

SUPPLEMENTARY DATA

PETRONI & ASSOCIATES LLC

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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
1035 Broadway
Westville, NJ 08093

We have audited the financial statements – regulatory basis of the Borough of Westville as of and for the year ended December 31, 2010, and have issued our report thereon dated March 21, 2011. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the Borough of Westville prepares its financial statements on a basis of accounting prescribed by Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

PETRONI & ASSOCIATES LLC



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

March 21, 2011

BOROUGH OF WESTVILLE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

State Funding Department/Program	State Grant Number	Program Amount	Matching Funds	Funds Received	Grant Period		Amount of Expenditures	Cumulative Expenditures
					From	To		
Department of Community Affairs								
Clean Communities	4900-765-042-4900-004-VCMC-6020	7,567		7,567	1/1/10	N/A	6,026	6,026
Recycling Tonnage	4900-753-042-4900-00-V42Y-6020	14,560		14,560	1/1/09	N/A	354	12,937
Sharing Available Resources Efficiency Grant	N/A	90,000		90,000	1/1/09	N/A	3,905	90,000
Municipal Alliance For Drug & Alcohol Abuse	N/A	11,562	2,313	9,249	1/1/09	N/A	805	11,562
Municipal Alliance For Drug & Alcohol Abuse	N/A	11,561	2,312	9,249	1/1/10	N/A	11,176	11,176
Special Purpose Grants:								
Downtown Redevelopment	N/A	100,000		100,000	1/1/04	N/A	319	87,940
Clean Community Cleanup Grant	N/A	500		500	1/1/10	N/A	500	500
Department of Law and Public Safety								
Drunk Driving Enforcement	6400-10-078-6400-YYYY	13,072		13,072	1/1/08	N/A	5,765	9,773
				244,197			28,850	229,914

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2009	A	1,411,016	22,483
Increased by Receipts:			
Transferred from Tax Collector	A-6	9,115,000	
Transferred from Sewer Collector	A-8	100,000	
Federal and State Grants Receivable	A-10	110,780	
Revenue Accounts Receivable	A-16	1,464,725	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-20	72,080	
Federal and State Grants - Unappropriated	A-24	22,289	
Reserve for Public Defender		10,779	
Due Bank		23	
Unallocated Receipts	A	600	
Small Cities Loan Payback			1,681
		<u>10,896,276</u>	
		12,307,292	<u>24,164</u>
Decreased by Disbursements:			
2010 Budget Appropriations	A-3	4,694,575	
2009 Appropriation Reserves	A-18	60,947	
Encumbrances Payable	A-19	34,203	
Reserve for Federal and State Grants	A-23	28,850	
Tax Overpayments Refunded		3,536	
Reserve for Codification of Ordinances		4,808	
County Taxes		1,642,019	
Fire District Tax		299,488	
Local District School Tax	A-21	1,990,935	
Regional High School Tax	A-22	2,788,211	
Due from Borough Clerk		323	
Due from Water Operating Fund		9,940	
Due from Bank		39	
Due Library		276	
Prior Year Revenue Refunded		5,218	
		<u>11,563,368</u>	
Balance December 31, 2010	A	<u>743,924</u>	<u>24,164</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, 2010	A-4	743,924	24,164
Increased by Receipts:			
Cash Receipts Record		2,631,775	278
		3,375,699	24,442
Decreased by Disbursements:			
Cash Disbursements Record		2,465,244	
Balance February 28, 2011	A-5	910,455	24,442
<u>Cash Reconciliation - February 28, 2011</u>			
Balance per Statement			
Colonial National Bank		1,018,965	24,442
Less: Outstanding Checks		108,510	
Balance February 28, 2011	A-5	910,455	24,442

SCHEDULE OF CASH - TAX COLLECTOR

Balance December 31, 2009	<u>Ref.</u> A		30,372
Increased by Receipts:			
Taxes Receivable	A-11	9,037,155	
Revenue Accounts Receivable	A-16	77,547	
Prepaid Taxes		44,660	
Tax Overpayments		3,286	
		<hr/>	9,162,648
			<hr/>
			9,193,020
Decreased by Disbursements:			
Paid to Treasurer	A-4		9,115,000
			<hr/>
Balance December 31, 2010	A		<hr/> <hr/> 78,020

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

Balance December 31, 2010	<u>Ref.</u> A-6		78,020
Increased by Receipts:			
Cash Receipts Record			2,112,351
			<hr/>
			2,190,371
Decreased by Disbursements:			
Cash Disbursements Record			2,100,874
			<hr/>
Balance February 28, 2011	A-7		<hr/> <hr/> 89,497
<u>Cash Reconciliation - February 28, 2011</u>			
Balance per Statement			
Colonial National Bank	A-7		89,497
			<hr/> <hr/>

SCHEDULE OF CASH - SEWER COLLECTOR

Balance December 31, 2009	<u>Ref.</u> A		474,552
Increased by Receipts:			
Rents Receivable	A-14	796,965	
Revenue Accounts Receivable	A-16	20,653	
Sewer Overpayments		308	
		<hr/>	817,926
			<hr/>
			1,292,478
Decreased by Disbursements:			
Paid to Treasurer	A-4		100,000
			<hr/>
Balance December 31, 2010	A		<u><u>1,192,478</u></u>

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

Balance December 31, 2010	<u>Ref.</u> A-8		1,192,478
Increased by Receipts:			
Cash Receipts Record			54,858
			<hr/>
			1,247,336
Decreased by Disbursements:			
Cash Disbursements Record			
			<hr/>
Balance February 28, 2011	A-9		<u><u>1,247,336</u></u>
		<u>Cash Reconciliation - February 28, 2011</u>	
Balance per Statement			
Colonial National Bank	A-9		<u><u>1,247,336</u></u>

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Grant</u>	Balance Dec. 31, 2009	2010 Budget Revenue Realized	Received	From Grants Unappropriated	Balance Dec. 31, 2010
Federal Programs:					
Small Cities Grant	21,266		1,664		19,602
COPS More Program	20,274				20,274
COPS Fast Program	15,000				15,000
Community Development Funds:					
Downtown Revitalization	623				623
Click It or Ticket	4,000				4,000
State Programs:					
New Jersey Transportation Trust Funds:					
Willow Road	2,260				2,260
Highland Avenue	7,370				7,370
Summit Avenue	36,926				36,926
Bike path Safety	330				330
Pedestrian Safety	2,815				2,815
Transportation Enhancement Project	3,000				3,000
Statewide Domestic Preparedness - 2003	331				331
Statewide Domestic Preparedness - 2004	74,000				74,000
Statewide Domestic Preparedness - 2005	1,868				1,868
Municipal Alliance for Drug and Alcohol Abuse	17,633	9,249	10,849		16,033
Clean Communities	3,130	7,567	7,567		3,130
Sharing Available Resources Efficiency Grant	90,000		90,000		
Recycling Tonnage Grant		17,537		17,537	
Clean Energy Program		200	200		
Clean Community Cleanup Grant		500	500		
	<u>300,826</u>	<u>35,053</u>	<u>110,780</u>	<u>17,537</u>	<u>207,562</u>
Ref.	A	A-2	A-4	A-24	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2010 Levy	Added Taxes	Collected		Canceled	Overpayments Applied	Transferred to Tax Title Liens	Balance
	Dec. 31, 2009			2009	2010				Dec. 31, 2010
1997	28								28
1998	28								28
1999	28								28
2000	21								21
2001	29								29
2002	31								31
2003	33								33
2004	70								70
2005	38								38
2006	413							371	42
2007	61							15	46
2008	4,133				3,611	3		470	49
2009	275,002		250		272,719			474	2,059
	279,915		250		276,330	3		1,330	2,502
2010		9,204,712		40,673	8,833,163	26,904	6,410	6,848	290,714
	279,915	9,204,712	250	40,673	9,109,493	26,907	6,410	8,178	293,216
Ref.	A							A-12	A
				<u>Ref.</u>					
		Cash		A-6	9,037,155				
		Due State of New Jersey		A-20	72,338				
					<u>9,109,493</u>				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:			
Business Personalty Tax		12,763	
General Property Tax		9,191,767	
		<hr/>	
			9,204,530
Added Taxes (54:4-63.1 et seq.)			182
			<hr/>
			<u>9,204,712</u>

Tax Levied

	<u>Ref.</u>		
Local District School Tax (Abstract)	A-21		1,994,935
Regional High School Tax Payable (Abstract)	A-22		2,788,208
Fire District Tax (Abstract)			302,356
County Taxes:			
County Tax (Abstract)		1,520,218	
County Open Space Tax (Abstract)		119,431	
Due County for Added Taxes (54:4-63.1 et seq.)		34	
		<hr/>	
Total County Taxes			1,639,683
Local Tax for Municipal Purposes	A-2	2,478,000	
Add: Additional Taxes Levied		1,530	
		<hr/>	
			2,479,530
			<hr/>
			<u>9,204,712</u>

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance December 31, 2009	<u>Ref.</u> A		16,512
Increased by:			
Transfers from Taxes Receivable	A-11	8,178	
Interest and Costs Accrued by Sale of April 19, 2010		<u>171</u>	
			<u>8,349</u>
Balance December 31, 2010	A		<u><u>24,861</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance December 31, 2009	<u>Ref.</u> A		<u>135,450</u>
Balance December 31, 2010	A		<u><u>135,450</u></u>

SCHEDULE OF SEWER RENTS RECEIVABLE

Balance December 31, 2009	<u>Ref.</u> A		81,550
Increased by:			
Sewer Rents Levied			802,787
			<hr/> 884,337
Decreased by:			
Collections	A-8	796,965	
Overpayments Applied		1,199	
Transfer to Liens	A-15	500	
		<hr/>	798,664
Balance December 31, 2010	A		<hr/> <hr/> 85,673

SCHEDULE OF SEWER LIENS RECEIVABLE

Balance December 31, 2009	<u>Ref.</u> A		822
Increased by:			
Transfer from Sewer Rents	A-14		500
Balance December 31, 2010	A		<hr/> <hr/> 1,322

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2009	Accrued in 2010	Collected	Balance Dec. 31, 2010
<u>Miscellaneous Revenue Anticipated</u>				
Licenses:				
Alcoholic Beverages		12,350	12,350	
Other		3,164	3,164	
Fees and Permits		6,423	6,423	
Fines and Costs:				
Municipal Court	88,416	161,075	240,804	8,687
Interest and Costs on Taxes		70,153	70,153	
Interest on Investments	694	33,260	33,240	714
Interest on Delinquent Sewer Rents		8,488	8,488	
Housing Inspection Fees		41,890	41,890	
Consolidated Municipal Property Tax Relief Act		58,896	58,896	
Energy Receipts Tax		343,501	343,501	
Franchise Fees - Cable TV		17,653	17,653	
Shared Service Agreement - Borough of National Park		599,500	599,500	
<u>Miscellaneous Revenue Not Anticipated</u>				
Municipal Maintenance Liens		2,532	2,532	
Sale of Scrap Iron		7,561	7,561	
Payments in Lieu of Taxes		2,240	2,240	
Sign Rental		8,913	8,913	
Lease of Property		13,003	13,003	
JIF Dividend		25,816	25,816	
Refunds		32,100	32,100	
Sale of Borough Property		2,202	2,202	
Prior Year Check Voided		66	66	
Miscellaneous		32,430	32,430	
	<u>89,110</u>	<u>1,483,216</u>	<u>1,562,925</u>	<u>9,401</u>
Ref.	A			A
		<u>Ref.</u>		
Treasurer		A-4	1,464,725	
Tax Collector		A-6	77,547	
Sewer Collector		A-8	20,653	
			<u>1,562,925</u>	

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

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2009</u>	<u>Decreased in 2010</u>	<u>Balance Dec. 31, 2010</u>
4/9/08	Codification of Ordinances	<u>20,000</u>	<u>4,000</u>	<u>16,000</u>	<u>4,000</u>	<u>12,000</u>
	Ref.			A	A-3	A

SCHEDULE OF 2009 APPROPRIATION RESERVES

	Balance After Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages			
Municipal Court	1,989	175	1,814
Other Expenses			
Office of Emergency Management	1,931	126	1,805
Municipal Prosecutor	916	916	
Road Repairs and Maintenance	2,781	1,165	1,616
Public Buildings and Grounds	77	45	32
Vehicle Maintenance	114	53	61
Sanitary Landfill	15,638	15,638	
Parks and Playgrounds	14,821	4,527	10,294
Gasoline	16,933	3,468	13,465
Municipal Court	9,994	760	9,234
Gloucester County Utilities Authority			
Contractual - Share Costs - Sewerage	35,695	35,695	
Maintenance of Free Public Library	5,670	5,670	
Purchase of a Computer and Phone System	563	428	135
Other Accounts - No Change	192,160		192,160
	<u>299,282</u>	<u>68,666</u>	<u>230,616</u>
	Ref. A		A-1
	<u>Ref.</u>		
Paid	A-4	60,947	
Encumbered	A-19	2,049	
Due to Library		5,670	
		<u>68,666</u>	

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2009	A	<u>31,061</u>	<u>18,520</u>
Increased by:			
Charges to 2010 Appropriations	A-3	33,263	
Charges to 2009 Appropriation Reserves	A-18	2,049	
		<u>35,312</u>	
		<u>66,373</u>	<u>18,520</u>
Decreased by:			
Payments	A-4	18,323	15,880
Canceled	A-1	697	
		<u>19,020</u>	<u>15,880</u>
Balance December 31, 2010	A	<u><u>47,353</u></u>	<u><u>2,640</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2009	A		42,588
Increased by:			
Receipts	A-4		72,080
			<hr/> 114,668
Decreased by:			
2010 Deductions Per Tax Duplicate		73,750	
2010 Deductions Allowed by Collector		2,000	
2010 Deductions Disallowed by Collector		(3,412)	
	A-11	72,338	
Prior Year Deductions Disallowed	A-1	(250)	
			<hr/> 72,088
Balance December 31, 2010	A		<hr/> <hr/> 42,580

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>Ref.</u>	
Balance December 31, 2009	A	5,973
Increased by:		
2010 Calendar Year School Levy	A-11	1,994,935
		<u>2,000,908</u>
Decreased by:		
Payments	A-4	1,990,935
Balance December 31, 2010	A	<u><u>9,973</u></u>

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

	<u>Ref.</u>	
Balance December 31, 2009	A	3
Increased by:		
2010 Calendar Year School Levy	A-11	2,788,208
		<u>2,788,211</u>
Decreased by:		
Payments	A-4	<u>2,788,211</u>

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Transferred</u> <u>from 2010</u> <u>Budget</u> <u>Appropriation</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Federal Grants:				
Community Development Funds:				
Downtown Revitalization	999			999
Park	15,000			15,000
Obey the Signs or Pay the Fines	232			232
Click It or Ticket	4,000			4,000
State Grants:				
Alcohol Education and Rehabilitation Grant	39			39
Drunk Driving Enforcement	9,064		5,765	3,299
New Jersey Legislative Grant:				
Downtown Redevelopment	12,379		319	12,060
New Jersey State Police - SLA HEOP Grant	1,051			1,051
DEP GIS Grant	1,882			1,882
New Jersey Transportation Trust Funds:				
Willow Road	4,822			4,822
Reconstruction of River Drive	735			735
Statewide Domestic Preparedness - 2003	331			331
Statewide Domestic Preparedness - 2005	17			17
Municipal Alliance for Drug and Alcohol Abuse	21,522	11,561	11,981	21,102
Body Armor Fund	2,850			2,850
Recycling Tonnage Grant	11,456	17,537	354	28,639
Municipal Stormwater Regulation Program	74			74
Sharing Available Resources Efficiency Grant	3,905		3,905	
Clean Communities		7,567	6,026	1,541
Clean Energy Program		200		200
Clean Community Cleanup Grant		500	500	
	<u>90,358</u>	<u>37,365</u>	<u>28,850</u>	<u>98,873</u>
Ref.	A	A-3	A-4	A

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Received</u>	<u>To Grants</u> <u>Receivable</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Recycling Tonnage Grant	17,537	9,990	17,537	9,990
Alcohol Education and Rehabilitation		151		151
Clean Energy Program		300		300
Body Armor Grant		2,549		2,549
Drunk Driving Enforcement		9,299		9,299
	<u>17,537</u>	<u>22,289</u>	<u>17,537</u>	<u>22,289</u>
Ref.	<u>A</u>	<u>A-4</u>	<u>A-10</u>	<u>A</u>

TRUST FUND

SCHEDULE OF TRUST FUND CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Trust</u>	<u>Other Trust Funds</u>
Balance December 31, 2009	B	2,853	21,661
Increased by Receipts:			
Interest Earned		51	2,151
Dog License Fees:			
Municipal Share	B-5	522	
State Share		199	
Deposits for Net Pay			62,480
Payroll Deductions Payable			1,179,573
Donations for Public Events			19,513
Escrow Deposits			4,685
Forfeited Funds			9,873
		<u>772</u>	<u>1,278,275</u>
		3,625	1,299,936
Decreased by Disbursements:			
NJ State Department of Health		163	
Payroll Deductions Paid			1,132,769
Public Event Expenditures			16,152
Unemployment Claims			14,420
Escrow Expenditures			5,946
Forfeited Funds Expenditures			1,360
		<u>163</u>	<u>1,170,647</u>
Balance December 31, 2010	B	<u>3,462</u>	<u>129,289</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, 2010	B-1	3,462	129,289
Increased by Receipts:			
Cash Receipts Record		344	149,680
		3,806	278,969
Decreased by Disbursements:			
Cash Disbursements Record		305	144,253
Balance February 28, 2011	B-2	3,501	134,716

Cash Reconciliation - February 28, 2011

Balance per Statement			
Colonial National Bank		3,501	136,354
Less: Outstanding Checks			1,638
Balance February 28, 2011	B-2	3,501	134,716

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2009	<u>Ref.</u> B	738
Increased by:		
Municipal Share of Dog License Fees	B-1	522
Balance December 31, 2010	B	<u>1,260</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2008	655
2009	687
	<u>1,342</u>

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2009	<u>Ref.</u> C		237,295
Increased by:			
Interest Earned	C-4	6,097	
Budget Appropriation:			
Capital Improvement Fund	C-9	25,000	
Bond Anticipation Note	C-14	750,000	
Loan Receivable	C-5	18,634	
Due from State of New Jersey	C-6	190,494	
		<hr/>	990,225
			<hr/> 1,227,520
Decreased by:			
Improvement Authorizations	C-10	140,752	
Contracts Payable	C-11	182,936	
		<hr/>	323,688
Balance December 31, 2010	C		<hr/> <hr/> 903,832

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

Balance December 31, 2010	<u>Ref.</u> C-2	903,832
Increased by:		
Cash Receipts Record		2,198
		<hr/>
		906,030
Decreased by:		
Cash Disbursements Record		5,733
		<hr/>
Balance February 28, 2011	C-3	<u>900,297</u>
<u>Cash Reconciliation - February 28, 2011</u>		
Balance per Statement		
Colonial National Bank		904,975
Less: Outstanding Checks		4,678
		<hr/>
Balance February 28, 2011	C-3	<u>900,297</u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2009	Receipts			Disbursements			Balance Dec. 31, 2010
		Budget Appropriations	Bond Anticipation Notes	Miscellaneous	Improvement Authorization	Miscellaneous	Transfers	
Fund Balance	819							819
Capital Improvement Fund	13,898	25,000					(35,050)	3,848
Loan Receivable	(70,172)			18,634				(51,538)
Due from State of New Jersey	(321,432)			190,494			(175,000)	(305,938)
Due from Federal and State Grant Fund	(238,830)							(238,830)
Due from Current Fund	(45,464)			6,097				(39,367)
Due From Trust Other	(137)							(137)
Contracts Payable	189,797					182,936		6,861
Encumbrances Payable							7,486	7,486
Retainage Percentage Due Contractor	3,093							3,093
Reserve for Land Acquisition	2,375							2,375
Reserve for Insurance Refund	1,460							1,460
Reserve for Sunoco Donations	2,255							2,255
Reserve for Debt Service	100							100
Improvement Authorizations:								
<u>Ordinance #</u>								
250-89 Various Improvements - Highway Department	8,018							8,018
5-95 Rehabilitation of Downtown Area	12,036							12,036
9-96 Purchase of Computer Hardware and Software and Telephone System	196							196
149-98 Development of a Geographical Information System	804							804
155-98 Improvements of Certain Roads	7,720							7,720
172-99 Improvements of Certain Roads	986							986
25-00 Purchase of a Trash Truck	9,325							9,325
47-00 Various Street Improvements	16,792				16,792			
7-01 Improvements to New Street and Center Street	101,836						(100,000)	1,836
7-03 Various Improvements or Purposes Including Crown Point Parking Lot	447,511				1,100			446,411
25-04 Summit Avenue Phase II	(1,443)							(1,443)
15-05 Various Improvements or Purposes	1,607							1,607
6-07 Rehabilitation to the Sanitary Sewer Lines	47,762				90			47,672

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2009	Receipts			Disbursements			Balance Dec. 31, 2010
		Budget Appropriations	Bond Anticipation Notes	Miscellaneous	Improvement Authorization	Miscellaneous	Transfers	
8-07 Rehabilitation of Borough Owned Buildings, Purchase of a Digital Audio System and Security System for Courts and Council, Purchase of a Filing System for the Municipal Records, 4x4 Vehicle for Code Enforcement and Emergency Management Use and Pickup Truck and Snow Plow for Public Works	64,283						(7,486)	56,797
7-08 Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	(15,115)		15,000					(115)
1-09 Remediation of Underground Storage Tank	(40,973)		85,000		47,945			(3,918)
7-09 Purchase of Trash Truck	39,700							39,700
14-09 Roadway Construction on Woodbine Avenue	(1,512)		27,500		22,246			3,742
5-10 Various Capital Improvements			622,500		35,374		32,800	619,926
6-10 Roadway Construction on East Olive Street					17,205		177,250	160,045
7-10 Purchase of Property							100,000	100,000
	<u>237,295</u>	<u>25,000</u>	<u>750,000</u>	<u>215,225</u>	<u>140,752</u>	<u>182,936</u>		<u>903,832</u>
Ref.	C	C-9	C-14	C-2:C-5:C-6	C-10	C-2		C

SCHEDULE OF LOAN RECEIVABLE

	<u>Ref.</u>	<u>Total</u>	<u>Trust Portion</u>	<u>Fund Portion</u>
Balance December 31, 2009	C	70,172	35,086	35,086
Decreased by:				
Receipts	C-2	18,634	9,317	9,317
Balance December 31, 2010	C	<u>51,538</u>	<u>25,769</u>	<u>25,769</u>

SCHEDULE OF DUE FROM STATE OF NEW JERSEY

	<u>Ref.</u>	
Balance December 31, 2009	C	321,432
Increased by:		
State Aid Allocation - Ordinance 6-10	C-10	175,000
		<hr/>
		496,432
Decreased by:		
Receipts	C-2	190,494
		<hr/>
Balance December 31, 2010	C	<u>305,938</u>
Analysis of Balance:		
Birch and Boundry Roads		12,975
Big Timber Creek - Ordinance 4-02		46,668
Burr Avenue - Ordinance 7-08		3,612
Woodbine Avenue - Ordinance 14-09		67,683
Olive Street - Ordinance 6-10		175,000
		<hr/>
		<u>305,938</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>		
Balance December 31, 2009	C		3,126,553
Decreased by:			
2010 Budget Appropriation to Pay:			
Bonds	C-12	175,000	
Loans	C-13	25,152	
		<hr/>	200,152
Balance December 31, 2010	C		<hr/> <hr/> 2,926,401

SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION - UNFUNDED

<u>Ordinance #</u>	<u>Purpose</u>	<u>Balance Dec. 31, 2009</u>	<u>2010 Authorization</u>	<u>Notes Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2010</u>	<u>Analysis of Balance Dec. 31, 2010</u>		<u>Unexpended Improvement Authorizations</u>
						<u>Financed By Bond Anticipation Notes</u>	<u>Expenditures</u>	
25-04	Summit Avenue Phase II	1,443			1,443		1,443	
6-07	Rehabilitation to the Sanitary Sewer Lines	12,976			12,976			12,976
7-07	Rehabilitation and Resurfacing of Certain Streets and Certain Park Improvement Projects	209,000		11,000	198,000	198,000		
8-07	Rehabilitation of Borough Owned Buildings, Purchase of a Digital Audio System and Security System for Courts and Council, Purchase of a Filing System for the Municipal Records, 4x4 Vehicle for Code Enforcement and Emergency Management Use and Pickup Truck and Snow Plow for Public Works	153,000		17,000	136,000	136,000		
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	29,450			29,450	15,000	115	14,335
1-09	Remediation of Underground Storage Tank	328,500			328,500	85,000	3,918	239,582
7-09	Purchase of Trash Truck	190,000			190,000	190,000		
14-09	Roadway Construction on Woodbine Avenue	27,500			27,500	27,500		
5-10	Various Capital Improvements		623,200		623,200	622,500		700
6-10	Roadway Construction on East Olive Street		42,750		42,750			42,750
		<u>951,869</u>	<u>665,950</u>	<u>28,000</u>	<u>1,589,819</u>	<u>1,274,000</u>	<u>5,476</u>	<u>310,343</u>
		C	C-10	C-14	C	C-14	C-4	
	Improvement Authorizations - Unfunded					<u>Ref.</u>		
	Less: Unexpended Proceeds of Bond					C-10		1,030,508
	Anticipation Notes Issued:							
	Ordinance #8-07					C-4	56,797	
	Ordinance #7-09					C-4	39,700	
	Ordinance #14-09					C-4	3,742	
	Ordinance #5-10					C-4	619,926	
							<u>720,165</u>	
								<u>310,343</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2009	C	13,898
Increased by:		
2010 Budget Appropriation	C-2	<u>25,000</u>
		38,898
Decreased by:		
Amount Appropriated to Finance Improvement Authorization	C-10	<u>35,050</u>
Balance December 31, 2010	C	<u><u>3,848</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance #	Purpose	Date	Amount	Balance Dec. 31, 2009		2010 Authorizations	Paid or Charged	Reappropriated	Balance Dec. 31, 2010	
				Funded	Unfunded				Funded	Unfunded
250-89	Various Improvements - Highway Department	10/10/89	930,000	8,018					8,018	
5-95	Rehabilitation of Downtown Area	7/1/95	45,355	12,036					12,036	
9-96	Purchase of Computer Hardware and Software and Telephone System	9/10/96	80,000	196					196	
149-98	Development of a Geographical Information System	5/27/98	15,000	804					804	
155-98	Improvements of Certain Roads	10/13/98	110,000	7,720					7,720	
172-99	Improvements of Certain Roads	8/25/99	113,000	986					986	
25-00	Purchase of a Trash Truck	5/31/00	110,000	9,325					9,325	
47-00	Various Street Improvements	10/11/00	146,660	16,792			16,792			
7-01	Improvements to New Street and Center Street	11/28/01	172,000	101,836				(100,000)	1,836	
7-03	Various Improvements or Purposes Including Crown Point Parking Lot	8/25/03	883,500	447,511			1,100		446,411	
15-05	Various Improvements or Purposes	7/27/05	200,000	1,607					1,607	
6-07	Rehabilitation to the Sanitary Sewer Lines	4/25/07	640,000	47,762	12,976		90		47,672	12,976
8-07	Rehabilitation of Borough Owned Buildings, Purchase of a Digital Audio System and Security System for Courts and Council, Purchase of a Filing System for the Municipal Records, 4x4 Vehicle for Code Enforcement and Emergency Management Use and Pickup Truck and Snow Plow for Public Works	8/22/07	161,052		64,283		7,486			56,797
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	9/10/08	175,000		14,335					14,335
1-09	Remediation of Underground Storage Tank	2/11/09	345,000		287,527		47,945			239,582
7-09	Purchase of Trash Truck	5/27/09	200,000		39,700					39,700
14-09	Roadway Construction on Woodbine Avenue	11/10/09	225,000		25,988		22,246			3,742
5-10	Various Capital Improvements	8/11/10	656,000			656,000	35,374			620,626
6-10	Roadway Construction on East Olive Street	11/10/10	220,000			220,000	17,205		160,045	42,750
7-10	Purchase of Property	11/10/10	100,000					100,000	100,000	
				654,593	444,809	876,000	148,238		796,656	1,030,508
		Ref.	C	C					C	C
					Ref.					
	Capital Improvement Fund				C-9	35,050				
	State Aid Allocation				C-6	175,000				
	Deferred Charges to Future Taxation Unfunded				C-8	665,950				
						876,000				
	Cash Disbursed				C-2		140,752			
	Encumbered				C		7,486			
							148,238			

SCHEDULE OF CONTRACTS PAYABLE

	<u>Ref.</u>	
Balance December 31, 2009	C	189,797
Decreased by:		
Payments	C-2	<u>182,936</u>
Balance December 31, 2010	C	<u><u>6,861</u></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>December 31, 2010</u>	<u>December 31, 2010</u>		<u>Dec. 31, 2009</u>	<u>Decreased</u>	
			<u>Date</u>	<u>Amount</u>				
General Improvement Bonds of 2005	12/1/05	3,025,000	12/1/11-13	175,000	4.500%			
			12/1/14	175,000	4.600%			
			12/1/15-16	175,000	4.625%			
			12/1/17-20	200,000	4.625%			
			12/1/21-22	250,000	4.625%			
						2,525,000	175,000	2,350,000
						<u>2,525,000</u>	<u>175,000</u>	<u>2,350,000</u>
					Ref.	C	C-7	C

SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST LOAN

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding			Interest Rate (A)	Balance		Balance Dec. 31, 2010
			Date	Trust Loan	Fund Loan		Dec. 31, 2009	Decreased	
11/8/07	Rehabilitation of Sanitary Sewer Lines	627,024	2/1/11		4,236				
			8/1/11	10,000	10,599	5.00%			
			2/1/12		4,076				
			8/1/12	15,000	13,621	3.40%			
			2/1/13		3,914				
			8/1/13	15,000	13,459	3.50%			
			2/1/14		3,747				
			8/1/14	15,000	13,292	3.60%			
			2/1/15		3,575				
			8/1/15	15,000	13,120	5.00%			
			2/1/16		3,337				
			8/1/16	15,000	12,882	5.00%			
			2/1/17		3,098				
			8/1/17	15,000	12,643	5.00%			
			2/1/18		2,860				
			8/1/18	15,000	12,404	5.00%			
			2/1/19		2,621				
			8/1/19	15,000	12,166	4.00%			
			2/1/20		2,430				
			8/1/20	20,000	15,157	4.00%			
			2/1/21		2,175				
			8/1/21	20,000	14,902	5.00%			
			2/1/22		1,857				
			8/1/22	20,000	14,584	5.00%			
			2/1/23		1,539				
			8/1/23	20,000	14,266	4.25%			
			2/1/24		1,269				
			8/1/24	20,000	13,995	4.50%			
			2/1/25		982				
			8/1/25	20,000	13,709	4.50%			
			2/1/26		696				
			8/1/26	25,000	16,604	4.50%			
			2/1/27		338				
			8/1/27	25,000	16,246	4.25%	601,553	25,152	576,401
							<u>601,553</u>	<u>25,152</u>	<u>576,401</u>
						Ref. C	C	C-7	C

(A) Interest is applicable to Trust Loan only.

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue	Date of	Date of	Interest	Balance	Increased	Decreased	Balance
		of Original Note	Issue	Maturity	Rate	Dec. 31, 2009			Dec. 31, 2010
7-07	Rehabilitation and Resurfacing of Certain Streets and Certain Park Improvement Projects	11/1/07	10/29/10	10/29/11	1.29%	209,000		11,000	198,000
8-07	Rehabilitation of Borough Owned Buildings, Purchase of a Digital Audio System and Security System for Courts and Council, Purchase of a Filing System for the Municipal Records, 4x4 Vehicle for Code Enforcement and Emergency Management Use and Pickup Truck and Snow Plow for Public Works	11/1/07	10/29/10	10/29/11	1.29%	153,000		17,000	136,000
7-09	Purchase of Trash Truck	10/30/09	10/29/10	10/29/11	1.29%	190,000			190,000
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	10/29/10	10/29/10	10/29/11	1.29%		15,000		15,000
1-09	Remediation of Underground Storage Tank	10/29/10	10/29/10	10/29/11	1.29%		85,000		85,000
14-09	Roadway Construction on Woodbine Avenue	10/29/10	10/29/10	10/29/11	1.29%		27,500		27,500
5-10	Various Capital Improvements	10/29/10	10/29/10	10/29/11	1.29%		622,500		622,500
						<u>552,000</u>	<u>750,000</u>	<u>28,000</u>	<u>1,274,000</u>
					Ref.	C	C-15	C-8	C

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Balance Dec. 31, 2009</u>	<u>2010 Authorization</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance Dec. 31, 2010</u>
25-04	Summit Avenue Phase II	1,443			1,443
6-07	Rehabilitation to the Sanitary Sewer Lines	12,976			12,976
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	29,450		15,000	14,450
1-09	Remediation of Underground Storage Tank	328,500		85,000	243,500
14-09	Roadway Construction on Woodbine Avenue	27,500		27,500	
5-10	Various Capital Improvements		623,200	622,500	700
6-10	Roadway Construction on East Olive Street		42,750		42,750
		<u>399,869</u>	<u>665,950</u>	<u>750,000</u>	<u>315,819</u>
	Ref.		C-10	C-14	

WATER UTILITY FUND

SCHEDULE OF UTILITY CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2009	D	<u>68,328</u>	<u>15,684</u>
Increased by:			
Consumer Accounts Receivable	D-8	873,500	
Fire Hydrant Service	D-3	2,184	
Miscellaneous Revenues	D-3	76,168	247
Utility Rent Overpayments		429	
Utility Rent Prepayments		40,852	
Due Current Fund		<u>9,940</u>	
		<u>1,003,073</u>	<u>247</u>
		<u>1,071,401</u>	<u>15,931</u>
Decreased by:			
Budget Appropriations	D-4	926,754	
Appropriation Reserves	D-12	6,139	
Encumbrances Payable	D-13	569	
Accrued Interest Paid	D-14	61,910	
Change Fund		<u>500</u>	
		<u>995,872</u>	
Balance December 31, 2010	D	<u><u>75,529</u></u>	<u><u>15,931</u></u>

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

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2010	D-5	75,529	15,931
Increased by:			
Cash Receipts Record		195,684	39
		271,213	15,970
Decreased by:			
Cash Disbursements Record		163,529	
Balance February 28, 2011	D-6	<u>107,684</u>	<u>15,970</u>
<u>Cash Reconciliation - February 28, 2011</u>			
Balance per Statement			
Colonial National Bank		130,677	15,970
Add: Deposit in Transit		262	
		130,939	15,970
Less: Outstanding Checks		23,255	
Balance February 28, 2011	D-6	<u>107,684</u>	<u>15,970</u>

ANALYSIS OF UTILITY CAPITAL FUND CASH

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Receipts</u> <u>Miscellaneous</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Capital Fund Balance	10,856		10,856
Capital Improvement Fund	4,076		4,076
Reserve for Debt Service	81		81
Due Utility Operating Fund	133,424	247	133,671
Other Accounts Receivable	(171)		(171)
Due from State of New Jersey	(156,744)		(156,744)
Improvement Authorizations:			
<u>Ordinance #</u>			
93-8 Various Improvements	1,154		1,154
95-9 Redevelopment of Well #5	7,181		7,181
95-9 Painting of Water Tower	4,310		4,310
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		263
04-23 Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	11,254		11,254
	<u>15,684</u>	<u>247</u>	<u>15,931</u>
Ref.	D	D-5	D

EXHIBIT D-8

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2009	D		59,050
Increased by:			
Utility Rents Levied			<u>913,040</u>
			972,090
Decreased by:			
Collections	D-5	873,500	
Overpayments Applied		2,591	
Prepayments Applied		31,711	
Canceled		<u>2,290</u>	
			<u>910,092</u>
Balance December 31, 2010	D		<u><u>61,998</u></u>

EXHIBIT D-9

SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2009	D	<u>655</u>	<u>171</u>
Balance December 31, 2010	D	<u><u>655</u></u>	<u><u>171</u></u>

SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Additions by</u> <u>Capital Outlay</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Intangible Assets:			
Organization	2,400		2,400
Miscellaneous	24,000		24,000
Source of Plant Supply:			
Structure	20,393		20,393
Wells	677,029		677,029
Supply Wells	12,364		12,364
Pumping Plant:			
Structure	14,569		14,569
Electric Pumping Equipment	17,947		17,947
Water Treatment Plant:			
Structure	87,755		87,755
Water Treatment Equipment	363,381		363,381
Backwash Water System	5,091		5,091
Transmission & Distribution Plant:			
Distribution Reservoirs & Sandpipe	205,061		205,061
Transmission & Distribution Mains	678,788		678,788
Services	17,989		17,989
Meters	112,680		112,680
Hydrants	29,397		29,397
General Plant - Other General Equipment	76,528		76,528
Improvement to Water Filtration System	400,000		400,000
Purchase of Water Meters	18,760		18,760
Purchase of Water Meters & Hydrants	36,453		36,453
Various Capital Outlay	125,309	7,308	132,617
	<u>2,925,894</u>	<u>7,308</u>	<u>2,933,202</u>
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, 2009</u>	<u>Dec. 31, 2010</u>
Various Improvements	8/10/93	39,500	39,500	39,500
Redevelopment of Well #5	12/12/95	43,500	43,500	43,500
Painting of Water Tower	12/12/95	126,500	126,500	126,500
Replace & Repair Water Mains	6/23/99	525,000	525,000	525,000
Improvements to Water Treatment Facility & Reconstruct Elm Avenue	4/12/00	168,700	168,700	168,700
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	451,800	451,800
Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	12/8/04	65,000	65,000	65,000
Re-drill Well #5	7/12/06	239,773	239,773	239,773
			<u>1,659,773</u>	<u>1,659,773</u>
		Ref.	D	D

SCHEDULE OF 2009 APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2009</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:			
Salaries and Wages	6,139	6,139	
Other Accounts - No Changes	665		665
	<u>6,804</u>	<u>6,139</u>	<u>665</u>
Ref.	D	D-5	D-1

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance December 31, 2009	<u>Ref.</u> D		13,091
Increased by:			
Charges to 2010 Appropriations	D-4		<u>275</u>
			13,366
Decreased by:			
Payments	D-5	569	
Canceled to Fund Balance	D-1	<u>12,522</u>	
			<u>13,091</u>
Balance December 31, 2010	D		<u><u>275</u></u>

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

Balance December 31, 2009	Ref. D	12,406
Increased by:		
Budget Appropriation for:		
Interest on Bonds and Notes	D-4	60,297
		<u>72,703</u>
Decreased by:		
Interest Paid	D-5	61,910
Balance December 31, 2010	D	<u><u>10,793</u></u>

Analysis of Accrued Interest December 31, 2010

	Principal Outstanding Dec. 31, 2010	Interest Rate	From	To	Period	Amount
Bonds:						
	396,328	5.00%	10/15/10	12/31/10	77 Days	4,181
	549,000	Various	12/1/10	12/31/10	1 Month	2,104
Notes:						
	214,000	1.50%	8/7/10	12/31/10	144 Days	1,266
Loans:						
	140,000	Various	8/1/10	12/31/10	5 Months	3,242
						<u><u>10,793</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Date</u>	<u>Amount</u>	<u>Balance Dec. 31, 2009</u>		<u>Balance Dec. 31, 2010</u>	
				<u>Funded</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Unfunded</u>
93-08	Various Improvements	8/10/93	39,500	1,154		1,154	
95-09	Redevelopment of Well #5	12/12/95	43,500	7,181		7,181	
95-09	Painting of Water Tower	12/12/95	126,500	4,310		4,310	
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	263	586	263	586
04-23	Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	12/8/04	65,000	11,254		11,254	
				24,162	586	24,162	586
			Ref.	D	D	D	D

EXHIBIT D-16

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2009	D	4,076
Balance December 31, 2010	D	<u>4,076</u>

EXHIBIT D-17

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2009	D	2,859,839
Increased by:		
Serial Bonds Paid by Operating Budget	D-19	61,586
Loan Paid by Operating Budget	D-20	20,907
Notes Paid by Operating Budget	D-21	13,000
Capital Outlay:		
By Operating Budgets	D-10	<u>7,308</u>
		102,801
Balance December 31, 2010	D	<u>2,962,640</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2010</u>
93-8	Various Improvements	8/10/93	39,500	39,500
95-9	Redevelopment of Well #5	12/12/95	43,500	43,500
95-9	Painting of Water Tower	12/12/95	126,500	126,500
00-19	Improvements to Water Treatment Facility & Reconstruct Elm Avenue	12/14/00	8,500	8,500
04-23	Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	12/8/04	3,250	3,250
			<u>221,250</u>	<u>221,250</u>
		Ref.	D	D

SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST LOAN

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding			Interest Rate (A)	Balance		Balance Dec. 31, 2010
			Date	Trust Loan	Fund Loan		Dec. 31, 2009	Decreased	
10/15/99	Replacement, Repair and Rehabilitation of Water Mains	472,136	2/1/11		2,085				
			8/1/11	10,000	8,471	5.50%			
			2/1/12		1,909				
			8/1/12	15,000	11,489	5.50%			
			2/1/13		1,645				
			8/1/13	15,000	11,226	5.50%			
			2/1/14		1,382				
			8/1/14	15,000	10,962	5.50%			
			2/1/15		1,119				
			8/1/15	15,000	10,699	5.50%			
			2/1/16		855				
			8/1/16	15,000	10,435	5.50%			
			2/1/17		592				
			8/1/17	15,000	10,172	5.50%			
			2/1/18		328				
			8/1/18	20,000	13,102	5.70%			
			2/1/19		(36)				
	8/1/19	20,000	12,738	5.70%					
						270,078	20,907	249,171	
						<u>270,078</u>	<u>20,907</u>	<u>249,171</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, 2009</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2010</u>
6-06	Re-drill Well #5	8/9/06	8/6/10	8/5/11	1.50%	227,000	13,000	214,000
					Ref.	D	D-17	D

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2010</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	586

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

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 various items.

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 6, 2010 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

Collection of Interest on Delinquent Taxes and Assessments (Continued)

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.

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 19, 2010 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>
2010	3
2009	2
2008	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

Accounting Procedures

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

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

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

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

Municipal Court

Bank reconciliations for the general and bail accounts were not prepared. The reconciliation page of the monthly cash book was not completed and balanced. The Court Administrator is in the process of obtaining assistance from the Administrative Office of the Courts to correct this issue therefore, no finding or recommendation will be made.

Corrective Action Plan

A corrective action plan was filed for the year 2009.

FINDINGS AND RECOMMENDATIONS

None

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

Respectfully submitted,

PETRONI & ASSOCIATES LLC



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