

**BOROUGH OF WESTVILLE  
REPORT OF AUDIT  
YEAR ENDED DECEMBER 31, 2012**

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## PART I

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Bunni S. Bouchard, CPA  
Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## INDEPENDENT AUDITOR'S REPORT

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

### ***Report on the Financial Statements***

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Westville, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough of Westville's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Westville on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Westville as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### ***Other Matters***

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Westville's basic financial statements. The supplementary information listed in the table of contents, the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Westville's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



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

June 18, 2013

## **CURRENT FUND**

## COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<b>Regular Fund</b>			
Cash - Treasurer	A-4	561,265.68	284,315.81
Cash - Tax Collector	A-5	163,621.68	110,942.73
Cash - Sewer Collector	A-6	643,808.52	1,008,072.59
Change Fund		200.00	200.00
Petty Cash	A-4	500.00	
		<u>1,369,395.88</u>	<u>1,403,531.13</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-8	546,765.94	473,661.95
Tax Title Liens Receivable	A-9	20,712.15	2,367.60
Property Acquired for Taxes - Assessed Valuation	A-10	237,450.00	237,450.00
Sewer Rents Receivable	A-11	144,742.94	113,118.42
Sewer Utility Liens Receivable	A-12	859.70	
Other Accounts Receivable			4,990.50
Revenue Accounts Receivable	A-13	11,921.68	8,336.75
Protested Checks			1,435.66
Due from Borough Clerk			17.70
Due from General Capital Fund	C	76,893.42	466.79
Due from Water Utility Operating Fund	D	48,238.60	48,238.60
Due from Water Utility Capital Fund			60,000.00
Due from Other Trust Funds	B	16,411.39	24,972.73
Due from Animal Control Trust Fund	B	2,302.94	2,245.65
Due from Federal and State Grant Fund	A	83,252.17	14,101.91
Due from Community Development		2,860.84	2,860.84
Due from Bank			8.50
		<u>1,192,411.77</u>	<u>994,273.60</u>
Deferred Charges:			
Special Emergency Authorization (40A:4-55)	A-14	4,000.00	8,000.00
		<u>2,565,807.65</u>	<u>2,405,804.73</u>
<b>Federal and State Grant Fund</b>			
Cash	A-4	27,313.75	25,791.73
Grants Receivable	A-7	272,067.14	567,765.68
		<u>299,380.89</u>	<u>593,557.41</u>
		<u>2,865,188.54</u>	<u>2,999,362.14</u>

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

## COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	Ref.	Balance <u>Dec. 31, 2012</u>	Balance <u>Dec. 31, 2011</u>
<b>Regular Fund</b>			
Liabilities:			
Appropriation Reserves	A-3:A-15	336,699.77	202,188.28
Encumbrances Payable	A-16	39,092.88	41,935.10
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-17	47,881.82	45,172.92
Prepaid Taxes		41,764.85	43,879.25
Tax Overpayments		13,950.33	44,641.92
Sewer Overpayments		1,042.26	1,076.15
Reserve for Zoning Escrow		1,845.00	1,845.00
Reserve for Supplemental Franchise and Gross Receipts Tax			26.00
Reserve for Stormwater Grant		5,117.00	5,117.00
Reserve for Revaluation		1,461.53	7,891.00
Reserve for Street Scape Refund		19,523.00	19,523.00
Reserve for Sale of Municipal Assets		3,231.00	15,000.00
Reserve for Public Defender		21,975.83	22,640.83
Reserve for Codification of Ordinances		11,228.70	13,695.76
Local District School Taxes Payable	A-18	14,094.38	13,972.86
Regional High School Taxes Payable	A-19	0.44	0.72
Due County for Added & Omitted Taxes		507.88	663.28
Due Fire District		8,576.41	8,576.38
Due Library		32,830.75	24,999.02
		<u>600,823.83</u>	<u>512,844.47</u>
Reserve for Receivables		1,192,411.77	994,273.60
Fund Balance	A-1	772,572.05	898,686.66
		<u>2,565,807.65</u>	<u>2,405,804.73</u>
<b>Federal and State Grant Fund</b>			
Encumbrances Payable	A-16	2,990.00	78,000.03
Reserve for Grants - Appropriated	A-20	94,100.80	382,719.79
Reserve for Grants - Unappropriated	A-21	7,964.09	9,183.87
Reserve for Small Cities Loan Payback		27,313.75	25,791.73
Due Fire District		874.00	874.00
Due General Capital Fund	C	82,285.58	82,285.58
Due Current Fund	A	83,252.17	14,101.91
Unallocated Receipts		600.50	600.50
		<u>299,380.89</u>	<u>593,557.41</u>
		<u>2,865,188.54</u>	<u>2,999,362.14</u>

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

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

<b>Revenue and Other Income Realized</b>	Ref.	Year 2012	Year 2011
Fund Balance Utilized	A-2	600,000.00	770,000.00
Miscellaneous Revenue Anticipated	A-2	2,335,021.09	2,504,779.39
Receipts from Delinquent Taxes	A-2	332,908.72	293,750.10
Receipts from Current Taxes	A-2	8,810,943.80	8,771,717.33
Non-Budget Revenue	A-2	325,498.24	158,814.81
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-15	179,673.46	247,395.71
Encumbrances Payable - Canceled	A-16	5,110.91	14,070.71
Prior Year Reserve Canceled	A	26.00	
Interfund Loans Returned		32.00	7,619.75
Total Income		12,589,214.22	12,768,147.80
<b>Expenditures</b>			
Budget Appropriations:			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	1,866,754.64	1,758,183.80
Other Expenses	A-3	1,453,617.00	1,494,957.37
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	496,154.00	410,373.00
Appropriations Excluded from "CAPS":			
Operations:			
Salaries and Wages	A-3	20,000.00	
Other Expenses	A-3	1,092,833.10	1,250,699.51
Capital Improvements	A-3	26,000.00	225,200.00
Debt Service	A-3	374,600.77	342,210.87
Deferred Charges	A-3	4,000.00	4,000.00
County Taxes		1,438,147.91	1,556,822.89
Due County for Added Taxes		507.88	663.28
Local District School Tax	A-18	2,249,266.50	2,178,731.00
Regional High School Tax	A-19	2,627,871.77	2,769,090.83
Fire District Tax		314,925.00	308,743.00
Interfund Loan Advanced		144,150.26	74,101.91
Prior Year Taxation Audit	A-17	6,500.00	
Prior Year Revenue Refunded			60.00
Total Expenditures		12,115,328.83	12,373,837.46
Statutory Excess to Fund Balance		473,885.39	394,310.34
<b>Fund Balance</b>			
Balance January 1	A	898,686.66	1,274,376.32
		1,372,572.05	1,668,686.66
Decreased by:			
Utilization as Anticipated Revenue	A-1	600,000.00	770,000.00
Balance December 31	A	772,572.05	898,686.66

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 2012	Special NJSA 40A:4-87		
Fund Balance Anticipated	A-1	600,000.00		600,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-13	10,000.00		14,550.00	4,550.00
Other	A-13	2,000.00		3,278.00	1,278.00
Fees and Permits	A-13	4,000.00		6,820.65	2,820.65
Fines and Costs:					
Municipal Court	A-13	120,000.00		152,109.89	32,109.89
Interest and Costs on Taxes	A-13	40,000.00		96,847.06	56,847.06
Interest on Investments	A-13	24,770.13		12,622.54	(12,147.59)
Sewer Rents	A-11	700,000.00		772,604.37	72,604.37
Interest on Delinquent					
Sewer Rents	A-13	1,000.00		8,441.63	7,441.63
Housing Inspection Fees	A-13	12,000.00		47,190.00	35,190.00
Consolidated Municipal					
Property Tax Relief Act					
(NJSA 52:27D-118.34)	A-13	37,009.00		37,009.00	
Energy Receipts Tax	A-13	365,388.00		365,388.00	
Franchise Fees - Cable TV	A-13	12,000.00		14,900.90	2,900.90
Sale of Municipal Assets	A	15,000.00		15,000.00	
Shared Service Agreement					
Borough of National Park	A-13	662,400.00		662,400.00	
Township of Deptford	A-13	35,000.00		35,000.00	
Liquidate Reserve for					
Due from Water Capital Fund	A-13	60,000.00		60,000.00	
Due from Trust Other Fund	A-13	5,000.00		5,000.00	
Recycling Tonnage Grant	A-7	7,405.76		7,405.76	
Clean Communities	A-7		6,926.18	6,926.18	
Municipal Alliance on					
Alcoholism and Drug Abuse	A-7	9,249.00		9,249.00	
Body Armor Grant	A-7	1,778.11		1,778.11	
Clean Community Cleanup Grant	A-7		500.00	500.00	
Total Miscellaneous Revenues		2,124,000.00	7,426.18	2,335,021.09	203,594.91
Receipts from Delinquent Taxes	A-2	450,000.00		332,908.72	(117,091.28)
Subtotal General Revenues		3,174,000.00	7,426.18	3,267,929.81	86,503.63
Amount to be Raised by Taxation	A-2	2,642,000.00		2,965,292.18	323,292.18
Budget Totals		5,816,000.00	7,426.18	6,233,221.99	409,795.81
Non-Budget Revenue	A-2			325,498.24	
		5,816,000.00	7,426.18	6,558,720.23	
Ref.		A-3	A-3		

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

**Analysis of Realized Revenue**

	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-8	8,810,943.80
Allocated to:		
School, Fire and County Taxes	A-8	6,315,794.06
Balance for Support of Municipal Budget Appropriation		<u>2,495,149.74</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	470,142.44
Amount for Support of Municipal Budget Appropriation	A-2	<u><u>2,965,292.18</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-2:A-8	<u><u>332,908.72</u></u>

**Analysis of Non-Budget Revenue**

	Ref.	
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Municipal Maintenance Liens	A-13	2,609.79
Sale of Scrap Iron	A-13	1,111.34
Recycling Proceeds	A-13	17,087.88
Income from Leases	A-13	33,411.18
JIF Dividend	A-13	2,080.31
Refunds	A-13	31,556.87
Tax Searches	A-13	30.00
Tax Sale Advertising Costs	A-13	1,407.04
Sale of Easement	A-13	198,521.58
Escheated Checks - Municipal Court	A-13	11,754.34
Miscellaneous	A-13	25,927.91
	A-2	<u><u>325,498.24</u></u>

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT</b>						
General Administration						
Salaries & Wages	44,552.00	44,802.00	44,778.86		23.14	
Municipal Clerk						
Salaries & Wages	65,520.00	65,270.00	62,306.42		2,963.58	
Other Expenses	42,760.00	42,760.00	34,424.13	1,999.12	6,336.75	
Financial Administration						
Salaries & Wages	42,640.00	42,640.00	42,618.94		21.06	
Other Expenses	15,000.00	15,000.00	13,161.25		1,838.75	
Audit Services						
Other Expenses	10,000.00	10,000.00	10,000.00			
Revenue Administration (Tax Collection)						
Salaries & Wages	72,100.00	72,100.00	67,445.12		4,654.88	
Other Expenses	7,750.00	7,850.00	7,794.81		55.19	
Tax Assessment Administration						
Salaries & Wages	5,400.00	3,900.00	3,897.92		2.08	
Other Expenses	10,603.00	8,003.00	3,139.20		4,863.80	
Legal Services and Costs						
Other Expenses	40,000.00	40,000.00	34,145.14		5,854.86	
Engineering Services and Costs						
Other Expenses	11,000.00	11,000.00	564.00		10,436.00	
Economic Development Committee						
Other Expenses	10,000.00	10,000.00			10,000.00	
<b>LAND USE ADMINISTRATION</b>						
Municipal Land Use Law (NJSA 40:55D-1)						
Municipal Land Use Board						
Salaries and Wages	400.00	400.00	134.21		265.79	
Other Expenses	5,600.00	5,600.00	2,159.09		3,440.91	
<b>INSURANCE</b>						
Liability Insurance	102,500.00	72,500.00	71,620.00	107.00	773.00	
Worker Compensation Insurance	205,483.00	205,483.00	200,268.45		5,214.55	
Employee Group Insurance	260,000.00	275,000.00	271,721.44	200.00	3,078.56	

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	
<b>PUBLIC SAFETY FUNCTIONS</b>						
Police						
Salaries and Wages	834,804.64	854,804.64	841,005.26		13,799.38	
Other Expenses	34,000.00	34,000.00	33,515.83	477.94	6.23	
Office of Emergency Management						
Other Expenses	5,900.00	5,900.00	2,009.43	3,405.34	485.23	
Municipal Prosecutor						
Salaries and Wages	12,000.00	12,000.00	10,943.27		1,056.73	
<b>PUBLIC WORKS FUNCTIONS</b>						
Road Repairs & Maintenance						
Salaries & Wages	91,289.00	101,289.00	99,718.03		1,570.97	
Other Expenses	40,775.00	40,775.00	32,794.20	881.90	7,098.90	
Public Buildings & Grounds						
Salaries & Wages	7,000.00	7,000.00	5,818.95		1,181.05	
Other Expenses	34,100.00	34,100.00	24,762.73	1,124.79	8,212.48	
Vehicle Maintenance						
Other Expenses	62,550.00	62,550.00	48,862.30	1,898.25	11,789.45	
Garbage and Trash Removal						
Salaries & Wages	243,882.00	237,882.00	237,164.02		717.98	
Sanitary Landfill						
Other Expenses	197,072.00	197,072.00	170,520.03	14,437.90	12,114.07	
Sewer System						
Salaries & Wages	221,360.00	216,360.00	215,423.13		936.87	
Other Expenses	10,600.00	10,600.00	8,819.53	350.00	1,430.47	
<b>HEALTH &amp; HUMAN SERVICES</b>						
Board of Health						
Salaries & Wages	100.00	100.00			100.00	
Other Expenses	400.00	400.00	125.00	91.00	184.00	
Dog Regulation						
Other Expenses	50.00	50.00			50.00	
Environmental Commission						
Other Expenses	1,000.00	1,000.00	448.22	200.00	351.78	

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	
<b>PARK &amp; RECREATION FUNCTIONS</b>						
Parks and Playgrounds						
Salaries & Wages	116,981.00	116,981.00	115,817.55		1,163.45	
Other Expenses	15,300.00	15,300.00	12,554.14	241.76	2,504.10	
<b>OTHER COMMON OPERATING FUNCTIONS</b>						
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	4,850.00	4,850.00	4,850.00			
<b>UNIFORM CONSTRUCTION CODE- APPROPRIATIONS OFFSET BY DEDICATED REVENUE (NJAC 5:23-4.17)</b>						
Construction Official						
Other Expenses	31,500.00	31,500.00	31,500.00			
Housing Inspector						
Salaries & Wages	36,067.00	36,067.00	34,799.50		1,267.50	
Other Expenses	1,424.00	1,424.00	1,020.42		403.58	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>						
Electricity	90,000.00	90,000.00	48,877.86		41,122.14	
Street Lighting	59,000.00	59,000.00	56,488.30		2,511.70	
Telephone	30,000.00	30,000.00	29,767.37		232.63	
Heating Oil	13,000.00	13,000.00	13,000.00			
Gasoline	100,000.00	100,000.00	93,793.36	5,506.76	699.88	
<b>MUNICIPAL COURT FUNCTIONS</b>						
Municipal Court						
Salaries & Wages	55,159.00	55,159.00	20,729.09		34,429.91	
Other Expenses	14,150.00	14,150.00	8,704.98	99.00	5,346.02	
Public Defender						
Other Expenses	4,750.00	4,750.00	4,750.00			
Total Operations Within "CAPS"	<u>3,320,371.64</u>	<u>3,320,371.64</u>	<u>3,078,761.48</u>	<u>31,020.76</u>	<u>210,589.40</u>	
Detail:						
Salaries & Wages	1,849,254.64	1,866,754.64	1,802,600.27		64,154.37	
Other Expenses	1,471,117.00	1,453,617.00	1,276,161.21	31,020.76	146,435.03	

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	
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>						
Statutory Expenditures:						
Contribution to:						
Social Security System (OASI)	123,367.00	123,367.00	110,813.93		12,553.07	
Public Employees' Retirement System	155,943.00	155,943.00	155,943.00			
Police and Firemen's Retirement System	216,844.00	216,844.00	216,844.00			
Total Deferred Charges & Statutory Expenditures within "CAPS"	496,154.00	496,154.00	483,600.93		12,553.07	
Total General Appropriations for Municipal Purposes within "CAPS"	3,816,525.64	3,816,525.64	3,562,362.41	31,020.76	223,142.47	
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>						
Gloucester County Utilities Authority						
Contractual - Share Costs - Sewerage	442,000.00	442,000.00	383,687.24		58,312.76	
Maintenance of Free Public Library						
Other Expenses	86,769.35	86,769.35	86,769.35			
SFSP Fire District Payment	1,764.00	1,764.00	1,764.00			
National Park Interlocal Service Agreement	534,128.70	534,128.70	488,717.18	2,717.36	42,694.16	
Deptford Interlocal Service Agreement	20,000.00	20,000.00	20,000.00			

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	
<b>PUBLIC AND PRIVATE PROGRAMS</b>						
<b>OFFSET BY REVENUES</b>						
Recycling Tonnage Grant	7,405.76	7,405.76	7,405.76			
Municipal Alliance for Drug and Alcohol Abuse	11,561.00	11,561.00	11,561.00			
Clean Community Cleanup Grant		500.00	500.00			
Clean Communities		6,926.18	6,926.18			
Body Armor Fund	1,778.11	1,778.11	1,778.11			
Total Operations Excluded from "CAPS"	1,105,406.92	1,112,833.10	1,009,108.82	2,717.36	101,006.92	
Detail:						
Salaries and Wages	20,000.00	20,000.00	20,000.00			
Other Expenses	1,085,406.92	1,092,833.10	989,108.82	2,717.36	101,006.92	
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00			
Purchase of a Computer and Phone System	16,000.00	16,000.00	3,449.62		12,550.38	
Capital Improvements Excluded from "CAPS"	26,000.00	26,000.00	13,449.62		12,550.38	
<b>DEBT SERVICE</b>						
Payment of Bond Principal	210,000.00	210,000.00	203,239.53			6,760.47
Payment of Bond Anticipation Notes	45,800.00	45,800.00	35,500.00			10,300.00
Interest on Bonds	113,125.00	113,125.00	113,112.50			12.50
Interest on Notes	25,000.00	25,000.00	22,748.74			2,251.26
Total Debt Service	393,925.00	393,925.00	374,600.77			19,324.23

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	
<b>DEFERRED CHARGES - EXCLUDED FROM "CAPS"</b>						
Emergency Authorizations	4,000.00	4,000.00	4,000.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,529,331.92	1,536,758.10	1,401,159.21	2,717.36	113,557.30	19,324.23
Subtotal General Appropriations	5,345,857.56	5,353,283.74	4,963,521.62	33,738.12	336,699.77	19,324.23
RESERVE FOR UNCOLLECTED TAXES	470,142.44	470,142.44	470,142.44			
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>5,816,000.00</b>	<b>5,823,426.18</b>	<b>5,433,664.06</b>	<b>33,738.12</b>	<b>336,699.77</b>	<b>19,324.23</b>
Ref.	A-2			A-16	A	
Budget	Ref. A-3	5,816,000.00				
Appropriations by 40A:4-87	A-2	7,426.18				
		<u>5,823,426.18</u>				
Deferred Charges - Special Emergency	Ref. A-14		4,000.00			
Reserve for Federal and State Grants	A-20		28,171.05			
Reserve for Uncollected Taxes	A-2		470,142.44			
Disbursed	A-4		4,931,350.57			
			<u>5,433,664.06</u>			

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

## TRUST FUND

## COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

		Balance	Balance
	Ref.	<u>Dec. 31, 2012</u>	<u>Dec. 31, 2011</u>
<b>ASSETS</b>			
<b>Animal Control Trust Fund</b>			
Cash - Treasurer	B-1	3,354.29	3,399.40
Due from Bank		39.25	39.25
		<u>3,393.54</u>	<u>3,438.65</u>
<b>Other Trust Funds</b>			
Cash - Treasurer	B-1	132,003.72	146,065.70
Cash - Collector	B-2	36,125.94	33,581.29
Escrow Accounts Receivable		962.25	697.25
		<u>169,091.91</u>	<u>180,344.24</u>
		<u>172,485.45</u>	<u>183,782.89</u>

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance	Balance
		Dec. 31, 2012	Dec. 31, 2011
<b>Animal Control Trust Fund</b>			
Due Current Fund	A	2,302.94	2,245.65
Unallocated Receipts		1.00	1.00
Due State of New Jersey		10.40	16.20
Reserve for Dog Fund Expenditures	B-3	1,079.20	1,175.80
		<u>3,393.54</u>	<u>3,438.65</u>
<b>Other Trust Funds</b>			
Due Current Fund	A	16,411.39	24,972.73
Due General Capital Fund	C	137.50	137.50
Accounts Payable - State of New Jersey			9,126.93
Reserve for:			
Payroll Taxes Payable		42,936.30	39,420.62
Fourth of July Celebration		17,415.15	16,170.75
Municipal Alliance		6,616.47	6,565.46
Unemployment		392.27	2,527.42
Redemption of Tax Title Liens		642.96	2,896.19
Planning and Zoning Board		19,036.77	27,281.52
Fieldstone Escrow		688.84	682.93
Tax Sale Premiums		41,000.00	27,300.00
Parking Offense Adjudication Act		1,390.16	1,358.16
Forfeited Property		22,093.23	21,579.03
Rental Security Deposits		325.00	325.00
Recreation		5.87	
		<u>169,091.91</u>	<u>180,344.24</u>
		<u>172,485.45</u>	<u>183,782.89</u>

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

## **GENERAL CAPITAL FUND**

## COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	Balance	Balance
		Dec. 31, 2012	Dec. 31, 2011
<b>ASSETS</b>			
Cash - Treasurer	C-2	391,122.51	162,209.45
Loan Receivable	C-4	51,538.00	51,538.00
Due from State of New Jersey	C-5	119,291.55	107,004.30
Due from Federal and State Grant Fund	A	82,285.58	82,285.58
Due from Trust Other	B	137.50	137.50
Deferred Charges to Future Taxation:			
Funded	C-6	2,518,868.39	2,726,566.28
Unfunded	C-7	1,977,569.00	1,737,569.00
		<u>5,140,812.53</u>	<u>4,867,310.11</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Serial Bonds Payable	C-11	2,000,000.00	2,175,000.00
Bond Anticipation Notes Payable	C-13	1,636,000.00	1,346,000.00
New Jersey Infrastructure Loan Payable	C-12	518,868.39	551,566.28
Encumbrances Payable	C-9	39,983.00	6,705.00
Contracts Payable	C-10	6,861.50	6,861.50
Improvement Authorizations:			
Funded	C-9	78,447.97	95,570.78
Unfunded	C-9	762,373.10	644,003.53
Capital Improvement Fund	C-8	98.00	4,598.00
Due Current Fund	A	76,893.42	466.79
Retainage Percentage Due Contractor		3,093.04	3,093.04
Reserve for Land Acquisition		2,375.00	2,375.00
Reserve for Insurance Refund		1,460.11	1,460.11
Reserve for Sunoco Donations		2,255.30	2,255.30
Reserve for Municipal Building Improvements	C-2	11,184.70	26,435.78
Reserve for Debt Service		100.00	100.00
Fund Balance	C-1	819.00	819.00
		<u>5,140,812.53</u>	<u>4,867,310.11</u>

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

## STATEMENT OF FUND BALANCE - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	
Balance December 31, 2011	C	<u>819.00</u>
Balance December 31, 2012	C	<u><u>819.00</u></u>

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

**WATER UTILITY FUND**

## COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

<b>ASSETS</b>	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<b>Operating Fund</b>			
Cash - Treasurer	D-5	53,444.54	37,428.33
Cash - Change Fund		550.00	550.00
Due from Utility Capital Fund	D	134,680.27	133,907.87
		<u>188,674.81</u>	<u>171,886.20</u>
Receivables with Full Reserves:			
Water Rents Receivable	D-7	102,712.26	98,437.04
Water Liens Receivable	D-8	249.68	
Other Accounts Receivable			921.27
		<u>102,961.94</u>	<u>99,358.31</u>
Total Operating Fund		<u>291,636.75</u>	<u>271,244.51</u>
<b>Capital Fund</b>			
Cash - Treasurer	D-5	81,725.52	33,359.67
Due from State of New Jersey - Infrastructure Trust Loan		311,035.00	156,744.00
Other Accounts Receivable	D-9	170.47	170.47
Fixed Capital	D-10	2,947,593.89	2,947,593.89
Fixed Capital Authorized and Uncompleted	D-11	3,114,773.00	3,114,773.00
		<u>6,455,297.88</u>	<u>6,252,641.03</u>
Total Capital Fund		<u>6,746,934.63</u>	<u>6,523,885.54</u>

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

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	Ref.	Balance Dec. 31, 2012	Balance Dec. 31, 2011
<b>Operating Fund</b>			
Liabilities:			
Appropriation Reserves	D-4:D-12	50,395.52	40,610.23
Encumbrances Payable	D-13	13,459.07	21,166.60
Accrued Interest on Bonds, Notes & Loans	D-14	10,020.28	10,450.79
Utility Rent Prepayments		13,731.04	13,628.63
Utility Rent Overpayments		2,844.53	694.16
Due Current Fund	A	48,238.60	48,238.60
Accounts Payable		2,009.51	2,009.51
		<hr/>	<hr/>
		140,698.55	136,798.52
Reserve for Receivables		102,961.94	99,358.31
Fund Balance	D-1	47,976.26	35,087.68
		<hr/>	<hr/>
Total Operating Fund		291,636.75	271,244.51
		<hr/>	<hr/>
<b>Capital Fund</b>			
Serial Bonds Payable	D-19	818,101.00	882,412.00
Bond Anticipation Notes	D-21	323,000.00	266,000.00
New Jersey Environmental Trust Loan	D-20	1,370,064.01	228,615.27
Improvement Authorizations:			
Funded	D-15	15,657.97	17,062.26
Unfunded	D-15	331,014.75	1,326,532.01
Capital Improvement Fund	D-16	4,076.00	4,076.00
Due Utility Operating Fund	D	134,680.27	133,907.87
Due Current Fund			60,000.00
Encumbrances Payable	D-13	29,055.34	28,345.34
Reserve for Debt Service		81.00	81.00
Reserve for Amortization	D-17	2,129,492.89	3,073,503.62
Deferred Reserve for Amortization	D-18	1,299,218.99	221,250.00
Fund Balance	D-2	855.66	10,855.66
		<hr/>	<hr/>
Total Capital Fund		6,455,297.88	6,252,641.03
		<hr/>	<hr/>
		6,746,934.63	6,523,885.54
		<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 - WATER UTILITY FUND - REGULATORY BASIS

<b>Revenue and Other Income Realized</b>	Ref.	Year 2012	Year 2011
Fund Balance Utilized	D-3	35,087.68	95,000.00
Rents	D-3	917,850.83	900,885.27
Fire Hydrant Services	D-3	294.29	1,950.00
Miscellaneous	D-3	82,614.69	75,810.49
Utility Capital Fund Balance	D-3	10,000.00	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-12	33,068.92	209.27
Earnings Credits			229.17
Total Income		1,078,916.41	1,074,084.20
<b>Expenditures</b>			
Operating	D-4	827,688.78	868,076.00
Capital Improvements	D-4	11,000.00	13,000.00
Debt Service	D-4	160,440.15	134,576.46
Deferred Charges and Statutory Expenditures	D-4	31,811.22	33,424.00
Interfund Loan Advanced			266.32
Total Expenditures		1,030,940.15	1,049,342.78
Excess in Revenue		47,976.26	24,741.42
<b>Fund Balance</b>			
Balance January 1	D	35,087.68	105,346.26
		83,063.94	130,087.68
Decreased by:			
Utilization as Anticipated Revenue	D-1	35,087.68	95,000.00
Balance December 31	D	47,976.26	35,087.68

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, 2011	Ref. D	10,855.66
Decreased by:		
Payment to Utility Operating Fund as Anticipated Revenue	D-5	10,000.00
Balance December 31, 2012	D	<u>855.66</u>

## STATEMENT OF REVENUES - WATER UTILITY FUND - REGULATORY BASIS

	Ref.	Anticipated Budget <u>2012</u>	Realized	Excess or (Deficit)
Fund Balance Anticipated	D-1	48,000.00	35,087.68	(12,912.32)
Rents	D-3	900,000.00	917,850.83	17,850.83
Fire Hydrant Service	D-5	1,900.00	294.29	(1,605.71)
Miscellaneous	D-3	75,100.00	82,614.69	7,514.69
Utility Capital Fund Balance	D-5	10,000.00	10,000.00	
Budget Totals		<u>1,035,000.00</u>	<u>1,045,847.49</u>	<u>10,847.49</u>
	Ref.	D-4		

**Analysis of Realized Revenue**

	Ref.	
Rents:		
Consumer Accounts Receivable:		
Collected	D-7	903,865.16
Overpayments Applied	D-7	357.04
Prepayments Applied	D-7	13,628.63
	D-3	<u>917,850.83</u>
Miscellaneous:		
Interest on Investments		1,772.31
Interest on Delinquent Accounts		5,641.26
Water Laboratory Fees		70,431.06
Sprinkler		4,770.06
	D-3:D-5	<u>82,614.69</u>

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

STATEMENT OF EXPENDITURES - WATER UTILITY FUND - REGULATORY BASIS

	Appropriations	Expended		Unexpended Balance Canceled
	Budget	Paid or Charged	Encumbered	
Operating:				
Salaries and Wages	372,796.78	362,812.23		9,984.55
Other Expenses	454,892.00	416,078.06	13,459.07	25,354.87
Capital Improvements:				
Capital Outlay	11,000.00			11,000.00
Debt Service:				
Payment of Bond Principal	65,000.00	64,311.00		689.00
Payment of Bond Anticipation Notes	13,000.00	13,000.00		
Interest on Bonds	44,000.00	42,154.37		1,845.63
Interest on Notes	5,500.00	3,974.78		1,525.22
Infrastructure Trust and Fund Loan	37,000.00	37,000.00		
Statutory Expenditures:				
Contribution to:				
Social Security System (OASI)	31,811.22	27,755.12		4,056.10
	<u>1,035,000.00</u>	<u>967,085.56</u>	<u>13,459.07</u>	<u>50,395.52</u>
	Ref. D-3		D-13	D
	Ref. D-14	54,778.73		
Interest on Bonds, Notes and Loans Disbursed	D-5	912,306.83		
		<u>967,085.56</u>		

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

## **GENERAL FIXED ASSETS**

## STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance <u>Dec. 31, 2012</u>	Balance <u>Dec. 31, 2011</u>
General Fixed Assets:		
Land and Improvements Other Than Buildings	3,627,600.00	3,627,600.00
Buildings	1,845,269.71	1,845,269.71
Vehicles	1,059,149.67	1,024,149.67
Miscellaneous Equipment	259,434.63	259,434.63
Office Furniture and Equipment	91,208.00	91,208.00
	<u>6,882,662.01</u>	<u>6,847,662.01</u>
Investment in General Fixed Assets	<u>6,882,662.01</u>	<u>6,847,662.01</u>

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

## **NOTES TO FINANCIAL STATEMENTS**

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

**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 NJSA 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.

**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.

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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 11<sup>th</sup> day of the 11<sup>th</sup> month in the year levied are subject to

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

**Property Taxes (Continued)** - being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

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

**Interest on Delinquent Taxes** - It is the policy of the Borough to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31<sup>st</sup>, 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.

**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.

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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.

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**E. Recent Accounting Pronouncements Not Yet Effective**

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34." The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, "Items Previously Reported as Assets and Liabilities." This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66, "Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62." This statement, which resolves conflicts between Statements No. 10 and No. 54, provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27." This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the Borough's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69, "Government Combinations and Disposals of Government Operations." This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the Borough's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees." This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the Borough's financial reporting.

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

**NOTE 2: BUDGETARY INFORMATION**

The Borough must adopt an annual budget in accordance with NJSA 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 NJSA 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 NJSA 40A:4-87.

The Borough amended the budget during the year by the insertion of Special Items of Revenue in the amount of \$7,426.18 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 (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2012 and 2011, the carrying amount of the Borough's deposits was \$2,095,036.15 and \$1,845,916.70, respectively. As of December 31, 2012 and 2011, \$0 of the municipality's bank balance of \$2,205,535.43 and \$1,923,902.24, respectively, was exposed to Custodial Credit Risk.

**NOTE 4: INVESTMENTS**

As of December 31, 2012, 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 NJSA 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk** - New Jersey Statutes NJSA 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,

BOROUGH OF WESTVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

**NOTE 4: INVESTMENTS (CONTINUED)**

**Credit Risk (Continued)** - 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.

**NOTE 5: FUND BALANCES APPROPRIATED**

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

	Year	Balance December 31	Budget of Succeeding Year
Current	2012	772,572.05	550,000.00
	2011	898,686.66	600,000.00
	2010	1,274,376.32	770,000.00
	2009	1,304,681.62	700,000.00
	2008	1,241,076.37	525,000.00
Utility	2012	47,976.26	40,000.00
	2011	35,087.68	48,000.00
	2010	105,346.26	95,000.00
	2009	63,640.62	50,000.00
	2008	98,696.03	95,000.00

**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, 2012, the following deferred charges are shown on the balance sheets of the various funds.

	Balance Dec. 31, 2012	2013 Budget Appropriation
Current Fund		
Special Emergency		
Appropriation	4,000.00	4,000.00

BOROUGH OF WESTVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

**NOTE 7: FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2012:

	<u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2012</u>
Land and Improvements				
Other then Buildings	3,627,600.00			3,627,600.00
Buildings	1,845,269.71			1,845,269.71
Vehicles	1,024,149.67	35,000.00		1,059,149.67
Miscellaneous Equipment	259,434.63			259,434.63
Office Furniture & Equipment	91,208.00			91,208.00
	<u>6,847,662.01</u>	<u>35,000.00</u>	<u>None</u>	<u>6,882,662.01</u>

**NOTE 8: INTERFUND RECEIVABLES AND PAYABLES**

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2012:

	<u>Due From</u>	<u>Due To</u>
Current Fund:		
General Capital Fund	76,893.42	
Water Utility Operating Fund	48,238.60	
Other Trust Funds	16,411.39	
Animal Control Trust	2,302.94	
Federal and State Grant Fund	83,252.17	
Federal and State Grant Fund:		
Current Fund		83,252.17
General Capital Fund		82,285.58
Animal Control Trust:		
Current Fund		2,302.94
Other Trust Funds		
Current Fund		16,411.39
General Capital Fund		137.50
General Capital Fund		
Federal and State Grant Fund	82,285.58	
Other Trust Funds	137.50	
Current Fund		76,893.42
Water Utility Operating Fund:		
Water Utility Capital Fund	134,680.27	
Current Fund		48,238.60
Water Utility Capital Fund:		
Water Utility Operating Fund		134,680.27
	<u>444,201.87</u>	<u>444,201.87</u>

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

**NOTE 8: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)**

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

**NOTE 9: LONG-TERM DEBT**

During the calendar year 2012, the following changes occurred in the municipal debt of the Borough:

	Balance Dec. 31, 2011	Issued/ Authorized	Retired/ Reductions	Balance Dec. 31, 2012	Due Within One Year
Issued:					
Current Fund:					
Bonds & Loans	2,726,566.28		207,697.89	2,518,868.39	207,373.36
Bond Anticipation Notes	1,346,000.00	325,500.00	35,500.00	1,636,000.00	91,000.00
Water Utility Fund:					
Bonds & Loans	1,111,027.27	1,198,096.00	120,958.26	2,188,165.01	153,141.05
Bond Anticipation Notes	266,000.00	70,000.00	13,000.00	323,000.00	13,000.00
Net Debt Issued	<u>5,449,593.55</u>	<u>1,593,596.00</u>	<u>377,156.15</u>	<u>6,666,033.40</u>	<u>464,514.41</u>
Authorized But Not Issued:					
Current Fund:					
Bonds and Notes	391,569.00	275,500.00	325,500.00	341,569.00	
Water Utility Fund:					
Bonds and Notes	1,390,586.00		1,268,096.00	122,490.00	
Authorized but Not Issued:	<u>1,782,155.00</u>	<u>275,500.00</u>	<u>1,593,596.00</u>	<u>464,059.00</u>	
Total Debt Issued and Authorized But Not Issued	<u><u>7,231,748.55</u></u>	<u><u>1,869,096.00</u></u>	<u><u>1,970,752.15</u></u>	<u><u>7,130,092.40</u></u>	<u><u>464,514.41</u></u>

Permanently funded debt as of December 31, 2012, consisted of the following:

\$3,025,000.00 General Improvement Bonds dated December 1, 2005, payable in annual installments through December 1, 2022. Interest is paid semi-annually at rates of 4.5% to 4.625% per annum. The balance remaining at December 31, 2012, was \$2,000,000.00.

\$627,024.00 Environmental Trust Loan dated November 8, 2007. The trust loan portion is payable in annual installments through August 1, 2027, and interest is paid semi-annually at rates from 3.5% to 5% per annum. The fund portion of the loan is payable in semi-annual installments through August 1, 2027, and no interest is charged. The balance remaining at December 31, 2012, was \$518,868.39.

\$819,000.00 Utility Improvement Bonds dated October 15, 1981, payable in annual installments through October 15, 2021. Interest is paid semi-annually at the rate of 5% per annum. The balance remaining at December 31, 2012, was \$339,101.00.

\$724,000.00 Utility Improvement Bonds dated December 1, 2005, payable in annual installments through December 1, 2022. Interest is paid semi-annually at rates of 4.5% to 4.625% per annum. The balance remaining at December 31, 2012, was \$479,000.00.

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

**NOTE 9: LONG-TERM DEBT (CONTINUED)**

\$472,136.00 Environmental Trust Loan dated October 15, 1999. The trust loan portion is payable in annual installments through August 1, 2019, and interest is paid semi-annually at rates from 5.5% to 5.7% per annum. The fund portion of the loan is payable in semi-annual installments through August 1, 2019, and no interest is charged. The balance remaining at December 31, 2012, was \$200,217.39.

\$226,411.00 Environmental Trust Loan dated August 1, 2012. The trust loan portion is payable in annual installments through August 1, 2031, and interest is paid semi-annually at rates from .22% to 3.17% per annum. The fund portion of the loan is payable in semi-annual installments through August 1, 2031, and no interest is charged. The balance remaining at December 31, 2012, was \$222,620.90.

\$971,685.00 Environmental Trust Loan dated August 1, 2012. The trust loan portion is payable in annual installments through August 1, 2031, and interest is paid semi-annually at rates from .22% to 3.29% per annum. The fund portion of the loan is payable in semi-annual installments through August 1, 2031, and no interest is charged. The balance remaining at December 31, 2012, was \$947,225.72.

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

Year Ended December 31	Interest	Principal	Total
General Serial Bonds:			
2013	104,540.00	207,373.36	311,913.36
2014	96,140.00	207,039.29	303,179.29
2015	87,550.00	206,695.67	294,245.67
2016	78,706.25	206,218.43	284,924.68
2017	69,862.50	230,741.18	300,603.68
2018-2022	197,100.00	1,271,155.77	1,468,255.77
2023-2027	15,162.50	189,644.69	204,807.19
	649,061.25	2,518,868.39	3,167,929.64
Utility Serial Bonds:			
2013	52,462.63	153,141.05	205,603.68
2014	48,486.10	154,191.15	202,677.25
2015	44,409.06	155,341.23	199,750.29
2016	40,191.26	166,596.33	206,787.59
2017	35,400.31	167,954.43	203,354.74
2018-2022	97,622.09	821,138.90	918,760.99
2023-2027	21,803.50	310,885.35	332,688.85
2028-2031	7,234.64	258,916.57	266,151.21
	347,609.59	2,188,165.01	2,535,774.60

BOROUGH OF WESTVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

**NOTE 9: LONG-TERM DEBT (CONTINUED)**

**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 1.697%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	2,397,218.30	2,397,218.30	
Utility Debt	2,633,655.01	2,633,655.01	
General Debt	4,496,437.39		4,496,437.39
	<u>6,893,655.69</u>	<u>2,397,218.30</u>	<u>4,496,437.39</u>

Net Debt \$4,496,437.39/Equalized Valuation Basis per NJSA 40A:2-2 as amended  
 \$264,966,087.33 = 1.697%

**Borrowing Power Under NJSA 40A:2-6 As Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	9,273,813.06
Net Debt	<u>4,496,437.39</u>
Remaining Borrowing Power	<u><u>4,777,375.67</u></u>

**Calculation of “Self-Liquidating Purpose” Water Utility per NJSA 40:2-45**

Cash Receipts from Fees, Rents, or Other Charges	1,045,847.49
Deductions:	
Operating and Maintenance Costs	859,500.00
Debt Service	<u>160,440.15</u>
	<u>1,019,940.15</u>
Excess in Revenue	<u><u>25,907.34</u></u>

**NOTE 10: NOTES PAYABLE**

The Borough had three Bond Anticipation notes outstanding as of December 31, 2012. One in the amount of \$188,000.00 for the re-drill of Well #5, that will mature on August 1, 2013, at an interest rate of 1.09%, one in the amount of \$135,000.00 for repairs of existing water treatment filters and electrical upgrades, that will mature on October 24, 2013, at an interest rate of .85%, and one in the amount of \$1,636,000.00 for various capital improvements, that will mature on October 24, 2013, at an interest rate of .85%.

**NOTE 11: PENSION FUNDS**

**Description of Plans** - All eligible employees of the Borough are covered by either the Public Employees' Retirement System, (PERS) or the Police and Firemen's Retirement System (PFRS), 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

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

**NOTE 11: PENSION FUNDS (CONTINUED)**

**Description of Plans (Continued)** - 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 PERS and PFRS. 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/actuarial-rpts.shtml>.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of NJSA 43:15A to provide retirement, death disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing, multiple-employer plan. Membership is generally required for substantially all full-time employees of the State 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.

**Police and Firemen's Retirement System (PFRS)** - The Police and Firemen's Retirement System was established in July 1944 under the provisions of NJSA 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 NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 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. The PERS contribution rate increased to 6.5% of base salary effective with the first payroll to be paid on or after October 1, 2011. Subsequent increases will then be phased in over 7 years (each July 1st) to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. The PFRS contribution rate increased to 10% of base salary effective with the first payroll to be paid on or after October 1, 2011. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Borough's contributions to PERS for the years ending December 31, 2012, 2011 and 2010, were \$155,943, \$137,606 and \$107,981, respectively, equal to the required contributions for each year. The Borough's contributions to PFRS for the years ending December 31, 2012, 2011 and 2010, were \$216,844, \$152,767 and \$150,509, 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.

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

**NOTE 13: POST-RETIREMENT BENEFITS**

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

**NOTE 14: DEFERRED COMPENSATION PLAN**

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

**NOTE 15: LABOR CONTRACTS**

As of December 31, 2012, The Borough had a total of approximately 60 employees. Of this total, 15 employees are represented by a union, New Jersey Policemen's Benevolent Association Local 122, whose contract expires on December 31, 2015, and 18 employees are represented by a union, Westville Public Works Association, whose agreement is currently being negotiated.

**NOTE 16: TAXES COLLECTED IN ADVANCE**

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

	Balance <u>Dec. 31, 2012</u>	Balance <u>Dec. 31, 2011</u>
Prepaid Taxes - Cash Liability	<u>41,764.85</u>	<u>43,879.25</u>

**NOTE 17: ECONOMIC DEPENDENCY**

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

**NOTE 18: RISK MANAGEMENT**

The Borough is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough maintains commercial insurance coverage for property, liability and surety bonds. The Borough is a member of the Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Gloucester, Salem and Cumberland County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have been no claims in excess of coverage and no reduction in coverage during the year 2012.

BOROUGH OF WESTVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012

**NOTE 18: RISK MANAGEMENT (CONTINUED)**

**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:

<u>Year</u>	<u>Borough Contribution</u>	<u>Employee Contribution</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	None	4,195.19	6,392.59	392.27
2011	None	None	4,465.78	2,527.42
2010	None	None	14,420.45	6,795.58

**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.

**NOTE 20: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2012 and June 18, 2013, the date that the financial statements were issued, and no additional items have come to their attention that would require disclosure.

## **SUPPLEMENTARY DATA**

## **SINGLE AUDIT SECTION**

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Bunni S. Bouchard, CPA  
Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying balance sheets- regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance – regulatory basis and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the Borough of Westville, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough of Westville's basic financial statements, and have issued our report thereon dated June 18, 2013, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting.

#### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Borough of Westville's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from 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*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PETRONI & ASSOCIATES LLC



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

June 18, 2013

Nick L. Petroni, CPA, RMA

Bunni S. Bouchard, CPA  
Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
AWARDS OF STATE AWARDS REQUIRED BY NEW JERSEY OMB 04-04**

**Independent Auditor's Report**

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

***Report on Compliance for Each Major State Program***

We have audited the Borough of Westville's compliance with the types of compliance requirements described in the New Jersey OMB *State Grant Compliance Supplement* that could have a direct and material effect on each of the Borough of Westville's major state programs for the year ended December 31, 2012. The Borough of Westville's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Borough of Westville's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 New Jersey OMB 04-04. Those standards and NJ OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Westville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Borough of Westville's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Borough of Westville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2012.

### ***Report on Internal Control Over Compliance***

Management of the Borough of Westville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Westville's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with NJ OMB 004-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Westville's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of NJ OMB 04-04. Accordingly, this report is not suitable for any other purpose.

### ***Report on Schedules of Expenditures of State Financial Assistance Required by NJ OMB 04-04***

We have audited the financial statements of the accompanying balance sheets – regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance – regulatory basis, and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the Borough of Westville as of and for the year ended December 31, 2012, and have issued our report thereon dated June 18, 2013, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting. Our audit was conducted for

the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of state financial assistance are presented for purposes of additional analysis as required by NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



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

June 18, 2013

BOROUGH OF WESTVILLE  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

State Funding Department/Program	State Grant Number	Program Amount	Matching Funds	Total Funds Received	Grant Period		Amount of Expenditures	Cumulative Expenditures
					From	To		
Department of Law and Public Safety Drunk Driving Enforcement	6400-100-078-6400-YYYY	9,298.70		9,298.70	1/1/11	N/A	8,539.79	9,298.70
Department of Community Affairs Municipal Alliance on Alcohol and Drugs	N/A	11,561.00	2,312.00	9,249.00	1/1/10	N/A	10,222.32	11,281.56
Clean Energy Program	N/A	200.00		200.00	1/1/10	N/A	155.00	200.00
Clean Energy Program	N/A	300.00		300.00	1/1/11	N/A	85.00	85.00
Clean Communities	4900-765-042-4900-004-VCMC-6020	6,926.18		6,926.18	1/1/112	N/A	5,424.00	5,424.00
Recycling Tonnage	4900-753-042-4900-00-V42Y-6020	14,560.00		14,560.00	1/1/09	N/A	2,071.36	14,560.00
Recycling Tonnage	4900-753-042-4900-00-V42Y-6020	17,537.00		17,537.00	1/1/10	N/A	13,261.00	13,261.00
Clean Up Program	N/A	500.00		500.00	1/1/11	N/A	500.00	500.00
Clean Up Program	N/A	500.00		500.00	1/1/112	N/A	9.87	9.87
Department of Transportation NJ Transportation Trust	6320-480-078-6320-Z50-TCAP-6010	200,000.00		134,768.39	1/1/11	N/A	192,267.10	200,000.00
NJ Transportation Trust	6320-480-078-6320-Z50-TCAP-6010	175,000.00		118,962.75	1/1/08	N/A	175,000.00	175,000.00
Department of Environmental Protection New Jersey Environmental Infrastructure Project # 0821001-001, 002 and 003	N/A	1,198,096.00		1,043,805.00	8/1/12	N/A	941,928.26	941,928.26
				<u>1,356,607.02</u>			<u>1,349,463.70</u>	<u>1,371,548.39</u>

**BOROUGH OF WESTVILLE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of State awards includes the state grant activity of the Borough of Westville and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and New Jersey Circular Letter 04-04 OMB. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**BOROUGH OF WESTVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- 1) Material weakness(es) identified?        yes   X   no
- 2) Significant deficiencies(s) identified that are not considered to be material weaknesses?        yes   X   none reported

Noncompliance material to general-purpose financial statements noted?        yes   X   no

**Federal Awards**

N/A

Internal Control over major programs:

- 1) Material weakness(es) identified?        yes        no
- 2) Significant deficiencies(s) identified that are not considered to be material weaknesses?        yes        none reported

Type of auditor's report issued on compliance for major programs: \_\_\_\_\_

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?        yes        no

Identification of major programs:

<u>CFDA or Other Identifying Number(s)</u>	<u>Name of Federal Program or Cluster</u>
--	---

Dollar threshold used to distinguish between type A and type B programs: \_\_\_\_\_

Auditee qualified as low-risk auditee?        yes        no

**BOROUGH OF WESTVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Section I - Summary of Auditor's Results (Continued)**

**State Awards**

Type of auditor's report issued on compliance for major programs: Unqualified

Internal Control over major programs:

- 1) Material weakness(es) identified?        yes   X   no
- 2) Significant deficiencies(s) identified that are not considered to be material weaknesses?        yes   X   none reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04?

       yes   X   no

Identification of major programs:

<u>State Grant Number(s)</u>	<u>Name of State Program</u>
N/A	NJ Environmental Infrastructure Loan

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?        yes   X   no

**Section II – Financial Statement Findings**

No matters were reported.

**Section III – Federal and State Awards Findings and Questioned Costs**

**FEDERAL AWARDS - N/A**

**STATE AWARDS**

No matters were reported.

**BOROUGH OF WESTVILLE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2012**

There were no prior year findings reported.

## **CURRENT FUND**

## SCHEDULE OF CASH - TREASURER

	Ref.	Regular Fund	Federal and State Grant Fund
Balance December 31, 2011	A	284,315.81	25,791.73
Increased by Receipts:			
Transferred from Tax Collector	A-5	8,895,000.00	
Transferred from Sewer Collector	A-6	1,150,000.00	
Federal and State Grants Receivable	A-7	312,373.72	
Homestead Rebate	A-8	216,962.36	
Revenue Accounts Receivable	A-13	1,721,537.29	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-17	56,406.85	
Federal and State Grants - Unappropriated	A-21	7,964.09	
Due from Trust Other		32.00	
Reserve for Sale of Municipal Assets		3,231.00	
Due to Library		7,831.73	
Small Cities Loan Payback			1,522.02
		<u>12,371,339.04</u>	
		12,655,654.85	<u>27,313.75</u>
Decreased by Disbursements:			
2012 Budget Appropriations	A-3	4,931,350.57	
2011 Appropriation Reserves	A-15	21,701.61	
Encumbrances Payable	A-16	107,292.67	
Reserve for Federal and State Grants	A-20	316,790.04	
Tax Overpayments Refunded		1,439.56	
Reserve for Codification of Ordinances		2,467.06	
Reserve for Revaluation		6,429.47	
Reserve for Public Defender		665.00	
County Taxes		1,438,811.19	
Fire District Tax		314,924.97	
Local District School Tax	A-18	2,249,144.98	
Regional High School Tax	A-19	2,627,872.05	
Due to General Capital Fund		75,000.00	
Petty Cash	A	500.00	
		<u>12,094,389.17</u>	
Balance December 31, 2012	A	<u>561,265.68</u>	<u>27,313.75</u>

## SCHEDULE OF CASH - TAX COLLECTOR

Balance December 31, 2011	Ref. A		110,942.73
Increased by Receipts:			
Taxes Receivable	A-8	8,778,648.15	
Revenue Accounts Receivable	A-13	112,353.17	
Prepaid Taxes		41,764.85	
Tax Overpayments		14,912.78	
		<hr/>	8,947,678.95
			<hr/>
			9,058,621.68
Decreased by Disbursements:			
Paid to Treasurer	A-4		8,895,000.00
			<hr/>
Balance December 31, 2012	A		<hr/> <hr/> 163,621.68

## SCHEDULE OF CASH - SEWER COLLECTOR

Balance December 31, 2011	Ref. A		1,008,072.59
Increased by Receipts:			
Rents Receivable	A-11	771,528.22	
Revenue Accounts Receivable	A-13	13,165.45	
Sewer Overpayments		1,042.26	
		<u>                    </u>	<u>785,735.93</u>
			1,793,808.52
Decreased by Disbursements:			
Paid to Treasurer	A-4		1,150,000.00
Balance December 31, 2012	A		<u><u>643,808.52</u></u>

## SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2011	2012 Budget Revenue Realized	Received	From Grants Unappropriated	Balance Dec. 31, 2012
Federal Programs:					
Small Cities Grant	19,602.00				19,602.00
COPS More Program	20,274.00				20,274.00
COPS Fast Program	15,000.05				15,000.05
Community Development Funds:					
Downtown Revitalization	622.55				622.55
Click It or Ticket	4,000.00				4,000.00
Homeland Security Grant	159,220.12		159,219.63		0.49
State Programs:					
New Jersey Transportation Trust Funds:					
Willow Road	2,259.52				2,259.52
Highland Avenue	7,369.69				7,369.69
Summit Avenue	36,926.13				36,926.13
Bike path Safety	330.00				330.00
Pedestrian Safety	2,814.99				2,814.99
Olive Street Phase II	200,000.00		134,768.39		65,231.61
Transportation Enhancement Project	3,000.00				3,000.00
Statewide Domestic Preparedness - 2003	331.34				331.34
Statewide Domestic Preparedness - 2004	74,000.00				74,000.00
Statewide Domestic Preparedness - 2005	1,867.53				1,867.53
Clean Communities	3,130.50	6,926.18	6,926.18		3,130.50
Municipal Alliance for Drug and Alcohol Abuse	17,017.26	9,249.00	10,959.52		15,306.74
Recycling Tonnage Grant		7,405.76		7,405.76	
Clean Community Cleanup Grant		500.00	500.00		
Body Armor Grant		1,778.11		1,778.11	
	<u>567,765.68</u>	<u>25,859.05</u>	<u>312,373.72</u>	<u>9,183.87</u>	<u>272,067.14</u>
Ref.	A	A-2	A-4	A-21	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2012 Levy	Added Taxes	Collected		Overpayments Applied	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2011			2011	2012				Dec. 31, 2012
1997	27.63								27.63
1998	27.90								27.90
1999	28.21								28.21
2000	21.08								21.08
2001	29.31								29.31
2002	31.16								31.16
2003	32.82								32.82
2004	70.00								70.00
2005	38.47								38.47
2006	42.26								42.26
2007	46.43								46.43
2008	49.17								49.17
2009	49.65								49.65
2010	75.28				19.88				55.40
2011	473,092.58		82.37		332,888.84			11,502.03	128,784.08
	473,661.95		82.37		332,908.72			11,502.03	129,333.57
2012		9,277,875.76		43,879.25	8,722,899.74	44,164.81	44,072.66	5,426.93	417,432.37
	473,661.95	9,277,875.76	82.37	43,879.25	9,055,808.46	44,164.81	44,072.66	16,928.96	546,765.94
Ref.	A							A-9	A
		Cash		Ref.					
		Homestead Rebate		A-5	8,778,648.15				
		Due State of New Jersey		A-4	216,962.36				
				A-17	60,197.95				
					9,055,808.46				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

**Analysis of Property Tax Levy**

**Tax Yield**

General Purpose Tax:			
Business Personalty Tax		11,987.76	
General Property Tax		9,262,709.73	
		<u>                    </u>	
			9,274,697.49
Added Taxes (54:4-63.1 et seq.)			3,178.27
			<u>                    </u>
			<u><u>9,277,875.76</u></u>

	Ref.		
<b>Tax Levied</b>			
Local District School Tax (Abstract)	A-18		2,249,266.50
Regional High School Tax Payable (Abstract)	A-19		2,627,871.77
Fire District Tax (Abstract)			314,925.00
County Taxes:			
County Tax (Abstract)		1,333,218.15	
County Open Space Tax (Abstract)		104,929.76	
Due County for Added Taxes (54:4-63.1 et seq.)		507.88	
		<u>                    </u>	
Total County Taxes			1,438,655.79
Local Tax for Municipal Purposes			
Local Municipal Budget		2,555,230.65	
Municipal Library		86,769.35	
		<u>                    </u>	
Add: Additional Taxes Levied	A-2	2,642,000.00	
		5,156.70	
		<u>                    </u>	
			2,647,156.70
			<u>                    </u>
			<u><u>9,277,875.76</u></u>

## SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance December 31, 2011	Ref. A		2,367.60
Increased by:			
Transfers from Taxes Receivable	A-8	16,928.96	
Interest and Costs Accrued by Sale of April 13, 2012		<u>1,415.59</u>	
			<u>18,344.55</u>
Balance December 31, 2012	A		<u><u>20,712.15</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

Balance December 31, 2011	Ref. A		<u>237,450.00</u>
Balance December 31, 2012	A		<u><u>237,450.00</u></u>

## SCHEDULE OF SEWER RENTS RECEIVABLE

Balance December 31, 2011	Ref. A		113,118.42
Increased by:			
Sewer Rents Levied			<u>805,714.18</u>
			918,832.60
Decreased by:			
Collections	A-6	771,528.22	
Overpayments Applied		1,076.15	
Canceled		866.66	
Transfer to Liens	A-12	<u>618.63</u>	
			<u>774,089.66</u>
Balance December 31, 2012	A		<u><u>144,742.94</u></u>

## SCHEDULE OF SEWER LIENS RECEIVABLE

	Ref.		
Increased by:			
Transfer from Sewer Rents	A-11		618.63
Interest and Costs Accrued by Sale			
of April 13, 2012			<u>241.07</u>
Balance December 31, 2012	A		<u><u>859.70</u></u>

## SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2011	Accrued in 2012	Collected	Balance Dec. 31, 2012
<b>Miscellaneous Revenue Anticipated</b>				
Licenses:				
Alcoholic Beverages		14,550.00	14,550.00	
Other		3,281.00	3,278.00	3.00
Fees and Permits		8,713.74	6,820.65	1,893.09
Fines and Costs:				
Municipal Court	8,336.75	153,796.72	152,109.89	10,023.58
Interest and Costs on Taxes		96,847.06	96,847.06	
Interest on Investments		12,624.55	12,622.54	2.01
Interest on Delinquent Sewer Rents		8,441.63	8,441.63	
Housing Inspection Fees		47,190.00	47,190.00	
Consolidated Municipal Property Tax Relief Act		37,009.00	37,009.00	
Energy Receipts Tax		365,388.00	365,388.00	
Franchise Fees - Cable TV		14,900.90	14,900.90	
Shared Service Agreement -				
Borough of National Park		662,400.00	662,400.00	
Township of Deptford		35,000.00	35,000.00	
Liquidate Reserves -				
Due from Water Capital Fund		60,000.00	60,000.00	
Due from Trust Other Fund		5,000.00	5,000.00	
<b>Miscellaneous Revenue Not Anticipated</b>				
Municipal Maintenance Liens		2,609.79	2,609.79	
Sale of Scrap Iron		1,111.34	1,111.34	
Recycling Proceeds		17,087.88	17,087.88	
Income from Leases		33,411.18	33,411.18	
JIF Dividend		2,080.31	2,080.31	
Refunds		31,556.87	31,556.87	
Tax Searches		30.00	30.00	
Tax Sale Advertising Costs		1,407.04	1,407.04	
Sale of Easement		198,521.58	198,521.58	
Escheated Checks - Municipal Court		11,754.34	11,754.34	
Miscellaneous		25,927.91	25,927.91	
	<u>8,336.75</u>	<u>1,850,640.84</u>	<u>1,847,055.91</u>	<u>11,921.68</u>
Ref.	A			A
		Ref.		
Treasurer		A-4	1,721,537.29	
Tax Collector		A-5	112,353.17	
Sewer Collector		A-6	13,165.45	
			<u>1,847,055.91</u>	

STATEMENT OF DEFERRED CHARGES - NJSA 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, 2011</u>	<u>Decreased in 2012</u>	<u>Balance Dec. 31, 2012</u>
4/9/08	Codification of Ordinances	20,000.00	4,000.00	8,000.00	4,000.00	4,000.00
	Ref.			A	A-3	A

## SCHEDULE OF 2011 APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2011</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Other Expenses			
Employee Group Insurance	3,425.75	937.30	2,488.45
Road Repairs and Maintenance	4,392.00	813.21	3,578.79
Vehicle Maintenance	5,848.97	3,449.04	2,399.93
Electricity	13,784.16	10,170.00	3,614.16
Municipal Court	6,210.53	628.48	5,582.05
Maintenance of Free Public Library	6,516.79	6,516.79	
Other Accounts - No Change	162,010.08		162,010.08
	<u>202,188.28</u>	<u>22,514.82</u>	<u>179,673.46</u>
	Ref. A		A-1
	Ref.		
Paid	A-4	21,701.61	
Encumbered	A-16	813.21	
		<u>22,514.82</u>	

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2011	A	<u>41,935.10</u>	<u>78,000.03</u>
Increased by:			
Charges to 2012 Appropriations	A-3	33,738.12	
Charges to 2011 Reserves	A-15	813.21	
		<u>34,551.33</u>	
		<u>76,486.43</u>	<u>78,000.03</u>
Decreased by:			
Payments	A-4	32,282.64	75,010.03
Canceled	A-1	5,110.91	
		<u>37,393.55</u>	<u>75,010.03</u>
Balance December 31, 2012	A	<u><u>39,092.88</u></u>	<u><u>2,990.00</u></u>

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

Balance December 31, 2011	Ref. A		45,172.92
Increased by:			
Receipts	A-4	56,406.85	
Prior Year Taxation Audit	A-1	6,500.00	
		<u>                    </u>	<u>62,906.85</u>
			<u>108,079.77</u>
Decreased by:			
2012 Deductions Per Tax Duplicate		69,250.00	
2012 Deductions Allowed by Collector		1,500.00	
2012 Deductions Disallowed by Collector		(10,552.05)	
		<u>                    </u>	<u>60,197.95</u>
Balance December 31, 2012	A-8 A		<u><u>47,881.82</u></u>

## SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance December 31, 2011	Ref. A	13,972.86
Increased by:		
2012 Calendar Year School Levy	A-8	<u>2,249,266.50</u>
		2,263,239.36
Decreased by:		
Payments	A-4	<u>2,249,144.98</u>
Balance December 31, 2012	A	<u><u>14,094.38</u></u>

## SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

Balance December 31, 2011	Ref. A	0.72
Increased by:		
2012 Calendar Year School Levy	A-8	<u>2,627,871.77</u>
		2,627,872.49
Decreased by:		
Payments	A-4	<u>2,627,872.05</u>
Balance December 31, 2012	A	<u><u>0.44</u></u>

## SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	Balance Dec. 31, 2011	Transferred from 2012 Budget Appropriation	Paid or Charged	Balance Dec. 31, 2012
Federal Grants:				
Community Development Funds:				
Downtown Revitalization	999.24			999.24
Park	15,000.00			15,000.00
Obey the Signs or Pay the Fines	232.23			232.23
Click It or Ticket	4,000.00			4,000.00
Homeland Security Grant	84,255.09		84,254.60	0.49
State Grants:				
Alcohol Education and Rehabilitation Grant	189.82			189.82
Drunk Driving Enforcement	8,539.79		8,539.79	
New Jersey Legislative Grant:				
Downtown Redevelopment	12,060.07			12,060.07
New Jersey State Police - SLA HEOP Grant	1,051.02			1,051.02
DEP GIS Grant	820.74			820.74
New Jersey Transportation Trust Funds:				
Willow Road	4,822.05			4,822.05
Reconstruction of River Drive	735.00			735.00
Olive Street Phase II	193,857.50		192,267.10	1,590.40
Statewide Domestic Preparedness - 2003	331.34			331.34
Statewide Domestic Preparedness - 2005	17.44			17.44
Municipal Alliance for Drug and Alcohol Abuse	22,062.76	11,561.00	10,222.32	23,401.44
Body Armor Fund	3,118.84	1,778.11		4,896.95
Recycling Tonnage Grant	29,598.38	7,405.76	15,332.36	21,671.78
Municipal Stormwater Regulation Program	73.48			73.48
Clean Communities		6,926.18	5,424.00	1,502.18
Clean Energy Program	455.00		240.00	215.00
Clean Community Cleanup Grant	500.00	500.00	509.87	490.13
	<u>382,719.79</u>	<u>28,171.05</u>	<u>316,790.04</u>	<u>94,100.80</u>
Ref.	A	A-3	A-4	A

## SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2011	Received	To Grants Receivable	Balance Dec. 31, 2012
Recycling Tonnage Grant	7,405.76	6,150.60	7,405.76	6,150.60
Body Armor Grant	1,778.11	1,813.49	1,778.11	1,813.49
	<u>9,183.87</u>	<u>7,964.09</u>	<u>9,183.87</u>	<u>7,964.09</u>
Ref.	A	A-4	A-7	A

## TRUST FUND

## SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	<u>Animal Control Trust</u>	<u>Other Trust Funds</u>
Balance December 31, 2011	B	3,399.40	146,065.70
Increased by Receipts:			
Interest Earned		25.89	1,151.87
Dog License Fees:			
Municipal Share	B-3	571.80	
State Share		193.20	
Payroll Deductions Payable			1,407,443.77
Unemployment Compensation			4,195.19
Donations for Public Events			16,537.00
Recreation Fees			13,287.00
Escrow Deposits			1,900.00
Forfeited Funds			290.19
		<u>790.89</u>	<u>1,444,805.02</u>
		4,190.29	1,590,870.72
Decreased by Disbursements:			
NJ State Department of Health		199.00	
Expenditures Under RS 4:19-15.11	B-3	637.00	
Payroll Deductions Paid			1,404,203.33
Public Event Expenditures			15,447.40
Recreation Expenditures			13,287.00
Unemployment Claims			15,519.52
Escrow Expenditures			10,409.75
		<u>836.00</u>	<u>1,458,867.00</u>
Balance December 31, 2012	B	<u><u>3,354.29</u></u>	<u><u>132,003.72</u></u>

## SCHEDULE OF TRUST FUND CASH - COLLECTOR

Balance December 31, 2011	Ref. B		33,581.29
Increased by:			
Deposits for Redemption of Tax Sale Certificates		333,467.20	
Premiums Received at Sale		75,800.00	
Interest Earned		527.55	
		<hr/>	409,794.75
			<hr/>
			443,376.04
Decreased by:			
Refunds Upon Redemption			407,250.10
Balance December 31, 2012	B		<hr/> <hr/>
			36,125.94

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2011	Ref. B		1,175.80
Increased by:			
Municipal Share of Dog License Fees	B-1		<u>571.80</u>
			1,747.60
Decreased by:			
Expenditures under RS 4:19-15.11:			
Cash	B-1	637.00	
Statutory Excess due Current Fund		<u>31.40</u>	
			668.40
Balance December 31, 2012	B		<u><u>1,079.20</u></u>

**License Fees Collected**

<u>Year</u>	<u>Amount</u>
2010	<u>521.80</u>
2011	<u>557.40</u>
	<u><u>1,079.20</u></u>

## **GENERAL CAPITAL FUND**

## SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2011	Ref. C		162,209.45
Increased by:			
Interest Earned	C-3	1,426.63	
Budget Appropriation:			
Capital Improvement Fund	C-8	10,000.00	
Bond Anticipation Note	C-13	325,500.00	
Due from State of New Jersey	C-5	162,712.75	
Due Current Fund	C-3	75,000.00	
		<hr/>	574,639.38
			<hr/>
			736,848.83
Decreased by:			
Improvement Authorizations	C-9	323,770.24	
Encumbrances Payable	C	6,705.00	
Improvements to Municipal Building	C-3	15,251.08	
		<hr/>	345,726.32
Balance December 31, 2012	C		<hr/> <hr/> 391,122.51

## ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2011	Receipts			Disbursements			Balance Dec. 31, 2012
		Budget Appropriations	Bond Anticipation Notes	Miscellaneous	Improvement Authorization	Miscellaneous	Transfers	
Fund Balance	819.00							819.00
Capital Improvement Fund	4,598.00	10,000.00					(14,500.00)	98.00
Loan Receivable	(51,538.00)							(51,538.00)
Due from State of New Jersey	(107,004.30)			162,712.75			(175,000.00)	(119,291.55)
Due from Federal and State Grant Fund	(82,285.58)							(82,285.58)
Due from Current Fund	466.79			76,426.63				76,893.42
Due From Trust Other	(137.50)							(137.50)
Contracts Payable	6,861.50							6,861.50
Encumbrances Payable	6,705.00					6,705.00	39,983.00	39,983.00
Retainage Percentage Due Contractor	3,093.04							3,093.04
Reserve for Land Acquisition	2,375.00							2,375.00
Reserve for Insurance Refund	1,460.11							1,460.11
Reserve for Sunoco Donations	2,255.30							2,255.30
Reserve for Debt Service	100.00							100.00
Reserve for Municipal Building Improvements	26,435.78					15,251.08		11,184.70
Improvement Authorizations:								
Ordinance Number								
250-89 Various Improvements - Highway Department								
5-95 Rehabilitation of Downtown Area	383.84				203.84			180.00
9-96 Purchase of Computer Hardware and Software and Telephone System	196.00							196.00
149-98 Development of a Geographical Information System	803.80							803.80
155-98 Improvements of Certain Roads	7,720.14							7,720.14
172-99 Improvements of Certain Roads	985.95							985.95
25-00 Purchase of a Trash Truck	9,325.00							9,325.00
7-01 Improvements to New Street and Center Street	1,836.05				1,517.37		(300.00)	18.68
7-03 Various Improvements or Purposes Including Crown Point Parking Lot	439.00							439.00
25-04 Summit Avenue Phase II	(1,443.00)							(1,443.00)
15-05 Various Improvements or Purposes	1,607.58							1,607.58
6-07 Rehabilitation to the Sanitary Sewer Lines	47,671.82							47,671.82

ANALYSIS OF GENERAL CAPITAL FUND CASH

Ordinance Number		Balance Dec. 31, 2011	Receipts		Disbursements			Balance Dec. 31, 2012
			Budget Appropriations	Bond Anticipation Notes	Miscellaneous	Improvement Authorization	Miscellaneous	
8-07	Rehabilitation of Borough Owned Buildings, Purchase of a Digital Audio System and Security System for Courts and Council, Purchase of a Filing System for the Municipal Records, 4x4 Vehicle for Code Enforcement and Emergency Management Use and Pickup Truck and Snow Plow for Public Works	56,797.13				33,862.42	(11,125.00)	11,809.71
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	(114.55)						(114.55)
1-09	Remediation of Underground Storage Tank	(5,191.88)		50,000.00		39,036.53		5,771.59
7-09	Purchase of Trash Truck	39,700.00						39,700.00
14-09	Roadway Construction on Woodbine Avenue	3,742.03						3,742.03
5-10	Various Capital Improvements	122,254.61				17,422.00	(15,996.00)	88,836.61
6-10	Roadway Construction on East Olive Street	6,690.19						6,690.19
7-10	Purchase of Property	15,351.60				15,351.60		
7-11	Rehabilitation of Borough Owned Property and Purchase of a 4-Wheel Drive Police Vehicle	39,250.00				35,000.00		4,250.00
7-12	Road Improvements to Olive Street			23,750.00		181,376.48	175,370.00	17,743.52
9-12	Rehabilitation of Borough Owned Properties, Buildings and Rehabilitation of Fuel System			251,750.00			1,568.00	253,318.00
		<u>162,209.45</u>	<u>10,000.00</u>	<u>325,500.00</u>	<u>239,139.38</u>	<u>323,770.24</u>	<u>21,956.08</u>	<u>391,122.51</u>
Ref.		C	C-8	C-13	C-2	C-9	C-2	C

## SCHEDULE OF LOAN RECEIVABLE

	Ref.	<u>Total</u>	<u>Trust Portion</u>	<u>Fund Portion</u>
Balance December 31, 2011	C	<u>51,538.00</u>	<u>25,769.00</u>	<u>25,769.00</u>
Balance December 31, 2012	C	<u><u>51,538.00</u></u>	<u><u>25,769.00</u></u>	<u><u>25,769.00</u></u>

## SCHEDULE OF DUE FROM STATE OF NEW JERSEY

	Ref.	
Balance December 31, 2011	C	107,004.30
Increased by:		
Grant Receivable - Ordinance 7-12	C-9	175,000.00
		<u>282,004.30</u>
Decreased by:		
Receipts	C-2	162,712.75
Balance December 31, 2012	C	<u><u>119,291.55</u></u>
Analysis of Balance:		
Birch and Boundry Roads		12,974.43
Big Timber Creek - Ordinance 4-02		46,667.77
Burr Avenue - Ordinance 7-08		3,612.10
Olive Street - Ordinance 7-12		56,037.25
		<u><u>119,291.55</u></u>

## SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2011	Ref. C		2,726,566.28
Decreased by:			
2012 Budget Appropriation to Pay:			
Bonds	C-11	175,000.00	
Loans	C-12	32,697.89	
		<u>                    </u>	207,697.89
Balance December 31, 2012	C		<u><u>2,518,868.39</u></u>



## SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2011	C	4,598.00
Increased by:		
2012 Budget Appropriation	C-2	<u>10,000.00</u>
		14,598.00
Decreased by:		
Amount Appropriated to Finance Improvement Authorization	C-9	<u>14,500.00</u>
Balance December 31, 2012	C	<u><u>98.00</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2011		2012 Authorizations	Paid or Charged	Balance Dec. 31, 2012	
				Funded	Unfunded			Funded	Unfunded
250-89	Various Improvements - Highway Department	10/10/89	930,000.00						
5-95	Rehabilitation of Downtown Area	7/1/95	45,355.00	383.84			203.84	180.00	
9-96	Purchase of Computer Hardware and Software and Telephone System	9/10/96	80,000.00	196.00				196.00	
149-98	Development of a Geographical Information System	5/27/98	15,000.00	803.80				803.80	
155-98	Improvements of Certain Roads	10/13/98	110,000.00	7,720.14				7,720.14	
172-99	Improvements of Certain Roads	8/25/99	113,000.00	985.95				985.95	
25-00	Purchase of a Trash Truck	5/31/00	110,000.00	9,325.00				9,325.00	
7-01	Improvements to New Street and Center Street	11/28/01	172,000.00	1,836.05			1,817.37	18.68	
7-03	Various Improvements or Purposes Including Crown Point Parking Lot	8/25/03	883,500.00	439.00				439.00	
15-05	Various Improvements or Purposes	7/27/05	200,000.00	1,607.58				1,607.58	
6-07	Rehabilitation to the Sanitary Sewer Lines	4/25/07	640,000.00	47,671.82	12,976.00			47,671.82	12,976.00
8-07	Rehabilitation of Borough Owned Buildings, Purchase of a Digital Audio System and Security System for Courts and Council, Purchase of a Filing System for the Municipal Records, 4x4 Vehicle for Code Enforcement and Emergency Management Use and Pickup Truck and Snow Plow for Public Works	8/22/07	161,052.00		56,797.13		44,987.42		11,809.71
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	9/10/08	175,000.00		14,335.45				14,335.45
1-09	Remediation of Underground Storage Tank	2/11/09	345,000.00		208,308.12		39,036.53		169,271.59
7-09	Purchase of Trash Truck	5/27/09	200,000.00		39,700.00				39,700.00
14-09	Roadway Construction on Woodbine Avenue	11/10/09	225,000.00		3,742.03				3,742.03
5-10	Various Capital Improvements	8/11/10	656,000.00		122,954.61		33,418.00		89,536.61
6-10	Roadway Construction on East Olive Street	11/10/10	220,000.00		9,440.19				9,440.19
7-10	Purchase of Property	11/10/10	100,000.00	15,351.60			15,351.60		
7-11	Rehabilitation of Borough Owned Property and Purchase of a 4-Wheel Drive Police Vehicle	9/28/11	185,000.00	9,250.00	175,750.00		35,000.00	7,500.00	142,500.00
7-12	Road Improvements to Olive Street	7/11/12	200,000.00			200,000.00	182,256.48		17,743.52
9-12	Rehabilitation of Borough Owned Properties, Buildings and Rehabilitation of Fuel System	8/8/12	265,000.00			265,000.00	11,682.00	2,000.00	251,318.00
				<u>95,570.78</u>	<u>644,003.53</u>	<u>465,000.00</u>	<u>363,753.24</u>	<u>78,447.97</u>	<u>762,373.10</u>
			Ref.	C	C			C	C
			Capital Improvement Fund		Ref.				
			Grant Receivable		C-8	14,500.00			
			Deferred Charges to Future Taxation Unfunded		C-5	175,000.00			
					C-7	275,500.00			
						<u>465,000.00</u>			
			Cash Disbursed		C-2		323,770.24		
			Encumbered		C		39,983.00		
							<u>363,753.24</u>		

## SCHEDULE OF CONTRACTS PAYABLE

	Ref.	
Balance December 31, 2011	C	<u>6,861.50</u>
Balance December 31, 2012	C	<u><u>6,861.50</u></u>

SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2012		Interest Rate	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
			Date	Amount				
General Improvement Bonds of 2005	12/1/05	3,025,000.00	12/1/13	175,000.00	4.500%	2,175,000.00	175,000.00	2,000,000.00
			12/1/14	175,000.00	4.600%			
			12/1/15-16	175,000.00	4.625%			
			12/1/17-20	200,000.00	4.625%			
			12/1/21-22	250,000.00	4.625%			
					Ref.	C	C-6	C

## SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST LOAN

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding			Interest Rate (A)	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
			Date	Trust Loan	Fund Loan				
11/8/07	Rehabilitation of Sanitary	627,024.00	2/1/13		3,914.21				
			8/1/13	15,000.00	13,459.15	3.50%			
			2/1/14		3,747.18				
			8/1/14	15,000.00	13,292.11	3.60%			
			2/1/15		3,575.37				
			8/1/15	15,000.00	13,120.30	5.00%			
			2/1/16		3,336.75				
			8/1/16	15,000.00	12,881.68	5.00%			
			2/1/17		3,098.12				
			8/1/17	15,000.00	12,643.06	5.00%			
			2/1/18		2,859.50				
			8/1/18	15,000.00	12,404.43	5.00%			
			2/1/19		2,620.88				
			8/1/19	15,000.00	12,165.81	4.00%			
			2/1/20		2,429.98				
			8/1/20	20,000.00	15,156.56	4.00%			
			2/1/21		2,175.44				
			8/1/21	20,000.00	14,902.03	5.00%			
			2/1/22		1,857.28				
			8/1/22	20,000.00	14,583.86	5.00%			
			2/1/23		1,539.12				
			8/1/23	20,000.00	14,265.70	4.25%			
			2/1/24		1,268.68				
			8/1/24	20,000.00	13,995.26	4.50%			
			2/1/25		982.33				
			8/1/25	20,000.00	13,708.91	4.50%			
			2/1/26		695.98				
			8/1/26	25,000.00	16,604.21	4.50%			
			2/1/27		338.04				
			8/1/27	25,000.00	16,246.46	4.25%	551,566.28	32,697.89	518,868.39
						Ref.	C	C-6	C

(A) Interest is applicable to Trust Loan only.

## SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
7-07	Rehabilitation and Resurfacing of Certain Streets and Certain Park Improvement Projects	11/1/07	10/25/12	10/24/13	0.85%	187,000.00		11,000.00	176,000.00
8-07	Rehabilitation of Borough Owned Buildings, Purchase of a Digital Audio System and Security System for Courts and Council, Purchase of a Filing System for the Municipal Records, 4x4 Vehicle for Code Enforcement and Emergency Management Use and Pickup Truck and Snow Plow for Public Works	11/1/07	10/25/12	10/24/13	0.85%	119,000.00		17,000.00	102,000.00
7-09	Purchase of Trash Truck	10/30/09	10/25/12	10/24/13	0.85%	190,000.00		7,500.00	182,500.00
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	10/29/10	10/25/12	10/24/13	0.85%	15,000.00			15,000.00
1-09	Remediation of Underground Storage Tank	10/29/10	10/25/12	10/24/13	0.85%	85,000.00			85,000.00
14-09	Roadway Construction on Woodbine Avenue	10/29/10	10/25/12	10/24/13	0.85%	27,500.00			27,500.00
5-10	Various Capital Improvements	10/29/10	10/25/12	10/24/13	0.85%	622,500.00			622,500.00
1-09	Remediation of Underground Storage Tank	10/29/11	10/25/12	10/24/13	0.85%	30,000.00			30,000.00
6-10	Roadway Construction on East Olive Street	10/29/11	10/25/12	10/24/13	0.85%	40,000.00			40,000.00
7-11	Rehabilitation of Borough Owned Property and Purchase of a 4-Wheel Drive Police Vehicle	10/29/11	10/25/12	10/24/13	0.85%	30,000.00			30,000.00
1-09	Remediation of Underground Storage Tank	10/25/12	10/25/12	10/24/13	0.85%		50,000.00		50,000.00
7-12	Road Improvements to Olive Street	10/25/12	10/25/12	10/24/13	0.85%		23,750.00		23,750.00
9-12	Rehabilitation of Borough Owned Properties, Buildings and Rehabilitation of Fuel System	10/25/12	10/25/12	10/24/13	0.85%		251,750.00		251,750.00
						<u>1,346,000.00</u>	<u>325,500.00</u>	<u>35,500.00</u>	<u>1,636,000.00</u>
					Ref.	C	C-14	C-7	C

## SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2011	2012 Authorization	Bond Anticipation Notes Issued	Balance Dec. 31, 2012
25-04	Summit Avenue Phase II	1,443.00			1,443.00
6-07	Rehabilitation to the Sanitary Sewer Lines	12,976.00			12,976.00
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	14,450.00			14,450.00
1-09	Remediation of Underground Storage Tank	213,500.00		50,000.00	163,500.00
14-09	Roadway Construction on Woodbine Avenue				
5-10	Various Capital Improvements	700.00			700.00
6-10	Roadway Construction on East Olive Street	2,750.00			2,750.00
7-11	Rehabilitation of Borough Owned Property and Purchase of a 4-Wheel Drive Police Vehicle	145,750.00			145,750.00
7-12	Road Improvements to Olive Street		23,750.00	23,750.00	
9-12	Rehabilitation of Borough Owned Properties, Buildings and Rehabilitation of Fuel System		251,750.00	251,750.00	
		<u>391,569.00</u>	<u>275,500.00</u>	<u>325,500.00</u>	<u>341,569.00</u>
	Ref.		C-9	C-13	

## **WATER UTILITY FUND**

## SCHEDULE OF UTILITY CASH - TREASURER

	Ref.	Operating	Capital
Balance December 31, 2011	D	<u>37,428.33</u>	<u>33,359.67</u>
Increased by:			
Consumer Accounts Receivable	D-7	903,865.16	
Fire Hydrant Service	D-3	294.29	
Miscellaneous Revenues	D-3	81,842.29	772.40
Utility Capital Fund Balance	D-3	10,000.00	
Utility Rent Overpayments		2,844.53	
Utility Rent Prepayments		13,731.04	
Due from State of New Jersey - Infrastructure Trust Loan			1,043,805.00
Bond Anticipation Notes	D-21		<u>70,000.00</u>
		<u>1,012,577.31</u>	<u>1,114,577.40</u>
		1,050,005.64	1,147,937.07
Decreased by:			
Budget Appropriations	D-4	912,306.83	
Appropriation Reserves	D-12	7,541.31	
Encumbrances Payable	D-13	21,166.60	
Accrued Interest Paid	D-14	55,209.24	
Overpayments Refunded		337.12	
Due Current Fund			60,000.00
Fund Balance to Operating Fund	D-2		10,000.00
Improvement Authorizations	D-15		<u>996,211.55</u>
		<u>996,561.10</u>	<u>1,066,211.55</u>
Balance December 31, 2012	D	<u><u>53,444.54</u></u>	<u><u>81,725.52</u></u>

ANALYSIS OF UTILITY CAPITAL FUND CASH

	Balance Dec. 31, 2011	Receipts		Disbursements			Balance Dec. 31, 2012
		Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers	
Capital Fund Balance	10,855.66				10,000.00		855.66
Capital Improvement Fund	4,076.00						4,076.00
Reserve for Debt Service	81.00						81.00
Due Utility Operating Fund	133,907.87		772.40				134,680.27
Due Current Fund	60,000.00				60,000.00		
Other Accounts Receivable	(170.47)						(170.47)
Due from State of New Jersey	(156,744.00)		1,043,805.00			(1,198,096.00)	(311,035.00)
Improvement Authorizations:							
Ordinance							
Number							
93-8 Various Improvements	1,154.00						1,154.00
95-9 Redevelopment of Well #5	81.00						81.00
95-9 Painting of Water Tower	4,310.00			1,404.29			2,905.71
03-11 Chestnut Street Water Mains and Improvements, Redevelop Well #5, Purchase of Dump Truck, Purchase and Installation of a Clarifier Dome in the Borough	263.54						263.54
04-23 Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	11,253.72						11,253.72
11-02 Various Capital Improvements	(128,875.49)			994,807.26		1,197,386.00	73,703.25
11-8 Repair &/or Replacement of Existing Water Treatment Filters and Electrical Upgrades	64,821.50	70,000.00					134,821.50
Encumbrances Payable	28,345.34					710.00	29,055.34
	<u>33,359.67</u>	<u>70,000.00</u>	<u>1,044,577.40</u>	<u>996,211.55</u>	<u>70,000.00</u>		<u>81,725.52</u>
Ref.	D	D-21	D-5	D-5	D-5		D

## EXHIBIT D-7

## SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	Ref.		
Balance December 31, 2011	D		98,437.04
Increased by:			
Utility Rents Levied			<u>936,555.32</u>
			1,034,992.36
Decreased by:			
Collections	D-5	903,865.16	
Overpayments Applied		357.04	
Prepayments Applied		13,628.63	
Transfer to Water Utility Liens	D-8	139.88	
Canceled		<u>14,289.39</u>	
			<u>932,280.10</u>
Balance December 31, 2012	D		<u><u>102,712.26</u></u>

## EXHIBIT D-8

## SCHEDULE OF WATER UTILITY LIENS RECEIVABLE

	Ref.		
Increased by:			
Transfer from Consumer Accounts Receivable	D-7		139.88
Interest and Costs Accrued by Sale of			
April 13, 2012			<u>109.80</u>
Balance December 31, 2012	D		<u><u>249.68</u></u>

## EXHIBIT D-9

## SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2011	D	<u>921.27</u>	<u>170.47</u>
Less: Amount Canceled		<u>921.27</u>	
Balance December 31, 2012	D		<u><u>170.47</u></u>

## SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2011	Balance Dec. 31, 2012
Intangible Assets:		
Organization	2,400.00	2,400.00
Miscellaneous	24,000.00	24,000.00
Source of Plant Supply:		
Structure	20,393.00	20,393.00
Wells	677,029.00	677,029.00
Supply Wells	12,364.00	12,364.00
Pumping Plant:		
Structure	14,569.00	14,569.00
Electric Pumping Equipment	17,947.00	17,947.00
Water Treatment Plant:		
Structure	87,755.00	87,755.00
Water Treatment Equipment	363,381.00	363,381.00
Backwash Water System	5,091.00	5,091.00
Transmission & Distribution Plant:		
Distribution Reservoirs & Sandpipe	205,061.00	205,061.00
Transmission & Distribution Mains	678,788.00	678,788.00
Services	17,989.00	17,989.00
Meters	112,680.00	112,680.00
Hydrants	29,397.00	29,397.00
General Plant - Other General Equipment	76,528.00	76,528.00
Improvement to Water Filtration System	400,000.00	400,000.00
Purchase of Water Meters	18,759.70	18,759.70
Purchase of Water Meters & Hydrants	36,452.93	36,452.93
Various Capital Outlay	147,009.26	147,009.26
	<u>2,947,593.89</u>	<u>2,947,593.89</u>
Ref.	D	D

## SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Purpose	Ordinance		Balance	Balance
	Date	Amount	Dec. 31, 2011	Dec. 31, 2012
Various Improvements	8/10/93	39,500.00	39,500.00	39,500.00
Redevelopment of Well #5	12/12/95	43,500.00	43,500.00	43,500.00
Painting of Water Tower	12/12/95	126,500.00	126,500.00	126,500.00
Replace & Repair Water Mains	6/23/99	525,000.00	525,000.00	525,000.00
Improvements to Water Treatment Facility & Reconstruct Elm Avenue	4/12/00	168,700.00	168,700.00	168,700.00
Chestnut Street Water Mains and Improvements, Redevelop Well #5, Purchase of Dump Truck, Purchase and Installation of a Clarifier Dome in the Borough	6/25/00	451,800.00	451,800.00	451,800.00
Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	12/8/04	65,000.00	65,000.00	65,000.00
Re-drill Well #5	7/12/06	239,773.00	239,773.00	239,773.00
Various Capital Improvements	4/13/11	1,320,000.00	1,320,000.00	1,320,000.00
Repair &/or Replacement of Existing Water Treatment Filters and Electrical Upgrades	9/28/11	135,000.00	135,000.00	135,000.00
			<u>3,114,773.00</u>	<u>3,114,773.00</u>
		Ref.	D	D

## SCHEDULE OF 2011 APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2011</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:			
Other Expenses	11,460.28	7,541.31	3,918.97
Other Accounts - No Changes	29,149.95		29,149.95
	<u>40,610.23</u>	<u>7,541.31</u>	<u>33,068.92</u>
Ref.	D	D-5	D-1

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2011	D	21,166.60	28,345.34
Increased by:			
Charges to 2012 Appropriations	D-4	13,459.07	
Charges to Improvement Authorizations	D-15		710.00
		<u>34,625.67</u>	<u>29,055.34</u>
Decreased by:			
Payments	D-5	21,166.60	
Balance December 31, 2012	D	<u>13,459.07</u>	<u>29,055.34</u>

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

Balance December 31, 2011	Ref. D	10,450.79
Increased by:		
Budget Appropriation for:		
Interest on Bonds and Notes	D-4	54,778.73
		<u>65,229.52</u>
Decreased by:		
Interest Paid	D-5	55,209.24
Balance December 31, 2012	D	<u><u>10,020.28</u></u>

**Analysis of Accrued Interest December 31, 2012**

	Principal Outstanding Dec. 31, 2012	Interest Rate	From	To	Period	Amount
Bonds:	339,101.00	5.00%	10/15/12	12/31/12	77 Days	3,576.82
	479,000.00	Various	12/1/12	12/31/12	1 Month	1,841.77
Notes:	188,000.00	1.09%	8/5/12	12/31/12	148 Days	830.91
	135,000.00	0.85%	10/25/12	12/31/12	67 Days	210.64
Loans:	115,000.00	Various	8/1/12	12/31/12	5 Months	2,668.75
	364,739.00	Various	8/1/12	12/31/12	5 Months	891.39
						<u><u>10,020.28</u></u>

## SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2011		Paid or Dharged	Balance Dec. 31, 2012	
				Funded	Unfunded		Funded	Unfunded
93-08	Various Improvements	8/10/93	39,500.00	1,154.00			1,154.00	
95-09	Redevelopment of Well #5	12/12/95	43,500.00	81.00			81.00	
95-09	Painting of Water Tower	12/12/95	126,500.00	4,310.00		1,404.29	2,905.71	
03-11	Chestnut Street Water Mains and Improvements, Redevelop Well #5, Purchase of Dump Truck, Purchase and Installation of a Clarifier Dome in the Borough	6/25/03	451,800.00	263.54	586.00		263.54	586.00
41,022	Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	12/8/04	65,000.00	11,253.72			11,253.72	
11-02	Various Capital Improvements	4/13/11	1,320,000.00		1,191,124.51	995,517.26		195,607.25
11-8	Repair &/or Replacement of Existing Water Treatment Filters and Electrical Upgrades	9/28/11	135,000.00		134,821.50			134,821.50
				<u>17,062.26</u>	<u>1,326,532.01</u>	<u>996,921.55</u>	<u>15,657.97</u>	<u>331,014.75</u>
			Ref.	D	D		D	D
				Disbursed	Ref.	996,211.55		
				Encumbered	D-5	710.00		
					D-13			
						<u>996,921.55</u>		

## EXHIBIT D-16

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2011	Ref. D	<u>4,076.00</u>
Balance December 31, 2012	D	<u><u>4,076.00</u></u>

## EXHIBIT D-17

## SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2011	Ref. D	3,073,503.62
Increased by:		
Serial Bonds Paid by Operating Budget	D-19	<u>64,311.00</u>
		3,137,814.62
Decreased by:		
Transfer to Deferred Reserve for Amortization	D-18	<u>1,008,321.73</u>
Balance December 31, 2012	D	<u><u>2,129,492.89</u></u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Purpose	Date of Ordinance	Balance Dec. 31, 2011	Transfer from Reserve Amortization	Paid from Operating Budget		Balance Dec. 31, 2012
					Notes	Loans	
93-8	Various Improvements	8/10/93	39,500.00				39,500.00
95-9	Redevelopment of Well #5	12/12/95	43,500.00				43,500.00
95-9	Painting of Water Tower	12/12/95	126,500.00				126,500.00
99-9	Repair and Replace Water Mains	6/23/99		296,384.73		28,397.88	324,782.61
00-19	Improvements to Water Treatment Facility & Reconstruct Elm Avenue	12/14/00	8,500.00	160,200.00			168,700.00
03-11	Water Main Improvements	6/25/03		451,214.00			451,214.00
04-23	Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	12/8/04	3,250.00	61,750.00			65,000.00
06-6	Redrill Well	7/12/06		38,773.00	13,000.00		51,773.00
11-2	Various Improvements	4/12/11				28,249.38	28,249.38
			<u>221,250.00</u>	<u>1,008,321.73</u>	<u>13,000.00</u>	<u>56,647.26</u>	<u>1,299,218.99</u>
		Ref.	D	D-17	D-21	D-20	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, 2012
			December 31, 2012		Trust Loan		Fund Loan	Dec. 31, 2011	Increased	
			Date							
10/15/99	Replacement, Repair and Rehabilitation of Water Mains	472,136.00	2/1/13		1,645.44					
			8/1/13	15,000.00	11,225.54	5.50%				
			2/1/14		1,381.99					
			8/1/14	15,000.00	10,962.09	5.50%				
			2/1/15		1,118.53					
			8/1/15	15,000.00	10,698.63	5.50%				
			2/1/16		855.08					
			8/1/16	15,000.00	10,435.18	5.50%				
			2/1/17		591.63					
			8/1/17	15,000.00	10,171.73	5.50%				
			2/1/18		328.18					
			8/1/18	20,000.00	13,101.64	5.70%				
			2/1/19		(35.87)					
			8/1/19	20,000.00	12,737.60	5.70%	228,615.27		28,397.88	200,217.39
			8/1/12	Replacement, Repair and Rehabilitation of Water Utility	226,411.00	2/1/13		1,895.05		
8/1/13	5,401.00	3,790.10				0.22%				
2/1/14		1,895.05								
8/1/14	5,413.00	3,790.10				0.35%				
2/1/15		1,895.05								
8/1/15	5,432.00	3,790.10				0.48%				
2/1/16		1,895.05								
8/1/16	5,458.00	3,790.10				0.59%				
2/1/17		1,895.05								
8/1/17	5,490.00	3,790.10				0.79%				
2/1/18		1,895.05								
8/1/18	5,533.00	3,790.10				1.20%				
2/1/19		1,895.05								
8/1/19	5,590.00	3,790.10				1.25%				

SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST LOAN

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding			Interest Rate (A)	Balance			Balance Dec. 31, 2012
			December 31, 2012		Increased		Decreased			
			Date	Trust Loan		Fund Loan				
8/1/12	Replacement, Repair and Rehabilitation of Water Utility	226,411.00	2/1/20		1,895.05					
			8/1/20	5,660.00	3,790.10	1.52%				
			2/1/21		1,895.05					
			8/1/21	5,746.00	3,790.10	1.73%				
			2/1/22		1,895.05					
			8/1/22	5,845.00	3,790.10	1.88%				
			2/1/23		1,895.05					
			8/1/23	5,955.00	3,790.10	2.02%				
			2/1/24		1,895.05					
			8/1/24	6,075.00	3,790.10	2.14%				
			2/1/25		1,895.05					
			8/1/25	6,205.00	3,790.10	2.26%				
			2/1/26		1,895.05					
			8/1/26	6,346.00	3,790.10	2.35%				
			2/1/27		1,895.05					
			8/1/27	6,495.00	3,790.10	2.88%				
			2/1/28		1,895.05					
			8/1/28	6,682.00	3,790.10	2.96%				
			2/1/29		1,895.05					
			8/1/29	6,880.00	3,790.10	3.04%				
2/1/30		1,895.05								
8/1/30	7,089.00	3,790.10	3.10%							
2/1/31		1,895.05								
8/1/31	7,308.00	3,790.15	3.17%			226,411.00	3,790.10	222,620.90		
8/1/12	Replacement, Repair and Rehabilitation of Water Utility	971,685.00	2/1/13		12,229.64					
			8/1/13	11,718.00	24,459.28	0.22%				
			2/1/14		12,229.64					
			8/1/14	11,744.00	24,459.28	0.36%				
			2/1/15		12,229.64					
			8/1/15	11,786.00	24,459.28	0.51%				
			2/1/16		12,229.64					
8/1/16	11,846.00	24,459.28	0.60%							

SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST LOAN

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding			Interest Rate (A)	Balance			Balance Dec. 31, 2012
			December 31, 2012		Dec. 31, 2011		Increased	Decreased		
			Date	Trust Loan	Fund Loan					
8/1/12	Replacement, Repair and Rehabilitation of Water Utility	971,685.00	2/1/17		12,229.64					
			8/1/17	11,917.00	24,459.28	0.82%				
			2/1/18		12,229.64					
			8/1/18	12,015.00	24,459.28	1.10%				
			2/1/19		12,229.64					
			8/1/19	12,147.00	24,459.28	1.36%				
			2/1/13		12,229.64					
			8/1/13	12,312.00	24,459.28	1.62%				
			2/1/14		12,229.64					
			8/1/14	12,512.00	24,459.28	1.82%				
			2/1/15		12,229.64					
			8/1/15	12,739.00	24,459.28	1.96%				
			2/1/16		12,229.64					
			8/1/16	12,989.00	24,459.28	2.12%				
			2/1/17		12,229.64					
			8/1/17	13,265.00	24,459.28	2.26%				
			2/1/18		12,229.64					
			8/1/18	13,564.00	24,459.28	2.39%				
			2/1/19		12,229.64					
			8/1/19	13,888.00	24,459.28	2.48%				
			2/1/27		12,229.64					
			8/1/27	14,233.00	24,459.28	3.01%				
			2/1/28		12,229.64					
			8/1/28	14,661.00	24,459.28	3.09%				
			2/1/29		12,229.64					
			8/1/29	15,114.00	24,459.28	3.16%				
	2/1/30		12,229.64							
	8/1/30	15,592.00	24,459.28	3.22%						
	2/1/31		12,229.64							
	8/1/31	16,094.00	24,459.52	3.29%						
							971,685.00	24,459.28	947,225.72	
							<u>228,615.27</u>	<u>1,198,096.00</u>	<u>56,647.26</u>	<u>1,370,064.01</u>
						Ref.	D	D-22	D-18	D

(A) Interest is applicable to Trust Loan only.

## SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
6-06	Re-drill Well #5	8/9/06	8/2/12	8/1/13	1.09%	201,000.00		13,000.00	188,000.00
11-08	Repair &/or Replacement of Existing Water Treatment Filters and Electrical Upgrades	10/28/11	10/25/12	10/24/13	0.85%	65,000.00			65,000.00
11-08	Repair &/or Replacement of Existing Water Treatment Filters and Electrical Upgrades	10/25/12	10/25/12	10/24/13	0.85%		70,000.00		70,000.00
						<u>266,000.00</u>	<u>70,000.00</u>	<u>13,000.00</u>	<u>323,000.00</u>
					Ref.	D	D-5	D-18	D

## SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2011	Loans Issued	Notes Issued	Balance Dec. 31, 2012
3-11	Chestnut Street Water Mains and Improvements, Redevelop Well #5, Purchase of Dump Truck, Purchase and Installation of a Clarifier Dome in the Borough	586.00			586.00
11-02	Various Capital Improvements	1,320,000.00	1,198,096.00		121,904.00
11-8	Repair &/or Replacement of Existing Water Treatment Filters and Electrical Upgrades	70,000.00		70,000.00	
		<u>1,390,586.00</u>	<u>1,198,096.00</u>	<u>70,000.00</u>	<u>122,490.00</u>
	Ref.		D-20	D-21	

**PART II**  
**LETTER OF COMMENTS AND RECOMMENDATIONS**  
**YEAR ENDED DECEMBER 31, 2012**

## **GENERAL COMMENTS**

### **Contracts and Agreements Required to be Advertised for NJSA 40A:11-4**

NJSA 40A:11-4 states "Every contract or agreement awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law."

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

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

Phase III Roadway Improvements for Olive Street  
Calcium Hypochlorite Tablets  
Coagulant and CES PAC1

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

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

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

NJSA 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 3, 2012, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, RS 54:4-67 permits the Governing Body of each municipality to fix the rate of interest to be charged for nonpayment of taxes, sewer charges, water charges, assessments subject to any abatement or discount for the late payment of taxes, assessments, etc., as provided by law:

NOWHEREFORE, BE IT RESOLVED, by the Mayor and Council of the Borough of Westville, County of Gloucester, State of New Jersey that property taxes shall be due and payable quarterly on February 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup> and November 1<sup>st</sup> of each year with a ten-day grace period, after which dates, if unpaid shall become delinquent with interest charged as set forth below and reverting back to the due date on any quarterly installment of taxes.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Council of the Borough of Westville, County of Gloucester, State of New Jersey, hereby fix the rate of interest 8% per annum on the first \$1,500.00 of delinquency and 18% per annum on any amount in excess of \$1,500.00 of delinquency and 18% per annum on any amount in excess of \$1,500.00.

BE IT FURTHER RESOLVED, that a 6% year end penalty be assessed on the last day of the fiscal year on delinquent accounts when in excess of \$10,000.00.

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

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on April 13, 2012, 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>
2012	3
2011	1
2010	3

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.

**Comparison of Tax Levies and Collections Currently**

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Levy	9,277,875.76	9,325,643.82	9,204,712.46
Cash Collections	8,810,943.80	8,771,717.33	8,878,446.53
Percentage of Collections	94.97%	94.06%	96.46%

**Comparative Schedule of Tax Rate Information**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	3.336	5.606	5.524
Apportionment of Tax Rate:			
Municipal	0.951	1.499	1.537
Library Tax	0.032	0.059	
County	0.537	0.969	1.019
Local School	0.838	1.356	1.238
Regional High School	0.978	1.723	1.730
Assessed Valuation	268,529,139	160,763,731	161,143,736

**Comparative Schedule of Delinquent Taxes and Tax Title Liens**

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Amount of Tax Title Liens	20,712.15	2,367.60	24,860.55
Delinquent Taxes	546,765.94	473,661.95	293,216.34
Total Delinquent	567,478.09	476,029.55	318,076.89
Percentage of Tax Levy	6.12%	5.10%	3.46%

**Comparative Schedule of Property Acquired by Tax Title Lien Liquidation**

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Property Acquired for Taxes (Assessed Valuation)	237,450.00	237,450.00	135,450.00

**OTHER COMMENTS**

**Accounting Procedures**

A general ledger has been established as required by NJAC 5:30-5.7.

An encumbrance accounting system has been established as required by NJAC 5:30-5.2.

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

**Corrective Action Plan**

A corrective action plan was not required for the year 2011.

**FINDINGS AND RECOMMENDATIONS**

None

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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