

**BOROUGH OF WESTVILLE
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2013**

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PART I

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INDEPENDENT AUDITOR'S REPORT

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

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, 2013 and 2012, 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, 2013, 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, 2013 and 2012, 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, 2013 and 2012, 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, 2013, 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 April 17, 2014, 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

April 17, 2014

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Regular Fund			
Cash - Treasurer	A-4	563,969.69	561,265.68
Cash - Tax Collector	A-5	280,499.73	163,621.68
Cash - Sewer Collector	A-6	782,294.18	643,808.52
Change Fund		200.00	200.00
Petty Cash		500.00	500.00
		1,627,463.60	1,369,395.88
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-8	340,667.94	546,765.94
Tax Title Liens Receivable	A-9	23,583.60	20,712.15
Property Acquired for Taxes - Assessed Valuation	A-10	237,450.00	237,450.00
Sewer Rents Receivable	A-11	118,113.04	144,742.94
Sewer Utility Liens Receivable	A-12	1,659.70	859.70
Other Accounts Receivable	A-4	11,080.40	
Revenue Accounts Receivable	A-13	10,852.52	11,921.68
Due from General Capital Fund	C	3,271.21	76,893.42
Due from Water Utility Operating Fund	D	48,238.60	48,238.60
Due from Water Utility Capital Fund	D	105,000.00	
Due from Other Trust Funds	B	10,084.63	16,411.39
Due from Animal Control Trust Fund	B	2,316.37	2,302.94
Due from Federal and State Grant Fund	A	7,798.30	83,252.17
Due from Community Development		2,860.84	2,860.84
		922,977.15	1,192,411.77
Deferred Charges:			
Special Emergency Authorization (40A:4-55)			4,000.00
		2,550,440.75	2,565,807.65
Federal and State Grant Fund			
Cash	A-4	28,742.06	27,313.75
Grants Receivable	A-7	212,928.95	272,067.14
		241,671.01	299,380.89
		2,792,111.76	2,865,188.54

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-15	207,635.43	336,699.77
Encumbrances Payable	A-16	41,006.98	39,092.88
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-17	39,326.68	47,881.82
Prepaid Taxes		72,708.53	41,764.85
Tax Overpayments		70,676.43	13,950.33
Sewer Overpayments		1,040.46	1,042.26
Reserve for Zoning Escrow		1,845.00	1,845.00
Reserve for JIF Safety Program	A-4	2,925.00	
Reserve for Stormwater Grant		5,117.00	5,117.00
Reserve for Revaluation		1,461.53	1,461.53
Reserve for Street Scape Refund		523.00	19,523.00
Reserve for Sale of Municipal Assets		3,231.00	3,231.00
Reserve for Public Defender		27,704.83	21,975.83
Reserve for Codification of Ordinances		8,534.63	11,228.70
Local District School Taxes Payable	A-18	13,975.88	14,094.38
Regional High School Taxes Payable	A-19	0.13	0.44
Due County for Added & Omitted Taxes		1,594.66	507.88
Due Fire District		10,482.77	8,576.41
Due Library		26,526.56	32,830.75
		<u>536,316.50</u>	<u>600,823.83</u>
Reserve for Receivables		922,977.15	1,192,411.77
Fund Balance	A-1	1,091,147.10	772,572.05
		<u>2,550,440.75</u>	<u>2,565,807.65</u>
Federal and State Grant Fund			
Encumbrances Payable	A-16	30,788.00	2,990.00
Reserve for Grants - Appropriated	A-20	71,866.90	94,100.80
Reserve for Grants - Unappropriated	A-21	18,715.67	7,964.09
Reserve for Small Cities Loan Payback		28,742.06	27,313.75
Due Fire District		874.00	874.00
Due General Capital Fund	C	82,285.58	82,285.58
Due Current Fund	A	7,798.30	83,252.17
Unallocated Receipts		600.50	600.50
		<u>241,671.01</u>	<u>299,380.89</u>
		<u>2,792,111.76</u>	<u>2,865,188.54</u>

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

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

Revenue and Other Income Realized	Ref.	<u>Year 2013</u>	<u>Year 2012</u>
Fund Balance Utilized	A-2	550,000.00	600,000.00
Miscellaneous Revenue Anticipated	A-2	2,419,852.78	2,335,021.09
Receipts from Delinquent Taxes	A-2	546,774.84	332,908.72
Receipts from Current Taxes	A-2	9,102,591.07	8,810,943.80
Non-Budget Revenue	A-2	138,639.83	325,498.24
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-15	250,863.65	179,673.46
Encumbrances Payable - Canceled	A-16	4,189.25	5,110.91
Prior Year Reserve Canceled			26.00
Interfund Loans Returned		75,453.87	32.00
Total Income		<u>13,088,365.29</u>	<u>12,589,214.22</u>
Expenditures			
Budget Appropriations:			
Appropriations Within "CAPS:"			
Operations:			
Salaries and Wages	A-3	1,875,543.00	1,866,754.64
Other Expenses	A-3	1,514,138.00	1,453,617.00
Deferred Charges and Statutory Expenditures - Municipal	A-3	520,630.00	496,154.00
Appropriations Excluded from "CAPS:"			
Operations:			
Salaries and Wages			20,000.00
Other Expenses	A-3	1,059,214.31	1,092,833.10
Capital Improvements	A-3	25,000.00	26,000.00
Debt Service	A-3	416,737.18	374,600.77
Deferred Charges	A-3	4,000.00	4,000.00
County Taxes		1,474,636.69	1,438,147.91
Due County for Added Taxes		1,594.66	507.88
Local District School Tax	A-18	2,332,692.00	2,249,266.50
Regional High School Tax	A-19	2,550,215.00	2,627,871.77
Fire District Tax		329,309.00	314,925.00
Interfund Loan Advanced		116,080.40	144,150.26
Prior Year Taxation Audit			6,500.00
Total Expenditures		<u>12,219,790.24</u>	<u>12,115,328.83</u>
Statutory Excess to Fund Balance		868,575.05	473,885.39
Fund Balance			
Balance January 1	A	772,572.05	898,686.66
		1,641,147.10	1,372,572.05
Decreased by:			
Utilization as Anticipated Revenue	A-1	550,000.00	600,000.00
Balance December 31	A	<u>1,091,147.10</u>	<u>772,572.05</u>

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 2013	Special NJSA 40A:4-87		
Fund Balance Anticipated	A-1	550,000.00		550,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-13	10,000.00		14,550.00	4,550.00
Other	A-13	2,000.00		3,632.00	1,632.00
Fees and Permits	A-13	4,000.00		8,952.41	4,952.41
Fines and Costs:					
Municipal Court	A-13	130,000.00		202,928.35	72,928.35
Interest and Costs on Taxes	A-13	55,000.00		94,455.81	39,455.81
Interest on Investments	A-13	13,989.91		6,816.61	(7,173.30)
Sewer Rents	A-11	710,000.00		827,953.87	117,953.87
Interest on Delinquent Sewer Rents	A-13	1,000.00		8,157.76	7,157.76
Housing Inspection Fees	A-13	17,000.00		36,800.00	19,800.00
Consolidated Municipal Property Tax Relief Act (NJSA 52:27D-118.34)	A-13	37,009.00		28,850.00	(8,159.00)
Energy Receipts Tax	A-13	365,388.00		373,546.74	8,158.74
Franchise Fees - Cable TV	A-13	12,000.00		13,964.24	1,964.24
Shared Service Agreement					
Borough of National Park	A-13	662,400.00		662,400.00	
Reserve for Library Reserve	A	8,000.00		8,000.00	
Reserve for Street Scape Refund	A	19,000.00		19,000.00	
Liquidate Reserve for					
Due from General Capital Fund	A-13	75,000.00		75,000.00	
Due from Federal and State Grant Fund	A-13	60,000.00			(60,000.00)
Due from Trust Other Fund		10,000.00		9,000.00	(1,000.00)
Recycling Tonnage Grant	A-7	6,150.60		6,150.60	
Clean Communities	A-7		8,131.90	8,131.90	
Municipal Alliance on Alcoholism and Drug Abuse	A-7	9,249.00		9,249.00	
Body Armor Grant	A-7	1,813.49		1,813.49	
Clean Community Cleanup Grant	A-7		500.00	500.00	
Total Miscellaneous Revenues		2,209,000.00	8,631.90	2,419,852.78	202,220.88
Receipts from Delinquent Taxes	A-2	405,000.00		546,774.84	141,774.84
Subtotal General Revenues		3,164,000.00	8,631.90	3,516,627.62	343,995.72
Amount to be Raised by Taxation	A-2	2,803,000.00		2,973,850.31	170,850.31
Budget Totals		5,967,000.00	8,631.90	6,490,477.93	514,846.03
Non-Budget Revenue	A-2			138,639.83	
		5,967,000.00	8,631.90	6,629,117.76	
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	9,102,591.07
Allocated to:		
School, Fire and County Taxes	A-8	6,688,447.35
Balance for Support of Municipal Budget Appropriation		<u>2,414,143.72</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	559,706.59
Amount for Support of Municipal Budget Appropriation	A-2	<u><u>2,973,850.31</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-2:A-8	<u><u>546,774.84</u></u>

Analysis of Non-Budget Revenue

	Ref.	
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Municipal Maintenance Liens	A-13	8,203.64
Sale of Scrap Iron	A-13	1,591.90
Recycling Proceeds	A-13	16,153.40
Income from Leases	A-13	29,348.00
JIF Dividend	A-13	29,221.55
Refunds	A-13	7,888.70
Tax Searches	A-13	10.00
Tax Sale Advertising Costs	A-13	4,674.95
Payment in Lieu of Taxes	A-13	4,559.06
Escheated Checks - Municipal Court	A-13	3,301.00
Inspection and Administrative Fees	A-13	18,651.34
Miscellaneous	A-13	15,036.29
	A-2	<u><u>138,639.83</u></u>

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
General Administration						
Salaries & Wages	45,678.00	45,678.00	45,677.90		0.10	
Municipal Clerk						
Salaries & Wages	68,000.00	68,000.00	63,817.24		4,182.76	
Other Expenses	36,570.00	34,820.00	32,819.22		2,000.78	
Financial Administration						
Salaries & Wages	43,500.00	43,500.00	43,470.70		29.30	
Other Expenses	15,000.00	14,750.00	13,794.30		955.70	
Audit Services						
Other Expenses	10,000.00	10,250.00	10,250.00			
Revenue Administration (Tax Collection)						
Salaries & Wages	78,000.00	78,000.00	76,172.82		1,827.18	
Other Expenses	7,750.00	7,750.00	6,180.35		1,569.65	
Tax Assessment Administration						
Other Expenses	5,600.00	5,600.00	1,814.88		3,785.12	
Legal Services and Costs						
Other Expenses	40,000.00	37,000.00	34,382.40		2,617.60	
Engineering Services and Costs						
Other Expenses	11,000.00	7,000.00	2,572.50	290.00	4,137.50	
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1)						
Municipal Land Use Board						
Salaries and Wages	400.00	400.00	357.17		42.83	
Other Expenses	4,600.00	4,600.00	4,504.48		95.52	
INSURANCE						
Liability Insurance	112,400.00	116,900.00	116,547.93		352.07	
Worker Compensation Insurance	216,356.00	216,356.00	216,356.00			
Employee Group Insurance	312,700.00	312,700.00	293,274.79		19,425.21	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PUBLIC SAFETY FUNCTIONS						
Police						
Salaries and Wages	900,750.00	899,950.00	889,040.53		10,909.47	
Other Expenses	36,119.00	37,919.00	33,908.78	3,980.04	30.18	
Office of Emergency Management						
Other Expenses	9,500.00	9,500.00	960.00	325.53	8,214.47	
Municipal Prosecutor						
Salaries and Wages	12,250.00	12,250.00	11,458.26		791.74	
PUBLIC WORKS FUNCTIONS						
Road Repairs & Maintenance						
Salaries & Wages	100,000.00	85,000.00	80,296.28		4,703.72	
Other Expenses	36,775.00	35,775.00	28,950.86	828.96	5,995.18	
Public Buildings & Grounds						
Salaries & Wages	7,000.00	7,000.00	6,288.89		711.11	
Other Expenses	32,100.00	30,100.00	23,874.38	2,563.48	3,662.14	
Vehicle Maintenance						
Other Expenses	62,550.00	58,550.00	48,356.73	7,277.50	2,915.77	
Garbage and Trash Removal						
Salaries & Wages	245,000.00	215,000.00	201,142.60		13,857.40	
Sanitary Landfill						
Other Expenses	190,072.00	190,072.00	189,870.61		201.39	
Sewer System						
Salaries & Wages	205,300.00	205,300.00	199,272.55		6,027.45	
Other Expenses	10,600.00	10,600.00	9,059.91		1,540.09	
HEALTH & HUMAN SERVICES						
Board of Health						
Salaries & Wages	100.00	100.00			100.00	
Other Expenses	50.00	200.00	125.00	62.50	12.50	
Dog Regulation						
Other Expenses	50.00	50.00			50.00	
Environmental Commission						
Other Expenses	1,000.00	1,000.00	993.20		6.80	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PARK & RECREATION FUNCTIONS						
Parks and Playgrounds						
Salaries & Wages	112,365.00	147,365.00	146,981.09		383.91	
Other Expenses	9,300.00	9,300.00	9,300.00			
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	4,850.00	14,850.00	50.56	5,603.03	9,196.41	
UNIFORM CONSTRUCTION CODE- APPROPRIATIONS OFFSET BY DEDICATED REVENUE (NJAC 5:23-4.17)						
Construction Official						
Other Expenses	57,500.00	57,500.00	57,500.00			
Housing Inspector						
Other Expenses	1,424.00	1,524.00	1,431.60		92.40	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	65,000.00	65,000.00	49,463.20	3,113.82	12,422.98	
Street Lighting	67,572.00	62,572.00	51,263.21	5,623.52	5,685.27	
Telephone	30,000.00	30,000.00	26,244.81		3,755.19	
Heating Oil	13,000.00	13,000.00	13,000.00			
Gasoline	100,000.00	98,000.00	81,610.55	8,727.28	7,662.17	
MUNICIPAL COURT FUNCTIONS						
Municipal Court						
Salaries & Wages	61,000.00	68,000.00	67,647.58		352.42	
Other Expenses	14,150.00	16,150.00	14,744.73		1,405.27	
Public Defender						
Other Expenses	4,750.00	4,750.00	4,750.00			
Total Operations Within "CAPS"	<u>3,397,681.00</u>	<u>3,389,681.00</u>	<u>3,209,578.59</u>	<u>38,395.66</u>	<u>141,706.75</u>	
Detail:						
Salaries & Wages	1,879,343.00	1,875,543.00	1,831,623.61		43,919.39	
Other Expenses	1,518,338.00	1,514,138.00	1,377,954.98	38,395.66	97,787.36	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
DEFERRED CHARGES & STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Statutory Expenditures:						
Contribution to:						
Social Security System (OASI)	120,000.00	120,000.00	108,312.65		11,687.35	
Public Employees' Retirement System	174,078.00	174,078.00	174,078.00			
Police and Firemen's Retirement System	226,552.00	226,552.00	226,552.00			
Total Deferred Charges & Statutory Expenditures within "CAPS"	520,630.00	520,630.00	508,942.65		11,687.35	
Total General Appropriations for Municipal Purposes within "CAPS"	3,918,311.00	3,910,311.00	3,718,521.24	38,395.66	153,394.10	
OPERATIONS EXCLUDED FROM "CAPS"						
Insurance						
Employee Group Insurance	14,300.00	14,300.00	14,300.00			
Gloucester County Utilities Authority						
Contractual - Share Costs - Sewerage	409,000.00	415,000.00	414,631.98		368.02	
Maintenance of Free Public Library						
Other Expenses	82,643.32	82,643.32	82,643.32			
SFSP Fire District Payment	1,764.00	1,764.00	1,764.00			
National Park Interlocal Service Agreement	517,350.00	517,350.00	461,297.31	2,179.38	53,873.31	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Recycling Tonnage Grant	6,150.60	6,150.60	6,150.60		
Municipal Alliance for Drug and Alcohol Abuse	11,561.00	11,561.00	11,561.00		
Clean Community Cleanup Grant		8,131.90	8,131.90		
Clean Communities		500.00	500.00		
Body Armor Fund	1,813.49	1,813.49	1,813.49		
Total Operations Excluded from "CAPS"	1,044,582.41	1,059,214.31	1,002,793.60	2,179.38	54,241.33
Detail:					
Other Expenses	1,044,582.41	1,059,214.31	1,002,793.60	2,179.38	54,241.33
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	25,000.00	25,000.00	25,000.00		
Capital Improvements Excluded from "CAPS"	25,000.00	25,000.00	25,000.00		
DEBT SERVICE					
Payment of Bond Principal	207,400.00	207,400.00	207,135.50		264.50
Payment of Bond Anticipation Notes	91,000.00	91,000.00	91,000.00		
Interest on Bonds	105,000.00	105,000.00	104,737.50		262.50
Interest on Notes	12,000.00	14,000.00	13,864.18		135.82
Total Debt Service	415,400.00	417,400.00	416,737.18		662.82

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
DEFERRED CHARGES - EXCLUDED FROM "CAPS"						
Emergency Authorizations	4,000.00	4,000.00	4,000.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,488,982.41	1,505,614.31	1,448,530.78	2,179.38	54,241.33	662.82
Subtotal General Appropriations	5,407,293.41	5,415,925.31	5,167,052.02	40,575.04	207,635.43	662.82
RESERVE FOR UNCOLLECTED TAXES	559,706.59	559,706.59	559,706.59			
TOTAL GENERAL APPROPRIATIONS	<u>5,967,000.00</u>	<u>5,975,631.90</u>	<u>5,726,758.61</u>	<u>40,575.04</u>	<u>207,635.43</u>	<u>662.82</u>
Ref.	A-2			A-16	A	
Budget	Ref. A-3	5,967,000.00				
Appropriations by 40A:4-87	A-2	8,631.90				
		<u>5,975,631.90</u>				
Deferred Charges - Special Emergency	Ref. A-14		4,000.00			
Reserve for Federal and State Grants	A-20		28,156.99			
Reserve for Uncollected Taxes	A-2		559,706.59			
Disbursed	A-4		5,134,895.03			
			<u>5,726,758.61</u>			

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

TRUST FUND

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance	Balance
		Dec. 31, 2013	Dec. 31, 2012
ASSETS			
Animal Control Trust Fund			
Cash - Treasurer	B-1	2,969.62	3,354.29
Due from Bank		39.25	39.25
		<u>3,008.87</u>	<u>3,393.54</u>
Other Trust Funds			
Cash - Treasurer	B-1	112,892.37	132,003.72
Cash - Collector	B-2	230,755.00	36,125.94
Escrow Accounts Receivable		963.25	962.25
		<u>344,610.62</u>	<u>169,091.91</u>
		<u>347,619.49</u>	<u>172,485.45</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
		<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>
Animal Control Trust Fund			
Due Current Fund	A	2,316.27	2,302.94
Unallocated Receipts			1.00
Due State of New Jersey			10.40
Reserve for Dog Fund Expenditures	B-3	692.60	1,079.20
		<u>3,008.87</u>	<u>3,393.54</u>
Other Trust Funds			
Due Current Fund	A	10,084.63	16,411.39
Due General Capital Fund	C	137.50	137.50
Accounts Payable - State of New Jersey			
Reserve for:			
Payroll Taxes Payable		44,894.48	42,936.30
Fourth of July Celebration		17,138.20	17,415.15
Municipal Alliance		6,642.94	6,616.47
Unemployment		1,257.77	392.27
Redemption of Tax Title Liens		987.13	642.96
Planning and Zoning Board		21,382.60	19,036.77
Fieldstone Escrow		691.91	688.84
Tax Sale Premiums		234,500.00	41,000.00
Parking Offense Adjudication Act		1,418.16	1,390.16
Forfeited Property		1,662.72	22,093.23
Rental Security Deposits		325.00	325.00
Recreation		66.97	5.87
K-9 Police Donations		3,420.61	
		<u>344,610.62</u>	<u>169,091.91</u>
		<u>347,619.49</u>	<u>172,485.45</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, 2013	Dec. 31, 2012
ASSETS			
Cash - Treasurer	C-2	246,089.96	391,122.51
Loan Receivable	C-4	51,538.00	51,538.00
Due from State of New Jersey	C-5	68,111.77	119,291.55
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	2,311,495.03	2,518,868.39
Unfunded	C-7	2,305,969.00	1,977,569.00
		<u>5,065,626.84</u>	<u>5,140,812.53</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-12	1,825,000.00	2,000,000.00
Bond Anticipation Notes Payable	C-14	2,160,150.00	1,636,000.00
New Jersey Infrastructure Loan Payable	C-13	486,495.03	518,868.39
Encumbrances Payable	C-10	76,589.39	39,983.00
Contracts Payable	C-11	6,861.50	6,861.50
Improvement Authorizations:			
Funded	C-9	68,895.05	78,447.97
Unfunded	C-9	413,579.51	762,373.10
Capital Improvement Fund	C-8	3,498.00	98.00
Due Current Fund	A	3,271.21	76,893.42
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		11,184.70	11,184.70
Reserve for Debt Service		100.00	100.00
Fund Balance	C-1	819.00	819.00
		<u>5,065,626.84</u>	<u>5,140,812.53</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, 2012	C	<u>819.00</u>
Balance December 31, 2013	C	<u><u>819.00</u></u>

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

WATER UTILITY FUND

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Operating Fund			
Cash - Treasurer	D-5	114,156.38	53,444.54
Cash - Change Fund		550.00	550.00
Due from Utility Capital Fund	D	134,923.43	134,680.27
		<u>249,629.81</u>	<u>188,674.81</u>
Receivables with Full Reserves:			
Water Rents Receivable	D-7	90,324.27	102,712.26
Water Liens Receivable	D-8	249.68	249.68
		<u>90,573.95</u>	<u>102,961.94</u>
Total Operating Fund		<u>340,203.76</u>	<u>291,636.75</u>
Capital Fund			
Cash - Treasurer	D-5	116,428.29	81,725.52
Due from State of New Jersey - Infrastructure Trust Loan		288,805.00	311,035.00
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	3,199,773.00	3,114,773.00
		<u>6,552,770.65</u>	<u>6,455,297.88</u>
Total Capital Fund		<u>6,892,974.41</u>	<u>6,746,934.63</u>

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

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance Dec. 31, 2013	Balance Dec. 31, 2012
Operating Fund			
Liabilities:			
Appropriation Reserves	D-4:D-12	1,449.43	50,395.52
Encumbrances Payable	D-13	11,397.52	13,459.07
Accrued Interest on Bonds, Notes & Loans	D-14	11,189.79	10,020.28
Utility Rent Prepayments		29,109.23	13,731.04
Utility Rent Overpayments		780.84	2,844.53
Due Current Fund	A	48,238.60	48,238.60
Accounts Payable		2,009.51	2,009.51
		<hr/>	<hr/>
		104,174.92	140,698.55
Reserve for Receivables		90,573.95	102,961.94
Fund Balance	D-1	145,454.89	47,976.26
		<hr/>	<hr/>
Total Operating Fund		340,203.76	291,636.75
		<hr/>	<hr/>
Capital Fund			
Serial Bonds Payable	D-19	752,324.00	818,101.00
Bond Anticipation Notes	D-21	395,000.00	323,000.00
New Jersey Environmental Trust Loan	D-20	1,282,699.96	1,370,064.01
Improvement Authorizations:			
Funded	D-15	15,657.97	15,657.97
Unfunded	D-15	238,244.36	331,014.75
Capital Improvement Fund	D-16	4,076.00	4,076.00
Due Utility Operating Fund	D	134,923.43	134,680.27
Due Current Fund	A	105,000.00	
Encumbrances Payable	D-13	29,055.34	29,055.34
Reserve for Debt Service		81.00	81.00
Reserve for Amortization	D-17	2,195,269.89	2,129,492.89
Deferred Reserve for Amortization	D-18	1,399,583.04	1,299,218.99
Fund Balance	D-2	855.66	855.66
		<hr/>	<hr/>
Total Capital Fund		6,552,770.65	6,455,297.88
		<hr/>	<hr/>
		6,892,974.41	6,746,934.63
		<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

Revenue and Other Income Realized	Ref.	Year 2013	Year 2012
Fund Balance Utilized	D-3	40,000.00	35,087.68
Rents	D-3	1,050,486.68	917,850.83
Fire Hydrant Services	D-3	2,251.28	294.29
Miscellaneous	D-3	91,187.56	82,614.69
Utility Capital Fund Balance			10,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-12	32,527.36	33,068.92
Total Income		<u>1,216,452.88</u>	<u>1,078,916.41</u>
Expenditures			
Operating	D-4	918,101.00	827,688.78
Capital Improvements			11,000.00
Debt Service	D-4	206,474.25	160,440.15
Deferred Charges and Statutory Expenditures	D-4	39,399.00	31,811.22
Total Expenditures		<u>1,163,974.25</u>	<u>1,030,940.15</u>
Excess in Revenue		52,478.63	47,976.26
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which Were Funded by Ordinance	D-4	85,000.00	
Statutory Excess to Fund Balance		137,478.63	47,976.26
Fund Balance			
Balance January 1	D	47,976.26	35,087.68
		185,454.89	83,063.94
Decreased by:			
Utilization as Anticipated Revenue	D-1	40,000.00	35,087.68
Balance December 31	D	<u><u>145,454.89</u></u>	<u><u>47,976.26</u></u>

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

STATEMENT OF FUND BALANCE - WATER CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2012	Ref. D	856.66
Balance December 31, 2013	D	<u>856.66</u>

STATEMENT OF REVENUES - WATER UTILITY FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
		<u>2013</u>		<u>(Deficit)</u>
Fund Balance Anticipated	D-1	40,000.00	40,000.00	
Rents	D-3	980,000.00	1,050,486.68	70,486.68
Fire Hydrant Service	D-5	1,900.00	2,251.28	351.28
Miscellaneous	D-3	82,100.00	91,187.56	9,087.56
Budget Totals		<u>1,104,000.00</u>	<u>1,183,925.52</u>	<u>79,925.52</u>
	Ref.	D-4		

Analysis of Realized Revenue

	Ref.	
Rents:		
Consumer Accounts Receivable:		
Collected	D-7	1,033,911.11
Overpayments Applied	D-7	2,844.53
Prepayments Applied	D-7	13,731.04
	D-3	<u>1,050,486.68</u>
Miscellaneous:		
Interest on Investments		699.64
Interest on Delinquent Accounts		13,735.54
Water Laboratory Fees		73,746.99
Sprinkler		2,395.39
Turn On/Off Fees		610.00
	D-3:D-5	<u>91,187.56</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	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Operating:						
Salaries and Wages	378,000.00	378,000.00	377,977.00		23.00	
Other Expenses	455,101.00	540,101.00	527,470.57	11,397.52	1,232.91	
Debt Service:						
Payment of Bond Principal	66,000.00	66,000.00	65,777.00			223.00
Payment of Bond Anticipation Notes	13,000.00	13,000.00	13,000.00			
Interest on Bonds	42,000.00	42,000.00	38,550.46			3,449.54
Interest on Notes	3,500.00	3,500.00	613.21			2,886.79
Infrastructure Trust and Fund Loan	107,000.00	107,000.00	88,533.58			18,466.42
Statutory Expenditures:						
Contribution to:						
Social Security System (OASI)	29,399.00	29,399.00	29,205.48		193.52	
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00			
	<u>1,104,000.00</u>	<u>1,189,000.00</u>	<u>1,151,127.30</u>	<u>11,397.52</u>	<u>1,449.43</u>	<u>25,025.75</u>
Ref.	D-3			D-13	D	
		Ref.				
Emergency Appropriations	D-4	85,000.00				
Budget	D-3	1,104,000.00				
		<u>1,189,000.00</u>				
		Ref.				
Interest on Bonds, Notes and Loans		D-14	50,411.94			
Emergency Authorization Funded by Ordinance		D-4	85,000.00			
Disbursed		D-5	1,015,715.36			
			<u>1,151,127.30</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

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Balance</u> <u>Dec. 31, 2012</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	1,059,149.67
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>6,882,662.01</u>
Investment in General Fixed Assets	<u>6,882,662.01</u>	<u>6,882,662.01</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, 2013

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, 2013

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 11th day of the 11th month in the year levied are subject to

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

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

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

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, 2013

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, 2013

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 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.

In November 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68." The provisions of this statement are required to be applied simultaneously with the provisions of Statement No. 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the Borough's financial reporting is not presently determinable.

NOTE 2: BUDGETARY INFORMATION

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

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

NOTE 2: BUDGETARY INFORMATION (CONTINUED)

The Borough amended the budget during the year by the insertion of Special Items of Revenue in the amount of \$8,631.90 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, 2013 and 2012, the carrying amount of the Borough's deposits was \$2,480,047.28 and \$2,095,036.15, respectively. As of December 31, 2013 and 2012, \$0 of the municipality's bank balance of \$2,597,481.12 and \$2,205,535.43, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

As of December 31, 2013, 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, NJSA 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk - 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, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

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

BOROUGH OF WESTVILLE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2013

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	2013	1,091,147.10	750,000.00
	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
Utility	2013	145,454.89	60,000.00
	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

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, 2013, there were no deferred charges shown on the balance sheets of the various funds.

NOTE 7: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2013:

	Dec. 31, 2012	Additions	Deletions	Dec. 31, 2013
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			1,059,149.67
Miscellaneous Equipment	259,434.63			259,434.63
Office Furniture & Equipment	91,208.00			91,208.00
	<u>6,882,662.01</u>	<u>None</u>	<u>None</u>	<u>6,882,662.01</u>

BOROUGH OF WESTVILLE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2013

NOTE 8: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2013:

	Due From	Due To
Current Fund:		
General Capital Fund	3,271.21	
Water Utility Operating Fund	48,238.60	
Water Utility Capital Fund	105,000.00	
Other Trust Funds	10,084.63	
Animal Control Trust	2,316.37	
Federal and State Grant Fund	7,798.30	
Federal and State Grant Fund:		
Current Fund		7,798.30
General Capital Fund		82,285.58
Animal Control Trust:		
Current Fund		2,316.27
Other Trust Funds		
Current Fund		10,084.63
General Capital Fund		137.50
General Capital Fund		
Federal and State Grant Fund	82,285.58	
Other Trust Funds	137.50	
Current Fund		3,271.21
Water Utility Operating Fund:		
Water Utility Capital Fund	134,923.43	
Current Fund		48,238.60
Water Utility Capital Fund:		
Current Fund		105,000.00
Water Utility Operating Fund		134,923.43
	394,055.62	394,055.52

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

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

NOTE 9: LONG-TERM DEBT

During the calendar year 2013, the following changes occurred in the municipal debt of the Borough:

	Balance Dec. 31, 2012	Issued/ Authorized	Retired/ Reductions	Balance Dec. 31, 2013	Due Within One Year
Issued:					
Current Fund:					
Bonds & Loans	2,518,868.39		207,373.36	2,311,495.03	207,039.29
Bond Anticipation Notes	1,636,000.00	615,150.00	91,000.00	2,160,150.00	112,575.00
Water Utility Fund:					
Bonds & Loans	2,188,165.01		153,141.05	2,035,023.96	154,191.15
Bond Anticipation Notes	323,000.00	85,000.00	13,000.00	395,000.00	19,500.00
Net Debt Issued	<u>6,666,033.40</u>	<u>700,150.00</u>	<u>464,514.41</u>	<u>6,901,668.99</u>	<u>493,305.44</u>
Authorized But Not Issued:					
Current Fund:					
Bonds and Notes	341,569.00	419,400.00	615,150.00	145,819.00	
Water Utility Fund:					
Bonds and Notes	122,490.00	85,000.00	85,000.00	122,490.00	
Authorized But Not Issued	<u>464,059.00</u>	<u>504,400.00</u>	<u>700,150.00</u>	<u>268,309.00</u>	
Total Debt	<u>7,130,092.40</u>	<u>1,204,550.00</u>	<u>1,164,664.41</u>	<u>7,169,977.99</u>	<u>493,305.44</u>

Permanently funded debt as of December 31, 2013, 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 4.6% to 4.625% per annum. The balance remaining at December 31, 2013, was \$1,825,000.00.

\$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 3.6% 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, 2013, was \$486,495.03.

\$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, 2013, was \$308,324.00.

\$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 4.6% to 4.625% per annum. The balance remaining at December 31, 2013, was \$444,000.00.

\$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

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

NOTE 9: LONG-TERM DEBT (CONTINUED)

installments through August 1, 2019, and no interest is charged. The balance remaining at December 31, 2013, was \$172,346.41.

\$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 .35% 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, 2013, was \$211,534.75.

\$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 .36% 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, 2013, was \$898,818.80.

**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:			
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	59,862.50	230,263.93	290,126.43
2019-2023	142,075.00	1,076,696.66	1,218,771.66
2024-2027	10,325.00	153,839.87	164,164.87
	<u>544,521.25</u>	<u>2,311,495.03</u>	<u>2,856,016.28</u>
Utility Serial Bonds:			
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	30,482.46	182,631.89	213,114.35
2019-2023	72,359.25	699,825.08	772,184.33
2024-2028	19,404.52	313,284.35	332,688.87
2029-2031	4,414.00	195,199.50	199,613.50
	<u>295,146.96</u>	<u>2,035,023.96</u>	<u>2,330,170.92</u>

BOROUGH OF WESTVILLE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2013

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 1.846%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	2,103,890.18	2,103,890.18	
Utility Debt	2,552,513.96	2,552,513.96	
General Debt	4,617,464.03		4,617,464.03
	<u>6,721,354.21</u>	<u>2,103,890.18</u>	<u>4,617,464.03</u>

Net Debt \$4,617,464.03/Equalized Valuation Basis per NJSA 40A:2-2 as amended
 \$250,118,864.67 = 1.846%

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

3 1/2% of Equalized Valuation Basis (Municipal)	8,754,160.26
Net Debt	<u>4,617,464.03</u>
Remaining Borrowing Power	<u>4,136,696.23</u>

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

Cash Receipts from Fees, Rents, or Other Charges	1,183,925.52
Deductions:	
Operating and Maintenance Costs	957,500.00
Debt Service	<u>206,474.25</u>
	<u>1,163,974.25</u>
Excess in Revenue	<u>19,951.27</u>

NOTE 10: NOTES PAYABLE

The Borough had three Bond Anticipation notes outstanding as of December 31, 2013. One in the amount of \$175,000.00 for the re-drill of Well #5, that will mature on July 31, 2014, at an interest rate of .99%; one in the amount of \$2,180,250.00 for repairs of existing water treatment filters and electrical upgrades and various general improvements, that will mature on October 22, 2014, at an interest rate of .86%; and one in the amount of \$199,900.00 for various capital improvements and repair of water mains, that will mature on October 22, 2014, at an interest rate of .90%.

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), a 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, 2013

NOTE 11: PENSION FUNDS (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, 2013, 2012 and 2011, were \$174,078.00, \$155,943.00 and \$137,606.00, respectively, equal to the required contributions for each year. The Borough's contributions to PFRS for the years ending December 31, 2013, 2012 and 2011, were \$226,552.00, \$216,844.00 and \$152,767.00, respectively, equal to the required contributions for each year.

NOTE 12: ACCUMULATED ABSENCE BENEFITS

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

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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, 2013, the Borough had a total of approximately 60 employees. Of this total, 14 employees are represented by a union, New Jersey Policemen's Benevolent Association Local 122, whose contract expires on December 31, 2015, and 15 employees are represented by an association, Westville Public Works Association, whose agreement expires on December 31, 2015.

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, 2013</u>	Balance <u>Dec. 31, 2012</u>
Prepaid Taxes - Cash Liability	<u>72,708.53</u>	<u>41,764.85</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 2013.

BOROUGH OF WESTVILLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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>
2013	10,000.00	None	9,156.55	1,257.77
2012	None	4,195.19	6,392.59	392.27
2011	None	None	4,465.78	2,527.42

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, 2013 and April 17, 2014, the date that the financial statements were issued, and no additional items have come to their attention that would require disclosure.

SUPPLEMENTARY DATA

PETRONI & ASSOCIATES LLC

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

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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, 2013, 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 April 17, 2014, 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

April 17, 2014

BOROUGH OF WESTVILLE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

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:								
Body Armor	1020-718-066-1020-01-YCJS-6120	982.90		982.90	1/1/09	N/A	569.86	982.90
Body Armor	1020-718-066-1020-01-YCJS-6120	2,548.98		2,548.98	1/1/11	N/A	2,548.98	2,548.98
Body Armor	1020-718-066-1020-01-YCJS-6120	1,778.11		1,778.11	1/1/12	N/A	1,778.11	1,778.11
Body Armor	1020-718-066-1020-01-YCJS-6120	1,813.49		1,813.49	1/1/13	N/A	206.05	206.05
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	279.44	11,561.00
Municipal Alliance on Alcohol and Drugs	N/A	11,561.00	2,312.00	9,249.00	1/1/11	N/A	5,382.14	5,382.14
Clean Communities	4900-765-042-4900-004-VCMC-6020	6,926.18		6,926.18	1/1/12	N/A	1,502.18	6,926.18
Clean Communities	4900-765-042-4900-004-VCMC-6020	8,131.90		8,131.90	1/1/113	N/A	8,063.92	8,063.92
Recycling Tonnage	4900-753-042-4900-00-V42Y-6020	17,537.00		17,537.00	1/1/10	N/A	4,276.00	17,537.00
Recycling Tonnage	4900-753-042-4900-00-V42Y-6020	9,990.02		9,990.02	1/1/11	N/A	9,990.02	9,990.02
Recycling Tonnage	4900-753-042-4900-00-V42Y-6020	7,405.76		7,405.76	1/1/12	N/A	7,405.76	7,405.76
Recycling Tonnage	4900-753-042-4900-00-V42Y-6020	6,150.60		6,150.60	1/1/13	N/A	2,212.64	2,212.64
NJ Legislative Grant	N/A	35,000.00		35,000.00	1/1/08	N/A	6,175.79	29,115.72
Department of Environmental Protection:								
New Jersey Environmental Infrastructure								
Project # 0821001-001, 002 and 003	N/A	1,198,096.00		1,066,035.00	8/1/12	N/A	106,393.00	1,048,321.26
				<u>1,182,797.94</u>			<u>156,783.89</u>	<u>1,152,031.68</u>

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	Ref.	Regular Fund	Federal and State Grant Fund
Balance December 31, 2012	A	561,265.68	27,313.75
Increased by Receipts:			
Transferred from Tax Collector	A-5	9,450,000.00	
Transferred from Sewer Collector	A-6	700,000.00	
Federal and State Grants Receivable	A-7	77,019.09	
Homestead Rebate	A-8	214,275.54	
Revenue Accounts Receivable	A-13	1,559,095.53	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-17	57,947.95	
Federal and State Grants - Unappropriated	A-21	18,715.67	
Due to Library		1,879.00	
Reserve for Public Defender		5,729.00	
Reserve for JIF Safety Program	A	2,925.00	
Fire District Share of JIF Dividend		2,907.45	
Small Cities Loan Payback			1,428.31
		<u>12,090,494.23</u>	
		12,651,759.91	<u>28,742.06</u>
Decreased by Disbursements:			
2013 Budget Appropriations	A-3	5,134,895.03	
2012 Appropriation Reserves	A-15	85,836.12	
Encumbrances Payable	A-16	34,471.69	
Reserve for Federal and State Grants	A-20	22,592.89	
Tax Overpayments Refunded		2,556.36	
Reserve for Codification of Ordinances		2,694.07	
Due to Library		183.19	
County Taxes		1,475,144.57	
Fire District Tax		330,310.09	
Local District School Tax	A-18	2,332,810.50	
Regional High School Tax	A-19	2,550,215.31	
Due to Water Capital Fund		105,000.00	
Other Accounts Receivable	A	11,080.40	
		<u>12,087,790.22</u>	
Balance December 31, 2013	A	<u>563,969.69</u>	<u>28,742.06</u>

SCHEDULE OF CASH - TAX COLLECTOR

Balance December 31, 2012	Ref. A		163,621.68
Increased by Receipts:			
Taxes Receivable	A-8	9,315,428.46	
Revenue Accounts Receivable	A-13	108,064.63	
Prepaid Taxes		72,708.53	
Tax Overpayments		70,676.43	
		<hr/>	9,566,878.05
			<hr/>
			9,730,499.73
Decreased by Disbursements:			
Paid to Treasurer	A-4		9,450,000.00
			<hr/>
Balance December 31, 2013	A		<u><u>280,499.73</u></u>

SCHEDULE OF CASH - SEWER COLLECTOR

Balance December 31, 2012	Ref. A		643,808.52
Increased by Receipts:			
Rents Receivable	A-11	826,911.61	
Revenue Accounts Receivable	A-13	10,533.59	
Sewer Overpayments		1,040.46	
		<u> </u>	<u>838,485.66</u>
			1,482,294.18
Decreased by Disbursements:			
Paid to Treasurer	A-4		700,000.00
Balance December 31, 2013	A		<u><u>782,294.18</u></u>

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2012	2013 Budget Revenue Realized	Received	From Grants Unappropriated	Balance Dec. 31, 2013
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	0.49				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	65,231.61		61,528.71		3,702.90
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	8,131.90	8,131.90		3,130.50
Municipal Alliance for Drug and Alcohol Abuse	15,306.74	9,249.00	6,858.48		17,697.26
Recycling Tonnage Grant		6,150.60		6,150.60	
Clean Community Cleanup Grant		500.00	500.00		
Body Armor Grant		1,813.49		1,813.49	
	<u>272,067.14</u>	<u>25,844.99</u>	<u>77,019.09</u>	<u>7,964.09</u>	<u>212,928.95</u>
Ref.	A	A-2	A-4	A-21	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2013 Levy	Added Taxes	Collected		Overpayments Applied	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2012			2012	2013				Dec. 31, 2013
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	55.40				3.99				51.41
2011	128,784.08				128,731.88				52.20
2012	417,432.37		929.14		418,038.97				322.54
	546,765.94		929.14		546,774.84				920.24
2013		9,503,946.19		41,764.85	9,049,432.25	11,393.97	58,735.97	2,871.45	339,747.70
	546,765.94	9,503,946.19	929.14	41,764.85	9,596,207.09	11,393.97	58,735.97	2,871.45	340,667.94
Ref.	A							A-9	A
		Cash		Ref.					
		Homestead Rebate		A-5	9,315,428.46				
		Due State of New Jersey		A-4	214,275.54				
				A-17	66,503.09				
					9,596,207.09				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:			
Business Personalty Tax		11,836.40	
General Property Tax		9,482,793.45	
		<u> </u>	
			9,494,629.85
Added Taxes (54:4-63.1 et seq.)			9,316.34
			<u> </u>
			<u>9,503,946.19</u>

	Ref.		
Tax Levied			
Local District School Tax (Abstract)	A-18		2,332,692.00
Regional High School Tax Payable (Abstract)	A-19		2,550,215.00
Fire District Tax			329,309.00
County Taxes:			
County Tax (Abstract)		1,374,486.74	
County Open Space Tax (Abstract)		100,149.95	
Due County for Added Taxes (54:4-63.1 et seq.)		1,594.66	
		<u> </u>	
Total County Taxes			1,476,231.35
Local Tax for Municipal Purposes			
Local Municipal Budget		2,720,356.68	
Municipal Library		82,643.32	
		<u> </u>	
Add: Additional Taxes Levied	A-2	2,803,000.00	
		12,498.84	
		<u> </u>	
			2,815,498.84
			<u> </u>
			<u>9,503,946.19</u>

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance December 31, 2012	Ref. A	20,712.15
Increased by:		
Transfers from Taxes Receivable	A-8	<u>2,871.45</u>
Balance December 31, 2013	A	<u><u>23,583.60</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance December 31, 2012	Ref. A	<u>237,450.00</u>
Balance December 31, 2013	A	<u><u>237,450.00</u></u>

SCHEDULE OF SEWER RENTS RECEIVABLE

Balance December 31, 2012	Ref. A		144,742.94
Increased by:			
Sewer Rents Levied			802,566.42
			<u>947,309.36</u>
Decreased by:			
Collections	A-6	826,911.61	
Overpayments Applied		1,042.26	
Canceled		442.45	
Transfer to Liens	A-12	800.00	
		<u>829,196.32</u>	
Balance December 31, 2013	A		<u><u>118,113.04</u></u>

SCHEDULE OF SEWER LIENS RECEIVABLE

Balance December 31, 2012	Ref. A		859.70
Increased by:			
Transfer from Sewer Rents	A-11		800.00
Balance December 31, 2013	A		<u><u>1,659.70</u></u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2012	Accrued in 2013	Collected	Balance Dec. 31, 2013
Miscellaneous Revenue Anticipated				
Licenses:				
Alcoholic Beverages		14,550.00	14,550.00	
Other	3.00	3,691.00	3,632.00	62.00
Fees and Permits	1,893.09	7,732.22	8,952.41	672.90
Fines and Costs:				
Municipal Court	10,023.58	201,887.31	202,928.35	8,982.54
Interest and Costs on Taxes		94,455.81	94,455.81	
Interest on Investments	2.01	6,824.68	6,816.61	10.08
Interest on Delinquent Sewer Rents		8,157.76	8,157.76	
Housing Inspection Fees		36,800.00	36,800.00	
Consolidated Municipal Property Tax Relief Act		28,850.00	28,850.00	
Energy Receipts Tax		373,546.74	373,546.74	
Franchise Fees - Cable TV		13,964.24	13,964.24	
Shared Service Agreement - Borough of National Park		662,400.00	662,400.00	
Liquidate Reserves -				
Due from General Capital Fund		75,000.00	75,000.00	
Due from Trust Other Fund		9,000.00	9,000.00	
Miscellaneous Revenue Not Anticipated				
Municipal Maintenance Liens		8,203.64	8,203.64	
Sale of Scrap Iron		1,591.90	1,591.90	
Recycling Proceeds		16,153.40	16,153.40	
Income from Leases		30,473.00	29,348.00	1,125.00
JIF Dividend		29,221.55	29,221.55	
Refunds		7,888.70	7,888.70	
Tax Searches		10.00	10.00	
Tax Sale Advertising Costs		4,674.95	4,674.95	
Payment in Lieu of Taxes		4,559.06	4,559.06	
Escheated Checks - Municipal Court		3,301.00	3,301.00	
Inspection and Administrative Fees		18,651.34	18,651.34	
Miscellaneous		15,036.29	15,036.29	
	<u>11,921.68</u>	<u>1,676,624.59</u>	<u>1,677,693.75</u>	<u>10,852.52</u>
Ref. A				
		Ref.		
Treasurer		A-4	1,559,095.53	
Tax Collector		A-5	108,064.63	
Sewer Collector		A-6	10,533.59	
			<u>1,677,693.75</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, 2012</u>	<u>Decreased in 2013</u>
4/9/08	Codification of Ordinances	20,000.00	4,000.00	4,000.00	4,000.00
	Ref.			A	A-3

SCHEDULE OF 2012 APPROPRIATION RESERVES

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses				
Municipal Clerk	6,336.75	6,336.75	1,145.07	5,191.68
Financial Administration	1,838.75	2,138.75	2,106.54	32.21
Tax Collection	55.19	105.19		105.19
Tax Assessment	4,863.80	4,863.80	2,481.75	2,382.05
Legal Services	5,854.56	5,854.56	5,299.85	554.71
Liability Insurance	773.00	773.00	0.50	772.50
Employee Group Insurance	3,078.56	3,078.56	20.00	3,058.56
Police	6.23	106.23		106.23
Municipal Prosecutor	1,056.73	1,056.73	1,036.73	20.00
Vehicle Maintenance	11,789.45	11,789.45	3,500.00	8,289.45
Public Buildings and Grounds	8,212.48	8,212.48	4,038.23	4,174.25
Sewer System	1,430.47	1,430.47	94.35	1,336.12
Environmental Commission	351.78	351.78	247.50	104.28
Gasoline	699.88	699.88		699.88
Electricity	41,122.14	41,122.14	11,729.45	29,392.69
Street Lighting	2,511.70	11,511.70	11,083.98	427.72
Telephone	232.63	3,232.63	2,290.33	942.30
Housing Inspector	403.58	403.58	94.35	309.23
Sewerage Disposal	58,312.76	45,862.76	39,633.05	6,229.71
Municipal Court	5,346.02	5,346.02	1,034.44	4,311.58
Other Accounts - No Change	182,423.31	182,423.31		182,423.31
	<u>336,699.77</u>	<u>336,699.77</u>	<u>85,836.12</u>	<u>250,863.65</u>
Ref.	A	A	A-4	A-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2012	A	<u>39,092.88</u>	<u>2,990.00</u>
Increased by:			
Charges to 2013 Appropriations	A-3	40,575.04	
Charges to Grants Appropriated	A-20		27,798.00
		<u>40,575.04</u>	<u>27,798.00</u>
		<u>79,667.92</u>	<u>30,788.00</u>
Decreased by:			
Payments	A-4	34,471.69	
Canceled	A-1	4,189.25	
		<u>38,660.94</u>	
Balance December 31, 2013	A	<u><u>41,006.98</u></u>	<u><u>30,788.00</u></u>

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

Balance December 31, 2012	Ref. A	47,881.82
Increased by:		
Receipts	A-4	57,947.95
		<u>105,829.77</u>
Decreased by:		
2013 Deductions Per Tax Duplicate		63,500.00
2013 Deductions Allowed by Collector		4,691.54
2013 Deductions Disallowed by Collector		<u>(1,688.45)</u>
	A-8	<u>66,503.09</u>
Balance December 31, 2013	A	<u><u>39,326.68</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance December 31, 2012	Ref. A	14,094.38
Increased by:		
2013 Calendar Year School Levy	A-8	<u>2,332,692.00</u>
		2,346,786.38
Decreased by:		
Payments	A-4	<u>2,332,810.50</u>
Balance December 31, 2013	A	<u><u>13,975.88</u></u>

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

Balance December 31, 2012	Ref. A	0.44
Increased by:		
2013 Calendar Year School Levy	A-8	<u>2,550,215.00</u>
		2,550,215.44
Decreased by:		
Payments	A-4	<u>2,550,215.31</u>
Balance December 31, 2013	A	<u><u>0.13</u></u>

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	Balance Dec. 31, 2012	Transferred from 2013 Budget Appropriation	Paid or Charged	Balance Dec. 31, 2013
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	0.49			0.49
State Grants:				
Alcohol Education and Rehabilitation Grant	189.82			189.82
New Jersey Legislative Grant:				
Downtown Redevelopment	12,060.07		6,175.79	5,884.28
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	1,590.40			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	23,401.44	11,561.00	5,661.58	29,300.86
Body Armor Fund	4,896.95	1,813.49	5,103.00	1,607.44
Recycling Tonnage Grant	21,671.78	6,150.60	23,884.42	3,937.96
Municipal Stormwater Regulation Program	73.48			73.48
Clean Communities	1,502.18	8,131.90	9,566.10	67.98
Clean Energy Program	215.00			215.00
Clean Community Cleanup Grant	490.13	500.00		990.13
	<u>94,100.80</u>	<u>28,156.99</u>	<u>50,390.89</u>	<u>71,866.90</u>
Ref.	A	A-3		A
		Ref.		
	Disbursed	A-4	22,592.89	
	Encumbered	A-16	27,798.00	
			<u>50,390.89</u>	

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2012	Received	To Grants Receivable	Balance Dec. 31, 2013
Recycling Tonnage Grant	6,150.60	5,888.79	6,150.60	5,888.79
Body Armor Grant	1,813.49	2,212.48	1,813.49	2,212.48
Drunk Driving Enforcement Grant		10,614.40		10,614.40
	<u>7,964.09</u>	<u>18,715.67</u>	<u>7,964.09</u>	<u>18,715.67</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, 2012	B	3,354.29	132,003.72
Increased by Receipts:			
Interest Earned		13.33	662.09
Dog License Fees:			
Municipal Share	B-3	545.00	
State Share		163.00	
Payroll Deductions Payable			1,520,026.32
Unemployment Compensation			10,000.00
Donations for Public Events			29,482.10
Recreation Fees			14,014.00
Escrow Deposits			12,514.58
Forfeited Funds			2,598.00
K-9 Police Donations			3,420.00
		<u>721.33</u>	<u>1,592,717.09</u>
		4,075.62	1,724,720.81
Decreased by Disbursements:			
NJ State Department of Health		163.00	
Expenditures Under RS 4:19-15.11	B-3	943.00	
Payroll Deductions Paid			1,525,568.46
Public Event Expenditures			29,841.88
Recreation Expenditures			13,959.00
Unemployment Claims			9,156.55
Forfeited Funds Expenditures			23,132.80
Escrow Expenditures			10,169.75
		<u>1,106.00</u>	<u>1,611,828.44</u>
Balance December 31, 2013	B	<u>2,969.62</u>	<u>112,892.37</u>

SCHEDULE OF TRUST FUND CASH - COLLECTOR

Balance December 31, 2012	Ref. B		36,125.94
Increased by:			
Deposits for Redemption of Tax Sale Certificates		157,664.77	
Premiums Received at Sale		282,800.00	
Interest Earned		728.65	
		<u> </u>	441,193.42
			<u>477,319.36</u>
Decreased by:			
Refunds Upon Redemption			246,564.36
Balance December 31, 2013	B		<u><u>230,755.00</u></u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2012	Ref. B		1,079.20
Increased by:			
Municipal Share of Dog License Fees	B-1	545.00	
Prior Year Unallocated Receipts	B	1.00	
Prior Year Due State Canceled	B	10.40	
		<hr/>	556.40
			<hr/>
			1,635.60
Decreased by:			
Expenditures under RS 4:19-15.11:			
Cash	B-1		943.00
			<hr/>
Balance December 31, 2013	B		<hr/> <hr/> 692.60

License Fees Collected

<u>Year</u>	<u>Amount</u>
2011	557.40
2012	571.80
	<hr/>
	<hr/> <hr/> 1,129.20

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2012	Ref. C		391,122.51
Increased by:			
Interest Earned	C-3	1,377.79	
Budget Appropriation:			
Capital Improvement Fund	C-8	25,000.00	
Bond Anticipation Note	C-14	615,150.00	
Due from State of New Jersey	C-5	51,179.78	
		<u> </u>	692,707.57
			<u>1,083,830.08</u>
Decreased by:			
Improvement Authorizations	C-9	735,062.12	
Encumbrances Payable	C-10	27,678.00	
Due Current Fund	C-3	75,000.00	
		<u> </u>	837,740.12
Balance December 31, 2013	C		<u><u>246,089.96</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2012	Receipts			Disbursements			Balance Dec. 31, 2013
		Budget Appropriations	Bond Anticipation Notes	Miscellaneous	Improvement Authorization	Miscellaneous	Transfers	
Fund Balance	819.00							819.00
Capital Improvement Fund	98.00	25,000.00					(21,600.00)	3,498.00
Loan Receivable	(51,538.00)							(51,538.00)
Due from State of New Jersey	(119,291.55)			51,179.78				(68,111.77)
Due from Federal and State Grant Fund	(82,285.58)							(82,285.58)
Due from Current Fund	76,893.42			1,377.79		75,000.00		3,271.21
Due From Trust Other	(137.50)							(137.50)
Contracts Payable	6,861.50							6,861.50
Encumbrances Payable	39,983.00					27,678.00	64,284.39	76,589.39
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	11,184.70							11,184.70
Improvement Authorizations:								
Ordinance Number	Purpose							
5-95	Rehabilitation of Downtown Area	180.00			52.92			127.08
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	18.68						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	Purpose	Balance Dec. 31, 2012	Receipts			Disbursements			Balance Dec. 31, 2013
			Budget Appropriations	Bond Anticipation Notes	Miscellaneous	Improvement Authorization	Miscellaneous	Transfers	
8-07	Rehabilitation of Borough Owned Buildings, Purchase of a Digital Audio System and Security System for Courts and Council, Purchase of a Filing System for the Municipal Records, 4x4 Vehicle for Code Enforcement and Emergency Management Use and Pickup Truck and Snow Plow for Public Works	11,809.71				1,208.99		(5,945.95)	4,654.77
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	(114.55)							(114.55)
1-09	Remediation of Underground Storage Tank	5,771.59		50,000.00		11,889.99			43,881.60
7-09	Purchase of Trash Truck	39,700.00				35,012.00			4,688.00
14-09	Roadway Construction on Woodbine Avenue	3,742.03							3,742.03
5-10	Various Capital Improvements	88,836.61				57,298.71		(7,646.50)	23,891.40
6-10	Roadway Construction on East Olive Street	6,690.19							6,690.19
7-11	Rehabilitation of Borough Owned Property and Purchase of a 4-Wheel Drive Police Vehicle	4,250.00		145,750.00		141,043.47			8,956.53
7-12	Road Improvements to Olive Street	17,743.52				4,212.00			13,531.52
9-12	Rehabilitation of Borough Owned Properties, Buildings and Rehabilitation of Fuel System	253,318.00				213,108.91		(15,076.00)	25,133.09
3-13	Rehabilitation of Borough Owned Properties, Including Building Renovations and Installation of Elevator			209,500.00		213,635.55		4,652.06	516.51
5-13	Rehabilitation of Borough Owned Properties, Including Building Renovations and Installation of Elevator			95,000.00		57,599.58		5,000.00	42,400.42
14-13	Purchase of Leaf Vac Machine, Pickup Truck for Public Works Department, SUV Vehicle and 6 In Car Cameras for Police Department			114,900.00				(23,668.00)	91,232.00
		<u>391,122.51</u>	<u>25,000.00</u>	<u>615,150.00</u>	<u>52,557.57</u>	<u>735,062.12</u>	<u>102,678.00</u>		<u>246,089.96</u>
Ref.		C	C-8	C-14	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, 2012	C	<u>51,538.00</u>	<u>25,769.00</u>	<u>25,769.00</u>
Balance December 31, 2013	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, 2012	C	119,291.55
Decreased by:		
Receipts	C-2	51,179.78
Balance December 31, 2013	C	<u>68,111.77</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		4,857.47
		<u>68,111.77</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2012	Ref. C		2,518,868.39
Decreased by:			
2013 Budget Appropriation to Pay:			
Bonds	C-12	175,000.00	
Loans	C-13	32,373.36	
		<u> </u>	207,373.36
Balance December 31, 2013	C		<u><u>2,311,495.03</u></u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2012	C	98.00
Increased by:		
2013 Budget Appropriation	C-2	<u>25,000.00</u>
		25,098.00
Decreased by:		
Amount Appropriated to Finance Improvement Authorization	C-9	<u>21,600.00</u>
Balance December 31, 2013	C	<u><u>3,498.00</u></u>

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	
Balance December 31, 2012	C	39,983.00
Increased by:		
Encumbered in 2013	C-9	<u>64,284.39</u>
		104,267.39
Decreased by:		
Disbursed	C-2	<u>27,678.00</u>
Balance December 31, 2013	C	<u><u>76,589.39</u></u>

SCHEDULE OF CONTRACTS PAYABLE

	Ref.	
Balance December 31, 2012	C	<u>6,861.50</u>
Balance December 31, 2013	C	<u><u>6,861.50</u></u>

SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Date	Amount				
General Improvement Bonds of 2005	12/1/05	3,025,000.00	12/1/14	175,000.00	4.600%	<u>2,000,000.00</u>	<u>175,000.00</u>	<u>1,825,000.00</u>
			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, 2012	Decreased	Balance Dec. 31, 2013
			Date	Trust Loan	Fund Loan				
11/8/07	Rehabilitation of Sanitary	627,024.00	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%			
						Ref.	<u>518,868.39</u>	<u>32,373.36</u>	<u>486,495.03</u>
							C	C-6	C

(A) Interest is applicable to Trust Loan only.

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance			
		of Original Note	Issue			Dec. 31, 2012	Increased	Decreased	Dec. 31, 2013
7-07	Rehabilitation and Resurfacing of Certain Streets and Certain Park Improvement Projects	11/1/07	10/25/13	10/22/14	0.86%	176,000.00		11,000.00	165,000.00
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	10/25/13	10/22/14	0.86%	102,000.00		17,000.00	85,000.00
7-09	Purchase of Trash Truck	10/30/09	10/25/13	10/22/14	0.86%	182,500.00		22,000.00	160,500.00
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	10/29/10	10/25/13	10/22/14	0.86%	15,000.00		2,000.00	13,000.00
1-09	Remediation of Underground Storage Tank	10/29/10	10/25/13	10/22/14	0.86%	85,000.00		10,000.00	75,000.00
14-09	Roadway Construction on Woodbine Avenue	10/29/10	10/25/13	10/22/14	0.86%	27,500.00		4,000.00	23,500.00
5-10	Various Capital Improvements	10/29/10	10/25/13	10/22/14	0.86%	622,500.00		25,000.00	597,500.00
1-09	Remediation of Underground Storage Tank	10/29/11	10/25/13	10/22/14	0.86%	30,000.00			30,000.00
6-10	Roadway Construction on East Olive Street	10/29/11	10/25/13	10/22/14	0.86%	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	10/25/13	10/22/14	0.86%	30,000.00			30,000.00
1-09	Remediation of Underground Storage Tank	10/25/12	10/25/13	10/22/14	0.86%	50,000.00			50,000.00
7-12	Road Improvements to Olive Street	10/25/12	10/25/13	10/22/14	0.86%	23,750.00			23,750.00
9-12	Rehabilitation of Borough Owned Properties, Buildings and Rehabilitation of Fuel System	10/25/12	10/25/13	10/22/14	0.86%	251,750.00			251,750.00
1-09	Remediation of Underground Storage Tank	10/25/13	10/25/13	10/22/14	0.86%		50,000.00		50,000.00
7-11	Rehabilitation of Borough Owned Property and Purchase of a 4-Wheel Drive Police Vehicle	10/25/13	10/25/13	10/22/14	0.86%		145,750.00		145,750.00
5-13	Rehabilitation of Borough Owned Properties, Including Building Renovations and Installation of Elevator	6/20/13	10/25/13	10/22/14	0.86%		95,000.00		95,000.00
3-13	Rehabilitation of Borough Owned Properties, Including Building Renovations and Installation of Elevator	10/25/13	10/25/13	10/22/14	0.86%		209,500.00		209,500.00
14-13	Purchase of Leaf Vac Machine, Pickup Truck for Public Works Department, SUV Vehicle and 6 In Car Cameras for Police Department	12/12/13	12/12/13	10/22/14	0.90%		114,900.00		114,900.00
						<u>1,636,000.00</u>	<u>615,150.00</u>	<u>91,000.00</u>	<u>2,160,150.00</u>
					Ref.	C	C-15	C-7	C

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2012	2013 Authorization	Bond Anticipation Notes Issued	Balance Dec. 31, 2013
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	163,500.00		50,000.00	113,500.00
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	
3-13	Rehabilitation of Borough Owned Properties, Including Building Renovations and Installation of Elevator		209,500.00	209,500.00	
5-13	Rehabilitation of Borough Owned Properties, Including Building Renovations and Installation of Elevator		95,000.00	95,000.00	
14-13	Purchase of Leaf Vac Machine, Pickup Truck for Public Works Department, SUV Vehicle and 6 In Car Cameras for Police Department		114,900.00	114,900.00	
		<u>341,569.00</u>	<u>419,400.00</u>	<u>615,150.00</u>	<u>145,819.00</u>
	Ref.		C-9	C-14	

WATER UTILITY FUND

SCHEDULE OF UTILITY CASH - TREASURER

	Ref.	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2012	D	53,444.54	81,725.52
Increased by:			
Consumer Accounts Receivable	D-7	1,033,911.11	
Fire Hydrant Service	D-3	2,251.28	
Miscellaneous Revenues	D-3	90,944.40	243.16
Utility Rent Overpayments		780.84	
Utility Rent Prepayments		29,109.23	
Due from State of New Jersey - Infrastructure Trust Loan			22,230.00
Bond Anticipation Notes	D-21		85,000.00
Due Current Fund			105,000.00
		<u>1,156,996.86</u>	<u>212,473.16</u>
		1,210,441.40	294,198.68
Decreased by:			
Budget Appropriations	D-4	1,015,715.36	
Appropriation Reserves	D-12	17,868.16	
Encumbrances Payable	D-13	13,459.07	
Accrued Interest Paid	D-14	49,242.43	
Improvement Authorizations	D-15		177,770.39
		<u>1,096,285.02</u>	<u>177,770.39</u>
Balance December 31, 2013	D	<u><u>114,156.38</u></u>	<u><u>116,428.29</u></u>

ANALYSIS OF UTILITY CAPITAL FUND CASH

	Balance Dec. 31, 2012	Receipts		Disbursements Improvement Authorizations	Balance Dec. 31, 2013
		Bond Anticipation Notes	Miscellaneous		
Capital Fund Balance	855.66				855.66
Capital Improvement Fund	4,076.00				4,076.00
Reserve for Debt Service	81.00				81.00
Due Utility Operating Fund	134,680.27		243.16		134,923.43
Due Current Fund			105,000.00		105,000.00
Other Accounts Receivable	(170.47)				(170.47)
Due from State of New Jersey	(311,035.00)		22,230.00		(288,805.00)
Improvement Authorizations:					
Ordinance					
Number	Purpose				
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	2,905.71			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	73,703.25		106,392.89	(32,689.64)
11-8	Repair &/or Replacement of Existing Water Treatment Filters and Electrical Upgrades	134,821.50			134,821.50
13-15	Repair &/or Replacement of Water Mains		85,000.00	71,377.50	13,622.50
Encumbrances Payable		29,055.34			29,055.34
		<u>81,725.52</u>	<u>85,000.00</u>	<u>177,770.39</u>	<u>116,428.29</u>
Ref.		D	D-21	D-5	D

EXHIBIT D-7

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	Ref.		
Balance December 31, 2012	D		102,712.26
Increased by:			
Utility Rents Levied			<u>1,055,738.51</u>
			1,158,450.77
Decreased by:			
Collections	D-5	1,033,911.11	
Overpayments Applied		2,844.53	
Prepayments Applied		13,731.04	
Canceled		<u>17,639.82</u>	
			<u>1,068,126.50</u>
Balance December 31, 2013	D		<u><u>90,324.27</u></u>

EXHIBIT D-8

SCHEDULE OF WATER UTILITY LIENS RECEIVABLE

	Ref.		
Balance December 31, 2012	D		<u>249.68</u>
Balance December 31, 2013	D		<u><u>249.68</u></u>

EXHIBIT D-9

SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

	Ref.		Capital Fund
Balance December 31, 2012	D		<u>170.47</u>
Balance December 31, 2013	D		<u><u>170.47</u></u>

SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2012	Balance Dec. 31, 2013
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	2013	Balance
	Date	Amount	Dec. 31, 2012	Authorization	Dec. 31, 2013
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
Repair &/or Replacement of Water Mains	10/7/13	85,000.00		85,000.00	85,000.00
			<u>3,114,773.00</u>	<u>85,000.00</u>	<u>3,199,773.00</u>
		Ref.	D	D-15	D

SCHEDULE OF 2012 APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2012</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:			
Other Expenses	25,354.87	17,868.16	7,486.71
Other Accounts - No Changes	25,040.65		25,040.65
	<u>50,395.52</u>	<u>17,868.16</u>	<u>32,527.36</u>
Ref.	D	D-5	D-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2012	D	13,459.07	29,055.34
Increased by:			
Charges to 2013 Appropriations	D-4	11,397.52	
		<u>24,856.59</u>	<u>29,055.34</u>
Decreased by:			
Payments	D-5	13,459.07	
Balance December 31, 2013	D	<u>11,397.52</u>	<u>29,055.34</u>

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

Balance December 31, 2012	Ref. D	10,020.28
Increased by:		
Budget Appropriation for:		
Interest on Bonds and Notes	D-4	50,411.94
		<hr/> 60,432.22
Decreased by:		
Interest Paid	D-5	49,242.43
Balance December 31, 2013	D	<hr/> <hr/> 11,189.79

Analysis of Accrued Interest December 31, 2013

	Principal Outstanding Dec. 31, 2013	Interest Rate	From	To	Period	Amount
Bonds:	308,324.00	5.00%	10/15/13	12/31/13	77 Days	3,252.18
	444,000.00	Various	12/1/13	12/31/13	1 Month	1,710.53
Notes:	175,000.00	0.99%	8/1/13	12/31/13	148 Days	721.48
	135,000.00	0.86%	10/24/13	12/31/13	67 Days	216.30
	85,000.00	0.90%	12/12/13	12/31/13	19 Days	44.56
Loans:	100,000.00	Various	8/1/13	12/31/13	5 Months	4,249.48
	347,620.00	Various	8/1/13	12/31/13	5 Months	995.26
						<hr/> <hr/> 11,189.79

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2012		2013 Authorization	Paid or Charged	Balance Dec. 31, 2013	
				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	2,905.71				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
04-23	Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	12/8/04	65,000.00	11,253.72				11,253.72	
11-02	Various Capital Improvements	4/13/11	1,320,000.00		195,607.25		106,392.89		89,214.36
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
13-15	Repair &/or Replacement of Water Mains	10/7/13	85,000.00			85,000.00	71,377.50		13,622.50
				<u>15,657.97</u>	<u>331,014.75</u>	<u>85,000.00</u>	<u>177,770.39</u>	<u>15,657.97</u>	<u>238,244.36</u>
			Ref.	D	D	D-11	D-5	D	D

EXHIBIT D-16

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2012	Ref. D	<u>4,076.00</u>
Balance December 31, 2013	D	<u><u>4,076.00</u></u>

EXHIBIT D-17

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2012	Ref. D	2,129,492.89
Increased by:		
Serial Bonds Paid by Operating Budget	D-19	<u>65,777.00</u>
Balance December 31, 2013	D	<u><u>2,195,269.89</u></u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Purpose	Date of Ordinance	Balance Dec. 31, 2012	Paid from Operating Budget		Balance Dec. 31, 2013
				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	324,782.61		27,870.98	352,653.59
00-19	Improvements to Water Treatment Facility & Reconstruct Elm Avenue	12/14/00	168,700.00			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	65,000.00			65,000.00
06-6	Redrill Well	7/12/06	51,773.00	13,000.00		64,773.00
11-2	Various Improvements	4/12/11	28,249.38		59,493.07	87,742.45
			<u>1,299,218.99</u>	<u>13,000.00</u>	<u>87,364.05</u>	<u>1,399,583.04</u>
		Ref.	D	D-21	D-20	D

SCHEDULE OF SERIAL BONDS PAYABLE

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance		Balance Dec. 31, 2013
			December 31, 2013			Dec. 31, 2012	Decreased	
			Date	Amount				
10/15/81	Improvement to Water System	819,000.00	10/15/14	32,316.00	5.00%			
			10/15/15	33,932.00	5.00%			
			10/15/16	35,628.00	5.00%			
			10/15/17	37,410.00	5.00%			
			10/15/18	39,280.00	5.00%			
			10/15/19	41,244.00	5.00%			
			10/15/20	43,306.00	5.00%			
			10/15/21	45,208.00	5.00%	339,101.00	30,777.00	308,324.00
12/1/05	Improvements to Water System	724,000.00	12/1/14	35,000.00	4.60%			
			12/1/15	35,000.00	4.625%			
			12/1/16-17	45,000.00	4.625%			
			12/1/18-20	50,000.00	4.625%			
			12/1/21	65,000.00	4.625%			
			12/1/22	69,000.00	4.625%	479,000.00	35,000.00	444,000.00
						818,101.00	65,777.00	752,324.00
						D	D-17	D

SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST LOAN

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding			Interest Rate (A)	Balance		Balance Dec. 31, 2013
			Date	Trust Loan	Fund Loan		Dec. 31, 2012	Decreased	
10/15/99	Replacement, Repair and Rehabilitation of Water Mains	472,136.00	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%	200,217.39	27,870.98	172,346.41
			8/1/12	Replacement, Repair and Rehabilitation of Water Utility	226,411.00	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 Dec. 31, 2012	Decreased	Balance Dec. 31, 2013	
			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%	222,620.90	11,086.15	211,534.75				
8/1/12	Replacement, Repair and Rehabilitation of Water Utility	971,685.00	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, 2013	
			December 31, 2013		Dec. 31, 2012		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%		947,225.72	48,406.92	898,818.80
								<u>1,370,064.01</u>	<u>87,364.05</u>	<u>1,282,699.96</u>
						Ref. D	D-18	D		

(A) Interest is applicable to Trust Loan only.

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue	Date of	Date of	Interest	Balance	Increased	Decreased	Balance
		of Original Note	Issue	Maturity	Rate	Dec. 31, 2012			Dec. 31, 2013
6-06	Re-drill Well #5	8/9/06	8/1/13	7/31/14	0.99%	188,000.00		13,000.00	175,000.00
11-08	Repair &/or Replacement of Existing Water Treatment Filters and Electrical Upgrades	10/28/11	10/24/13	10/22/14	0.86%	65,000.00			65,000.00
11-08	Repair &/or Replacement of Existing Water Treatment Filters and Electrical Upgrades	10/25/12	10/24/13	10/22/14	0.86%	70,000.00			70,000.00
13-15	Repair &/or Replacement of Water Mains	12/12/13	12/12/13	10/22/14	0.90%		85,000.00		85,000.00
						<u>323,000.00</u>	<u>85,000.00</u>	<u>13,000.00</u>	<u>395,000.00</u>
					Ref.	D	D-5	D-18	D

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2012	2013 Authorization	Notes Issued	Balance Dec. 31, 2013
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	121,904.00			121,904.00
13-15	Repair &/or Replacement of Water Mains		85,000.00	85,000.00	
		<u>122,490.00</u>	<u>85,000.00</u>	<u>85,000.00</u>	<u>122,490.00</u>
	Ref.		D-15	D-21	

PART II
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2013

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:

- Renovations to 165 Broadway
- Installation of Municipal Elevator
- Leaf Vacuum Machine
- 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, 2013, 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 1st, May 1st, August 1st and November 1st 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 19, 2013, 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>
2013	3
2012	3
2011	1

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

Verification of Delinquent Taxes and Other Charges

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

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.

	2013	2012	2011
Tax Levy	9,503,946.19	9,277,875.76	9,325,643.82
Cash Collections	9,102,591.07	8,810,943.80	8,771,717.33
Percentage of Collections	95.78%	94.97%	94.06%

Comparative Schedule of Tax Rate Information

	2013	2012	2011
Tax Rate	3.478	3.336	5.606
Apportionment of Tax Rate:			
Municipal	1.032	0.951	1.499
Library Tax	0.031	0.032	0.059
County	0.561	0.537	0.969
Local School	0.886	0.838	1.356
Regional High School	0.968	0.978	1.723
Assessed Valuation	263,446,994	268,529,139	160,763,731

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.

	2013	2012	2011
Amount of Tax Title Liens	23,583.60	20,712.15	2,367.60
Delinquent Taxes	340,667.94	546,765.94	473,661.95
Total Delinquent	364,251.54	567,478.09	476,029.55
Percentage of Tax Levy	3.83%	6.12%	5.10%

Comparative Schedule of Property Acquired by Tax Title Lien Liquidation

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

	2013	2012	2011
Property Acquired for Taxes (Assessed Valuation)	237,450.00	237,450.00	237,450.00

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 2012.

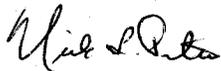
FINDINGS AND RECOMMENDATIONS

None

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

Respectfully submitted,

PETRONI & ASSOCIATES LLC



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