

**BOROUGH OF WESTVILLE**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2009**

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**PART I**

# PETRONI & ASSOCIATES LLC

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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Borough Council  
Borough of Westville  
County of Gloucester, New Jersey

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Westville as of December 31, 2009 and 2008, and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statements of revenues – regulatory basis, and statement of expenditures – regulatory basis of the various funds, as listed in the table of contents for the year ended December 31, 2009. These financial statements are the responsibility of the Borough of Westville's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the Borough of Westville prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Westville as of December 31, 2009 and 2008, or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough of Westville as of December 31, 2009 and 2008, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2009 on the modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2010 on our consideration of the Borough of Westville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Borough of Westville taken as a whole. The supplemental schedules listed in the table of contents are not a required part of the financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by New Jersey Treasurer Circular Letter 04-04 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and is also not a required part of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PETRONI & ASSOCIATES LLC



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

July 30, 2010

**CURRENT FUND**

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	<u>ASSETS</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2008</u>
<u>Regular Fund</u>				
	Cash - Treasurer	A-4	1,411,015.59	1,005,625.25
	Cash - Tax Collector	A-6	30,371.72	29,230.44
	Cash - Sewer Collector	A-8	474,551.82	881,938.83
	Change Fund		200.00	200.00
			<u>1,916,139.13</u>	<u>1,916,994.52</u>
Receivables and Other Assets with Full Reserves:				
	Delinquent Property Taxes Receivable	A-11	279,915.28	285,588.47
	Tax Title Liens Receivable	A-12	16,512.04	5,653.66
	Municipal Maintenance Liens Receivable		324.06	324.06
	Property Acquired for Taxes - Assessed Valuation	A-13	135,450.00	135,450.00
	Sewer Rents Receivable	A-14	81,549.68	78,501.95
	Sewer Utility Liens Receivable	A-15	821.76	
	Other Accounts Receivable		4,990.50	4,990.50
	Revenue Accounts Receivable	A-16	89,109.53	15,187.64
	Protested Checks		1,435.66	1,435.66
	Due from Borough Clerk		30.20	30.20
	Due from Water Utility Operating Fund	D	38,298.60	
	Due from Other Trust Funds	B	17,409.97	22,408.04
	Due from Animal Control Trust Fund	B	2,151.99	2,097.92
	Due from Community Development		2,860.84	2,860.84
	Due from Federal and State Grant Fund			18,084.44
			<u>670,860.11</u>	<u>572,613.38</u>
Deferred Charges:				
	Expenditure Without Appropriation			862.83
	Special Emergency Authorization (40A:4-55)	A-17	16,000.00	20,000.00
			<u>16,000.00</u>	<u>20,862.83</u>
			<u>2,602,999.24</u>	<u>2,510,470.73</u>
<u>Federal and State Grant Fund</u>				
	Cash	A-4	22,483.08	20,747.86
	Grants Receivable	A-10	300,825.56	545,929.81
	Due Current Fund	A	65,292.88	
			<u>388,601.52</u>	<u>566,677.67</u>
			<u>2,991,600.76</u>	<u>3,077,148.40</u>

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2008</u>
<u>Regular Fund</u>			
Liabilities:			
Appropriation Reserves	A-3:A-18	299,281.58	268,677.72
Encumbrances Payable	A-19	31,060.68	45,904.91
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-20	42,588.01	41,666.68
Prepaid Taxes		40,672.75	41,858.95
Tax Overpayments		6,660.44	1,673.44
Prepaid Sewer Rents			537.17
Sewer Overpayments		1,199.47	249.15
Due to Bank		31.50	31.50
Due General Capital Fund	C	45,463.62	227,253.55
Due Federal and State Grant Fund	A	65,292.88	
Reserve for Zoning Escrow		1,845.00	1,845.00
Reserve for Supplemental Franchise and Gross Receipts Tax		26.00	26.00
Reserve for Stormwater Grant		5,117.00	5,117.00
Reserve for Revaluation		9,016.00	11,620.00
Reserve for Street Scape Refund		19,523.00	19,523.00
Reserve for Library Addition Donation			3,850.40
Reserve for Public Defender		7,286.00	3,857.00
Reserve for Codification of Ordinances	A-18	24,007.26	
Local District School Taxes Payable	A-22	5,972.94	5,971.94
Regional High School Taxes Payable	A-23	2.56	4,569.13
Due County for Added & Omitted Taxes		2,636.03	748.30
Due Fire District		5,707.98	5,707.98
Due Library		14,066.81	6,092.16
		<hr/>	<hr/>
		627,457.51	696,780.98
Reserve for Receivables		670,860.11	572,613.38
Fund Balance	A-1	1,304,681.62	1,241,076.37
		<hr/>	<hr/>
		2,602,999.24	2,510,470.73
<u>Federal and State Grant Fund</u>			
Encumbrances Payable	A-19	18,519.50	1,000.00
Reserve for Grants - Appropriated	A-24	90,358.49	271,598.89
Reserve for Grants - Unappropriated	A-25	17,536.87	15,542.90
Reserve for Small Cities Loan Payback		22,483.08	20,747.86
Due Fire District		874.00	874.00
Due General Capital Fund	C	238,829.58	238,829.58
Due Current Fund			18,084.44
		<hr/>	<hr/>
		388,601.52	566,677.67
		<hr/>	<hr/>
		2,991,600.76	3,077,148.40
		<hr/> <hr/>	<hr/> <hr/>

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

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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2009</u>	<u>Year 2008</u>
Fund Balance Utilized	A-2	525,000.00	360,000.00
Miscellaneous Revenue Anticipated	A-2	2,255,096.49	2,143,042.38
Receipts from Delinquent Taxes	A-2	281,755.67	242,835.84
Receipts from Current Taxes	A-2	8,653,291.54	8,534,729.26
Non-Budget Revenue	A-2	125,618.05	277,065.02
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-18	199,880.35	266,019.89
Encumbrances Payable - Canceled	A-19	5,857.22	743.00
Interfund Loans Returned		19,874.37	100,975.95
Refund of Prior Year Grant Appropriations	A-24	17,271.69	
Prior Year Unallocated Receipts			116.80
Grant Reserve Canceled	A-24	119,670.00	
Total Income		<u>12,203,315.38</u>	<u>11,925,528.14</u>
<u>Expenditures</u>			
Budget Appropriations:			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	1,657,725.00	1,765,575.00
Other Expenses	A-3	1,432,120.39	1,427,160.96
Deferred Charges and Statutory Expenditures - Municipal	A-3	301,711.83	103,700.00
Appropriations Excluded from "CAPS":			
Operations:			
Other Expenses	A-3	1,181,306.21	953,229.04
Capital Improvements	A-3	40,200.00	28,500.00
Debt Service	A-3	391,621.13	369,394.50
Deferred Charges	A-3	4,000.00	
County Taxes	A-11	1,595,832.45	1,576,260.61
Due County for Added Taxes	A-11	2,636.03	748.30
Local District School Tax	A-22	1,806,801.50	1,814,803.00
Regional High School Tax	A-23	2,736,580.29	2,651,960.71
Fire District Tax		302,356.00	290,621.56
Interfund Loan Advanced		42,149.30	
Refund of Prior Year Revenue			1,742.83
Grants Receivable Canceled	A-10	119,670.00	
Total Expenditures		<u>11,614,710.13</u>	<u>10,983,696.51</u>
Excess in Revenue		588,605.25	941,831.63
Adjustments to Income before Fund Balance:			
Expenditures above which are by Statute Deferred Charges to Budget of Succeeding Year			20,000.00
Statutory Excess to Fund Balance		588,605.25	961,831.63
<u>Fund Balance</u>			
Balance January 1	A	1,241,076.37	639,244.74
		1,829,681.62	1,601,076.37
Decreased by:			
Utilization as Anticipated Revenue	A-1	525,000.00	360,000.00
Balance December 31	A	<u>1,304,681.62</u>	<u>1,241,076.37</u>

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

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget 2009	Special N.J.S.A. 40A:4-87		
Fund Balance Anticipated	A-1	525,000.00		525,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-16	10,000.00		10,000.00	
Other	A-16	2,000.00		7,150.00	5,150.00
Fees and Permits	A-16	4,000.00		6,477.25	2,477.25
Fines and Costs:					
Municipal Court	A-16	100,000.00		123,058.96	23,058.96
Interest and Costs on Taxes	A-16	30,000.00		33,684.74	3,684.74
Interest on Investments	A-16	47,695.49		41,019.81	(6,675.68)
Sewer Rents	A-14	700,000.00		797,214.57	97,214.57
Interest on Delinquent					
Sewer Rents	A-16	1,000.00		4,185.78	3,185.78
Housing Inspection Fees	A-16	12,000.00		50,641.00	38,641.00
Consolidated Municipal					
Property Tax Relief Act					
(N.J.S.A. 52:27D-118.34)	A-16	117,615.00		117,615.00	
Energy Receipts Tax	A-16	361,144.00		361,144.00	
Franchise Fees - Cable TV	A-16	12,000.00		14,774.11	2,774.11
Borough of Brooklawn -					
Busing Service	A-16	3,000.00		1,200.00	(1,800.00)
Shared Service Agreement					
Borough of National Park	A-16	543,253.61		559,067.00	15,813.39
Clean Communities	A-10		7,267.37	7,267.37	
Recycling Tonnage	A-10	14,560.00		14,560.00	
Municipal Alliance on					
Alcoholism and Drug Abuse	A-10	9,249.00		9,249.00	
Body Armor	A-10	982.90		982.90	
NJACA Local Arts Program	A-10		1,305.00	1,305.00	
Obey the Signs or Pay the Fines	A-10		4,000.00	4,000.00	
Sharing Available Resources					
Efficiency Grant	A-10	90,000.00		90,000.00	
Gloucester County					
Improvement Authority	A-16		500.00	500.00	
Total Miscellaneous Revenues		2,058,500.00	13,072.37	2,255,096.49	183,524.12
Receipts from Delinquent Taxes	A-2	250,000.00		281,755.67	31,755.67
Subtotal General Revenues		2,833,500.00	13,072.37	3,061,852.16	215,279.79
Amount to be Raised by Taxation	A-2	2,487,000.00		2,533,594.21	46,594.21
Budget Totals		5,320,500.00	13,072.37	5,595,446.37	261,874.00
Non-Budget Revenue	A-2			125,618.05	
		5,320,500.00	13,072.37	5,721,064.42	
Ref.		A-3	A-3		

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

STATEMENT OF REVENUES - REGULATORY BASIS

Analysis of Realized Revenue

	<u>Ref.</u>	
Allocation of Current Tax Collections:		
Revenue from Collections	A-11	8,653,291.54
Allocated to:		
School, Fire and County Taxes	A-11	6,444,206.27
Balance for Support of Municipal Budget Appropriation		<u>2,209,085.27</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	324,508.94
Amount for Support of Municipal Budget Appropriation	A-2	<u><u>2,533,594.21</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-2:A-11	<u><u>281,755.67</u></u>

Analysis of Non-Budget Revenue

	<u>Ref.</u>	
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Administrative Fee	A-16	1,526.76
Sale of Scrap Iron	A-16	2,798.20
JIF Assessment	A-16	28,956.00
Sign Rental	A-16	4,595.00
Lease of Property	A-16	12,012.43
JIF Dividend	A-16	23,501.00
Refunds	A-16	26,258.76
Sale of Borough Property	A-16	1,611.00
Miscellaneous	A-16	24,358.90
	A-2	<u><u>125,618.05</u></u>

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT</b>						
General Administration						
Salaries & Wages	41,000.00	41,000.00	38,406.46		2,593.54	
Municipal Clerk						
Salaries & Wages	67,500.00	67,500.00	61,557.29		5,942.71	
Other Expenses	49,785.00	52,535.00	51,778.08	512.80	244.12	
Financial Administration						
Salaries & Wages	40,300.00	40,350.00	40,319.90		30.10	
Other Expenses	14,105.00	16,105.00	15,576.30	216.79	311.91	
Audit Services						
Other Expenses	5,720.00	5,720.00	5,720.00			
Revenue Administration (Tax Collection)						
Salaries & Wages	72,000.00	71,850.00	69,442.74		2,407.26	
Other Expenses	10,780.00	10,780.00	7,760.00	786.05	2,233.95	
Tax Assessment Administration						
Salaries & Wages	14,500.00	14,500.00	14,500.00			
Other Expenses	5,565.00	5,565.00	3,077.31		2,487.69	
Legal Services and Costs						
Other Expenses	23,750.00	25,750.00	25,337.07	375.00	37.93	
Engineering Services and Costs						
Other Expenses	11,400.00	11,400.00	4,225.00		7,175.00	
Economic Development Committee						
Other Expenses	6,175.00	6,175.00	661.87		5,513.13	
<b>LAND USE ADMINISTRATION</b>						
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Municipal Land Use Board						
Salaries and Wages	1,100.00	1,100.00	140.62		959.38	
Other Expenses	9,800.00	9,800.00	2,507.35		7,292.65	
<b>INSURANCE</b>						
Liability Insurance	122,125.00	112,125.00	106,133.48		5,991.52	
Worker Compensation Insurance	160,000.00	160,000.00	158,877.72		1,122.28	
Employee Group Insurance	279,200.00	253,700.00	197,583.16		56,116.84	

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>PUBLIC SAFETY FUNCTIONS</b>						
Police						
Salaries and Wages	734,800.00	744,800.00	744,137.65		662.35	
Other Expenses	54,776.39	54,776.39	47,403.68	699.00	6,673.71	
Office of Emergency Management						
Other Expenses	11,900.00	11,900.00	1,071.17	8,898.00	1,930.83	
Municipal Prosecutor						
Other Expenses	11,900.00	11,900.00	10,983.72		916.28	
<b>PUBLIC WORKS FUNCTIONS</b>						
Road Repairs & Maintenance						
Salaries & Wages	77,000.00	78,500.00	78,256.85		243.15	
Other Expenses	32,293.00	42,293.00	39,410.06	101.99	2,780.95	
Public Buildings & Grounds						
Salaries & Wages	5,600.00	5,700.00	5,669.59		30.41	
Other Expenses	24,107.00	25,107.00	24,963.91	66.00	77.09	
Vehicle Maintenance						
Other Expenses	67,354.50	68,354.50	68,240.75		113.75	
Garbage and Trash Removal						
Salaries & Wages	218,000.00	225,000.00	224,788.80		211.20	
Sanitary Landfill						
Other Expenses	222,000.00	194,250.00	176,632.57	1,979.77	15,637.66	
Sewer System						
Salaries & Wages	186,000.00	179,000.00	177,260.41		1,739.59	
Other Expenses	21,805.00	21,805.00	16,068.80		5,736.20	
<b>HEALTH &amp; HUMAN SERVICES</b>						
Board of Health						
Salaries & Wages	95.00	95.00			95.00	
Other Expenses	807.50	807.50	472.52		334.98	
Dog Regulation						
Other Expenses	50.00	50.00			50.00	
Environmental Commission						
Other Expenses	950.00	2,450.00	2,448.81		1.19	

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
<b>PARK &amp; RECREATION FUNCTIONS</b>					
Parks and Playgrounds					
Salaries & Wages	113,530.00	113,530.00	108,020.98		5,509.02
Other Expenses	22,640.00	22,640.00	7,818.63		14,821.37
<b>OTHER COMMON OPERATING FUNCTIONS</b>					
Celebration of Public Event, Anniversary or Holiday					
Other Expenses	9,500.00	9,500.00	9,500.00		
<b>UNIFORM CONSTRUCTION CODE- APPROPRIATIONS OFFSET BY DEDICATED REVENUE (N.J.A.C. 5:23-4.17)</b>					
Construction Official					
Other Expenses	15,535.00	31,535.00	29,597.07		1,937.93
Housing Inspector					
Salaries & Wages	32,400.00	32,400.00	32,370.00		30.00
Other Expenses	1,530.00	1,530.00	590.66		939.34
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electricity	85,000.00	85,000.00	80,730.61		4,269.39
Street Lighting	39,000.00	46,000.00	45,817.81		182.19
Telephone	34,000.00	34,000.00	32,581.20		1,418.80
Heating Oil	13,000.00	13,000.00	13,000.00		
Gasoline	66,000.00	66,000.00	49,067.43		16,932.57
<b>MUNICIPAL COURT FUNCTIONS</b>					
Municipal Court					
Salaries & Wages	42,400.00	42,400.00	40,410.58		1,989.42
Other Expenses	14,817.00	14,817.00	4,436.53	386.44	9,994.03
Public Defender					
Other Expenses	4,750.00	4,750.00	4,750.00		
Total Operations Within "CAPS"	<u>3,098,345.39</u>	<u>3,089,845.39</u>	<u>2,880,105.14</u>	<u>14,021.84</u>	<u>195,718.41</u>
Detail:					
Salaries & Wages	1,646,225.00	1,657,725.00	1,635,281.87		22,443.13
Other Expenses	<u>1,452,120.39</u>	<u>1,432,120.39</u>	<u>1,244,823.27</u>	<u>14,021.84</u>	<u>173,275.28</u>

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>						
DEFERRED CHARGES:						
Expenditure Without Appropriation	862.83	862.83	862.83			
STATUTORY EXPENDITURES:						
Contribution to:						
Social Security System (O.A.S.I.)	97,500.00	76,500.00	74,575.65		1,924.35	
Public Employees' Retirement System	93,825.00	93,825.00	93,825.00			
Police and Firemen's Retirement System	130,524.00	130,524.00	130,524.00			
Total Deferred Charges & Statutory Expenditures within "CAPS"	322,711.83	301,711.83	299,787.48		1,924.35	
Total General Appropriations for Municipal Purposes within "CAPS"	3,421,057.22	3,391,557.22	3,179,892.62	14,021.84	197,642.76	
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>						
Gloucester County Utilities Authority						
Contractual - Share Costs - Sewerage	380,000.00	410,000.00	374,304.96		35,695.04	
Maintenance of Free Public Library						
Other Expenses	96,049.33	96,049.33	90,379.60		5,669.73	
SFSP Fire District Payment	2,326.00	2,326.00	2,326.00			
National Park Interlocal Service Agreement	543,253.61	543,253.61	483,420.63	121.47	59,711.51	

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>PUBLIC AND PRIVATE PROGRAMS</b>						
<b>OFFSET BY REVENUES</b>						
Recycling Tonnage Grant	14,560.00	14,560.00	14,560.00			
Municipal Alliance for Drug and Alcohol Abuse	11,562.00	11,562.00	11,562.00			
Body Armor Grant	982.90	982.90	982.90			
Local Arts Grant		1,305.00	1,305.00			
Obey the Signs or Pay the Fines		4,000.00	4,000.00			
Clean Communities		7,267.37	7,267.37			
Sharing Available Resources Efficiency Grant	90,000.00	90,000.00	90,000.00			
Total Operations Excluded from "CAPS"	1,138,733.84	1,181,306.21	1,080,108.46	121.47	101,076.28	
Detail:						
Other Expenses	1,138,733.84	1,181,306.21	1,080,108.46	121.47	101,076.28	
<b>CAPITAL IMPROVEMENTS</b>						
<b>- EXCLUDED FROM "CAPS"</b>						
Capital Improvement Fund	25,000.00	25,000.00	25,000.00			
Purchase of a Computer and Phone System	15,200.00	15,200.00	8,011.80	6,625.66	562.54	
Capital Improvements Excluded from "CAPS"	40,200.00	40,200.00	33,011.80	6,625.66	562.54	
<b>DEBT SERVICE</b>						
Payment of Bond Principal	240,500.00	240,500.00	240,470.74			29.26
Interest on Bonds	140,500.00	140,500.00	140,290.39			209.61
Interest on Notes	11,000.00	11,000.00	10,860.00			140.00
Total Debt Service	392,000.00	392,000.00	391,621.13			378.87

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

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
<b>DEFERRED CHARGES</b>					
<b>- EXCLUDED FROM "CAPS"</b>					
Emergency Authorizations	4,000.00	4,000.00	4,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,574,933.84	1,617,506.21	1,508,741.39	6,747.13	378.87
Subtotal General Appropriations	4,995,991.06	5,009,063.43	4,688,634.01	20,768.97	378.87
RESERVE FOR UNCOLLECTED TAXES	324,508.94	324,508.94	324,508.94		
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>5,320,500.00</b>	<b>5,333,572.37</b>	<b>5,013,142.95</b>	<b>20,768.97</b>	<b>378.87</b>
Ref.	A-2			A-19	A
	<u>Ref.</u>				
Budget	A-3	5,320,500.00			
Appropriations by 40A:4-87	A-2	13,072.37			
		<u>5,333,572.37</u>			
		<u>Ref.</u>			
Deferred Charges - Expenditure Without Appropriation		A	862.83		
Deferred Charges - Special Emergency		A-17	4,000.00		
Reserve for Federal and State Grants		A-24	129,677.27		
Reserve for Uncollected Taxes		A-2	324,508.94		
Disbursed		A-4	4,554,093.91		
			<u>5,013,142.95</u>		

**TRUST FUND**

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2008</u>
<u>Animal Control Trust Fund</u>			
Cash - Treasurer	B-1	2,852.54	3,175.17
Due from Bank		39.25	39.25
		<u>2,891.79</u>	<u>3,214.42</u>
<u>Other Trust Funds</u>			
Cash - Treasurer	B-1	21,661.12	126,879.15
Cash - Collector	B-3	46,868.03	4,024.53
Prepaid Payroll Taxes		25,507.35	
Prepaid Payroll		62,480.08	
Accounts Receivable - Agency Account		759.95	
Escrow Accounts Receivable		633.50	633.50
		<u>157,910.03</u>	<u>131,537.18</u>
		<u>160,801.82</u>	<u>134,751.60</u>

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
<u>Animal Control Trust Fund</u>			
Due Current Fund	A	2,151.99	2,097.92
Unallocated Receipts		1.00	1.00
Due State of New Jersey		1.20	20.40
Reserve for Dog Fund Expenditures	B-5	737.60	1,095.10
		<hr/>	<hr/>
		2,891.79	3,214.42
		<hr/>	<hr/>
<u>Other Trust Funds</u>			
Due Current Fund	A	17,409.97	22,408.04
Due General Capital Fund	C	137.50	137.50
Accounts Payable - State of New Jersey		9,126.93	9,126.93
Reserve for:			
Net Payroll			5,624.33
Payroll Taxes Payable		11,031.11	20,708.77
Fourth of July Celebration		13,200.24	8,784.97
Municipal Alliance		6,383.34	6,260.78
Unemployment		20,828.14	23,566.10
Redemption of Tax Title Liens		44,761.48	1,917.98
Planning and Zoning Board		20,363.46	19,748.66
Fieldstone Escrow		639.86	73.84
Tax Sale Premiums		805.00	805.00
Parking Offense Adjudication Act		1,358.16	1,358.16
Forfeited Property		11,539.84	10,691.12
Rental Security Deposits		325.00	325.00
		<hr/>	<hr/>
		157,910.03	131,537.18
		<hr/>	<hr/>
		160,801.82	134,751.60
		<hr/> <hr/>	<hr/> <hr/>

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

**GENERAL CAPITAL FUND**

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
Cash - Treasurer	C-2	237,295.47	15,647.45
Loan Receivable	C-5	70,172.00	323,768.00
Due from State of New Jersey	C-6	321,432.20	160,432.20
Due from Federal and State Grant Fund	A	238,829.58	238,829.58
Due from Current Fund	A	45,463.62	227,253.55
Due from Trust Other	B	137.50	137.50
Deferred Charges to Future Taxation:			
Funded	C-7	3,126,553.26	3,367,024.00
Unfunded	C-8	951,869.00	405,869.00
		<u>4,991,752.63</u>	<u>4,738,961.28</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-12	2,525,000.00	2,740,000.00
Bond Anticipation Notes Payable	C-14	552,000.00	362,000.00
New Jersey Infrastructure Loan Payable	C-13	601,553.26	627,024.00
Contracts Payable	C-11	189,796.50	6,861.50
Improvement Authorizations:			
Funded	C-10	654,593.25	846,510.13
Unfunded	C-10	444,809.17	129,565.20
Capital Improvement Fund	C-9	13,898.00	16,898.00
Retainage Percentage Due Contractor		3,093.04	3,093.04
Reserve for Land Acquisition		2,375.00	2,375.00
Reserve for Insurance Refund		1,460.11	1,460.11
Reserve for Sunoco Donations		2,255.30	2,255.30
Reserve for Debt Service		100.00	100.00
Fund Balance	C-1	819.00	819.00
		<u>4,991,752.63</u>	<u>4,738,961.28</u>

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

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2008	C	819.00
Balance December 31, 2009	C	<u>819.00</u>

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

**WATER UTILITY FUND**

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2008</u>
<u>Operating Fund</u>			
Cash - Treasurer	D-5	68,328.37	132,768.16
Cash - Change Fund		50.00	50.00
Due from Utility Capital Fund	D	133,423.89	133,123.25
		<u>201,802.26</u>	<u>265,941.41</u>
Receivables with Full Reserves:			
Water Rents Receivable	D-8	59,049.87	50,347.40
Other Accounts Receivable	D-9	654.95	639.95
		<u>59,704.82</u>	<u>50,987.35</u>
Total Operating Fund		<u>261,507.08</u>	<u>316,928.76</u>
<u>Capital Fund</u>			
Cash - Treasurer	D-5	15,684.34	15,383.70
Due from State of New Jersey - Infrastructure Trust Loan		156,744.00	156,744.00
Other Accounts Receivable	D-9	170.47	170.47
Fixed Capital	D-10	2,925,893.98	2,912,896.88
Fixed Capital Authorized and Uncompleted	D-11	1,659,773.00	1,659,773.00
		<u>4,758,265.79</u>	<u>4,744,968.05</u>
Total Capital Fund		<u>5,019,772.87</u>	<u>5,061,896.81</u>

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

COMPARATIVE BALANCE SHEET - WATER UTILITY FUND - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves	D-4:D-12	6,803.84	67,314.55
Encumbrances Payable	D-13	13,090.91	14,155.41
Accrued Interest on Bonds, Notes & Loans	D-14	12,406.12	12,959.04
Utility Rent Prepayments		31,710.90	38,365.01
Utility Rent Overpayments		2,591.77	1,191.87
Due Current Fund	A	38,298.60	
Accounts Payable		2,009.50	2,009.50
Reserve for Brooklawn Escrow Agreement		31,250.00	31,250.00
		<hr/>	<hr/>
		138,161.64	167,245.38
Reserve for Receivables		59,704.82	50,987.35
Fund Balance	D-1	63,640.62	98,696.03
		<hr/>	<hr/>
Total Operating Fund		261,507.08	316,928.76
 <u>Capital Fund</u>			
Serial Bonds Payable	D-19	1,006,914.00	1,067,234.00
Bond Anticipation Notes	D-21	227,000.00	239,773.00
New Jersey Environmental Trust Loan	D-20	270,078.12	291,304.51
Improvement Authorizations:			
Funded	D-15	24,162.26	24,162.26
Unfunded	D-15	586.00	586.00
Capital Improvement Fund	D-16	4,076.00	4,076.00
Due Utility Operating Fund	D	133,423.89	133,123.25
Reserve for Debt Service		81.00	81.00
Reserve for Amortization	D-17	2,859,838.86	2,752,522.37
Deferred Reserve for Amortization	D-18	221,250.00	221,250.00
Fund Balance	D-2	10,855.66	10,855.66
		<hr/>	<hr/>
Total Capital Fund		4,758,265.79	4,744,968.05
		<hr/>	<hr/>
		5,019,772.87	5,061,896.81
		<hr/>	<hr/>

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

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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2009</u>	<u>Year 2008</u>
Fund Balance Utilized	D-3	95,000.00	88,000.00
Rents	D-3	823,030.90	840,650.24
Fire Hydrant Services	D-3	2,250.00	2,250.00
Miscellaneous	D-3	83,344.03	81,395.38
Other Credits to Income:			
Unexpended Balance of Appropriation Reserve:	D-12	63,570.29	43,424.16
Total Income		<u>1,067,195.22</u>	<u>1,055,719.78</u>
<u>Expenditures</u>			
Operating	D-4	812,512.00	788,761.00
Capital Improvements	D-4	13,000.00	13,200.00
Debt Service	D-4	154,735.63	131,139.09
Deferred Charges and Statutory Expenditures	D-4	26,988.00	25,039.00
Interfund Loan Advanced		15.00	15.00
Total Expenditures		<u>1,007,250.63</u>	<u>958,154.09</u>
Excess in Revenue		59,944.59	97,565.69
<u>Fund Balance</u>			
Balance January 1	D	98,696.03	89,130.34
		158,640.62	186,696.03
Decreased by:			
Utilization as Anticipated Revenue	D-1	95,000.00	88,000.00
Balance December 31	D	<u>63,640.62</u>	<u>98,696.03</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, 2008	<u>Ref.</u> D	10,855.66
Balance December 31, 2009	D	<u>10,855.66</u>

STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated Budget</u> 2009	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	95,000.00	95,000.00	
Rents	D-3	840,750.00	823,030.90	(17,719.10)
Fire Hydrant Service	D-5	2,250.00	2,250.00	
Miscellaneous	D-3	78,000.00	83,344.03	5,344.03
Budget Totals		<u>1,016,000.00</u>	<u>1,003,624.93</u>	<u>(12,375.07)</u>
	Ref.	D-4		

Analysis of Realized Revenue

	<u>Ref.</u>	
Rents:		
Consumer Accounts Receivable:		
Collected	D-8	783,474.02
Overpayments Applied	D-8	1,191.87
Prepayments Applied	D-8	38,365.01
	D-3	<u>823,030.90</u>
Miscellaneous:		
Interest on Investments		2,846.57
Interest on Delinquent Accounts		6,150.72
Water Laboratory Fees		71,486.74
Sprinkler		2,800.00
Miscellaneous		60.00
	D-3:D-5	<u>83,344.03</u>

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

## STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operating:						
Salaries and Wages	326,000.00	350,800.00	344,660.55		6,139.45	
Other Expenses	488,512.00	461,712.00	448,581.05	13,090.91	40.04	
Capital Improvements:						
Capital Outlay	13,000.00	13,000.00	12,997.10		2.90	
Debt Service:						
Payment of Bond Principal	60,500.00	60,500.00	60,320.00			180.00
Payment of Bond Anticipation Notes	13,000.00	13,000.00	12,773.00			227.00
Interest on Bonds	52,000.00	52,000.00	50,364.11			1,635.89
Interest on Notes	7,500.00	7,500.00	5,577.12			1,922.88
Infrastructure Trust and Fund Loan	30,500.00	30,500.00	25,701.40			4,798.60
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	24,988.00	26,988.00	26,366.55		621.45	
	<u>1,016,000.00</u>	<u>1,016,000.00</u>	<u>987,340.88</u>	<u>13,090.91</u>	<u>6,803.84</u>	<u>8,764.37</u>
Ref.	D-3	D-4 Ref.		D-13	D	
Interest on Bonds, Notes and Loans Disbursed		D-14 D-5	60,413.24 926,927.64			
			<u>987,340.88</u>			

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

**GENERAL FIXED ASSETS**

EXHIBIT E

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
General Fixed Assets:		
Land and Improvements Other Than Buildings	3,502,200.00	3,502,200.00
Buildings	1,470,669.71	1,470,669.71
GE Vehicles	964,031.67	964,031.67
Miscellaneous Equipment	259,434.63	259,434.63
Office Furniture and Equipment	91,208.00	91,208.00
	<u>6,287,544.01</u>	<u>6,287,544.01</u>
Investment in General Fixed Assets	<u>6,287,544.01</u>	<u>6,287,544.01</u>

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

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

The Borough is governed by an elected mayor and six elected council representatives. The Borough is managed daily by the Borough Administrator.

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

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

**B. Description of Funds and Account Groups**

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

Current Fund – Resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Fund – Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund – Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

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

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

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

**C. Basis of Accounting**

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

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.

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

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

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

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

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

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

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

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

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

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

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

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

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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.

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

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

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

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

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

**D. Comparative Data**

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

**NOTE 2: BUDGETARY INFORMATION**

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

The Borough amended the budget during the year by the insertion of Special Items of Revenue in the amount of \$13,072.37 for various grants as detailed on Exhibit A-2.

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**NOTE 3: CASH**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (G.U.D.P.A.) or in qualified investments established in New Jersey Statutes N.J.S.A. 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2009 and 2008, the carrying amount of the Borough's deposits was \$2,331,362.08 and \$2,235,670.54 respectively. As of December 31, 2009 and 2008, \$0 of the municipality's bank balance of \$2,448,694.32 and \$2,255,442.02, respectively, was exposed to custodial credit risk.

**NOTE 4: INVESTMENTS**

As of December 31, 2009, the Borough had no investments.

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

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

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

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**NOTE 5: FUND BALANCES APPROPRIATED**

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

	<u>Year</u>	<u>Balance December 31</u>	<u>Budget of Succeeding Year</u>
Current Fund	2009	1,304,681.62	700,000.00
	2008	1,241,076.37	525,000.00
	2007	639,244.74	360,000.00
	2006	500,106.28	325,000.00
	2005	351,016.65	195,000.00
Utiltiy Fund	2009	63,640.62	50,000.00
	2008	98,696.03	95,000.00
	2007	89,130.34	88,000.00
	2006	105,359.26	80,000.00
	2005	254,873.04	200,000.00

**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, 2009, the following deferred charges are shown on the balance sheets of the various funds.

	<u>Balance Dec. 31, 2009</u>	<u>2010 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Special Emergency Appropriation	16,000.00	4,000.00	12,000.00

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**NOTE 7: FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2009.

	Balance <u>Dec. 31, 2008</u>	Balance <u>Dec. 31, 2009</u>
Land & Improvements Other than Buildings	3,502,200.00	3,502,200.00
Buildings	1,470,669.71	1,470,669.71
Vehicles	964,031.67	964,031.67
Miscellaneous Equipment	259,434.63	259,434.63
Office Furniture & Equipment	<u>91,208.00</u>	<u>91,208.00</u>
	<u>6,287,544.01</u>	<u>6,287,544.01</u>

**NOTE 8: INTERFUND RECEIVABLES AND PAYABLES**

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2009:

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Utility Operating Fund	38,298.60	
Other Trust Fund	17,409.97	
Animal Control Trust	2,151.99	
General Capital Fund		45,463.62
Federal and State Grant Fund		65,292.88
Federal and State Grant Fund		
Current Fund	65,292.88	
Animal Control Trust		
Current Fund		2,151.99
Other Trust Fund		
Current Fund		17,409.97
General Capital Fund		137.50
General Capital Fund		
Current Fund	45,463.62	
Other Trust Fund	137.50	
Utility Operating Fund		
Utility Capital Fund	133,423.89	
Current Fund		38,298.60
Utility Capital Fund		
Utility Operating Fund		133,423.89
	<u>302,178.45</u>	<u>302,178.45</u>

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

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**NOTE 9: LONG-TERM DEBT**

During the calendar year 2009, the following changes occurred in the municipal debt of the Borough:

	<u>Balance Dec. 31, 2008</u>	<u>Issued/ Authorized</u>	<u>Retired/ Reduction</u>	<u>Balance Dec. 31, 2009</u>
<u>ISSUED:</u>				
Current Fund:				
Bonds & Loans	3,367,024.00		240,470.74	3,126,553.26
Bond Anticipation Notes	362,000.00	190,000.00		552,000.00
Utility Fund:				
Bonds & Loans	1,358,538.51		81,546.39	1,276,992.12
Bond Anticipation Notes	239,773.00		12,773.00	227,000.00
Net Debt Issued	<u>5,327,335.51</u>	<u>190,000.00</u>	<u>334,790.13</u>	<u>5,182,545.38</u>
<u>AUTHORIZED BUT NOT ISSUED:</u>				
Current Fund:				
Bonds & Notes	43,869.00	546,000.00	190,000.00	399,869.00
Utility Fund:				
Bonds & Notes	586.00			586.00
Authorized but not Issued	<u>44,455.00</u>	<u>546,000.00</u>	<u>190,000.00</u>	<u>400,455.00</u>
Total Debt Issued and Authorized but Not Issued	<u>5,371,790.51</u>	<u>736,000.00</u>	<u>524,790.13</u>	<u>5,583,000.38</u>

Permanently funded debt as of December 31, 2009, consisted of the following:  
\$3,025,000 General Improvement Bonds dated 12/1/05 payable in annual installments through 12/1/22. Interest is paid semi-annually at rates of 4.5% to 4.625% per annum. The balance remaining at December 31, 2009 was \$2,525,000.

\$627,024 Environmental Trust Loan dated 11/8/07. The trust loan portion is payable in annual installments through 8/1/27 and interest is paid semi-annually at rates from 3.4% to 5% per annum. The fund portion of the loan is payable in semi-annual installments through 8/1/27 and no interest is charged. The balance remaining at December 31, 2009 was \$601,553.26.

\$819,000 Utility Improvement Bonds dated 10/15/81 payable in annual installments through 10/15/21. Interest is paid semi-annually at the rate of 5% per annum. The balance remaining at December 31, 2009 was \$422,914.

\$724,000 Utility Improvement Bonds dated 12/1/05 payable in annual installments through 12/1/22. Interest is paid semi-annually at rates of 4.5% to 4.625% per annum. The balance remaining at December 31, 2009 was \$584,000.

\$472,136 Environmental Trust Loan dated 10/15/99. The trust loan portion is payable in annual installments through 8/1/19 and interest is paid semi-annually at rates from 5.5% to 5.7% per annum. The fund portion of the loan is payable in semi-annual installments through 8/1/19 and no interest is charged. The balance remaining at December 31, 2009 was \$270,078.12.

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

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

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

Year Ended <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>General Serial Bonds &amp; Loans</b>			
2010	200,152.57	129,675.00	329,827.57
2011	199,834.41	121,300.00	321,134.41
2012	207,697.89	112,925.00	320,622.89
2013	207,373.36	104,540.00	311,913.36
2014	207,039.29	96,140.00	303,179.29
2015-2019	1,103,705.90	345,843.75	1,449,549.65
2020-2024	882,173.91	96,200.00	978,373.91
2025-2027	118,575.93	6,337.50	124,913.43
	<u>3,126,553.26</u>	<u>1,012,961.25</u>	<u>4,139,514.51</u>
<b>Utility Serial Bonds &amp; Loans</b>			
2010	82,493.06	56,258.20	138,751.26
2011	83,471.79	52,803.90	136,275.69
2012	92,708.88	49,283.10	141,991.98
2013	93,647.98	45,417.55	139,065.53
2014	94,660.08	41,478.70	136,138.78
2015-2019	557,496.33	141,755.15	699,251.48
2020-2024	272,514.00	24,584.85	297,098.85
	<u>1,276,992.12</u>	<u>411,581.45</u>	<u>1,688,573.57</u>

**Summary of Statutory Debt Condition – Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.40%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	8,888,000.00	8,888,000.00	None
Utility Debt	1,504,578.12	1,504,578.12	None
General Debt	4,078,422.26		4,078,422.26
	<u>14,471,000.38</u>	<u>10,392,578.12</u>	<u>4,078,422.26</u>

Net Debt \$4,078,442.36/Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended  
\$290,161,916.33 = 1.40%

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

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

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

3 1/2% of Equalized Valuation Basis (Municipal)	10,155,667.07
Net Debt	<u>4,078,422.26</u>
Remaining Borrowing Power	<u><u>6,077,244.81</u></u>

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

Cash receipts from fees, rents, or other charges	1,067,195.22
Deductions:	
Operating and Maintenance Costs	839,500.00
Debt Service per Water & Sewer Account	<u>154,735.63</u>
	<u>994,235.63</u>
Excess in Revenue	<u><u>72,959.59</u></u>

**NOTE 10: NOTES PAYABLE**

The Borough had two Bond Anticipation notes outstanding as of December 31, 2009. One in the amount of \$227,000 that will mature on August 6, 2010 at an interest rate of 2.5% and one in the amount of \$552,000 that will mature on October 29, 2010 at an interest rate of 1.29%.

**NOTE 11: PENSION FUNDS**

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

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

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

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

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

Funding Policy - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. P.E.R.S. provide for employee contributions of 5.5% of employees' annual compensation, as defined. P.F.R.S. provides for employee contributions of 8.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in P.E.R.S and P.F.R.S. The P.E.R.S. and P.F.R.S. rates in effect for 2009 are 8.05% and 25.39% of covered payroll, respectively as reported on June 30, 2007. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Borough's contributions to P.E.R.S for the years ended December 31, 2009, 2008 and 2007 were \$93,825, \$72,691 and \$40,334 respectively, equal to the required contributions for each year. The Borough's contributions to P.F.R.S for the years ended December 31, 2009, 2008 and 2007 were \$130,524, \$132,275 and \$91,562 respectively, equal to the required contributions for each year.

**NOTE 12: ACCUMULATED ABSENCE BENEFITS**

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

**NOTE 13: POST-RETIREMENT BENEFITS**

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

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**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: 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:

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
Prepaid Taxes - Cash liability	<u>40,672.75</u>	<u>41,858.95</u>

**NOTE 16: ECONOMIC DEPENDENCY**

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

**NOTE 17: RISK MANAGEMENT**

The Borough is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough maintains commercial insurance coverage for property, liability and surety bonds. The Borough is a member of the Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Gloucester, Salem and Cumberland County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have been no claims in excess of coverage and no reduction in coverage during the year 2009.

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**NOTE 17: 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>Township Contribution</u>	<u>Employee Contribution</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009	None	None	3,364.05	20,828.14
2008	None	None	4,448.16	23,566.10
2007	None	None	5,214.97	26,959.76

**NOTE 18: PROPERTY TAX INFORMATION**

COMPARISON OF TAX RATE INFORMATION

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax Rate:	2.298	2.199	2.046
Apportionment of Tax Rate:			
Municipal	0.539	0.502	0.434
County	0.586	0.567	0.509
Local School	0.588	0.562	0.551
Regional High School	0.575	0.558	0.542
Open Space	0.010	0.010	0.010
Assessed Valuation	395,818,503	385,820,507	381,289,205

COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax Levy	8,937,277.67	8,821,608.29	8,337,969.91
Cash Collections	8,653,291.54	8,534,729.26	8,094,917.83
Percentage of Collections	96.82%	96.75%	97.08%

BOROUGH OF WESTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009

**NOTE 18: PROPERTY TAX INFORMATION (CONTINUED)**

DELINQUENT TAXES AND TAX TITLE LIENS

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Amount of Tax Title Liens	16,512.04	5,148.65	5,653.66
Delinquent Taxes	279,915.28	243,939.61	285,588.47
Total Delinquent	296,427.32	249,088.26	291,242.13
Percentage of Tax Levy	3.32%	2.82%	3.49%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Property Acquired for Taxes (Assessed Valuation)	135,450.00	135,450.00	13,550.00

**NOTE 19: LITIGATION**

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

**SUPPLEMENTARY DATA**

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
21 W. High Street • P.O. Box 279 • Glassboro, NJ 08028  
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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members  
of the Borough Council  
Borough of Westville  
County of Gloucester, New Jersey

We have audited the financial statements – regulatory basis of the Borough of Westville as of and for the year ended December 31, 2009, and have issued our report thereon dated July 30, 2010. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the Borough of Westville prepares its financial statements on a basis of accounting prescribed by Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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

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

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Westville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the General Comments Section of the audit report.

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

PETRONI & ASSOCIATES LLC



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

July 30, 2010

BOROUGH OF WESTVILLE  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2009

State Funding Department/Program	State Grant Number	Program Amount	Matching Funds	Funds Received	Grant Period		Amount of Expenditures	Cumulative Expenditures
					From	To		
Department of Community Affairs								
Clean Communities	4900-765-042-4900-004-VCMC-6020	7,267.37		7,267.37	1/1/09	N/A	7,267.37	7,267.37
Recycling Tonnage	4900-753-042-4900-00-V42Y-6020	14,560.00		14,560.00	1/1/09	N/A	12,583.39	12,583.39
NJACC Local Arts Grant	N/A	1,305.00		1,305.00	1/1/09	N/A	1,305.00	1,305.00
Sharing Available Resources Efficiency Grant	N/A	90,000.00			1/1/09	N/A	86,094.59	86,094.59
Municipal Alliance For Drug & Alcohol Abuse	N/A	11,562.00	2,313.00	9,249.00	1/1/09	N/A	10,757.19	10,757.19
Department of Law and Public Safety								
Body Armor	1020-718-066-1020-001-YCJS-6120	982.90		982.90	1/1/09	N/A	750.00	750.00
Drunk Driving Enforcement	6400-10-078-6400-YYYY	13,071.94		13,071.94	1/1/08	N/A	3,879.59	4,008.27
				46,436.21			122,637.13	122,765.81

**CURRENT FUND**

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2008	A	1,005,625.25	20,747.86
Increased by Receipts:			
Transferred from Tax Collector	A-6	8,910,000.00	
Transferred from Sewer Collector	A-8	1,150,000.00	
Federal and State Grants Receivable	A-10	237,255.62	
Revenue Accounts Receivable	A-16	1,400,392.29	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-20	76,288.09	
Federal and State Grants - Unappropriated	A-25	17,536.87	
Reserve for Public Defender		3,429.00	
Small Cities Loan Payback			1,735.22
		<u>11,794,901.87</u>	
		12,800,527.12	22,483.08
Decreased by Disbursements:			
2009 Budget Appropriations	A-3	4,554,093.91	
2008 Appropriation Reserves	A-18	34,096.78	
Encumbrances Payable	A-19	33,474.96	
Reserve for Library Addition Donations	A-21	3,850.40	
Reserve for Federal and State Grants	A-24	155,456.48	
Tax Overpayments Refunded		6,901.89	
Due General Capital Fund		110,000.00	
Due Utility Operating Fund		38,298.60	
Reserve for Library Addition		3,850.40	
Reserve for Revaluation		2,604.00	
County Taxes		1,596,580.75	
Fire District Tax	A-11	302,356.00	
Local District School Tax	A-22	1,806,800.50	
Regional High School Tax	A-22	2,741,146.86	
		<u>11,389,511.53</u>	
Balance December 31, 2009	A	<u>1,411,015.59</u>	<u>22,483.08</u>

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

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2009	A-4	1,411,015.59	22,483.08
Increased by Receipts:			
Cash Receipts Record		5,179,652.24	842.89
		<u>6,590,667.83</u>	<u>23,325.97</u>
Decreased by Disbursements:			
Cash Disbursements Record		6,273,516.44	
Balance June 30, 2010	A-5	<u>317,151.39</u>	<u>23,325.97</u>
		<u>Cash Reconciliation - June 30, 2010</u>	
Balance per Statement			
Colonial National Bank		660,845.70	23,325.97
Less: Outstanding Checks		<u>343,694.31</u>	
Balance June 30, 2010	A-5	<u>317,151.39</u>	<u>23,325.97</u>

SCHEDULE OF CASH - TAX COLLECTOR

Balance December 31, 2008	<u>Ref.</u> A		29,230.44
Increased by Receipts:			
Taxes Receivable	A-11	8,816,148.06	
Revenue Accounts Receivable	A-16	40,758.14	
Prepaid Taxes		40,672.75	
Tax Overpayments		13,562.33	
		<hr/>	8,911,141.28
			<hr/>
			8,940,371.72
Decreased by Disbursements:			
Paid to Treasurer	A-4		8,910,000.00
Balance December 31, 2009	A		<hr/> <hr/>
			30,371.72

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

Balance December 31, 2009	<u>Ref.</u> A-6		30,371.72
Increased by Receipts:			
Cash Receipts Record			3,896,206.70
			<hr/>
			3,926,578.42
Decreased by Disbursements:			
Cash Disbursements Record			3,777,988.08
			<hr/>
Balance June 30, 2010	A-7		<hr/> <hr/>
			148,590.34
		<u>Cash Reconciliation - June 30, 2010</u>	
Balance per Statement			
Colonial National Bank	A-7		<hr/> <hr/>
			148,590.34

SCHEDULE OF CASH - SEWER COLLECTOR

Balance December 31, 2008	<u>Ref.</u> A		881,938.83
Increased by Receipts:			
Rents Receivable	A-14	796,428.25	
Revenue Accounts Receivable	A-16	14,985.27	
Prepaid Rents		1,199.47	
			<u>812,612.99</u>
			1,694,551.82
Decreased by Disbursements:			
Paid to Treasurer	A-4	1,150,000.00	
Due General Capital Fund		70,000.00	
			<u>1,220,000.00</u>
Balance December 31, 2009	A		<u><u>474,551.82</u></u>

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

Balance December 31, 2009	<u>Ref.</u> A-8		474,551.82
Increased by Receipts:			
Cash Receipts Record			<u>409,111.83</u>
			883,663.65
Decreased by Disbursements:			
Cash Disbursements Record			<u>102,145.72</u>
Balance June 30, 2010	A-9		<u><u>781,517.93</u></u>
		<u>Cash Reconciliation - June 30, 2010</u>	
Balance per Statement			
Colonial National Bank	A-9		<u><u>781,517.93</u></u>

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Grant</u>	<u>Balance Dec. 31, 2008</u>	<u>2009 Budget Revenue Realized</u>	<u>Received</u>	<u>From Grants Unappropriated</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2009</u>
Federal Programs:						
Small Cities Grant	21,266.00					21,266.00
COPS More Program	20,274.00					20,274.00
COPS Fast Program	15,000.05					15,000.05
Community Development Funds:						
Downtown Revitalization	12,903.55		12,281.00			622.55
High Street Flood Control	75,000.00		75,000.00			
Obey the Signs or Pay the Fines Grant		4,000.00	4,000.00			
Click It or Ticket	4,000.00					4,000.00
State Programs:						
New Jersey Transportation Trust Funds:						
Willow Road	2,259.52					2,259.52
Highland Avenue	7,369.69					7,369.69
Summit Avenue	36,926.13					36,926.13
Bike Path Safety	120,000.00				119,670.00	330.00
Pedestrian Safety	2,814.99					2,814.99
Reconstruction of River Drive	90,329.25		90,329.25			
Transportation Enhancement Project	3,000.00					3,000.00
Liveable Communities Library Grant	45,000.00		45,000.00			
Statewide Domestic Preparedness - 2003	331.34					331.34
Statewide Domestic Preparedness - 2004	74,000.00					74,000.00
Statewide Domestic Preparedness - 2005	1,867.53					1,867.53
Municipal Alliance for Drug and Alcohol Abuse	10,457.26	9,249.00	2,073.00			17,633.26
Clean Communities	3,130.50	7,267.37	7,267.37			3,130.50
NJACA Local Arts Program		1,305.00	1,305.00			
Body Armor Fund		982.90		982.90		
Sharing Available Resources Efficiency Grant		90,000.00				90,000.00
Recycling Tonnage Grant		14,560.00		14,560.00		
	<u>545,929.81</u>	<u>127,364.27</u>	<u>237,255.62</u>	<u>15,542.90</u>	<u>119,670.00</u>	<u>300,825.56</u>
Ref.	A	A-2	A-4	A-25	A-1	A

## SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2009 Levy	Added Taxes	Collected		Canceled	Overpayments Applied	Transferred to Tax Title Liens	Balance
	Dec. 31, 2008			2008	2009				Dec. 31, 2009
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	449.63				379.63				70.00
2005	38.47								38.47
2006	412.74								412.74
2007	70.79				9.36				61.43
2008	284,418.73		6,568.17		281,366.68			5,487.41	4,132.81
	285,588.47		6,568.17		281,755.67			5,487.41	4,913.56
2009		8,937,277.67		41,858.95	8,609,759.15	4,452.22	1,673.44	4,532.19	275,001.72
	285,588.47	8,937,277.67	6,568.17	41,858.95	8,891,514.82	4,452.22	1,673.44	10,019.60	279,915.28
Ref.	A							A-12	A
		Cash		<u>Ref.</u>	8,816,148.06				
		Due State of New Jersey		A-6	75,366.76				
				A-20	<u>8,891,514.82</u>				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:			
Business Personalty Tax		13,054.50	
General Property Tax		8,916,548.87	
		<hr/>	
			8,929,603.37
Added Taxes (54:4-63.1 et seq.)			7,674.30
			<hr/>
			<u>8,937,277.67</u>

<u>Tax Levied</u>	<u>Ref.</u>		
Local District School Tax (Abstract)	A-22		1,806,801.50
Regional High School Tax Payable (Abstract)	A-23		2,736,580.29
Fire District Tax (Abstract)			302,356.00
County Taxes:			
County Tax (Abstract)		1,479,664.04	
County Open Space Tax (Abstract)		116,168.41	
Due County for Added Taxes (54:4-63.1 et seq.)		2,636.03	
		<hr/>	
Total County Taxes			1,598,468.48
Local Tax for Municipal Purposes	A-2	2,487,000.00	
Add: Additional Taxes Levied		6,071.40	
		<hr/>	
			2,493,071.40
			<hr/>
			<u>8,937,277.67</u>

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Balance December 31, 2008	<u>Ref.</u> A		5,653.66
Increased by:			
Transfers from Taxes Receivable	A-11	10,019.60	
Interest and Costs Accrued by Sale of April 9, 2009		<u>838.78</u>	
			<u>10,858.38</u>
Balance December 31, 2009	A		<u><u>16,512.04</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

Balance December 31, 2008	<u>Ref.</u> A		<u>135,450.00</u>
Balance December 31, 2009	A		<u><u>135,450.00</u></u>

SCHEDULE OF SEWER RENTS RECEIVABLE

Balance December 31, 2008	<u>Ref.</u> A		78,501.95
Increased by:			
Sewer Rents Levied			801,161.72
			<hr/> 879,663.67
Decreased by:			
Collections	A-8	796,428.25	
Overpayments Applied		249.15	
Prepayments Applied		537.17	
Transfer to Liens	A-15	799.42	
Canceled		100.00	
		<hr/>	798,113.99
Balance December 31, 2009	A		<hr/> <hr/> 81,549.68

SCHEDULE OF SEWER LIENS RECEIVABLE

Increased by:	<u>Ref.</u>		
Transfer from Sewer Rents	A-14		799.42
Interest and Costs Accrued by Sale of April 9, 2009			22.34
			<hr/> 821.76
Balance December 31, 2009	A		<hr/> <hr/> 821.76

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Accrued</u> <u>in 2009</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
<u>Miscellaneous Revenue Anticipated</u>				
Licenses:				
Alcoholic Beverages		10,000.00	10,000.00	
Other		7,150.00	7,150.00	
Fees and Permits		6,477.25	6,477.25	
Fines and Costs:				
Municipal Court	15,115.48	196,359.63	123,058.96	88,416.15
Interest and Costs on Taxes		33,684.74	33,684.74	
Interest on Investments	72.16	41,641.03	41,019.81	693.38
Interest on Delinquent Sewer Rents		4,185.78	4,185.78	
Housing Inspection Fees		50,641.00	50,641.00	
Consolidated Municipal Property Tax Relief Act		117,615.00	117,615.00	
Energy Receipts Tax		361,144.00	361,144.00	
Franchise Fees - Cable TV		14,774.11	14,774.11	
Borough of Brooklawn - Busing Services		1,200.00	1,200.00	
Shared Service Agreement -				
Borough of National Park		559,067.00	559,067.00	
Gloucester County Improvement Authority		500.00	500.00	
<u>Miscellaneous Revenue Not Anticipated</u>				
Administrative Fee		1,526.76	1,526.76	
Sale of Scrap Iron		2,798.20	2,798.20	
JIF Assessment		28,956.00	28,956.00	
Sign Rental		4,595.00	4,595.00	
Lease of Property		12,012.43	12,012.43	
JIF Dividend		23,501.00	23,501.00	
Refunds		26,258.76	26,258.76	
Sale of Borough Property		1,611.00	1,611.00	
Miscellaneous		24,358.90	24,358.90	
	<u>15,187.64</u>	<u>1,530,057.59</u>	<u>1,456,135.70</u>	<u>89,109.53</u>
Ref.	A			A
		<u>Ref.</u>		
Treasurer		A-4	1,400,392.29	
Tax Collector		A-6	40,758.14	
Sewer Collector		A-8	14,985.27	
			<u>1,456,135.70</u>	

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

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2008</u>	<u>Decreased in 2009</u>	<u>Balance Dec. 31, 2009</u>
4/9/08	Codification of Ordinances	<u>20,000.00</u>	<u>4,000.00</u>	<u>20,000.00</u>	<u>4,000.00</u>	<u>16,000.00</u>
	Ref.			A	A-3	A

SCHEDULE OF 2008 APPROPRIATION RESERVES

	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Other Expenses:			
Municipal Clerk	24,362.56	24,362.56	
Legal Services and Costs	9,637.91	563.50	9,074.41
Police Department	28,643.90	611.54	28,032.36
Road Repairs and Maintenance	5,272.30	15.19	5,257.11
Sanitary Landfill	24,938.69	3,166.76	21,771.93
Sewer System	1,725.30	1,432.25	293.05
Electricity	599.20	106.39	492.81
Telephone and Telegraph	2,048.24	564.53	1,483.71
Gloucester County Utilities Authority			
Contractual - Share Costs - Sewerage	31,252.64	30,000.00	1,252.64
Maintenance of Free Public Library	7,974.65	7,974.65	
Other Accounts - No Change	132,222.33		132,222.33
	<u>268,677.72</u>	<u>68,797.37</u>	<u>199,880.35</u>
	Ref.		A-1
	<u>Ref.</u>		
Paid	A-4	34,096.78	
Encumbered	A-19	2,718.98	
Due to Library		7,974.65	
Reserve for Codification of Ordinances	A-18	24,007.26	
		<u>68,797.67</u>	

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	<u>Current Fund</u>	<u>Grant Fund</u>
Balance December 31, 2008	A	<u>45,904.91</u>	<u>1,000.00</u>
Increased by:			
Charges to 2009 Appropriations	A-3	20,768.97	
Charges to 2008 Appropriations	A-18	2,718.98	
Reserve for Grants Appropriated	A-24		18,519.50
		<u>23,487.95</u>	<u>18,519.50</u>
		<u>69,392.86</u>	<u>19,519.50</u>
Decreased by:			
Payments	A-4	32,474.96	1,000.00
Canceled	A-1	5,857.22	
		<u>38,332.18</u>	<u>1,000.00</u>
Balance December 31, 2009	A	<u><u>31,060.68</u></u>	<u><u>18,519.50</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2008	A	41,666.68
Increased by:		
Receipts	A-4	76,288.09
		<hr/>
		117,954.77
Decreased by:		
2009 Deductions Per Tax Duplicate		77,750.00
2009 Deductions Allowed by Collector		2,500.00
2009 Deductions Disallowed by Collector		(4,883.24)
		<hr/>
	A-11	75,366.76
Balance December 31, 2009	A	<hr/> <hr/>
		42,588.01

SCHEDULE OF RESERVE FOR LIBRARY ADDITION DONATIONS

	<u>Ref.</u>	
Balance December 31, 2008	A	3,850.40
Decreased by:		
Payments	A-4	3,850.40
		<hr/>

EXHIBIT A-22

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>Ref.</u>	
Balance December 31, 2008	A	5,971.94
Increased by:		
2009 Calendar Year School Levy	A-11	1,806,801.50
		<hr/>
		1,812,773.44
Decreased by:		
Payments	A-4	1,806,800.50
		<hr/>
Balance December 31, 2009	A	<u><u>5,972.94</u></u>

EXHIBIT A-23

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

	<u>Ref.</u>	
Balance December 31, 2008	A	4,569.13
Increased by:		
2009 Calendar Year School Levy	A-11	2,736,580.29
		<hr/>
		2,741,149.42
Decreased by:		
Payments	A-4	2,741,146.86
		<hr/>
Balance December 31, 2009	A	<u><u>2.56</u></u>

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

	Balance Dec. 31, 2008	Transferred from 2009 Budget Appropriation	Paid or Charged	Canceled	Balance Dec. 31, 2009
Federal Grants:					
Community Development Funds:					
Downtown Revitalization	999.24				999.24
Park	15,000.00				15,000.00
High Street Flood Control	64,842.77		64,842.77		
Obey the Signs or Pay the Fines		4,000.00	3,767.77		232.23
Click It or Ticket	4,000.00				4,000.00
State Grants:					
Alcohol Education and Rehabilitation Grant	39.00				39.00
Drunk Driving Enforcement	12,943.26		3,879.59		9,063.67
New Jersey Legislative Grant:					
Downtown Redevelopment	12,379.32				12,379.32
New Jersey State Police - SLA HEOP Grant	1,051.02				1,051.02
DEP GIS Grant	1,881.50				1,881.50
New Jersey Transportation Trust Funds:					
Willow Road	4,822.05				4,822.05
Bike Path Safety	119,670.00			119,670.00	
Reconstruction of River Drive	735.00				735.00
Statewide Domestic Preparedness - 2003	331.34				331.34
Statewide Domestic Preparedness - 2005	17.44				17.44
Municipal Alliance for Drug and Alcohol Abuse	20,716.86	11,562.00	10,757.19		21,521.67
Clean Communities		7,267.37	7,267.37		
Body Armor Fund	2,616.96	982.90	750.00		2,849.86
Recycling Tonnage Grant	9,479.65	14,560.00	12,583.39		11,456.26
Municipal Stormwater Regulation Program	73.48				73.48
Sharing Available Resources Efficiency Grant		90,000.00	86,094.59		3,905.41
NJACC Local Arts Grant		1,305.00	1,305.00		
	<u>271,598.89</u>	<u>129,677.27</u>	<u>191,247.67</u>	<u>119,670.00</u>	<u>90,358.49</u>
Ref. A		A-3		A-1	A
		<u>Ref.</u>			
Cash		A-4	155,456.48		
Encumbered		A-19	18,519.50		
Prior Year					
Adjustment		A-1	17,271.69		
			<u>191,247.67</u>		

SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2008	Received	To Grants Receivable	Balance Dec. 31, 2009
Body Armor Fund	982.90		982.90	
Recycling Tonnage Grant	14,560.00	17,536.87	14,560.00	17,536.87
	<u>15,542.90</u>	<u>17,536.87</u>	<u>15,542.90</u>	<u>17,536.87</u>
Ref.	A	A-4	A-10	A

**TRUST FUND**

SCHEDULE OF TRUST FUND CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Trust</u>	<u>Other Trust Funds</u>
Balance December 31, 2008	B	3,175.17	126,879.15
Increased by Receipts:			
Interest Earned		54.07	2,778.06
Dog License Fees:			
Municipal Share	B-5	687.20	
State Share		253.80	
Deposits for Net Pay			1,672,056.73
Payroll Deductions Payable			1,094,620.96
Donations for Public Events			19,626.00
Escrow Deposits			13,291.75
Forfeited Funds			2,916.92
		<u>995.07</u>	<u>2,805,290.42</u>
		4,170.24	2,932,169.57
Decreased by Disbursements:			
Expenditures Under RS 4:19-15.11	B-5	1,044.70	
NJ State Department of Health		273.00	
Net Pay			1,740,283.74
Payroll Deductions Paid			1,137,012.36
Public Event Expenditures			15,608.47
Unemployment Claims			3,364.05
Escrow Expenditures			11,803.95
Forfeited Funds Expenditures			2,435.88
		<u>1,317.70</u>	<u>2,910,508.45</u>
Balance December 31, 2009	B	<u>2,852.54</u>	<u>21,661.12</u>

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

	<u>Ref.</u>	<u>Animal Control Trust</u>	<u>Other Trust Funds</u>
Balance December 31, 2009	B-1	2,852.54	21,661.12
Increased by Receipts:			
Cash Receipts Record		623.57	1,559,254.79
		3,476.11	1,580,915.91
Decreased by Disbursements:			
Cash Disbursements Record		131.40	1,448,660.39
Balance June 30, 2010	B-2	3,344.71	132,255.52

Cash Reconciliation - June 30, 2010

Balance per Statement			
Colonial National Bank		3,344.71	158,623.22
Less: Outstanding Checks			26,367.70
Balance June 30, 2010	B-2	3,344.71	132,255.52

EXHIBIT B-3

SCHEDULE OF TRUST FUND CASH - COLLECTOR

Balance December 31, 2008	<u>Ref.</u> B		4,024.53
Increased by:			
Deposits for Redemption of Tax Sale Certificates		144,212.40	
Interest Earned		<u>820.79</u>	
			<u>145,033.19</u>
			149,057.72
Decreased by:			
Refunds Upon Redemption			<u>102,189.69</u>
Balance December 31, 2009	B		<u><u>46,868.03</u></u>

EXHIBIT B-4

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

Balance December 31, 2009	<u>Ref.</u> B-3		46,868.03
Increased by:			
Cash Receipts Record			<u>120,230.70</u>
			167,098.73
Decreased by:			
Cash Disbursements Record			<u>108,409.10</u>
Balance June 30, 2010	B-4		<u><u>58,689.63</u></u>
		<u>Cash Reconciliation - June 30, 2010</u>	
Balance per Statement			
Colonial National Bank	B-4		<u><u>58,689.63</u></u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2008	<u>Ref.</u> B	1,095.10
Increased by:		
Municipal Share of Dog License Fees	B-1	687.20
		<u>1,782.30</u>
Decreased by:		
Expenditures Under R.S.4:19-15.11: Cash	B-1	1,044.70
Balance December 31, 2009	B	<u><u>737.60</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2007	516.20
2008	655.20
	<u>1,171.40</u>

**GENERAL CAPITAL FUND**

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2008	<u>Ref.</u> C		15,647.45
Increased by:			
Interest Earned	C-4	1,789.93	
Budget Appropriation:			
Capital Improvement Fund	C-9	25,000.00	
Bond Anticipation Note	C-14	190,000.00	
Loan Receivable	C-5	253,596.00	
Due from State of New Jersey	C-6	35,000.00	
Due Current Fund	C-4	180,000.00	
		<hr/>	685,385.93
			<hr/>
			701,033.38
Decreased by:			
Improvement Authorizations	C-10		463,737.91
Balance December 31, 2009	C		<hr/> <hr/>
			237,295.47

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

Balance December 31, 2009	<u>Ref.</u> C-2	237,295.47
Increased by:		
Cash Receipts Record		<u>217,957.57</u>
		455,253.04
Decreased by:		
Cash Disbursements Record		<u>230,203.70</u>
Balance June 30, 2010	C-3	<u><u>225,049.34</u></u>
<u>Cash Reconciliation - June 30, 2010</u>		
Balance per Statement		
Colonial National Bank		235,142.83
Less: Outstanding Checks		<u>10,093.49</u>
Balance June 30, 2010	C-3	<u><u>225,049.34</u></u>

## ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2008	Receipts			Disbursements		Balance Dec. 31, 2009
		Budget Appropriations	Bond Anticipation Notes	Miscellaneous	Improvement Authorization	Transfers	
Fund Balance	819.00						819.00
Capital Improvement Fund	16,898.00	25,000.00				(28,000.00)	13,898.00
Loan Receivable	(323,768.00)			253,596.00			(70,172.00)
Due from State of New Jersey	(160,432.20)			35,000.00		(196,000.00)	(321,432.20)
Due from Federal and State Grant Fund	(238,829.58)						(238,829.58)
Due from Current Fund	(227,253.55)			181,789.93			(45,463.62)
Due From Trust Other	(137.50)						(137.50)
Contracts Payable	6,861.50					182,935.00	189,796.50
Retainage Percentage Due Contractor	3,093.04						3,093.04
Reserve for Land Acquisition	2,375.00						2,375.00
Reserve for Insurance Refund	1,460.11						1,460.11
Reserve for Sunoco Donations	2,255.30						2,255.30
Reserve for Debt Service	100.00						100.00
Improvement Authorizations:							
<u>Ordinance #</u>							
250-89 Various Improvements - Highway Department	11,018.00				3,000.00		8,018.00
5-95 Rehabilitation of Downtown Area	12,035.84						12,035.84
9-96 Purchase of Computer Hardware and Software and Telephone System	196.00						196.00
149-98 Development of a Geographical Information System	803.80						803.80
155-98 Improvements of Certain Roads	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
47-00 Various Street Improvements	28,942.18				12,149.83		16,792.35
7-01 Improvements to New Street and Center Street	101,836.05						101,836.05
7-03 Various Improvements or Purposes Including Crown Point Parking Lot	447,510.72						447,510.72
25-04 Summit Avenue Phase II	(1,443.00)						(1,443.00)
15-05 Various Improvements or Purposes	6,422.69				4,815.11		1,607.58
6-07 Rehabilitation to the Sanitary Sewer Lines	211,706.76				163,944.94		47,761.82

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2008	Receipts			Disbursements Improvement Authorization	Transfers	Balance Dec. 31, 2009
		Budget Appropriations	Bond Anticipation Notes	Miscellaneous			
8-07 Rehabilitation of Borough Owned Buildings, Purchase of a Digital Audio System and Security System for Courts and Council, Purchase of a Filing System for the Municipal Records, 4x4 Vehicle for Code Enforcement and Emergency Management Use and Pickup Truck and Snow Plow for Public Works	87,139.20				22,856.42		64,282.78
7-08 Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	8,007.00				23,121.55		(15,114.55)
1-09 Remediation of Underground Storage Tank					57,473.19	16,500.00	(40,973.19)
7-09 Purchase of Trash Truck			190,000.00		160,300.00	10,000.00	39,700.00
14-09 Roadway Construction on Woodbine Avenue					16,076.87	14,565.00	(1,511.87)
	<u>15,647.45</u>	<u>25,000.00</u>	<u>190,000.00</u>	<u>470,385.93</u>	<u>463,737.91</u>		<u>237,295.47</u>
Ref.	C	C-9	C-14	C-2:C-5:C-6	C-10		C

SCHEDULE OF LOAN RECEIVABLE

	<u>Ref.</u>	<u>Total</u>	<u>Trust Portion</u>	<u>Fund Portion</u>
Balance December 31, 2008	C	323,768.00	161,884.00	161,884.00
Decreased by:				
Receipts	C-2	253,596.00	126,798.00	126,798.00
Balance December 31, 2009	C	<u>70,172.00</u>	<u>35,086.00</u>	<u>35,086.00</u>

SCHEDULE OF DUE FROM STATE OF NEW JERSEY

	<u>Ref.</u>	
Balance December 31, 2008	C	160,432.20
Increased by:		
State Aid Allocation - Ordinance 14-09	C-10	196,000.00
		<u>356,432.20</u>
Decreased by:		
Receipts	C-2	35,000.00
Balance December 31, 2009	C	<u><u>321,432.20</u></u>
Analysis of Balance:		
Birch and Boundry Roads		12,974.43
Big Timber Creek - Ordinance 4-02		46,667.77
Burr Avenue - Ordinance 7-08		65,790.00
Woodbine Avenue - Ordinance 14-09		196,000.00
		<u><u>321,432.20</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>		
Balance December 31, 2008	C		3,367,024.00
Decreased by:			
2009 Budget Appropriation to Pay:			
Bonds	C-12	215,000.00	
Loans	C-13	25,470.74	
		<hr/>	240,470.74
Balance December 31, 2009	C		<hr/> <hr/> 3,126,553.26

SCHEDULE OF DEFERRED CHARGES TO FUTURE  
TAXATION - UNFUNDED

<u>Ordinance #</u>	<u>Purpose</u>	<u>Balance Dec. 31, 2008</u>	<u>2009 Authorization</u>	<u>Balance Dec. 31, 2009</u>	<u>Analysis of Balance Dec. 31, 2009</u>		
					<u>Financed By Bond Anticipation Notes</u>	<u>Expenditures</u>	<u>Unexpended Improvement Authorizations</u>
25-04	Summit Avenue Phase II	1,443.00		1,443.00		1,443.00	
6-07	Rehabilitation to the Sanitary Sewer Lines	12,976.00		12,976.00			12,976.00
7-07	Rehabilitation and Resurfacing of Certain Streets and Certain Park Improvement Projects	209,000.00		209,000.00	209,000.00		
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	153,000.00		153,000.00	153,000.00		
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	29,450.00		29,450.00		15,114.55	14,335.45
1-09	Remediation of Underground Storage Tank		328,500.00	328,500.00		40,973.19	287,526.81
7-09	Purchase of Trash Truck		190,000.00	190,000.00	190,000.00		
14-09	Roadway Construction on Woodbine Avenue		27,500.00	27,500.00		1,511.87	25,988.13
		<u>405,869.00</u>	<u>546,000.00</u>	<u>951,869.00</u>	<u>552,000.00</u>	<u>59,042.61</u>	<u>340,826.39</u>
		C	C-10	C	C-14	C-4	
					<u>Ref.</u>		
	Improvement Authorizations - Unfunded				C-10		444,809.17
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued:						
	Ordinance #8-07				C-4	64,282.78	
	Ordinance #7-09				C-4	39,700.00	
						<u>103,982.78</u>	
							<u>340,826.39</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2008	C	16,898.00
Increased by:		
2009 Budget Appropriation	C-2	<u>25,000.00</u>
		41,898.00
Decreased by:		
Amount Appropriated to Finance Improvement Authorization	C-10	<u>28,000.00</u>
Balance December 31, 2009	C	<u><u>13,898.00</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance #	Purpose	Date	Amount	Balance Dec. 31, 2008		2009 Authorizations	Paid or Charged	Balance Dec. 31, 2009	
				Funded	Unfunded			Funded	Unfunded
250-89	Various Improvements - Highway Department	10/10/89	930,000.00	11,018.00			3,000.00	8,018.00	
5-95	Rehabilitation of Downtown Area	7/11/95	45,355.00	12,035.84				12,035.84	
9-96	Purchase of Computer Hardware and Software and Telephone System	9/10/95	80,000.00	196.00				196.00	
149-98	Development of a Geographical Information System	5/27/98	15,000.00	803.80				803.80	
155-98	Improvements of Certain Roads	10/13/98	110,000.00	7,720.14				7,720.14	
172-99	Improvements of Certain Roads	8/25/99	113,000.00	985.95				985.95	
25-00	Purchase of a Trash Truck	5/31/00	110,000.00	9,325.00				9,325.00	
47-00	Various Street Improvements	10/11/00	146,660.00	28,942.18			12,149.83	16,792.35	
7-01	Improvements to New Street and Center Street	11/28/01	172,000.00	101,836.05				101,836.05	
7-03	Various Improvements or Purposes Including Crown Point Parking Lot	6/25/03	883,500.00	447,510.72				447,510.72	
15-05	Various Improvements or Purposes	7/27/05	200,000.00	6,422.69			4,815.11	1,607.58	
6-07	Rehabilitation to the Sanitary Sewer Lines	4/25/07	640,000.00	211,706.76	12,976.00		163,944.94	47,761.82	12,976.00
8-07	Rehabilitation of Borough Owned Buildings, Purchase of a Digital Audio System and Security System for Courts and Council, Purchase of a Filing System for the Municipal Records, 4x4 Vehicle for Code Enforcement and Emergency Management Use and Pickup Truck and Snow Plow for Public Works	8/22/07	161,052.00		87,139.20		22,856.42		64,282.78
7-08	Roadway Construction on Burr Avenue from Delsea Drive to Almonesson Road	9/10/08	175,000.00	8,007.00	29,450.00		23,121.55		14,335.45
1-09	Remediation of Underground Storage Tank	2/11/09	345,000.00			345,000.00	57,473.19		287,526.81
7-09	Purchase of Trash Truck	5/27/09	200,000.00			200,000.00	160,300.00		39,700.00
14-09	Roadway Construction on Woodbine Avenue	11/10/09	225,000.00			225,000.00	199,011.87		25,988.13
				<u>846,510.13</u>	<u>129,565.20</u>	<u>770,000.00</u>	<u>646,672.91</u>	<u>654,593.25</u>	<u>444,809.17</u>
	Ref.		C		C			C	C
					Ref.				
	Capital Improvement Fund				C-9	28,000.00			
	State Aid Allocation				C-6	196,000.00			
	Deferred Charges to Future Taxation Unfunded				C-8	546,000.00			
						<u>770,000.00</u>			
	Cash Disbursed				C-2		463,737.91		
	Contracts Payable				C-11		182,935.00		
							<u>646,672.91</u>		

SCHEDULE OF CONTRACTS PAYABLE

	<u>Ref.</u>	
Balance December 31, 2008	C	6,861.50
Increased by:		
Charges to Improvement Authorizations	C-10	<u>182,935.00</u>
Balance December 31, 2009	C	<u><u>189,796.50</u></u>

SCHEDULE OF SERIAL BONDS PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2008</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2009</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Issue of 1997	9/15/97	965,000.00				90,000.00	90,000.00	
General Improvement Bonds of 2005	12/1/05	3,025,000.00	12/1/10-13	175,000.00	4.50%			
			12/1/14	175,000.00	4.600%			
			12/1/15-16	175,000.00	4.625%			
			12/1/17-20	200,000.00	4.625%			
			12/1/21-22	250,000.00	4.625%			
					2,650,000.00	125,000.00	2,525,000.00	
					<u>2,740,000.00</u>	<u>215,000.00</u>	<u>2,525,000.00</u>	
					Ref. C	C-7	C	

## SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST LOAN

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding			Interest Rate (A)	Balance		Balance Dec. 31, 2009
			Date	Trust Loan	Fund Loan		Dec. 31, 2008	Decreased	
11/8/07	Rehabilitation of Sanitary Sewer Lines	627,024.00	2/1/10		4,394.64				
			8/1/10	10,000.00	10,757.93	5.00%			
			2/1/11		4,235.56				
			8/1/11	10,000.00	10,598.85	5.00%			
			2/1/12		4,076.48				
			8/1/12	15,000.00	13,621.41	3.40%			
			2/1/13		3,914.21				
			8/1/13	15,000.00	13,459.15	3.50%			
			2/1/14		3,747.18				
			8/1/14	15,000.00	13,292.11	3.60%			
			2/1/15		3,575.37				
			8/1/15	15,000.00	13,120.30	5.00%			
			2/1/16		3,336.75				
			8/1/16	15,000.00	12,881.68	5.00%			
			2/1/17		3,098.12				
			8/1/17	15,000.00	12,643.06	5.00%			
			2/1/18		2,859.50				
			8/1/18	15,000.00	12,404.43	5.00%			
			2/1/19		2,620.88				
			8/1/19	15,000.00	12,165.81	4.00%			
			2/1/20		2,429.98				
			8/1/20	20,000.00	15,156.56	4.00%			
			2/1/21		2,175.44				
			8/1/21	20,000.00	14,902.03	5.00%			
			2/1/22		1,857.28				
			8/1/22	20,000.00	14,583.86	5.00%			
			2/1/23		1,539.12				
			8/1/23	20,000.00	14,265.70	4.25%			
			2/1/24		1,268.68				
			8/1/24	20,000.00	13,995.26	4.50%			
			2/1/25		982.33				
			8/1/25	20,000.00	13,708.91	4.50%			
			2/1/26		695.98				
			8/1/26	25,000.00	16,604.21	4.50%			
			2/1/27		338.04				
			8/1/27	25,000.00	16,246.46	4.25%	627,024.00	25,470.74	601,553.26
							<u>627,024.00</u>	<u>25,470.74</u>	<u>601,553.26</u>
						Ref.	C	C-7	C

(A) Interest is applicable to Trust Loan only.

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2008</u>	<u>Increased</u>	<u>Balance Dec. 31, 2009</u>
7-07	Rehabilitation and Resurfacing of Certain Streets and Certain Park Improvement Projects	11/1/07	10/30/09	10/29/10	1.29%	209,000.00		209,000.00
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	10/30/09	10/29/10	1.29%	153,000.00		153,000.00
7-09	Purchase of Trash Truck	10/30/09	10/30/09	10/29/10	1.29%		190,000.00	190,000.00
						<u>362,000.00</u>	<u>190,000.00</u>	<u>552,000.00</u>
					Ref.	C	C-15	C

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Balance Dec. 31, 2008</u>	<u>2009 Authorization</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance Dec. 31, 2009</u>
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	29,450.00			29,450.00
1-09	Remediation of Underground Storage Tank		328,500.00		328,500.00
7-09	Purchase of Trash Truck		190,000.00	190,000.00	
14-09	Roadway Construction on Woodbine Avenue		27,500.00		27,500.00
		<u>43,869.00</u>	<u>546,000.00</u>	<u>190,000.00</u>	<u>399,869.00</u>
	Ref.		C-10	C-14	

**WATER UTILITY FUND**

SCHEDULE OF UTILITY CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2008	D	<u>132,768.16</u>	<u>15,383.70</u>
Increased by:			
Consumer Accounts Receivable	D-8	783,474.02	
Fire Hydrant Service	D-3	2,250.00	
Miscellaneous Revenues	D-3	83,043.39	300.64
Utility Rent Overpayments		2,591.77	
Utility Rent Prepayments		31,710.90	
Due Current Fund		<u>38,298.60</u>	
		941,368.68	300.64
		<u>1,074,136.84</u>	<u>15,684.34</u>
Decreased by:			
Budget Appropriations	D-4	926,927.64	
Appropriation Reserves	D-12	3,744.26	
Encumbrances Payable	D-13	14,155.41	
Other Accounts Receivable	D-9	15.00	
Accrued Interest Paid	D-14	<u>60,966.16</u>	
		1,005,808.47	
Balance December 31, 2009	D	<u><u>68,328.37</u></u>	<u><u>15,684.34</u></u>

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

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2009	D-5	68,328.37	15,684.34
Increased by:			
Cash Receipts Record		422,295.47	126.76
		490,623.84	15,811.10
Decreased by:			
Cash Disbursements Record		440,638.48	
Balance June 30, 2010	D-6	<u>49,985.36</u>	<u>15,811.10</u>
		<u>Cash Reconciliation - June 30, 2010</u>	
Balance per Statement			
Colonial National Bank		67,398.65	15,811.10
Less: Outstanding Checks		17,413.29	
Balance June 30, 2010	D-6	<u>49,985.36</u>	<u>15,811.10</u>

EXHIBIT D-7

ANALYSIS OF UTILITY CAPITAL FUND CASH

	<u>Balance</u>	<u>Receipts</u>	<u>Balance</u>
	<u>Dec. 31, 2008</u>	<u>Miscellaneous</u>	<u>Dec. 31, 2009</u>
Capital Fund Balance	10,855.66		10,855.66
Capital Improvement Fund	4,076.00		4,076.00
Reserve for Debt Service	81.00		81.00
Due Utility Operating Fund	133,123.25	300.64	133,423.89
Other Accounts Receivable	(170.47)		(170.47)
Due from State of New Jersey	(156,744.00)		(156,744.00)
Improvement Authorizations:			
<u>Ordinance #</u>			
93-8    Various Improvements	1,154.00		1,154.00
95-9    Redevelopment of Well #5	7,181.00		7,181.00
95-9    Painting of Water Tower	4,310.00		4,310.00
03-11    Chestnut Street Water Mains and Improvements, Redevelop Well #5, Purchase of Dump Truck, Purchase and Installation of a Clarifier Dome in the Borough	263.54		263.54
04-23    Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	11,253.72		11,253.72
	<u>15,383.70</u>	<u>300.64</u>	<u>15,684.34</u>
Ref.	<u>D</u>	<u>D-5</u>	<u>D</u>

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2008	D		50,347.40
Increased by:			
Utility Rents Levied			<u>836,599.86</u>
			886,947.26
Decreased by:			
Collections	D-5	783,474.02	
Overpayments Applied		1,191.87	
Prepayments Applied		38,365.01	
Canceled		<u>4,866.49</u>	
			<u>827,897.39</u>
Balance December 31, 2009	D		<u><u>59,049.87</u></u>

SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2008	D	639.95	170.47
Increased by: Service Charge	D-5	15.00	
Balance December 31, 2009	D	<u>654.95</u>	<u>170.47</u>

SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2008	<u>Additions by Capital Outlay</u>	Balance Dec. 31, 2009
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	112,312.25	12,997.10	125,309.35
	<u>2,912,896.88</u>	<u>12,997.10</u>	<u>2,925,893.98</u>
Ref.	D	D-4	D

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Purpose</u>	<u>Ordinance</u>		<u>Balance</u>	<u>Balance</u>
	<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2009</u>
Various Improvements	8/10/93	39,500.00	39,500.00	39,500.00
Redevelopment of Well #5	12/12/95	43,500.00	43,500.00	43,500.00
Painting of Water Tower	12/12/95	126,500.00	126,500.00	126,500.00
Replace & Repair Water Mains	6/23/99	525,000.00	525,000.00	525,000.00
Improvements to Water Treatment Facility & Reconstruct Elm Avenue	4/12/00	168,700.00	168,700.00	168,700.00
Chestnut Street Water Mains and Improvements, Redevelop Well #5, Purchase of Dump Truck, Purchase and Installation of a Clarifier Dome in the Borough	6/25/00	451,800.00	451,800.00	451,800.00
Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	12/8/04	65,000.00	65,000.00	65,000.00
Redrill Well #5	7/12/06	239,773.00	239,773.00	239,773.00
			<u>1,659,773.00</u>	<u>1,659,773.00</u>
	Ref.		<u>D</u>	<u>D</u>

SCHEDULE OF 2008 APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2008</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:			
Other Expenses	66,347.53	3,744.26	62,603.27
Other Accounts - No Changes	967.02		967.02
	<u>67,314.55</u>	<u>3,744.26</u>	<u>63,570.29</u>
Ref.	D	D-5	D-1

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance December 31, 2008	<u>Ref.</u> D	14,155.41
Increased by:		
Charges to 2009 Appropriations	D-4	<u>13,090.91</u>
		27,246.32
Decreased by:		
Payments	D-5	<u>14,155.41</u>
Balance December 31, 2009	D	<u><u>13,090.91</u></u>

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

Balance December 31, 2008	Ref. D	12,959.04
Increased by:		
Budget Appropriation for:		
Interest on Bonds and Notes	D-4	60,413.24
		<u>73,372.28</u>
Decreased by:		
Interest Paid	D-5	60,966.16
Balance December 31, 2009	D	<u><u>12,406.12</u></u>

Analysis of Accrued Interest December 31, 2009

	Principal Outstanding Dec. 31, 2009	Interest Rate	From	To	Period	Amount
Bonds:						
	422,914.00	5.000%	10/15/09	12/31/09	77 Days	4,460.87
	584,000.00	Various	12/1/09	12/31/09	1 Month	2,235.52
Notes:						
	227,000.00	2.310%	8/7/09	12/31/09	144 Days	2,238.90
Loans:						
	150,000.00	Various	8/1/09	12/31/09	5 Months	3,470.83
						<u><u>12,406.12</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2008		Balance Dec. 31, 2009	
				Funded	Unfunded	Funded	Unfunded
93-08	Various Improvements	8/10/93	39,500.00	1,154.00		1,154.00	
95-09	Redevelopment of Well #5	12/12/95	43,500.00	7,181.00		7,181.00	
95-09	Painting of Water Tower	12/12/95	126,500.00	4,310.00		4,310.00	
03-11	Chestnut Street Water Mains and Improvements, Redevelop Well #5, Purchase of Dump Truck, Purchase and Installation of a Clarifier Dome in the Borough	6/25/03	451,800.00	263.54	586.00	263.54	586.00
04-23	Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	12/8/04	65,000.00	11,253.72		11,253.72	
				24,162.26	586.00	24,162.26	586.00
			Ref.	D	D	D	D

EXHIBIT D-16

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2008	D	4,076.00
Balance December 31, 2009	D	<u>4,076.00</u>

EXHIBIT D-17

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>		
Balance December 31, 2008	D		2,752,522.37
Increased by:			
Serial Bonds Paid by Operating Budget	D-19	60,320.00	
Loan Paid by Operating Budget	D-20	21,226.39	
Notes Paid by Operating Budget	D-21	12,773.00	
Capital Outlay:			
By Operating Budgets	D-10	<u>12,997.10</u>	
			<u>107,316.49</u>
Balance December 31, 2009	D		<u>2,859,838.86</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2008</u>	<u>Balance Dec. 31, 2009</u>
93-8	Various Improvements	8/10/93	39,500.00	39,500.00
95-9	Redevelopment of Well #5	12/12/95	43,500.00	43,500.00
95-9	Painting of Water Tower	12/12/95	126,500.00	126,500.00
00-19	Improvements to Water Treatment Facility & Reconstruct Elm Avenue	12/14/00	8,500.00	8,500.00
04-23	Purchase of a 4x4 Pickup Truck with Plow and a Utility Truck	12/8/04	3,250.00	3,250.00
			<u>221,250.00</u>	<u>221,250.00</u>
		Ref.	D	D



SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST LOAN

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding			Interest Rate (A)	Balance Outstanding		Balance Dec. 31, 2009
			Date	Trust Loan	Fund Loan		Dec. 31, 2008	Decreased	
10/15/99	Replacement, Repair and Rehabilitation of Water Mains	472,136.00	2/1/10		2,260.16				
			8/1/10	10,000.00	8,646.90	5.50%			
			2/1/11		2,084.53				
			8/1/11	10,000.00	8,471.26	5.50%			
			2/1/12		1,908.89				
			8/1/12	15,000.00	11,488.99	5.50%			
			2/1/13		1,645.44				
			8/1/13	15,000.00	11,225.54	5.50%			
			2/1/14		1,381.99				
			8/1/14	15,000.00	10,962.09	5.50%			
			2/1/15		1,118.53				
			8/1/15	15,000.00	10,698.63	5.50%			
			2/1/16		855.08				
			8/1/16	15,000.00	10,435.18	5.50%			
			2/1/17		591.63				
			8/1/17	15,000.00	10,171.73	5.50%			
			2/1/18		328.18				
			8/1/18	20,000.00	13,101.64	5.70%			
			2/1/19		(35.87)				
	8/1/19	20,000.00	12,737.60	5.70%		291,304.51	21,226.39	270,078.12	
						<u>291,304.51</u>	<u>21,226.39</u>	<u>270,078.12</u>	
					Ref.	D	D-17	D	

(A) Interest is applicable to Trust Loan only.

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2008</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2009</u>
6-06	Redrill Well #5	8/9/06	8/7/09	8/6/10	2.50%	239,773.00	12,773.00	227,000.00
					Ref.	D	D-17	D

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Balance Dec. 31, 2008</u>	<u>Balance Dec. 31, 2009</u>
11-03	Chestnut Street Water Mains and Improvements, Redevelop Well #5, Purchase of Dump Truck, Purchase and Installation of a Clarifier Dome in the Borough	<u>586.00</u>	<u>586.00</u>

**PART II**

## GENERAL COMMENTS

### Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

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

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

The minutes indicate that bids were requested by public advertisement for various items.

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

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

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

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

### Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 4, 2009 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

WHEREAS, Chapter 105, P.L. 1965 amending R.S. 54:4-67 relating to interest for delinquency of payment of taxes, assessments, sewer charges and water charges provides that the municipality may grant a 10 day grace period; and

WHEREAS, the statutes now require that all payments to be paid within the above required time or penalties shall be charged to the first day of the month due.

NOW, THEREFORE BE IT RESOLVED by the Borough Council of the Borough of Westville that a penalty for delinquency at the rate of 8% per annum will be charged on taxes, assessments, sewer charges, water charges, etc., on all delinquent amounts less than \$1,500, and 18% per annum will be charged on delinquent taxes, assessments, sewer charges and water charges in excess of \$1,500.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on April 9, 2009 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>
2009	2
2008	1
2007	1

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

Verification of Delinquent Taxes and Other Charges

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

OTHER COMMENTS

Accounting Procedures

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

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

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

Municipal Court

Funds collected by the Municipal Court were not disbursed to the proper agencies by the 15<sup>th</sup> day of the subsequent month for the period August through December. Bank reconciliations for the general and bail accounts were not prepared. The reconciliation page of the monthly cash book was not completed and balanced.

Corrective Action Plan

A corrective action plan was not required for the year 2008.

FINDINGS AND RECOMMENDATIONS

1. Finding: Funds collected by the Municipal Court were not disbursed to the proper agencies by the 15<sup>th</sup> day of the subsequent month.

Recommendation: Funds be disbursed to the proper agencies by the 15<sup>th</sup> day of the subsequent month.

2. Finding: Bank reconciliations were not prepared by the Municipal Court Administrator for the general and bail accounts . The reconciliation page of the monthly cash book was not completed and balanced.

Recommendation: Bank reconciliations be prepared on a monthly basis and the reconciliation page of the monthly cash book be completed.

\*\*\*\*\*

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