

BOROUGH OF PALMYRA
County of Burlington

Report of Audit

For the Year 2010

BOROUGH OF PALMYRA
COUNTY OF BURLINGTON

TABLE OF CONTENTS

PART I

	<u>Exhibits</u>	<u>Page</u>
Independent Auditor's Report		2
Report on Compliance and on Internal Control Over Financial Reporting Based On An Audit of Financial Statements Performed In Accordance with Government Auditing Standards		4
<u>Financial Statements</u>		
<u>Current Fund:</u>		
Statement of Assets, Liabilities, Reserves and Fund Balance -- - Regulatory Basis	A	6
Statement of Operations and Changes in Fund Balance - Regulatory Basis	A-1	8
Statement of Revenues - Modified Accrual Basis	A-2	9
Statement of Expenditures - Regulatory Basis	A-3	12
<u>Trust Fund</u>		
Statement of Assets, Liabilities, Reserves and Fund Balance -- - Regulatory Basis	B	19
<u>General Capital Fund</u>		
Statement of Assets, Liabilities, Reserves and Fund Balance -- - Regulatory Basis	C	20
Statement of Fund Balance -- - Regulatory Basis	C-1	21
<u>Sewer Utility Operating and Capital Fund</u>		
Statement of Assets, Liabilities and Reserves and Fund Balance - - Regulatory Basis	D	22
Statement of Operations and Changes in Fund Balance - Regulatory Basis	D-1	24
Statement of Fund Balance - Regulatory Basis	D-2	25
Statement of Revenues - Regulatory Basis	D-3	26
Statement of Expenditures - Regulatory Basis	D-4	27
<u>Public Assistance Fund</u>		
Statement of Assets, Liabilities and Reserves - Regulatory Basis	E	28
<u>Account Group</u>		
Statement of General Fixed Assets Group of Accounts	F	29
Notes to Financial Statements		30
<u>Current Fund</u>		
Statement of Cash - Collector/Treasurer	A-4	47
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-5	48

Part I (Continued):

	<u>Exhibits</u>	<u>Page</u>
<u>Current Fund (Continued)</u>		
Schedule of Tax Title Liens	A-6	49
Schedule of Property Acquired for Taxes (At Assessed Valuations)	A-7	49
Schedule of Revenue Accounts Receivable	A-8	50
Statement of 2009 Appropriation Reserves and Reserve for Encumbrances		
Schedule of Due State of New Jersey -	A-9	51
Senior Citizen and Veterans' Deductions	A-10	53
Schedule of Local District School Tax Payable	A-11	54
<u>Federal and State Grant Fund</u>		
Schedule of Federal and State Grants Receivable	A-12	55
Schedule of Reserve for Federal and State Grants - Unappropriated	A-13	56
Schedule of Reserve for Federal and State Grants - Appropriated	A-14	57
<u>Trust Fund</u>		
Schedule of Cash - Treasurer	B-1	59
Schedule of Reserve for Animal Control Fund Expenditures	B-2	61
Statement of Payroll Deductions Payable	B-3	62
Schedule of Reserve for Developer's Escrow Deposits	B-4	63
Schedule of Reserve for Unemployment Compensation Trust	B-5	64
Schedule of Reserve for Regional Contribution	B-6	64
Schedule of Reserve for Public Defender	B-7	65
Schedule of Reserve for Compensated Absences	B-8	65
<u>General Capital Fund</u>		
Schedule of Cash - Treasurer	C-2	67
Analysis of General Capital Cash and Investments	C-3	68
Schedule of Deferred Charges to Future Taxation - Unfunded	C-4	69
Statement of Deferred Charges to Future Taxation - Funded	C-5	70
Statement of Capital Improvement Fund	C-6	70
Schedule of Improvement Authorizations	C-7	71
Schedule of General Serial Bonds	C-8	72
Schedule of Green Acres Loan Payable	C-9	73
Schedule of Burlington County Bridge Commission Lease Payable	C-10	74
Schedule of Bond Anticipation Notes	C-11	75
Statement of Bonds and Notes Authorized But Not Issued	C-12	76
<u>Sewer Utility Fund</u>		
Schedule of Cash - Collector/Treasurer	D-5	78
Analysis of Capital Cash	D-6	79
Statement of 2009 Appropriation Reserves and Reserve for Encumbrances	D-7	90
Schedule of Sewer Rents Receivable	D-8	81
Schedule of Fixed Capital	D-9	82
Schedule of Fixed Capital Authorized and Uncompleted	D-10	83
Schedule of Improvement Authorizations	D-11	84
Schedule of General Serial Bonds	D-12	85
Schedule of Capital Improvement Fund	D-13	86

Part I (Continued):

Sewer Utility Fund (continued)

Schedule of Bond Anticipation Notes
Schedule of Deferred Reserve for Amortization

Exhibits

D-14
D-15

Page

87
88

Public Assistance Fund

Schedule of Cash - Treasurer

E-1

90

PART II

Schedule of Findings and Recommendations

92

Summary Schedule of Prior-Year Audit Findings

93

Officials in Office and Surety Bonds

95

Acknowledgement

96

BOROUGH OF PALMYRA

PART I

Report of Audit of Financial Statements

For the Year Ended December 31, 2010

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Palmyra
County of Burlington
Palmyra, New Jersey

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Palmyra, in the County of Burlington, State of New Jersey, as of December 31, 2010 and 2009, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed assets group of accounts for the year ended December 31, 2010, which collectively comprise the Borough's financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough'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 in compliance with audit requirements as 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we express no such opinion. 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 the 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 financial statements previously referred to have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and 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 on the financial statements of the requirement that the Borough prepare its financial statements in accordance with the accounting practices 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 Palmyra, in the County of Burlington, State of New Jersey, as of December 31, 2010 and 2009, or the results of its operations and changes in fund balance for the years then ended.

Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Palmyra, in the County of Burlington, State of New Jersey, as of December 31, 2010 and 2009, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis, expenditures - regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2010 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2011 on our consideration of the Borough of Palmyra, in the County of Burlington, State of New Jersey's, internal control over financial reporting and 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 that collectively comprise the Borough of Palmyra's basic financial statements. The supplementary financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
March 4, 2011

INVERSO & STEWART, LLC

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

The Honorable Mayor and
Members of the Borough Council
Borough of Palmyra
County of Burlington
Palmyra, New Jersey

We have audited the financial statements (regulatory basis) of the Borough of Palmyra, in the County of Burlington, State of New Jersey, as of and for the year ended December 31, 2010, and have issued our report thereon dated March 4, 2011, which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 in compliance with 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 Palmyra's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. However, we identified the following deficiency in internal control over financial reporting described in the accompanying *Schedule of Findings and Recommendations* that we consider to be a significant deficiency in internal control over financial reporting: Finding no: #2010-1.

Compliance and Other Matters

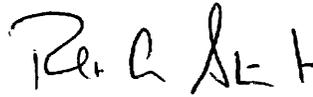
As part of obtaining reasonable assurance about whether the Borough of Palmyra's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and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

The Borough of Palmyra responses to the findings identified in our audit are described in the accompanying *Schedule of Findings and Recommendations*. We did not audit the Borough's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of the Borough of Palmyra, the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
March 4, 2011

BOROUGH OF PALMYRA

CURRENT FUND

**Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2010 and 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 1,785,213.40	\$ 2,403,317.91
Cash - Collector's Change Fund		<u>200.00</u>	<u>200.00</u>
Total		<u>1,785,413.40</u>	<u>2,403,517.91</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	466,649.74	350,543.60
Tax Title Liens Receivable	A-6	46,258.29	29,645.59
Property Acquired for Taxes - Assessed Valuation	A-7	173,200.00	173,200.00
Revenue Accounts Receivable	A-8	10,569.75	
Due from General Capital Fund	C	24,196.43	
Due from Trust - Animal Control Fund	B	1,376.88	
Due from Trust - Other Fund	B	<u>1,257.94</u>	<u>1,155.24</u>
Total		<u>723,509.03</u>	<u>554,544.43</u>
Total Regular Fund		<u>2,508,922.43</u>	<u>2,958,062.34</u>
Federal and State Grant Fund:			
Cash - Treasurer	A-4	281,835.93	190,330.38
Federal and State Grants Receivable	A-12	<u>750,513.55</u>	<u>823,731.02</u>
Total Federal and State Grant Fund		<u>1,032,349.48</u>	<u>1,014,061.40</u>
Total		<u>\$ 3,541,271.91</u>	<u>\$ 3,972,123.74</u>

(Continued)

BOROUGH OF PALMYRA

CURRENT FUND

**Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2010 and 2009**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, A-9	\$ 429,767.21	\$ 336,252.37
Reserve for Encumbrances Payable	A-3, A-9	161,654.32	183,742.68
Due State of New Jersey per Chapter 20 PL 1971	A-10	52,180.58	56,274.40
Prepaid Taxes	A-4, A-5	96,928.05	90,129.22
Prepaid Special Improvement District Tax	A-4	4,963.13	
Tax Overpayments			9,087.79
Due State of New Jersey:			
Marriage License Fees		615.00	500.00
Construction Code Training Fees		1,159.00	3,715.00
Reserve for Tax Title Lien Redemption		17,325.65	10,585.95
Local School District Tax Payable	A-11		167,728.96
Due County for Added Taxes	A-5, A-4	243.34	1,382.10
Due to Special Improvement District Tax		11,279.43	
Due to Trust - Other Funds	B		32,514.00
Due to Sewer Utility Operating Fund	D	2,336.67	24,891.98
Due to General Capital Fund	C		23,440.99
Total Liabilities		778,452.38	940,245.44
Reserve for Receivables and Other Assets	A	723,509.03	554,544.43
Fund Balance	A-1	1,006,961.02	1,463,272.47
Total Regular Fund		2,508,922.43	2,958,062.34
Federal and State Grant Fund:			
Unappropriated Reserves	A-13	17,816.11	26,855.89
Appropriated Reserves	A-14	1,014,533.37	987,205.51
Total Federal and State Grant Fund		1,032,349.48	1,014,061.40
Total		\$ 3,541,271.91	\$ 3,972,123.74

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF PALMYRA

CURRENT FUND

**Statement of Operations and Changes in Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 1,367,000.00	\$ 1,150,000.00
Miscellaneous Revenue Anticipated	1,603,592.69	1,994,706.44
Receipts from Delinquent Taxes	333,886.33	352,576.40
Receipts from Current Taxes	15,127,376.39	14,188,656.94
Nonbudget Revenues	222,473.23	171,624.08
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves/Encumbrances Payable	178,149.54	119,820.00
Interfund Loans Returned	5,074.22	
Prior Year Prepaid Taxes Canceled	441.85	
Prior Year Tax Overpayments Canceled	7,596.11	
Total Revenue and Other Income Realized	<u>18,845,590.36</u>	<u>17,977,383.86</u>
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	2,456,953.71	2,276,153.00
Other Expenses	2,661,651.92	2,700,790.00
Deferred Charges and Statutory Expenditures Within "CAPS"	517,669.00	511,021.00
Operations Excluded from "CAPS":		
Other Expenses	174,939.90	420,813.64
Capital Improvements Excluded from "CAPS"	490,000.00	230,890.00
Municipal Debt Service Excluded from "CAPS"	1,611,976.29	1,380,230.58
Deferred Charges Excluded from "CAPS"		
Local District School Tax	7,655,983.04	7,496,637.00
County Taxes	2,269,308.69	2,313,133.22
Due County for Added Taxes	243.34	1,382.10
Special Improvement District Tax	18,357.14	
Refund of Prior Year Tax Overpayments		500.00
State Grant Receivables Canceled		32,382.00
Interfund Loans Made	77,818.78	23,967.49
Total	<u>17,934,901.81</u>	<u>17,387,900.03</u>
Statutory Excess to Fund Balance	910,688.55	589,483.83
Fund Balance January 1	1,463,272.47	2,023,788.64
Total	2,373,961.02	2,613,272.47
Decreased by Utilization as Anticipated Revenue	<u>1,367,000.00</u>	<u>1,150,000.00</u>
Balance December 31	<u>\$ 1,006,961.02</u>	<u>\$ 1,463,272.47</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF PALMYRA

CURRENT FUND

Statement of Revenues - Modified Accrual Basis
For the Year Ended December 31, 2010

	<u>BUDGET</u>	<u>SPECIAL NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Anticipated	\$ 1,367,000.00		\$ 1,367,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	9,540.00		10,000.00	\$ 460.00
Other	200.00		1,013.00	813.00
Fees and Permits - Other	16,500.00		14,119.07	(2,380.93)
Fines and Costs -Municipal Court	230,000.00		193,563.01	(36,436.99)
Interest and Costs on Taxes	79,000.00		73,840.31	(5,159.69)
Interest on Investments and Deposits	47,000.00		32,452.96	(14,547.04)
Burlington County Bridge Commission in Lieu of Taxes	34,238.43		34,238.43	
Consolidated Municipal Property Relief Act	76,012.00		75,742.93	(269.07)
Energy Receipts Tax	482,243.00		482,243.00	
Special Franchise Tax - PSE&G	38,600.00		38,686.20	86.20
Uniform Construction Code Fees	82,200.00		71,800.00	(10,400.00)
Miscellaneous Revenues Offset with Appropriations:				
Transportation Trust Fund	440,000.00		440,000.00	
Recycling Tonnage Grant	8,460.87		8,460.87	
Drunk Driving Enforcement Grant	2,756.76		2,756.76	
Clean Communities Grant	2,670.61	\$ 12,929.11	15,599.72	
Alcohol Education and Rehabilitation	2,134.84	2,966.11	5,100.95	
Municipal Alliance on Alcoholism and Drug Abuse	17,200.00		17,200.00	
Safe and Secure Communities Program	39,485.00		39,485.00	
Over the Limit	5,936.43		5,936.43	
Vest Protection Grant	329.50		329.50	
Clean Shores	975.06		975.06	
Click It or Ticket	3,590.82	3,963.50	7,554.32	
NJ Forestry Grant	5,000.00		5,000.00	
ARRA - Justice Assistance Grant		12,099.74	12,099.74	
NJ State Police		1,500.00	1,500.00	
Body Armor Grant		1,761.55	1,761.55	
Uniform Fire Safety Act Fees	13,600.00		12,133.88	(1,466.12)
Total	1,637,673.32	35,220.01	1,603,592.69	(69,300.64)
Receipts from Delinquent Taxes	352,000.00		333,886.33	(18,113.67)
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal Purposes	5,155,022.08		5,302,881.10	147,859.02
Budget Totals	8,511,695.40	35,220.01	8,607,360.12	\$ 60,444.71
Nonbudget Revenues			222,473.23	
Total	\$ 8,511,695.40	\$ 35,220.01	\$ 8,829,833.35	

(Continued)

BOROUGH OF PALMYRA

CURRENT FUND

Statement of Revenues - Modified Accrual Basis
For the Year Ended December 31, 2010

Analysis of Realized Revenue**Allocation of Current Tax Collections:**

Revenue from Collections	\$ 15,127,376.39
Allocated to School, County Taxes and Special Improvement District	<u>10,438,696.17</u>
Balance for Support of Municipal Budget Appropriations	4,688,680.22
Add Appropriation - Reserve for Uncollected Taxes	<u>614,200.88</u>
 Amount for Support of Municipal Budget Appropriations	 <u>\$ 5,302,881.10</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 325,848.02
Tax Title Lien Collections	<u>8,038.31</u>
 Total	 <u>\$ 333,886.33</u>

Licenses - Other:

Food Licenses	\$ <u>1,013.00</u>
 Total	 <u>\$ 1,013.00</u>

Fees and Permits - Other:

Police Reports	\$ 2,028.20
Duplicating Fees	282.01
Storage Facility Fees	3,034.60
Land Use Filing Fees	750.00
Certified Copies of Marriage, Birth and Death Certificates	30.00
Burial Permits and Death Certificates	165.00
Fence Permits	1,426.00
UCC Penalties	3,149.00
Street Opening Permits	575.00
Fire Arm Permits	97.00
Miscellaneous Other	<u>2,582.26</u>
 Total	 <u>\$ 14,119.07</u>

(Continued)

BOROUGH OF PALMYRA

CURRENT FUND

Statement of Revenues - Modified Accrual Basis
For the Year Ended December 31, 2010

Analysis of Realized Revenue**Miscellaneous Revenue Not Anticipated:**

Revenue Accounts Receivable:		
Cable Franchise Fee		\$ 26,374.68
Rental of Tower Space		<u>91,138.76</u>
 Total		 117,513.44

Treasurer:

Moonlighting Administrative Fee	\$ 11,530.50	
FEMA Reimbursement	25,185.79	
Vehicle Use Fees	31,837.50	
Administrative Fee on SC & Veteran Aid	2,031.62	
Tax Search Fees	282.85	
Unknown Receipts	3,348.48	
Advertising Costs	5,187.78	
Prior year refunds	151.00	
Miscellaneous	<u>25,404.27</u>	
		<u>104,959.79</u>
 Total		 <u>\$ 222,473.23</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF PALMYRA
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2010

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
GENERAL APPROPRIATIONS:						
<i>Operations Within "CAPS":</i>						
General Government						
General Administration:						
Salaries and Wages	\$ 85,814.47	\$ 85,814.47	\$ 50,320.48		\$ 35,493.99	
Other Expenses	50,000.00	50,934.46	48,661.30	\$ 2,034.21	238.95	
Mayor and Council:						
Salaries and Wages	15,442.60	15,442.60	13,725.16		1,717.44	
Other Expenses	3,200.00	3,200.00	2,227.49		972.51	
Public Relations	4,000.00	4,000.00	893.09		3,106.91	
Borough Clerk:						
Salaries and Wages	53,550.00	53,550.00	50,769.28		2,780.72	
Other Expenses	4,000.00	7,107.15	3,141.78	3,965.37		
Financial Administration:						
Salaries and Wages	122,800.00	111,649.04	87,317.57		24,331.47	
Other Expenses	1,000.00	1,705.00	1,705.00			
Audit Services:						
Other Expenses	39,200.00	39,200.00	39,200.00			
Collection of Taxes:						
Salaries and Wages	83,675.00	83,675.00	71,529.88		12,145.12	
Other Expenses	5,450.00	5,450.00	4,894.60	179.17	376.23	
Assessment of Taxes:						
Salaries and Wages	12,238.00	12,238.00	10,498.21		1,739.79	
Other Expenses	4,000.00	4,000.00	3,692.19	100.00	207.81	
Legal Services & Costs:						
Other Expenses	75,000.00	75,000.00	56,314.45	4,437.50	14,248.05	
Engineering Services & Costs:						
Other Expenses	25,000.00	25,000.00	24,143.50		856.50	
Economic Development Agency:						
Salaries and Wages	1,121.18	1,121.18	1,098.20		22.98	
Other Expenses	14,910.00	14,910.00	12,975.96	1,385.00	549.04	
Grants and Planning						
Other Expenses	20,000.00	20,000.00	11,090.60		8,909.40	

(Continued)

**BOROUGH OF PALMYRA
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2010**

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued)						
Planning Board:						
Salaries and Wages	\$ 9,252.40	\$ 9,252.40	\$ 9,070.88		\$ 181.52	
Other Expenses	3,000.00	3,000.00	1,608.18	\$ 50.00	1,341.82	
Code Enforcement:						
Salaries and Wages	6,579.00	6,579.00	6,450.08		128.92	
Other Expenses	800.00	800.00	622.38	50.00	127.62	
Insurance:						
Surety Bond Premiums	3,500.00	2,738.00	2,738.00			
Liability Insurance	135,000.00	136,291.64	136,291.64			
Employees Group Insurance	676,520.00	676,520.00	648,100.36	442.00	27,977.64	
Unemployment Compensation	5,000.00	5,000.00	5,000.00			
Public Safety:						
Police:						
Salaries and Wages	1,410,005.48	1,405,006.85	1,377,912.20		27,094.65	
Other Expenses	100,000.00	100,000.00	75,534.69	15,888.90	8,576.41	
School Crossing Guards:						
Salaries and Wages	84,295.00	86,618.07	86,618.07			
Other Expenses	1,500.00	1,500.00	259.75	693.91	546.34	
Police and Radio Communications:						
Other Expenses	18,000.00	18,000.00	14,356.31	1,111.46	2,532.23	
Office of Emergency Management:						
Salaries and Wages	650.00	675.96	675.96			
Other Expenses	2,400.00	2,400.00	1,077.21	108.80	1,213.99	
Aid to Volunteer Fire Company:						
Other Expenses	15,000.00	15,000.00	14,308.83		691.17	
Aid to Volunteer Ambulance Squad:						
Other Expenses	25,000.00	25,000.00	25,000.00			
Fire Department:						
Other Expenses	42,340.00	42,340.00	28,301.66	1,478.00	12,560.34	
Uniform Fire Safety Act:						
Salaries and Wages	41,804.80	41,804.80	40,985.10		819.70	
Other Expenses	6,000.00	6,000.00	5,162.42	684.31	153.27	

(Continued)

BOROUGH OF PALMYRA
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2010

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued)						
Borough Prosecutor:						
Other Expenses	\$ 9,000.00	\$ 9,000.00	\$ 7,280.00	\$ 680.00	\$ 1,040.00	
Public Works:						
Street and Road Maintenance:						
Salaries and Wages	314,119.36	314,119.36	296,995.62		17,123.74	
Other Expenses	37,500.00	40,000.00	32,602.73	6,378.83	1,018.44	
Railroad Landscaping	3,000.00	500.00	198.00		302.00	
Shade Tree:						
Salaries and Wages	1,093.40	1,093.40	1,071.96		21.44	
Other Expenses	40,000.00	40,000.00	20,725.53	18,720.00	554.47	
Solid Waste Collection:						
Other Expenses	264,000.00	264,000.00	239,567.46	23,087.90	1,344.64	
Public Buildings and Grounds:						
Salaries and Wages	13,231.36	15,600.00	15,600.00			
Other Expenses	35,000.00	35,000.00	30,953.77		4,046.23	
Vehicle Maintenance:						
Other Expenses	60,000.00	60,000.00	41,827.36	12,319.00	5,853.64	
Condominium Services Law:						
Other Expenses	165,000.00	165,000.00	44,546.65		120,453.35	
Health and Human Services:						
Board of Health:						
Salaries and Wages	714.08	714.08	600.01		114.07	
Other Expenses	200.00	200.00	77.00		123.00	
Animal Control Services:						
Other Expenses	13,000.00	13,000.00	13,000.00			
Parks and Recreation:						
Parks and Playgrounds:						
Other Expenses	20,000.00	20,000.00	16,328.14	500.00	3,171.86	
Education Functions:						
Contribution to Tri-Boro Senior Citizen Club						
Other Expenses	2,000.00	2,533.08	2,091.70		441.38	
Celebration of Public Events:						
Other Expenses	10,000.00	10,000.00	7,658.06	97.15	2,244.79	

(Continued)

**BOROUGH OF PALMYRA
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2010**

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued)						
Other Common Operating Functions:						
Accumulated Sick Leave Compensation						
Salaries and Wages	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00			
Utility Expenses and Bulk Purchases:						
Electricity	80,500.00	81,615.39	69,142.57	\$ 12,172.82	\$ 300.00	
Street Lighting	120,000.00	120,000.00	83,855.13	24,137.09	12,007.78	
Telephone	25,200.00	25,200.00	23,463.93	847.44	888.63	
Water/Sewer	11,500.00	12,557.76	12,161.07	396.69	0.00	
Gasoline	75,000.00	75,000.00	52,911.57	4,802.62	17,285.81	
Fire-Hydrant Services	84,000.00	84,000.00	75,285.98	6,844.18	1,869.84	
Printing and Postage	14,000.00	14,000.00	9,030.13	100.00	4,869.87	
Landfill and Solid Waste Disposal Costs:						
Landfill Fees	270,000.00	270,000.00	230,884.09	15,834.18	23,281.73	
Municipal Court:						
Salaries and Wages	107,892.50	107,892.50	103,010.80		4,881.70	
Other Expenses	11,000.00	11,164.67	9,595.23	1,569.44		
Construction Code Official:						
Salaries and Wages	74,107.00	74,107.00	73,864.37		242.63	
Other Expenses	20,500.00	23,784.77	22,731.42	558.35	495.00	
Total Operations - Within "CAPS"	<u>5,118,605.63</u>	<u>5,118,605.63</u>	<u>4,541,332.74</u>	<u>161,654.32</u>	<u>415,618.57</u>	<u>\$ -</u>
Detail:						
Salaries and Wages	2,468,385.63	2,456,953.71	2,328,113.83		128,839.88	
Other Expenses	<u>2,650,220.00</u>	<u>2,661,651.92</u>	<u>2,213,218.91</u>	<u>161,654.32</u>	<u>286,778.69</u>	

(Continued)

BOROUGH OF PALMYRA
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2010

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Deferred Charges and Statutory Expenditures -						
Municipal - Within "CAPS":						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees Retirement System	\$ 121,628.00	\$ 121,628.00	\$ 121,628.00			
Social Security System (O.A.S.I.)	104,000.00	104,000.00	102,851.36		\$ 1,148.64	
Police and Firemen's Retirement System	292,041.00	292,041.00	292,041.00			
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	517,669.00	517,669.00	516,520.36		1,148.64	
Total General Appropriations - For Municipal Purposes Within "CAPS"	5,636,274.63	5,636,274.63	5,057,853.10	\$ 161,654.32	416,767.21	\$ -
Operations Excluded from "CAPS":						
Aid To Library (N.J.S.A.40:54-35)	3,800.00	3,800.00	3,800.00			
Length of Service Award (LOSAP)	18,900.00	18,900.00	16,100.00		2,800.00	
Recycling Tax	10,200.00	10,200.00			10,200.00	
Employee Group Insurance	13,980.00	13,980.00	13,980.00			
Public and Private Programs Offset By Revenues:						
Municipal Alliance Grant:						
Borough Share	4,300.00	4,300.00	4,300.00			
State Share	17,200.00	17,200.00	17,200.00			
Drunk Driving Enforcement Grant	2,756.76	2,756.76	2,756.76			
Clean Communities	2,670.61	15,599.72	15,599.72			
Safe and Secure Communities Program	39,485.00	39,485.00	39,485.00			
Body Armor Grant		1,761.55	1,761.55			
NJ Forestry Grant	5,000.00	5,000.00	5,000.00			
Alcohol Education Rehabilitation Fund	2,134.84	5,100.95	5,100.95			
Vest Protection Grant	329.50	329.50	329.50			

(Continued)

**BOROUGH OF PALMYRA
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2010**

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Operations Excluded from "CAPS":						
Recycling Tonnage Grant	\$ 8,460.87	\$ 8,460.87	\$ 8,460.87			
Clean Shores	975.06	975.06	975.06			
CERT Trailer Equipment & Supply		1,500.00	1,500.00			
Justice Assistance Grant		12,099.74	12,099.74			
Over the Limit	5,936.43	5,936.43	5,936.43			
Click It or Ticket	3,590.82	7,554.32	7,554.32			
Total Operations - Excluded From "CAPS"	139,719.89	174,939.90	161,939.90		\$ 13,000.00	\$ -
Detail:						
Other Expenses	139,719.89	174,939.90	161,939.90		13,000.00	
Capital Improvements - Excluded From "CAPS"						
Capital Improvement Fund	50,000.00	50,000.00	50,000.00			
NJ Transportation Trust Fund	440,000.00	440,000.00	440,000.00			
Total Capital Improvements - Excluded From "CAPS"	490,000.00	490,000.00	490,000.00			
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	722,000.00	722,000.00	722,000.00			
Payment of Bond Anticipation Notes Principal	435,000.00	435,000.00	430,000.00			5,000.00
Interest on Bonds	162,000.00	162,000.00	162,000.00			
Interest on Notes	265,000.00	265,000.00	250,778.81			14,221.19
Loan Repayments:						
Principal	41,000.00	41,000.00	40,759.33			240.67
Interest	6,500.00	6,500.00	6,438.15			61.85
Total Municipal Debt Service - Excluded From "CAPS"	1,631,500.00	1,631,500.00	1,611,976.29			19,523.71

(Continued)

**BOROUGH OF PALMYRA
CURRENT FUND
Statement of Expenditures – Regulatory Basis
For the Year Ended December 31, 2010**

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Total General Appropriations for Municipal Purposes Excluded From "CAPS"	<u>\$ 2,261,219.89</u>	<u>\$ 2,296,439.90</u>	<u>\$ 2,263,916.19</u>	<u>\$ -</u>	<u>\$ 13,000.00</u>	<u>\$ 19,523.71</u>
Subtotal General Appropriations	7,897,494.52	7,932,714.53	7,321,769.29	\$ 161,654.32	\$ 429,767.21	19,523.71
Reserve for Uncollected Taxes	<u>614,200.88</u>	<u>614,200.88</u>	<u>614,200.88</u>			
TOTAL GENERAL APPROPRIATIONS	<u><u>\$ 8,511,695.40</u></u>	<u><u>\$ 8,546,915.41</u></u>	<u><u>\$ 7,935,970.17</u></u>	<u><u>\$ 161,654.32</u></u>	<u><u>\$ 429,767.21</u></u>	<u><u>\$ 19,523.71</u></u>

18

Budget After Modifications:

Original Budget	\$ 8,511,695.40
N.J.S.A. 40A:4-87	<u>35,220.01</u>
Total	<u><u>\$ 8,546,915.41</u></u>

Expended - Paid or Charged:

Reserve for Federal and State Grants	\$ 568,059.90
Due to Capital Fund	10,653.82
Reserve for Uncollected Taxes	614,200.88
Disbursed	<u>6,743,055.57</u>
Total	<u><u>\$ 7,935,970.17</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF PALMYRA

TRUST FUND

**Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2010 and 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash	B-1	\$ 8,452.08	\$ 5,794.27
Total Animal Control Funds		<u>8,452.08</u>	<u>5,794.27</u>
Other Funds:			
Cash	B-1	797,875.88	788,838.80
Due from Current Fund	A		32,514.00
Total Other Funds		<u>797,875.88</u>	<u>821,352.80</u>
Total		<u>\$ 806,327.96</u>	<u>\$ 827,147.07</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to State Department of Health		\$ 10.20	\$ 27.00
Accounts Payable			800.00
Due to Current Fund	A	1,376.28	
Reserve for Dog Fund Expenditures	B-2	7,065.60	4,967.27
Total Dog License Fund		<u>8,452.08</u>	<u>5,794.27</u>
Other Funds:			
Payroll Deductions Payable	B-3	18,265.95	4,824.92
Accounts Payable		11,781.00	10,517.00
Due to Violent Crime Compensation Board	B-7	32,518.00	26,514.00
Due Current Fund	A	1,257.94	1,228.66
Reserve for Unemployment Compensation Trust	B-5	3,454.36	1,461.01
Reserve for Compensated Absences	B-8	33,637.26	3,637.26
Reserve for Developer's Escrow Funds	B-4	141,353.07	135,924.03
Reserve for Recreation Program		3,209.60	8,452.57
Reserve for POAA Fees		118.00	
Reserve for Public Defender Fees	B-7	5,250.00	6,000.00
Reserve for Regional Contribution Funds	B-6	532,961.40	614,906.13
Reserve for Disposal of Forfeited Property		14,069.30	7,887.22
Total Other Funds		<u>797,875.88</u>	<u>821,352.80</u>
Total		<u>\$ 806,327.96</u>	<u>\$ 827,147.07</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

**Statement of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2010 and 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>			
Cash	C-2	\$ 1,527,632.99	\$ 4,467,972.63
Due from Current Fund	A		23,440.99
Deferred Charges to Future Taxation:			
Funded	C-5	2,966,578.28	3,729,337.61
Unfunded	C-4	9,611,790.00	10,041,790.00
		<hr/>	<hr/>
Total		<u>\$ 14,106,001.27</u>	<u>\$ 18,262,541.23</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds	C-8	\$ 2,824,000.00	\$ 3,546,000.00
Green Acres Loan Payable	C-9	72,578.28	80,337.61
Due to Burlington County Bridge Commission	C-10	70,000.00	103,000.00
Bond Anticipation Notes	C-11	8,407,000.00	8,837,000.00
Due to Current Fund	A	24,196.43	
Reserve for Payment of Notes	C-2	144,593.52	
Encumbrances Payable	C-7	274,091.43	2,252,861.44
Improvement Authorizations:			
Funded	C-7	440,164.29	488,739.55
Unfunded	C-7	1,779,239.53	2,910,464.84
Capital Improvement Fund	C-6	53,405.00	27,405.00
Fund Balance	C-1	16,732.79	16,732.79
		<hr/>	<hr/>
Total		<u>\$ 14,106,001.27</u>	<u>\$ 18,262,541.23</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

Statement of Fund Balance - Regulatory Basis
For the Year Ended December 31, 2010

Balance December 31, 2009 and 2010

\$ 16,732.79

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF PALMYRA

SEWER UTILITY OPERATING AND CAPITAL FUND

**Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2010 and 2009**

<u>ASSETS</u>	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Operating Fund:			
Cash - Treasurer	D-5	\$ 577,713.13	\$ 408,781.24
Due from Current Fund	A	2,336.67	24,891.98
Due from Sewer Utility Capital Fund	D	9.26	50,094.56
Total		<u>580,059.06</u>	<u>483,767.78</u>
Receivables with Full Reserves:			
Sewer Rents Receivable	D-8	176,904.18	135,337.16
Total		<u>176,904.18</u>	<u>135,337.16</u>
Total Operating Fund		<u>756,963.24</u>	<u>619,104.94</u>
Capital Fund:			
Cash - Treasurer	D-5, D-6	93,515.39	147,799.53
Fixed Capital	D-9	6,545,945.41	6,545,945.41
Fixed Capital Authorized and Uncompleted	D-10	500,000.00	500,000.00
Total Capital Fund		<u>7,139,460.80</u>	<u>7,193,744.94</u>
Total		<u>\$ 7,896,424.04</u>	<u>\$ 7,812,849.88</u>

(Continued)

BOROUGH OF PALMYRA

SEWER UTILITY OPERATING AND CAPITAL FUND

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2010 and 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Reserve for Encumbrances	D-4, D-7	\$ 12,148.70	\$ 43,057.57
Appropriation Reserves	D-4, D-7	234,628.97	112,099.15
Accrued Interest on Bonds		8,463.02	11,285.42
Sewer Rent Overpayments		1,660.88	175.00
Prepaid Sewer Rents	D-5, D-8	<u>1,360.99</u>	<u>1,667.19</u>
Total Liabilities		258,262.56	168,284.33
Reserve for Receivables	D	176,904.18	135,337.16
Fund Balance	D-1	<u>321,796.50</u>	<u>315,483.45</u>
Total Operating Fund		<u>756,963.24</u>	<u>619,104.94</u>
Capital Fund:			
Serial Bonds Payable	D-12	1,540,000.00	1,830,000.00
Bond Anticipation Note Payable	D-14	350,000.00	400,000.00
Improvement Authorizations:			
Funded	D-11		
Unfunded	D-11	19,979.74	24,178.58
Due to Sewer Utility Operating Fund	D	9.26	50,094.56
Reserve for Amortization		5,005,945.41	4,715,945.41
Deferred Reserve for Amortization	D-15	150,000.00	100,000.00
Capital Improvement Fund	D-13	30,000.00	30,000.00
Capital Fund Balance	D-2	<u>43,526.39</u>	<u>43,526.39</u>
Total Capital Fund		<u>7,139,460.80</u>	<u>7,193,744.94</u>
Total		<u>\$ 7,896,424.04</u>	<u>\$ 7,812,849.88</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF PALMYRA

SEWER UTILITY OPERATING FUND

**Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 116,550.00	\$ 83,050.00
Rents	1,436,208.24	1,475,051.05
Miscellaneous	16,792.15	22,212.01
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	<u>111,064.90</u>	<u>42,210.81</u>
 Total	 <u>1,680,615.29</u>	 <u>1,622,523.87</u>
Expenditures:		
Operating:		
Salaries and Wages	230,000.00	240,000.00
Other Expenses	845,550.00	790,050.00
Debt Service	439,417.60	453,573.34
Deferred Charges and Statutory Expenditures	42,000.00	25,000.00
Refund of Prior Year Sewer Rent Overpayments	<u>784.64</u>	<u>75.00</u>
 Total	 <u>1,557,752.24</u>	 <u>1,508,698.34</u>
Statutory Excess to Fund Balance	122,863.05	113,825.53
Fund Balance January 1	<u>315,483.45</u>	<u>284,707.92</u>
 Total	 438,346.50	 398,533.45
Decreased by Utilization as Anticipated Revenue	<u>116,550.00</u>	<u>83,050.00</u>
 Fund Balance December 31	 <u>\$ 321,796.50</u>	 <u>\$ 315,483.45</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF PALMYRA

SEWER UTILITY CAPITAL FUND

Statement of Capital Fund Balance - Regulatory Basis
For the Years Ended December 31, 2010 and 2009

Balance December 31, 2009 and 2010

\$ 43,526.39

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF PALMYRA

SEWER UTILITY OPERATING FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2010

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance Canceled</u>
Operating:						
Salaries and Wages	\$ 230,000.00	\$ 230,000.00	\$ 216,889.74		\$ 13,110.26	
Other Expenses	845,550.00	845,550.00	616,649.93	\$ 12,148.70	216,751.37	
Debt Service:						
Payment of Bond Principal	290,000.00	290,000.00	290,000.00			
Payment of Note Principal	50,000.00	50,000.00	50,000.00			
Interest on Bonds	86,000.00	86,000.00	81,758.75			\$ 4,241.25
Interest on Notes	18,000.00	18,000.00	17,658.85			341.15
Deferred Charges and Statutory Expenditures:						
Social Security System (O.A.S.I.)	20,000.00	20,000.00	15,232.66		4,767.34	
Unemployment Compensation Insurance (NJSA 43:21-3 et seq.)	<u>22,000.00</u>	<u>22,000.00</u>	<u>22,000.00</u>			
 Total	 <u>\$ 1,561,550.00</u>	 <u>\$ 1,561,550.00</u>	 <u>\$ 1,310,189.93</u>	 <u>\$ 12,148.70</u>	 <u>\$ 234,628.97</u>	 <u>\$ 4,582.40</u>
 Analysis of Paid or Charged:						
Disbursed			\$ 1,210,772.33			
Accrued Interest on Bonds and Notes			<u>99,417.60</u>			
 Total			 <u>\$ 1,310,189.93</u>			

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF PALMYRA

PUBLIC ASSISTANCE FUND

**Statement of Assets, Liabilities and Reserves -- Regulatory Basis
For the Years Ended December 31, 2010 and 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>			
Cash	E-1	<u>\$ 8,270.63</u>	<u>\$ 8,270.63</u>
 <u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance	E-1	<u>\$ 8,270.63</u>	<u>\$ 8,270.63</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF PALMYRA

ACCOUNT GROUP

**Statement of General Fixed Assets Group of Accounts
For the Year Ended December 31, 2010**

	Balance December 31, <u>2009</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2010</u>
General Fixed Assets:				
Buildings and Improvements	\$ 6,688,877.00	\$ 171,029.31		\$ 6,859,906.31
Vehicles	791,991.00			791,991.00
Equipment	308,000.00			308,000.00
	<hr/>	<hr/>	<hr/>	<hr/>
Total General Fixed Assets	<u>\$ 7,788,868.00</u>	<u>\$ 171,029.31</u>	<u>\$ -</u>	<u>\$ 7,959,897.31</u>
Total Investment in General Fixed Assets	<u>\$ 7,788,868.00</u>	<u>\$ 171,029.31</u>	<u>\$ -</u>	<u>\$ 7,959,897.31</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Borough of Palmyra
Notes to Financial Statements
December 31, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Palmyra (hereafter referred to as the "Borough") is located in the western portion of the County of Burlington, State of New Jersey. The estimated population at December 31, 2010 according to the New Jersey Department of Labor and Workforce Development is 7,336.

The Borough was incorporated in 1905 and is governed by a Mayor/Council form of government which consists of seven members elected at large by the voters. The Mayor is elected by the voters to a four-year term and acts as the Chief Executive Officer of the Borough. Each of the six members of the Borough Council is elected to a three year term. These terms are staggered so that at least one member's term expires each year. The legislative powers rest with the Borough Council. The Borough Administrator and Borough Clerk are appointed by the Borough Council and monitor the daily administrative and financial responsibilities, including but not limited to, staffing and personnel issues and budget preparation and implementation.

Component Units – GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No.14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. There are no organizations that are considered to be component units

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Borough contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the "Requirements" 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Borough accounts for its financial transactions through the use of separate funds which are described as follows.

Current Fund - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Funds - The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The General Capital Fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Sewer Utility Operating and Capital Funds - The Sewer Utility Operating and Capital Funds account for operations of the utility and the acquisition of capital facilities of the municipally-owned sewer utility.

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its Current and Sewer Utility Funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the Borough. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to the adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

Borough of Palmyra
Notes to Financial Statements
December 31, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash, Cash Equivalents and Investments - Cash and cash equivalents, for all funds, include petty cash, change funds, cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

N.J.S.A. 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

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 statements of assets, liabilities, reserves and fund balances.

General Fixed Assets - Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000 the maximum amount allowed by the Circular.

Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage or theft.

No depreciation of general fixed assets is recorded.

Borough of Palmyra
Notes to Financial Statements
December 31, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for dispositions and abandonment. The amounts shown do not represent replacement cost or current value. The Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements and contributed capital. Depreciation is not recorded on these fixed assets.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the Borough until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund Balance included in the Current Fund and Utility Operating Fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year end 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.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenues from Federal and State grants are realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities reserves and fund balance 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.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the Palmyra School District, and the County of Burlington. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough is responsible for levying, collecting and remitting school taxes for the Palmyra School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2009 and decreased by the amount deferred at December 31, 2010.

County Taxes - The Borough is responsible for levying, collecting and remitting county taxes for the County of Burlington. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Borough of Palmyra
Notes to Financial Statements
December 31, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Improvement District - The Borough is responsible for levying, collecting and remitting the business improvement district taxes to the District Management Corporation who govern the operations of the business improvement district. Operations is charged for the full amount required to be raised from taxation to operate the business improvement district for the year.

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Outstanding encumbrances are offset by an account entitled "Reserve for Encumbrances". The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Long-Term Debt - Long-Term Debt, relative to the acquisition of capital assets, is recorded as a liability in the General Capital and Utility Capital Funds. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Interest on Delinquent Taxes - It is the policy of the Borough to collect interest for the nonpayment of taxes, sewer 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 the due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten (10) day grace period.

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. CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Custodial credit is the risk that, in the event of a bank failure, the Borough's deposits may not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41, et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. As of December 31, 2010, the Borough's bank balances of \$3,876,478.17 were not exposed to custodial credit risk.

Borough of Palmyra
Notes to Financial Statements
December 31, 2010

NOTE 3. PROPERTY TAXES

The following is a five year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years.

<u>Comparative Schedule of Tax Rates</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total Tax Rate without Business Improvement District	<u>\$ 4.968</u>	<u>\$ 4.625</u>	<u>\$ 4.453</u>	<u>\$ 4.330</u>	<u>\$ 4.002</u>
Total Tax Rate with Business Improvement District					
Schedule A	<u>\$ 4.972</u>				
Schedule B	<u>\$ 4.969</u>				
Apportionment of Tax Rate:					
Municipal	1.644	1.504	1.450	1.288	1.211
County	.725	.737	.723	.742	.684
Local School	2.599	2.384	2.280	2.300	1.990
Business Improvement District					
Schedule A	.004				
Schedule B	.001				

<u>Assessed Valuation</u>	<u>Amount</u>
2010	\$ 313,548,862
2009	314,382,206
2008	314,070,989
2007	313,815,715
2006	313,643,099

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2010	\$ 15,602,245	\$ 15,127,376	96.95 %
2009	14,549,897	14,188,657	97.51
2008	14,015,516	13,663,438	97.48
2007	13,597,472	13,252,646	97.46
2006	12,562,634	12,295,298	97.87

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2010	\$ 46,258	\$ 466,650	\$ 512,908	3.28 %
2009	29,646	350,544	380,190	2.61
2008	10,698	360,045	370,743	2.64
2007	6,022	353,408	359,430	2.64
2006	2,975	273,610	276,585	2.20

**Borough of Palmyra
Notes to Financial Statements
December 31, 2010**

NOTE 3. PROPERTY TAXES (CONT'D)

The following comparison is made of the number of tax title liens receivable on December 31, of the current year and previous four years.

<u>Year</u>	<u>Number</u>
2010	12
2009	16
2008	9
2007	6
2006	2

NOTE 4. 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, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 173,200
2009	173,200
2008	173,450
2007	173,450
2006	173,450

NOTE 5. SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of sewer utility service charges (rents) and collections for the current and previous four years.

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage</u>
	<u>Receivables</u>	<u>Liens</u>				
2010	\$176,904	\$0.00	\$1,477,775	\$1,654,679	\$1,436,208	86.79%
2009	137,688	0.00	1,472,700	1,610,388	1,475,051	91.60
2008	122,178	0.00	1,465,023	1,587,201	1,449,513	91.32
2007	100,883	0.00	1,499,045	1,599,928	1,477,750	92.36
2006	99,654	0.00	1,377,581	1,477,235	1,376,174	93.15

**Borough of Palmyra
Notes to Financial Statements
December 31, 2010**

NOTE 6. FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets.

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>			
2010	\$ 1,006,961	\$ 800,000 *	79.44 %
2009	1,463,272	1,367,000	93.42
2008	2,023,789	1,150,000	67.45
2007	2,611,708	1,365,000	52.26
2006	2,300,753	1,060,000	46.07
<u>Sewer Utility Operating Fund</u>			
2010	\$ 321,796	\$ 113,050 *	35.13 %
2009	315,483	116,550	36.94
2008	284,708	83,050	29.17
2007	290,951	211,450	72.67
2006	310,311	194,500	62.68

* As introduced on March 28, 2011

NOTE 7. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balances as of December 31, 2010:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 26,831.25	\$ 2,336.67
Trust Fund:		
Animal Control Fund		1,376.88
Other Funds		1,257.94
General Capital Fund		24,196.43
Sewer Utility:		
Operating Fund	2,345.93	
Capital Fund		9.26
	<u>\$ 29,177.18</u>	<u>\$ 29,177.18</u>

NOTE 8. PENSION PLANS

The Borough of Palmyra contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), which are administered by the New Jersey Division of Pensions and Benefits. In addition, the Borough adopted an ordinance to participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan and is also administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

**Borough of Palmyra
Notes to Financial Statements
December 31, 2010**

NOTE 8. PENSION PLANS (CONTD)

Public Employees' Retirement System - The PERS was established in 1955 and provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the PERS were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Borough is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by Borough</u>
2010	\$ 40,765	\$ 52,379	\$ 12,917	\$ 106,061		\$ 106,061
2009	42,875	49,590	11,494	103,959		103,959
2008	54,037	41,643		95,680	\$ 19,136	76,544

Police and Firemen's Retirement System – The PFRS was established in 1944 and provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Borough is billed annually for its normal contributions plus any accrued liability. These contributions equal to the required contributions, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability</u>	<u>Paid by Borough</u>
2010	\$ 162,291	\$ 115,621	\$ 14,219	\$ 292,041	\$ 292,041
2009	167,525	115,913	11,655	295,093	295,093
2008	175,008	103,417		278,425	278,425

Defined Contribution Retirement Program – The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the Borough contributes 3% of the employees' base salary.

There were no Borough employees enrolled in the DCRP for the years ended December 31, 2010, 2009 and 2008.

**Borough of Palmyra
Notes to Financial Statements
December 31, 2010**

NOTE 8. PENSION PLANS (CONTD)

Related Party Investments – The Division of Pensions and Benefits does not invest in securities issued by the Borough.

Early Retirement Incentive Program - Legislation enacted in 1991 and 1993 made early retirement available through Early Retirement Incentive Programs. These Programs which were subject to the approval of the Borough's governing body (within a limited period of time) were available to employees who met certain minimum requirements. The governing body of the Borough approved the 1991 and the 1993 Program for eligible members of the PERS and has elected a payment schedule of thirty-seven years with the initial payment made on April 1, 1995 for the 1991 Program and an initial payment made on April 1, 1997 for the 1993 Program. Since no accrual has been made for the additional costs related to the two Programs, the Borough will fund such costs in an annual budget appropriation on a pay-as-you-go basis. The required annual installment of the accrued liability, as calculated by the Division of Pensions and Benefits, for both Programs in 2010 was \$15,567. As of December 31, 2010, the estimated accrued liability for both Programs is \$590,091 payable in annual installments with the last installment due on April 1, 2031 for the 1991 Program and April 1, 2035 for the 1993 Program.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The Borough contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Several years ago, the Borough authorized participation in the SHBP's post-retirement benefit program through a resolution adopted under Chapter 88. Under the plan, any employee eligible for enrollment in the SBHP as an employee is eligible for 100% employer paid coverage for a disability retirement. In addition, employees eligible for enrollment in the SHBP are eligible for 100% employer paid coverage when retiring with 25 years or more of service to the Borough or any other local unit. In each of these cases, the employee's spouse, civil union partner and dependents are also covered 100% and this coverage continues when the retiree is deceased.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

Funding Policy – Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits.

The Borough's contributions to SBHP for the years ended December 31, 2010, 2009 and 2008, were \$166,830.53, \$152,477.73 and \$114,029.09, respectively, which equaled the required contributions for each year. There were approximately 16, 16, and 12 retired participants eligible at December 31, 2010, 2009 and 2008, respectively.

NOTE 10. COMPENSATED ABSENCES

Borough employees are entitled to sick leave, personal days and vacation days each year in varying amounts as outlined in the employee handbook. Unused sick leave may be accumulated and carried forward to the subsequent year. Personal days cannot be carried forward to the subsequent year. Vacation days are earned based on years of service. Unused vacation days may not be carried forward to the subsequent year unless specifically approval by Council. Vacations days carried forward must be used in the next succeeding year or be forfeited.

**Borough of Palmyra
Notes to Financial Statements
December 31, 2010**

NOTE 10. COMPENSATED ABSENCES (CONTD)

Police officers, regardless of the number of years serving the Borough and upon retirement from the Borough, will be compensated for any accumulated unused sick leave at 60% of their final pay rate. The maximum benefit payable under this provision shall be fifteen thousand dollars (\$15,000).

All other Borough employees, who have at least 20 years of employment with the Borough and retire from the Borough, will be compensated for any accumulated unused sick leave at 60% of their final pay rate. The maximum benefit payable under this provision shall be fifteen thousand dollars (\$15,000).

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2010, accrued benefits for compensated absences are valued at \$348,081.76. Actual payment for compensated absences occurs through the Accumulated Leave Trust Fund at the time the employee terminates employment. The Trust Fund is funded through the annual budget appropriations of both the Current and Utility Fund budgets. The balance in the Trust Fund as of December 31, 2010 is \$33,637.26.

NOTE 11. DEFERRED COMPENSATION SALARY ACCOUNT

The Borough offers its employees one deferred compensation plan created in accordance with Internal Revenue Code Section 457 and which has been approved by the Director of the Division of Local Government Services. The plan, which is administered by the entity listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to participants until termination, retirement, death or unforeseeable emergency. The plan administrator is Lincoln Investments

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the plan, the balances and activities of the plan are not reported in the Borough's financial statements.

NOTE 12. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Commercial Insurance Coverage - The Borough maintains commercial insurance coverage for property and general liability, health benefits, boiler and machinery, surety bonds, crime, public officials' liability, and excess liability coverage for workers compensation and disability benefits.

NOTE 13. NEW JERSEY UNEMPLOYMENT COMPENSATION ISURANCE

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, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and previous two years:

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010	\$ 32,007	\$ 3,832	\$ 33,846	\$ 3,454
2009	17,016	3,905	29,755	1,461
2008	17,007	3,741	14,659	10,295

**Borough of Palmyra
Notes to Financial Statements
December 31, 2010**

NOTE 14. CAPITAL DEBT

Summary of Municipal Debt

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Issued:			
General Bonds and Notes	\$ 11,231,000	\$ 12,383,000	\$ 6,676,925
Sewer Utility Bonds and Notes	1,890,000	2,230,000	2,620,000
Loans	<u>142,578</u>	<u>183,338</u>	<u>222,944</u>
Total Net Debt Issued	13,263,578	14,796,338	9,519,869
Authorized But Not Issued:			
General - Bonds and Notes	1,204,790	1,204,790	6,830,880
Sewer Utility - Bonds and Notes			<u>200,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 14,468,368</u>	<u>\$ 16,001,128</u>	<u>\$ 16,550,749</u>

Serial Bonds are authorized in accordance with State law. All bonds are retired in serial installments within the statutory period of usefulness. Serial Bonds payable at December 31, 2010 consisted of the following issues:

<u>Purpose</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
General Obligation Bonds of 2005	12/01/2020	4.125% - 4.20%	\$ 1,000,000
General Obligation Bonds of 1996	10/01/2011	5.10% - 5.25%	255,000
General Obligation Bonds of 2003	12/01/2014	2.00% - 5.00%	1,569,000
Sewer Utility Bonds of 2005	12/01/2020	4.125% - 4.20%	1,160,000
Sewer Utility Bonds of 1992	05/01/2011	6.75%	<u>380,000</u>
 Total			 <u>\$ 4,364,000</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with required method of setting up the Annual Debt Statement and indicates a statutory net debt of 2.09%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 14,670,000	\$ 14,670,000	
Sewer Utility Debt	1,890,000	1,890,000	
General Debt	<u>12,578,368</u>		<u>\$ 12,578,368</u>
 Total	 <u>\$ 29,138,368</u>	 <u>\$ 16,560,000</u>	 <u>\$ 12,578,368</u>

Net Debt, \$12,578,368 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$600,399,922 equals 2.09%.

Equalized Valuation Basis:

2008	\$ 606,389,583
2009	597,400,552
2010	<u>597,409,632</u>
 Average	 <u>\$ 600,399,922</u>

**Borough of Palmyra
Notes to Financial Statements
December 31, 2010**

NOTE 14. CAPITAL DEBT (CONT'D)

Borrowing Power Under N.J.S.A. 40A:2-6

3-1/2% of Equalized Valuation Basis (Municipal)	\$ 21,013,997
Net Debt	<u>12,578,368</u>
Remaining Borrowing Power	<u>\$ 8,435,539</u>

**Calculation of "Self-Liquidating Purpose"
Sewer Utility Per N.J.S.A. 40A:2-45**

Cash Receipts from Fees, Rents or Other Charges for the Year		\$ 1,569,550
Deductions:		
Operating and Maintenance Costs	\$ 1,117,550	
Debt Service Costs	<u>439,418</u>	
		<u>1,556,968</u>
Total		<u>\$ 12,582</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

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

Serial Bonds Payable

<u>Year</u>	<u>General</u>		<u>Sewer</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2011	\$ 723,000	\$ 127,793	\$ 290,000	\$ 67,357	\$ 1,208,150
2012	481,000	97,400	290,000	50,407	918,807
2013	500,000	74,225	120,000	39,870	734,095
2014	520,000	50,100	120,000	34,920	725,020
2015	100,000	24,975	120,000	29,970	274,945
2016-20	500,000	62,775	600,000	75,330	1,238,105
	<u>\$ 2,824,000</u>	<u>\$ 437,268</u>	<u>\$ 1,540,000</u>	<u>\$ 297,854</u>	<u>\$ 5,099,122</u>
Total					

Green Trust Loan Payable

The Borough received loan proceeds in the amount of \$150,000 from the State of New Jersey Green Trust Loan Program for the redevelopment of Legion Park. The loan has a stated interest rate of 2.00% with a final maturity on November 28, 2019. As of December 31, 2010, the balance payable amounts to \$72,578.

**Borough of Palmyra
Notes to Financial Statements
December 31, 2010**

NOTE 14. CAPITAL DEBT (CONT'D)

Future principal and interest payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 7,915	\$ 1,412	\$ 9,327
2012	8,075	1,253	9,328
2013	8,237	1,091	9,328
2014	8,402	925	9,327
2015	8,571	756	9,327
2016-19	31,378	1,268	32,646
Total	<u>\$ 72,578</u>	<u>\$ 6,705</u>	<u>\$ 79,283</u>

Lease Payable

On July 1, 2002 the Borough entered into a lease agreement with the Burlington County Bridge Commission. This agreement provides the Borough with \$305,000 to finance capital projects and capital equipment through the issuance of County-Guaranteed Pooled Loan Revenue Bonds. The agreement states that the Borough will pay the Commission in ten installments beginning July 15, 2003. The lease bears an interest rate of 4.5% and matures July 15, 2012. As of December 31, 2010, the balance payable amounts to \$70,000.

Future principal and interest payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 34,000	\$ 3,235	\$ 37,235
2012	36,000	1,620	37,620
Total	<u>\$ 70,000</u>	<u>\$ 4,855</u>	<u>\$ 74,855</u>

Bond Anticipation Notes Payable

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the Notes can not exceed one year from the date of issuance, however the Notes may be renewed from time to time for a period not to exceed one year. Generally, such Notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original Notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original Note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such Notes were issued be paid or retired. A second and third legal installment must be paid if the Notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

As of December 31, 2010, the Borough had outstanding bond anticipation notes as follows:

<u>Fund</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
General Capital	\$1,759,000	1.375%	December 14, 2011
General Capital	6,648,000	1.50%	June 8, 2011
Sewer Utility Capital	350,000	1.375%	December 14, 2011

**Borough of Palmyra
Notes to Financial Statements
December 31, 2010**

NOTE 15. LEASE OBLIGATIONS

At June 30, 2010, the Borough had operating lease agreements in effect for copy machines. Rental payments under operating leases for the fiscal year ended December 31, 2010 were \$3,600.

Future minimum rental payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 4,788
	<hr/>
	<u>\$ 4,788</u>

NOTE 16. SCHOOL TAXES

Local District School Tax has been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund Liabilities as follows:

	Local District School Tax Balance December 31,	
	<u>2010</u>	<u>2009</u>
Balance of Tax	\$ 4,063,515.00	\$ 3,736,440.00
Deferred	<u>4,063,515.00</u>	<u>3,568,711.04</u>
Tax Payable	<u>\$ 0.00</u>	<u>\$ 167,728.96</u>

NOTE 17. DELAYED HEALTH INSURANCE PREMIUMS

The Borough has elected to delay its premiums for two months under the New Jersey State Health Benefits Program. If the Borough should elect to terminate its participation in the State Health Benefits Program or if the Program ceases to exist, these delayed premiums will become due and payable immediately and will be based on the current rates payable at the time of termination.

The Borough has not recorded a liability for the two month delay on its financial statements.

NOTE 18. CONTINGENCIES

The Borough participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management believes that the amount from future audits, if any, would not be material.

NOTE 19. LITIGATION

The Borough is a defendant in several legal proceedings that are in various stages of litigation. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Borough's counsel and Borough's management that resolution of these matters will not have a material adverse effect on the financial condition of the Borough.

**Borough of Palmyra
Notes to Financial Statements
December 31, 2010**

NOTE 20. REGIONAL CONTRIBUTION AGREEMENT

The Fair Housing Act, N.J.S.A. 52:27D-301 to 329, allows municipalities to enter into a contractual agreement, known as a regional contribution agreement, for transfer for up to 50% of a sending municipality's fair share obligation to a receiving municipality within its housing region. The Borough of Palmyra has entered into an agreement with two other municipalities (sending municipalities) to transfer low and moderate-income housing units in accordance with the above stated statute. The sending municipalities paid a total of \$1,715,000 for their fair share obligation to the Borough of Palmyra. At December 31, 2010 the Borough has unexpended funds held in trust for the regional contribution agreement in the amount of \$532,961.

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF PALMYRA

CURRENT FUND

Statement of Cash - Collector/Treasurer
For the Year Ended December 31, 2010

	<u>CURRENT FUND</u>	<u>FEDERAL AND STATE GRANT FUND</u>
Balance December 31, 2009	\$ 2,403,317.91	\$ 190,330.38
Receipts:		
Taxes Receivable	\$ 15,257,862.22	
Tax Title Liens Receivable	8,038.31	
Revenue Accounts Receivable	1,083,505.92	
Interest and Costs on Delinquent Taxes	73,840.31	
Due to Capital Fund	1,857,041.56	
Due to Performance Trust Fund	128,015.00	
Due to Public Defender Trust Fund	388.00	
Due to Sewer Utility Operating Fund	320,130.54	
Due to State of New Jersey:		
Marriage License Fees	1,286.00	
Construction Code Training Fees	1,159.00	
Due from State of New Jersey - Senior Citizens and Veterans Deductions	101,581.00	
Prepaid 2011 Year Taxes	96,928.05	
Prepaid 2011 Year Special Improvement District Taxes	4,963.13	
Reserve for Tax Title Lien Redemption	124,857.91	
Tax Overpayments	8,171.70	
Federal and State Grants Receivable		\$ 611,265.37
Miscellaneous Revenue Not Anticipated	104,959.79	
Matching Funds for State Grants		4,166.60
Contra Receipts with Disbursements	<u>176,188.12</u>	
Total Receipts	<u>19,348,916.56</u>	<u>615,431.97</u>
Total Funds Available	<u>21,752,234.47</u>	<u>805,762.35</u>
Disbursements:		
2010 Appropriations	6,743,055.57	
2009 Appropriation Reserves and Reserves For Encumbrances Payable	341,845.51	
Reserve for Tax Title Lien Redemption	118,118.21	
Due to State of New Jersey:		
Marriage License Fees	1,171.00	
Construction Code Training Fees	3,715.00	
Matching Funds for State Grants	4,166.60	
Refund of Tax Overpayments	9,663.38	
County Taxes Payable	2,269,308.69	
Due County for Added Taxes	1,382.10	
Local District School Tax	7,823,712.00	
Special Improvement District Tax	7,077.71	
Due to Sewer Utility Operating Fund	341,379.75	
Due to Capital Fund	1,968,950.43	
Due to Public Defender Trust Fund	32,902.00	
Due to Performance Trust Fund	124,385.00	
Reserve for Federal and State Grant Funds - Appropriated		523,926.42
Contra Disbursements with Receipts	<u>176,188.12</u>	
Total Disbursements	<u>19,967,021.07</u>	<u>523,926.42</u>
Balance December 31, 2010	<u>\$ 1,785,213.40</u>	<u>\$ 281,835.93</u>

BOROUGH OF PALMYRA

CURRENT FUND

Schedule of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2010

Year	Balance	Added Taxes	2010 Levy	Collections by Cash		State Share of Senior Citizen and Veterans Deductions Allowed	Cancelled Taxes	Transferred To Tax Title Liens	Balance
	December 31, 2009			2009	2010				December 31, 2010
2004	\$ 3,446.24						\$ 1,794.64	\$ 1,651.60	
2005	2,994.49						2,994.49		
2006	4,961.19			\$ 1,508.24			3,452.95		
2007	11,120.09			4,035.57			2,859.75	4,224.77	
2008	250.00	\$ 7,021.50		4,150.20				3,121.30	
2009	327,771.59	7,252.71		316,154.01				2,819.81	\$ 16,050.48
Subtotal	350,543.60	14,274.21		325,848.02			11,101.83	11,817.48	16,050.48
2010			\$ 15,602,245.18	\$ 89,687.37	14,932,014.20	\$ 105,674.82	16,916.89	7,352.64	450,599.26
Total	\$ 350,543.60	\$ 14,274.21	\$ 15,602,245.18	\$ 89,687.37	\$ 15,257,862.22	\$ 105,674.82	\$ 28,018.72	\$ 19,170.12	\$ 466,649.74

ANALYSIS OF PROPERTY TAX LEVY

Tax Yield:	
General Purpose Tax	\$ 15,471,983.42
Added Taxes (54:4-63.1 et seq.)	7,404.62
Special Improvement District Tax	18,357.14
Senior Citizens and Veterans Deductions Allowed	
Per Original Levy	104,500.00
Total	<u>\$ 15,602,245.18</u>

Tax Levy:	
Local District School Tax (Abstract)	\$ 8,150,787.00
Special Improvement District Tax	18,357.14
County Taxes:	
Regular Tax (Abstract)	\$ 1,853,631.54
Library Tax (Abstract)	175,771.86
Open Space Tax (Abstract)	239,905.29
Amount Due County for Added Taxes (54:4-63.1 et. seq.)	<u>243.34</u>
	2,269,552.03
Local Tax for Municipal Purposes	5,155,022.08
Additional Tax Levies	<u>26,884.07</u>
	5,181,906.15
Total	<u>\$ 15,602,245.18</u>

BOROUGH OF PALMYRA

CURRENT FUND

Schedule of Tax Title Liens
For the Year Ended December 31, 2010

Balance December 31, 2009		\$ 29,645.59
Increased by:		
Transfers from Taxes Receivable	\$ 19,170.12	
Interest and Penalty	<u>5,480.89</u>	
		<u>24,651.01</u>
Total		54,296.60
Decreased by:		
Cash Received		<u>8,038.31</u>
Balance December 31, 2010		<u>\$ 46,258.29</u>

Schedule of Property Acquired for Taxes (At Assessed Valuations)
For the Year Ended December 31, 2010

Balance December 31, 2009		\$ 173,200.00
Decreased by:		
Adjustment to balance to actual		<u> </u>
Balance December 31, 2010		<u>\$ 173,200.00</u>

BOROUGH OF PALMYRA

CURRENT FUND

**Statement of 2009 Appropriation Reserves and Reserve for Encumbrances
For The Year Ended December 31, 2010**

	Balance December 31, 2009		Balance	Paid or	Balance
	<u>Encumbrances</u>	<u>Reserves</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
			<u>Transfers</u>		
Inside CAP:					
Salaries and Wages:					
General Administration		\$ 28.94	\$ 28.94		\$ 28.94
Mayor and Council		60.20	60.20		60.20
Borough Clerk		27.19	27.19		27.19
Financial Administration		31.00	31.00		31.00
Collection of Taxes		61.00	61.00		61.00
Assessment of Taxes		2.04	2.04		2.04
Economic Development Agency		10.80	10.80		10.80
Planning Board		683.42	683.42		683.42
Code Enforcement Officer		3.74	3.74		3.74
Police		9,870.98	9,870.98		9,870.98
School Crossing Guards		56.06	56.06		56.06
Office of Emergency Management		4.04	4.04		4.04
Uniform Fire Safety Act		3,514.90	3,514.90		3,514.90
Street and Road Maintenance		8,709.84	8,709.84		8,709.84
Shade Tree		3.04	3.04		3.04
Public Buildings and Grounds		85.00	28.08		28.08
Board of Health		399.92	399.92		399.92
Construction Code Official		31.52	31.52		31.52
Public Defender	\$ 1,000.00	1,800.00	2,800.00	\$ 1,000.00	1,800.00
Municipal Court		23.04	23.04		23.04
Other Expenses:					
General Administration	5,054.23	1,847.12	6,901.35	5,070.95	1,830.40
Mayor and Council		34.80	2,117.55	2,117.55	
Mayor and Council - Public Relations		2,082.75			
Borough Clerk		1,291.89	1,291.89		1,291.89
Financial Administration		502.00	502.00		502.00
Audit services		4,300.00	4,300.00	2,880.00	1,420.00
Collection of Taxes		534.04	534.04		534.04
Assessment of Taxes	82.50	3,300.68	3,383.18	82.50	3,300.68
Legal Services and Costs:	7,612.83	11,818.55	19,431.38	11,473.90	7,957.48
Engineering services & Costs		7,440.00	7,440.00		7,440.00
Economic Development Agency	2,000.00	16.81	4,016.81	2,000.00	2,016.81
Grants & Planning		22,687.40	22,687.40		22,687.40
Planning Board	51.68	3,501.72	3,553.40	51.68	3,501.72
Code Enforcement Officer		584.76	584.76		584.76
Insurance - Surety Bond premiums		1,012.00	1,012.00		1,012.00
Insurance - Employee Group Ins.	71,021.92	2.99	81,754.91	47,861.88	33,893.03
Police	3,515.05	4,824.68	8,339.73	3,585.05	4,754.68
School Crossing Guards		4.89	4.89		4.89
Police and Radio Communications	59.09	1,383.06	1,442.15	59.09	1,383.06
Forward	90,397.30	92,576.81	195,647.19	76,182.60	119,464.59

(Continued)

BOROUGH OF PALMYRA

CURRENT FUND

**Statement of 2009 Appropriation Reserves and Reserve for Encumbrances
For The Year Ended December 31, 2010**

	Balance December 31, 2009		Balance	Paid or	Balance
	<u>Encumbrances</u>	<u>Reserves</u>	<u>After Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
Forward	\$ 90,397.30	\$ 92,576.81	\$ 195,647.19	\$ 76,182.60	\$ 119,464.59
Inside CAP:					
Other Expenses:					
Office of Emergency Management	82.20	135.37	217.57	82.20	135.37
Fire Department	2,370.45	993.85	3,364.30	2,535.45	828.85
Uniform Fire Safety Act		134.06	134.06		134.06
Borough Prosecutor		2,680.00	2,680.00		2,680.00
Street and Road Maintenance	6,794.56	116.51	7,226.71	7,226.71	
Public Works - Railroad Landscaping		2,150.00	1,834.36		1,834.36
Shade Tree	66.87	2,879.20	2,946.07	66.87	2,879.20
Solid Waste Collection	20,406.32	3,588.93	23,995.25	20,406.32	3,588.93
Public Buildings and Grounds	1,042.57	10,490.76	20,090.25	18,992.80	1,097.45
Vehicle Maintenance	3,501.73	2,610.61	6,112.34	4,183.93	1,928.41
Condominium Services Law	2,134.27	105,855.66	107,989.93	107,989.93	
Board of Health		386.49	386.49		386.49
Community Youth Recreation		2,000.00	2,000.00		2,000.00
Parks & Playground		6,035.99	6,035.99		6,035.99
Contrib. to Tri-Boro Senior Citizen Club		61.96	280.00	280.00	
Celebration of Public Events	300.00	998.86	1,080.82	300.00	780.82
Accumulated Sick Leave		45,000.00	45,000.00	45,000.00	
Electricity	13,814.61	2,931.07	16,745.68	13,814.61	2,931.07
Street Lighting	9,986.15	35.97	14,022.12	9,986.15	4,035.97
Telephone		840.32	840.32		840.32
Water/Sewer		1,288.32	1,288.32		1,288.32
Gasoline	7,402.55	4,540.33			
Fire-Hydrant Services		94.27	94.27		94.27
Printing and Postage		8.93	8.93		8.93
Landfill and Solid Waste Disposal Costs	19,576.94	24,702.31	30,992.13	23,726.78	7,265.35
Municipal Court	741.16	3,338.95	4,080.11	741.16	3,338.95
Construction Code Official	5,125.00	5,605.68	10,730.68	10,330.00	400.68
Social Security System (O.A.S.I.)		2,571.16	2,571.16		2,571.16
Outside CAP:					
Salaries and Wages:					
Other Expenses:					
Length of Service Award		1,400.00	1,400.00		1,400.00
Recycling Tax		10,200.00	10,200.00		10,200.00
Total	\$ 183,742.68	\$ 336,252.37	\$ 519,995.05	\$ 341,845.51	\$ 178,149.54

BOROUGH OF PALMYRA

CURRENT FUND

**Schedule of Due State of New Jersey-
Senior Citizen and Veterans' Deductions
For the Year Ended December 31, 2010**

Balance December 31, 2009		\$ 56,274.40
Increased by:		
Collections		<u>101,581.00</u>
Total		157,855.40
Decreased by:		
Accrued in 2010:		
Senior Citizen's Deductions per Tax Billings	\$ 20,750.00	
Veteran's Deductions per Tax Billings	<u>83,750.00</u>	
Total	104,500.00	
Add Senior Citizen and Veteran Deductions Allowed by Collector	4,593.82	
Less Senior Citizen and Veteran Deductions Disallowed by Collector	<u>(3,419.00)</u>	<u>105,674.82</u>
Balance December 31, 2010		<u>\$ 52,180.58</u>

BOROUGH OF PALMYRA

FEDERAL AND STATE GRANT FUND

Schedule of Federal and State Grants Receivable
For the Year Ended December 31, 2010

	Balance December 31, <u>2009</u>	<u>Accrued</u>	<u>Received</u>	<u>Cancelled</u>	Balance December 31, <u>2010</u>
Federal Grants:					
Federal Vest Funds		\$ 991.00	\$ 991.00		
ARRA - Justice Assistance Grant		12,099.74	12,099.74		
Transportation Trust Fund.					
2009 Allotment - Third and Race	\$ 180,000.00		135,000.00		\$ 45,000.00
2008 Allotment - Morgan Avenue	110,776.12		67,344.10		43,432.02
2010 Allotment - Parry Avenue		180,000.00			180,000.00
Division of State Police - CERT Trailer & Equip.		1,500.00	1,500.00		
Forestry Grant		5,000.00	5,000.00		
Centers of Place	90,000.00		65,175.00		24,825.00
Click It or Ticket		3,963.50	3,963.50		
ARRA - Transportation Enhancement					
Market Street Gateway Improvement		260,000.00			260,000.00
Total Federal Grants	380,776.12	463,554.24	291,073.34		553,257.02
State Grants:					
Safe and Secure Grant		39,485.00	39,485.00		
Municipal Alliance Grant	17,200.00	17,200.00	13,999.62	\$ 3,200.38	17,200.00
Recycling Tonnage Grant		10,626.18	10,626.18		
Alcohol Education and Rehabilitation Fund		2,966.11	2,966.11		
Clean Communities Grant		12,929.11	12,929.11		
Neighborhood Preservation Program	293,827.06		113,770.53		180,056.53
Neighborhood Preservation Program -					
Balanced Housing	40,655.00		40,655.00		
GDL Parental Notification	10,672.84			10,672.84	
Transportation community Development					
Initiative	40,000.00		40,000.00		
Shared Services Grant	40,600.00		37,800.00	2,800.00	
Body Armor Grant		1,761.55	1,761.55		
Over the Limit		2,787.64	2,787.64		
Drunk Driving Enforcement Fund		3,411.29	3,411.29		
Total State Grants	442,954.90	91,166.88	320,192.03	16,673.22	197,256.53
Total	\$ 823,731.02	\$ 554,721.12	\$ 611,265.37	\$ 16,673.22	\$ 750,513.55

BOROUGH OF PALMYRA

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Unappropriated
For the Year Ended December 31, 2010

	Balance December 31, <u>2009</u>	Transfer from Federal and State Grant <u>Receivable</u>	Realized as Revenue in <u>2010</u>	<u>Canceled</u>	Balance December 31, <u>2010</u>
Federal Grants:					
Federal Vest Funds	\$ 329.50	\$ 991.00	\$ 329.50		\$ 991.00
ARRA - Justice Assistance Grant		12,099.74	12,099.74		
ARRA - Transportation Enhancement		260,000.00	260,000.00		
Transportation Trust Fund		180,000.00	180,000.00		
Division of State Police		1,500.00	1,500.00		
Forestry Grant		5,000.00	5,000.00		
Click It or Ticket	3,590.82	3,963.50	7,554.32		
Secure our Schools	<u>1.00</u>			\$ 1.00	
Total Federal	<u>3,921.32</u>	<u>463,554.24</u>	<u>466,483.56</u>	<u>1.00</u>	<u>991.00</u>
State Grants:					
Safe and Secure Grant		39,485.00	39,485.00		
Municipal Alliance Grant		17,200.00	17,200.00		
Recycling Tonnage Grant	8,460.87	10,626.18	8,460.87		10,626.18
Alcohol Education and Rehabilitation Fund	2,134.84	2,966.11	5,100.95		
Clean Communities Grant	2,670.61	12,929.11	15,599.72		
Clean Shores	975.06		975.06		
Body Armor Grant		1,761.55	1,761.55		
Over the Limit	5,936.43	2,787.64	5,936.43		2,787.64
Drunk Driving Enforcement Fund	<u>2,756.76</u>	<u>3,411.29</u>	<u>2,756.76</u>		<u>3,411.29</u>
Total State	<u>22,934.57</u>	<u>91,166.88</u>	<u>97,276.34</u>		<u>16,825.11</u>
Total	<u>\$ 26,855.89</u>	<u>\$ 554,721.12</u>	<u>\$ 563,759.90</u>	<u>\$ 1.00</u>	<u>\$ 17,816.11</u>

BOROUGH OF PALMYRA

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Appropriated
For the Year ended December 31, 2010

	Balance December 31, 2009	Transferred from 2010 Budget Appropriation	Expended	Reclassification/ Canceled	Balance October 31, 2010
Federal Grants:					
Federal Vest Funds	\$ 5,270.32	\$ 329.50	\$ 663.00		\$ 4,936.82
ARRA - Transportation Enhancement		260,000.00			260,000.00
ARRA - Justice Assistance Grant		12,099.74	12,099.74		
Transportation Trust Fund					
2010 Allotment - Parry Avenue		180,000.00			180,000.00
2009 Allotment - Third and Race	111,278.94		111,278.94		
Division of State Police - CERT		1,500.00			1,500.00
Forestry Grant	1,500.00	5,000.00	5,000.00		1,500.00
Centers of Place	90,000.00		65,175.00		24,825.00
Click It or Ticket		7,554.32	7,554.32		
	<u>208,049.26</u>	<u>466,483.56</u>	<u>201,771.00</u>		<u>472,761.82</u>
State Grants:					
Drunk Driving Enforcement Grant	\$2,905.15	2,756.76	5,661.91		
Alcoholic Education Rehabilitation Fund	8,328.70	5,100.95	2,688.00		10,741.65
Municipal Alliance Grant	15,842.59	21,500.00	16,307.24	\$ 3,200.38	17,834.97
Safe and Secure Grant		39,485.00	39,485.00		
Body Armor Grant	212.39	1,761.55			1,973.94
Neighborhood Preservation Program - Balanced Housing	165,684.33		58,032.00		107,652.33
Neighborhood Preservation Program	195,407.60		84,878.80		110,528.80
Recycling Tonnage Grant	7,777.81	8,460.87	2,450.64		13,788.04
Stormwater Grant	109.10			109.10	
GDL Parental Notification Grant	10,696.14			10,696.14	
Exercise Program improvement Grant	5,032.09		406.47		4,625.62
Hazardous Discharge Remediation Site - Rt. 73 Over the Limit	313,550.19	5,936.43	60,598.39		252,951.80
Shared Services Grant	40,600.00		5,936.43		
Clean Shores	9,471.69	975.06	37,800.00	2,800.00	10,446.75
Clean Communities Grant	3,538.47	15,599.72	7,910.54		11,227.65
	<u>779,156.25</u>	<u>101,576.34</u>	<u>322,155.42</u>	<u>16,805.62</u>	<u>541,771.55</u>
Total State Grants					
Total	<u>\$987,205.51</u>	<u>\$568,059.90</u>	<u>\$523,926.42</u>	<u>\$16,805.62</u>	<u>\$1,014,533.37</u>

TRUST FUND

BOROUGH OF PALMYRA

TRUST FUND

Schedule of Cash - Treasurer
For the Year Ended December 31, 2010

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2009	\$ 5,794.27	\$ 788,838.80
Receipts:		
Dog License Fees	1,554.00	
Cat License Fees	198.00	
State Registration Fees	392.40	
Late Fees	162.20	
Interest Earned on Deposits	5.03	245.60
Current Fund Budget Appropriation	13,000.00	
Reserve for Unemployment Compensation Trust:		
Borough Budget Appropriations		32,000.00
Interest Earned		7.40
Employee Contributions		3,831.65
Reserve for Disposal of Forfeited Property		8,156.08
Reserve for Developer's Escrow Fund:		
Escrow Deposits		32,100.39
Site Improvement Deposits		170,998.00
Reserve for Recreation Program		24,459.39
Reserve for Public Defender:		
Due from Current Fund		32,514.00
Court Fees		9,454.00
Reserve for POAA:		
Court Fees		118.00
Reserve for Compensated Absences:		
Borough Budget Appropriations		30,000.00
Reserve for Regional Contribution Funds - Interest		1,724.87
Payroll Fund:		
Net Payroll		2,067,756.19
Payroll Deductions Payable		1,279,528.40
Total Receipts	<u>15,311.63</u>	<u>3,692,893.97</u>
Carried Forward	<u>\$ 21,105.90</u>	<u>\$ 4,481,732.77</u>

(Continued)

BOROUGH OF PALMYRA

TRUST FUND

Schedule of Cash - Treasurer
For the Year Ended December 31, 2010

	<u>Animal Control</u>	<u>Other</u>
Brought Forward	\$ 21,105.90	\$ 4,481,732.77
Disbursements:		
State Registration Fees	409.20	
Expenditures Under RS4:19-15.11	11,444.62	
Accounts Payable	800.00	
Due to Current Fund		216.32
Reserve for Disposal of Forfeited Property		1,974.00
Reserve for Unemployment Compensation Trust:		33,845.70
Reserve for Recreation Program		29,702.36
Reserve for Developer's Escrow Fund:		
Escrow Expenditures		35,851.35
Site Improvement Expenditures		161,818.00
Reserve for Regional Contribution Funds:		
Contractors		47,506.40
Professional Services and Other Costs		25,082.20
Accounts Payable		9,817.00
Reserve for Public Defender Costs		4,200.00
Payroll Deductions Payable		1,266,087.37
Net Payroll		2,067,756.19
	<u>12,653.82</u>	<u>3,683,856.89</u>
Total Disbursements		
	<u>\$ 8,452.08</u>	<u>\$ 797,875.88</u>
Balance December 31, 2010		

BOROUGH OF PALMYRA

TRUST FUND

Schedule of Reserve for Animal Control Fund Expenditures
For the Year Ended December 31, 2010

<hr/>		
Balance December 31, 2009		\$ 4,967.27
Increased by:		
Dog License Fees	\$ 1,554.00	
Cat License Fees	198.00	
Late Fees	162.20	
Contribution - Current Fund Budget Appropriation	13,000.00	
Interest Earned	5.03	
Total	<u>14,919.23</u>	14,919.23
Total		<u>19,886.50</u>
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Cash Disbursed	11,444.62	
Excess - Due to Current Fund	<u>1,376.28</u>	
		<u>12,820.90</u>
Balance December 31, 2010		<u><u>\$ 7,065.60</u></u>

License Fees Collected

Year:		
2009	\$ 3,698.00	
2008	<u>3,367.00</u>	
Total		<u><u>\$ 7,065.00</u></u>

BOROUGH OF PALMYRA

TRUST FUND

**Schedule of Payroll Deductions Payable
For the Year Ended December 31, 2010**

<hr/>		
Balance December 31, 2009		\$ 4,898.34
Increased by:		
Net Payroll	\$ 2,067,756.19	
Payroll Deductions Withheld	<u>1,279,454.98</u>	<u>3,347,211.17</u>
Total		3,352,109.51
Decreased by:		
Net Payroll Disbursed	2,067,756.19	
Payroll Deductions Disbursed	<u>1,266,087.37</u>	<u>3,333,843.56</u>
Balance December 31, 2010		<u><u>\$ 18,265.95</u></u>
Analysis of Balance:		
Pension		\$ 18,001.03
Interest - Due to Current Fund		40.87
Unknown		<u>224.05</u>
		<u><u>\$ 18,265.95</u></u>

BOROUGH OF PALMYRA

TRUST FUND

**Schedule of Reserve For Developer's Escrow Deposits
For the Year Ended December 31, 2010**

Balance December 31, 2009:		
Escrow Deposits	\$ 46,724.04	
Site Improvements	<u>89,199.99</u>	\$ 135,924.03
Increased by:		
2010 Escrow Deposits	32,100.39	
2010 Site Improvements	<u>170,998.00</u>	<u>203,098.39</u>
Total		339,022.42
Decreased by:		
Payment of Escrow Bills	35,851.35	
Payment of Site Improvement Bills Due to Current Fund	<u>161,818.00</u>	<u>197,669.35</u>
Balance December 31, 2010:		
Escrow Deposits	42,973.08	
Site Improvements	<u>98,379.99</u>	<u>\$ 141,353.07</u>

A permanent list of individual account balances is on file
in the Treasurer's office.

BOROUGH OF PALMYRA

TRUST FUND

**Schedule of Reserve For Unemployment Compensation Trust
For the Year Ended December 31, 2010**

Balance December 31, 2009		\$ 1,461.01
Increased by:		
Borough Contributions	\$ 32,000.00	
Employee Withholdings	3,831.65	
Interest Earned on Investments	<u>7.40</u>	
		<u>35,839.05</u>
		37,300.06
Decreased by:		
State Payments		<u>33,845.70</u>
Balance December 31, 2010		<u><u>\$ 3,454.36</u></u>

**Schedule of Reserve For Regional Contribution
For the Year Ended December 31, 2010**

	<u>Delanco Township</u>	<u>Evesham Township</u>	<u>Total</u>
Balance December 31, 2009	\$ 60,520.21	\$ 554,385.92	\$ 614,906.13
Increased by:			
Interest Earned on Investments	<u>144.18</u>	<u>1,580.69</u>	<u>1,724.87</u>
	144.18	1,580.69	1,724.87
Decreased by:			
Community Grants & Planning		25,082.20	25,082.20
Contractors		<u>58,587.40</u>	<u>58,587.40</u>
	<u>0.00</u>	<u>83,669.60</u>	<u>83,669.60</u>
Balance December 31, 2010	<u><u>\$ 60,664.39</u></u>	<u><u>\$ 472,297.01</u></u>	<u><u>\$ 532,961.40</u></u>

BOROUGH OF PALMYRA

TRUST FUND

**Schedule of Reserve For Public Defender
For the Year Ended December 31, 2010**

Balance December 31, 2009		\$ 6,000.00
Increased by:		
Due from Current Fund		<u>9,454.00</u>
		15,454.00
Decreased by:		
Salaries	\$ 4,200.00	
Amount Due to Violent Crime Compensation Board	<u>6,004.00</u>	
		<u>10,204.00</u>
Balance December 31, 2010		<u><u>\$ 5,250.00</u></u>

**Schedule of Reserve For Compensated Absences
For the Year Ended December 31, 2010**

Balance December 31, 2009		\$ 3,637.26
Increased by:		
Borough Contributions - Current Fund		<u>30,000.00</u>
		33,637.26
Decreased by:		
Disbursed		<u> </u>
Balance December 31, 2010		<u><u>\$ 33,637.26</u></u>

GENERAL CAPITAL FUND

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

Schedule of Cash - Treasurer
For the Year Ended December 31, 2010

Balance December 31, 2009		\$ 4,467,972.63
Receipts:		
Due Current Fund - Interest Earned	\$ 19,846.72	
Due Current Fund - Loan	1,342,352.70	
Budget Appropriation - Deferred Charges Unfunded	430,000.00	
Sale of Bond Anticipation Notes	8,407,000.00	
Reserve for Payment of Notes	144,593.52	
Contra receipts with Disbursements	668,778.81	
Current Fund Budget - Capital Improvement Fund	<u>50,000.00</u>	
		<u>11,062,571.75</u>
Total		15,530,544.38
Disbursements:		
Improvement Authorizations	3,159,277.70	
Bond Anticipation Notes Payable	8,837,000.00	
Due Current Fund - Loan	1,337,854.88	
Contra receipts with Disbursements	<u>668,778.81</u>	
		<u>14,002,911.39</u>
Balance December 31, 2010		<u><u>\$ 1,527,632.99</u></u>

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

Analysis of General Capital Cash and Investments
For the Year Ended December 31, 2010

Fund Balance		\$ 16,732.79
Capital Improvement Fund		53,405.00
Due to Current Fund		24,196.43
Reserve for Payment of Note		144,593.52
Bond Anticipation Note Payable		8,407,000.00
Encumbrances Payable		274,091.43
Improvement Authorizations:		
Ordinance		
<u>Number</u>		
2004-03	Purchase of Land	84,673.52
2005-13	Multi-Purpose:	
	Acquisition of Fire Dept. Four Wheel Drive Vehicle	2,902.57
	Construction of Seawall	300,000.00
2006-18	Purchase of Land	220.00
2007-08	Multi-Purpose:	
	Improvements to Legion Park	(808,500.00)
	2007 Road Program	(285,000.00)
	Construction of New Salt Dome Roof	(12,249.94)
	Acquisition of Fire Dept. Equipment	(11,296.56)
	Renovations to Courtroom	(12,169.98)
	Acquisition of Siren	400.00
2007-10	Improvement to Legion Park	(512,524.71)
2008-10	Multi-Purpose:	
	Construction of Community Center	(3,479,324.45)
	Improvements to Legion Park	(2,201,111.36)
	2008 Road Program	(439,155.77)
	Acquisition of Road Department Equip.	(19,152.46)
	Acquisition of Police Department Equip.	(48,960.28)
	Acquisition of Fire Department Equip.	(3,104.96)
2009-10	Multi-Purpose:	
	Improvements to HVAC System	35,207.49
	Acquisition of Police Department Equip.	990.00
	2009 Road Program	14,154.76
	Improvements to Municipal Building	1,050.00
2010-12	Acquisition of Time Clocks & Software	565.95
Total		\$ 1,527,632.99

BOROUGH OF PALMYRA

General Capital Fund

Schedule of Deferred Charges to Future Taxation - Unfunded
For the Year Ended December 31, 2010

Ordinance Number	Improvement Description	Balance December 31, 2010	Analysis of Balance December 31, 2010		Unexpended Improvement Authorization
			Financed by Bond Anticipation Notes	Expenditures	
2006-18	Purchase of Land	\$ 47,500.00			\$ 47,500.00
2007-08	Multi-Purpose:				
	Improvements to Legion Park	808,500.00	\$ 808,500.00		
	2007 Road Program	285,000.00	285,000.00		
	Construction of New Salt Dome Roof	68,400.00	68,400.00		
	Acquisition of Fire Department Equip.	11,500.00	11,500.00		
	Renovations to Courtroom	19,000.00	19,000.00		
	Acquisition of Siren	7,600.00	7,600.00		
2007-10	Improvements to Legion Park	559,000.00	559,000.00		
2008-10	Multi-Purpose:				
	Construction of Community Center	3,665,000.00	3,665,000.00		
	Improvements to Legion Park	2,280,000.00	2,280,000.00		
	2008 Road Program	475,000.00	475,000.00		
	Acquisition of Road Department Equip.	140,600.00	140,600.00		
	Acquisition of Police Department Equip.	49,780.00	49,400.00		
	Acquisition of Fire Department Equip.	38,000.00	38,000.00		
2009-27	Multi-purpose				
	Improvements to HVAC System	712,500.00			712,500.00
	Acquisition of Police Department Equip.	35,910.00			35,910.00
	2009 Road Program	285,000.00			285,000.00
	Improvements to Municipal Building	123,500.00			123,500.00
		<u>\$ 9,611,790.00</u>	<u>\$ 8,407,000.00</u>	<u>\$ -</u>	<u>\$ 1,204,410.00</u>
	Improvement Authorizations - Unfunded				\$ 1,779,239.53
	Less - Unexpended Proceeds of Bond Anticipation Notes Issued:				
	Ordinance 2007-08			\$ 70,783.52	
	Ordinance 2007-10			46,475.29	
	Ordinance 2008-10			<u>457,570.72</u>	
					<u>574,829.53</u>
	Total				<u>\$ 1,204,410.00</u>

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

**Statement of Deferred Charges to Future Taxation - Funded
For the Year Ended December 31, 2010**

Balance December 31, 2009		\$ 3,729,337.61
Decreased by:		
2010 Budget Appropriations to Pay:		
Serial Bonds	\$ 722,000.00	
Burlington County Bridge Commission Loan	33,000.00	
Green Acres Trust Loan	<u>7,759.33</u>	<u>762,759.33</u>
Balance December 31, 2010		<u><u>\$ 2,966,578.28</u></u>

**Statement of Capital Improvement Fund
For the Year Ended December 31, 2010**

Balance December 31, 2009		\$ 27,405.00
Increased by:		
2010 Budget Appropriation		<u>50,000.00</u>
		77,405.00
Decreased by:		
Appropriation to Finance Improvement Authorizations		<u>24,000.00</u>
Balance December 31, 2010		<u><u>\$ 53,405.00</u></u>

**BOROUGH OF PALMYRA
GENERAL CAPITAL FUND**

**Schedule of Improvement Authorizations
For the Year Ended December 31, 2010**

Ordinance Number	Improvement Description	Date	Amount	Balance December 31, 2009		2010 Authorizations		Paid or Charged	Prior Year Encumbered	Current Year Encumbered	Balance December 31, 2010	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Taxation - Unfunded				Funded	Unfunded
2002-08	Multi-Purpose											
	Purchase of Public Works Dept. Equipment	9/9/02	75,000	\$ 2,212.54				\$ 2,212.54				
2004-03	Purchase of Land	3/8/04	900,000	84,673.52						\$ 84,673.52		
2005-13	Multi-Purpose											
	Acquisition of Police & Fire Vehicles	08/24/05	76,000	2,902.57							2,902.57	
	Construction of Seawall	08/24/05	300,000	300,000.00							300,000.00	
2006-18	Purchase of Land	08/14/06	50,000	220.00	\$ 47,500.00						220.00	\$ 47,500.00
2006-24	Multi-Purpose											
	Purchase of Furniture and Equipment	12/11/06	35,000	13,286.16				13,286.16			0.00	
2007-08	Multi-Purpose:											
	2007 Road Program	06/11/07	300,000		165,485.57			165,429.80		\$ 55.77		0.00
	Construction of New Salt Dome Roof	06/11/07	72,000		65,058.75			8,908.69				56,150.06
	Acquisition of Police Department Equip	06/11/07	34,500		2,883.00			2,883.00				0.00
	Acquisition of Fire Department Equip	06/11/07	32,000		203.44							203.44
	Renovations to Courtroom	06/11/07	20,000		6,830.02							6,830.02
	Acquisition of Siren	06/11/07	8,000	400.00	7,600.00						400.00	7,600.00
2007-10	Improvements to Legion Park	08/13/07	750,000		65,627.09			17,588.30		1,563.50		46,475.29
2008-10	Multi-Purpose											
	Construction of Community Center/Redevelopment	06/09/08	4,000,000		573,521.95			2,518,311.80	\$ 2,194,668.74	64,203.34		185,675.55
	Improvements to Legion Park	06/09/08	2,400,000		177,234.64			156,538.70	58,192.70			78,888.64
	2008 Road Program	06/09/08	500,000	25,000.00	475,000.00			255,886.95		208,268.82		35,844.23
	Acquisition of Road Department Equip	06/09/08	148,000		122,885.00			1,437.46				121,447.54
	Acquisition of Police Department Equip	06/09/08	52,400		8,830.34			8,010.62				819.72
	Acquisition of Fire Department Equip	06/09/08	40,000		34,895.04							34,895.04
2009-27	Multi-purpose											
	Improvements to HVAC System			37,500.00	712,500.00			2,292.51			35,207.49	712,500.00
	Acquisition of Police Department Equip.			1,890.00	35,910.00			900.00			990.00	35,910.00
	2009 Road Program			14,154.76	285,000.00						14,154.76	285,000.00
	Improvements to Municipal Building			6,500.00	123,500.00						1,050.00	123,500.00
2010-12	Acquisition of Time Clocks & Software	11/01/10	13,500			\$ 13,500.00		12,934.05			565.95	
2010-18	Acquisition of Tax Software	11/01/10	10,500			10,500.00		10,500.00			0.00	
Total				\$ 488,739.55	\$ 2,910,464.84	\$ 24,000.00	\$ -	\$ 3,182,570.58	\$ 2,252,861.44	\$ 274,091.43	\$ 440,164.29	\$ 1,779,239.53
								Cash Disbursed	\$ 3,159,277.70			
								Due from Current Fund	23,292.88			
									\$ 3,182,570.58			

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

Schedule of General Serial Bonds
For the Year Ended December 31, 2010

Purpose	Date of Issue	Amount of Original Note	Maturity of Bonds Outstanding December 31, 2010		Interest Rate	Balance December 31, 2009	Issued for Cash	Paid by Budget Appropriation	Balance December 31, 2010
			Date	Amount					
General Bonds of 1996	10/1/96	\$ 3,395,000	10/1/11	\$ 255,000	5.250%	\$ 525,000.00		\$ 270,000.00	\$ 255,000.00
General Bonds of 2003	12/01/03	4,007,700	12/1/11	368,000	3.500%	1,921,000.00		352,000.00	1,569,000.00
			12/1/12	381,000	5.000%				
			12/1/13	400,000	5.000%				
			12/1/14	420,000	5.000%				
General Bonds of 2005	12/01/05	1,474,000	12/1/11-17	100,000	4.125%	1,100,000.00		100,000.00	1,000,000.00
			12/1/18-20	100,000	4.200%				
Total						<u>\$ 3,546,000.00</u>	<u>\$ -</u>	<u>\$ 722,000.00</u>	<u>\$ 2,824,000.00</u>

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

Schedule of Green Acres Loan Payable
For the Year Ended December 31, 2010

Balance December 31, 2009	\$ 80,337.61
Decreased by:	
Paid by 2010 Budget Appropriation	<u>7,759.33</u>
Balance December 31, 2010	<u><u>\$ 72,578.28</u></u>

Analysis of Balance - December 31, 2010

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 7,915.29	\$ 1,412.18	\$ 9,327.47
2012	8,074.39	1,253.09	9,327.48
2013	8,236.68	1,090.80	9,327.48
2014	8,402.25	925.24	9,327.49
2015	8,571.12	756.35	9,327.47
2016	8,743.41	584.08	9,327.49
2017	8,919.15	408.33	9,327.48
2018	9,098.43	229.05	9,327.48
2019	<u>4,617.56</u>	<u>46.18</u>	<u>4,663.74</u>
	<u><u>\$ 72,578.28</u></u>	<u><u>\$ 6,705.30</u></u>	<u><u>\$ 79,283.58</u></u>

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

Schedule of Burlington County Bridge Commission Lease Payable
For the Year Ended December 31, 2010

Balance December 31, 2009	\$ 103,000.00
Decreased by:	
Paid by 2010 Budget Appropriation	<u>33,000.00</u>
Balance December 31, 2010	<u><u>\$ 70,000.00</u></u>

Analysis of Balance - December 31, 2010

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 34,000.00	\$ 3,235.00	\$ 37,235.00
2012	36,000.00	1,620.00	37,620.00
	<u>34,000.00</u>	<u>1,620.00</u>	<u>35,620.00</u>
	<u><u>\$ 70,000.00</u></u>	<u><u>\$ 4,855.00</u></u>	<u><u>\$ 74,855.00</u></u>

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

Schedule of Bond Anticipation Notes
For the Year Ended December 31, 2010

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2009	Increased by	Decreased by	Balance December 31, 2010
2007-08	Multi-Purpose	12/20/2007	12/17/2009	12/16/2010	2.00%	\$ 1,341,500.00		\$ 1,341,500.00	
2007-08	Multi-Purpose	12/20/2007	12/16/2010	12/14/2011	1.375%		\$ 1,200,000.00		\$ 1,200,000.00
2007-10	Improvement to Legion Park	12/20/2007	12/17/2009	12/16/2010	2.00%	712,500.00		712,500.00	
2007-10	Improvement to Legion Park	12/20/2007	12/16/2010	12/14/2011	1.375%		559,000.00		559,000.00
2008-10	Multi-Purpose	6/11/2009	6/11/2009	6/10/2010	3.25%	6,783,000.00		6,783,000.00	
2008-10	Multi-Purpose	6/11/2009	6/10/2010	6/8/2011	1.50%		6,648,000.00		6,648,000.00
Total						<u>\$ 8,837,000.00</u>	<u>\$ 8,407,000.00</u>	<u>\$ 8,837,000.00</u>	<u>\$ 8,407,000.00</u>
						Renewals	\$ 8,407,000.00	\$ 8,407,000.00	
						Budget Appropriation		430,000.00	
							<u>\$ 8,407,000.00</u>	<u>\$ 8,837,000.00</u>	

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

**Statement of Bonds and Notes Authorized But Not Issued
For the Year Ended December 31, 2010**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2009</u>	<u>2010 Authorizations</u>	<u>Funded by Bond Anticipation Notes</u>	<u>Balance December 31, 2010</u>
2006-18	Purchase of Land	\$ 47,500.00			\$ 47,500.00
2008-10	Multi-purpose Acquisition of Police Department Equip.	380.00			380.00
2009-27	Multi-purpose Improvements to HVAC System	712,500.00			712,500.00
	Acquisition of Police Department Equip.	35,910.00			35,910.00
	2009 Road Program	285,000.00			285,000.00
	Improvements to Municipal Building	123,500.00			123,500.00
	Total	<u>\$ 1,204,790.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,204,790.00</u>

SEWER UTILITY FUND

BOROUGH OF PALMYRA

SEWER UTILITY OPERATING AND CAPITAL FUND

Statement of Cash - Collector/Treasurer
For the Year Ended December 31, 2010

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2009	\$ 408,781.24	\$ 147,799.53
Receipts:		
Rents	\$ 1,432,204.38	
Prepaid Rent	1,360.99	
Miscellaneous Revenues	16,596.85	
Due from Current Fund	27,334.15	
Due from Sewer Utility Capital Fund	50,280.60	
Interest Earned		\$ 195.30
Sewer Rent Overpayment	<u>701.24</u>	
Total Receipts	<u>1,528,478.21</u>	<u>195.30</u>
Total	1,937,259.45	147,994.83
Disbursements:		
2010 Appropriations	1,210,772.33	
2009 Appropriation Reserves and Reserve for Encumbrances	44,091.82	
Accrued Interest on Bonds	102,240.00	
Due from Current Fund	2,442.17	
Bond Anticipation Notes		50,000.00
Improvement Authorizations		4,198.84
Due to Sewer Operating Fund		280.60
Total Disbursements	<u>1,359,546.32</u>	<u>54,479.44</u>
Balance December 31, 2010	<u>\$ 577,713.13</u>	<u>\$ 93,515.39</u>

BOROUGH OF PALMYRA

SEWER UTILITY CAPITAL FUND

Analysis of Capital Cash
at December 31, 2010

Capital Fund Balance		\$	43,526.39
Capital Improvement Fund			30,000.00
Due to Sewer Utility Operating Fund			9.26
Improvement Authorizations:			
Ordinance			
<u>Number</u>			
2007-07	Improvements to sewer system		19,979.74
Total			<u>\$ 93,515.39</u>

BOROUGH OF PALMYRA

SEWER UTILITY OPERATING FUND

**Statement of 2009 Appropriation Reserves and Reserve for Encumbrances
For the Year Ended December 31, 2010**

	Balance December 31, 2009		Balance After	Paid or	Balance
	<u>Encumbered</u>	<u>Reserved</u>	<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
Operating:					
Salaries and Wages		\$ 17,846.69	\$ 17,846.69		\$ 17,846.69
Other Expenses	\$ 43,057.57	91,253.05	134,310.62	\$ 44,091.82	90,218.80
Social Security		2,999.41	2,999.41		2,999.41
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 43,057.57</u>	<u>\$ 112,099.15</u>	<u>\$ 155,156.72</u>	<u>\$ 44,091.82</u>	<u>\$ 111,064.90</u>

BOROUGH OF PALMYRA

SEWER UTILITY OPERATING FUND

Schedule of Sewer Rents Receivable
For the Year Ended December 31, 2010

Balance December 31, 2009		\$ 135,337.16
Increased by:		
Sewer Rents Billed in 2010		1,477,775.26
Total		1,613,112.42
Decreased by:		
2010 Collection	\$ 1,432,204.38	
2010 Collection - Due from Current Fund	2,336.67	
Prepaid Sewer Rents Applied	1,667.19	1,436,208.24
Balance December 31, 2010		\$ 176,904.18

BOROUGH OF PALMYRA

SEWER UTILITY CAPITAL FUND

Schedule of Fixed Capital
at December 31, 2010

	Balance December 31, <u>2009</u>	Transfer from Fixed Capital Authorized and <u>Uncompleted</u>	Deductions Facilities <u>Abandoned</u>	Balance December 31, <u>2010</u>
Pumping Station and Structures	\$ 6,148,552.41			\$ 6,148,552.41
Garage	234,650.00			234,650.00
Equalization Tanks	46,350.00			46,350.00
Chlorinator	5,350.00			5,350.00
Filter System	35,000.00			35,000.00
Pick Up Truck & Dump Truck	63,077.00			63,077.00
Sewer Rodder	<u>12,966.00</u>			<u>12,966.00</u>
Total	<u><u>\$ 6,545,945.41</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,545,945.41</u></u>

Note - The Fixed Capital reported is taken from the Municipal Records and does not necessarily show the true value.

BOROUGH OF PALMYRA

SEWER UTILITY CAPITAL FUND

Schedule of Fixed Capital Authorized and Uncompleted
For the Year Ended December 31, 2010

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance December 31, 2009</u>	<u>2010 Authorization</u>		<u>Balance December 31, 2010</u>
				<u>Deferred Charges to Future Revenue</u>	<u>Canceled</u>	
2007-07	Improvements to sewer system	6/11/07	\$ 500,000.00			\$ 500,000.00
			<u>\$ 500,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000.00</u>

BOROUGH OF PALMYRA
SEWER UTILITY CAPITAL FUND
Schedule of General Serial Bonds
For the Year Ended December 31, 2010

85

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Note</u>	<u>Maturities of Bonds Outstanding December 31, 2010</u>		<u>Interest Rate</u>	<u>Balance December 31 2009</u>	<u>Issued</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2010</u>
			<u>Date</u>	<u>Amount</u>					
Sewer Bonds of 2005	12/01/05	\$ 1,615,000	12/1/11-12	\$ 100,000	4.125%	\$ 1,260,000.00		\$ 100,000.00	\$ 1,160,000.00
			12/1/13-17	120,000	4.125%				
			12/1/18-20	120,000	4.200%				
Sewer Bonds of 1992	5/1/92	3,800,000	5/1/2011-12	190,000	6.75%	<u>570,000.00</u>		<u>190,000.00</u>	<u>380,000.00</u>
						<u>\$ 1,830,000.00</u>	<u>\$ -</u>	<u>\$ 290,000.00</u>	<u>\$ 1,540,000.00</u>

BOROUGH OF PALMYRA

SEWER UTILITY CAPITAL FUND

Schedule of Capital Improvement Fund
For the Year Ended December 31, 2010

Balance December 31, 2009	\$ 30,000.00
Increased by:	
2010 Budget Appropriation	<u>0.00</u>
	30,000.00
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>0.00</u>
Balance December 31, 2010	<u><u>\$ 30,000.00</u></u>

BOROUGH OF PALMYRA

SEWER UTILITY CAPITAL FUND

Schedule of Bond Anticipation Notes
For the Year Ended December 31, 2010

<u>Ordinance Number</u>	<u>Improvement Description</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 December 31, 2009</u>	<u>Increased by</u>	<u>Decreased by</u>	<u>Balance December 31, 2010</u>
2007-07	Improvements to Sewer System	12/20/07	12/17/09	12/16/10	2.00%	\$ 400,000.00		\$ 400,000.00	
2007-07	Improvements to Sewer System	12/20/07	12/14/10	12/14/11	1.375%		\$ 350,000.00		\$ 350,000.00
						<u>\$ 400,000.00</u>	<u>\$ 350,000.00</u>	<u>\$ 400,000.00</u>	<u>\$ 350,000.00</u>
					Cash Disbursed			\$ 50,000.00	
					Renewals		\$ 350,000.00	350,000.00	
							<u>\$ 350,000.00</u>	<u>\$ 400,000.00</u>	

BOROUGH OF PALMYRA

SEWER UTILITY CAPITAL FUND

Schedule of Deferred Reserve for Amortization
For the Year Ended December 31, 2010

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance December 31, 2009</u>	<u>Paid From Operating Budget - Notes</u>	<u>Paid From Reserve for Payment of Debt</u>	<u>Balance December 31, 2010</u>
2006-23	Improvements to Sewer System	12/11/2006	\$ 100,000.00	\$ 50,000.00		\$ 150,000.00
			<u>\$ 100,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ -</u>	<u>\$ 150,000.00</u>

PUBLIC ASSISTANCE FUND

BOROUGH OF PALMYRA

PUBLIC ASSISTANCE FUND

Schedule of Cash - Treasurer
For the Year Ended December 31, 2010

Balance December 31, 2009	\$	8,270.63
Increased by Receipts:		
Interest Earned on Deposits		<hr/>
		8,270.63
Decreased by Disbursements:		
Transfer to Current Fund		<hr/>
Balance December 31, 2010	\$	<u>8,270.63</u>

BOROUGH OF PALMYRA

PART II

Schedule of Findings and Recommendations

For the Year Ended December 31, 2010

BOROUGH OF PALMYRA

**Schedule of Findings and Recommendations
For the Year Ended December 31, 2010**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Finding #2010-1

Condition:

Not all general ledger account balances were reconciled to subsidiary control records as required by state regulations.

Criteria:

N.J.A.C. 5:30-5.7 requires the maintenance of a general ledger accounting record. This record summarizes all account balances of the Borough and should be reconciled on a monthly basis to subsidiary control records.

Effect:

Violation of N.J.A.C. 5:30-5.7.

Cause:

Time constraints with regards to the office of the Chief Financial Officer.

Recommendation:

That all general ledger account balances be reconciled on a monthly basis to the subsidiary control records.

View of Responsible Official and Planned Corrective Action:

The responsible officials agree with the finding and will address the matter as part of the corrective action plan.

BOROUGH OF PALMYRA

**Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management**

This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standard*, OMB Circular A-133 and New Jersey OMB's Circular 04-04.

FINANCIAL STATEMENT FINDINGS

Finding #2009-1

Condition:

The Borough did not maintain a general ledger, record of general fixed assets, or an encumbrance accounting system during the year.

Current Status:

This condition has been corrected.

Finding #2009-2

Condition:

The minutes of the public meetings held by the governing body were not prepared and approved by the governing body on a timely basis.

Current Status:

This condition has been corrected.

Finding #2009-3

Condition:

The Animal Control Account and all the Trust Other Accounts were not reconciled on a monthly basis.

Current Status:

This condition has been corrected.

Finding #2009-4

Condition:

Dog license fees and court fines were not always deposited within 48 hours of the date of receipt.

Current Status:

This condition has been corrected.

BOROUGH OF PALMYRA

**Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management
(Continued)**

FINANCIAL STATEMENT FINDINGS

Finding #2009-5

Condition:

Our audit of the recreation account revealed numerous areas of noncompliance regarding recording, maintaining and reconciling cash received to the financial records.

Current Status:

This condition has been corrected.

Finding #2009-6

Condition:

Our audit of compliance with the Local Public Contracts Law revealed that affirmative action affidavits were not available for two vendors and that business registration certificates were not available for examination for two vendors.

Current Status:

This condition has been corrected.

FEDERAL AWARDS

A Federal Single Audit was not required.

STATE AWARDS

No findings were identified.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2010:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
John Gural, Jr.	Mayor		
Michele Dobbs	President of Council		
Karen Scheffler	Councilwoman		
Howard Norcross	Councilman		
Theodore Scott, Sr.	Councilman		
Robert Bostock	Councilman		
David Dorworth	Councilman		
Barbara A. Sheipe	Interim Borough Administrator (From 3/1/10) Borough Clerk, Dog License Clerk, Registrar of Vital Statistics	\$ 250,000	(A)
Marianne Hulme	Borough Administrator, Treasurer, Tax Collector (Up to 2/28/10)	80,000 100,000	(B) (B)
Linda Lewis	Chief Financial Officer, Qualified Purchasing Agent (From 3/1/10)	100,000	(B)
Victoria Boras	Tax Collector (From 8/10/10)	100,000	(B)
Susan M. Doerr	Deputy Tax Collector, Sewer Rent Clerk	100,000	(B)
Melissa Cullipher	Tax Clerk	250,000	(A)
Tracy McGill	Court Administrator	20,000	(B)
Gregory McCloskey	Municipal Magistrate	10,000	(B)
Donna Browne	Deputy Court Administrator	20,000	(B)
Doretha Jackson	Neighborhood Preservation Program Coord.	250,000	(A)
Tracy Kilmer	Construction Code Official, Zoning Officer, Fire Official and Inspector	250,000	(A)
Pamela Scott-Forman	Planning Board Secretary, Construction Code Enforcement Official	250,000	(A)
Karen Davis	Assessor (Up to 11/17/10)		
Land Engineering and Survey Co.	Engineer		
Ted Rosenberg, Esq.	Solicitor		

All Bonds were examined and properly executed.

(A) Selective Insurance Company - Commercial Crime Policy.

(B) Selective Insurance Company - Separate Surety Bond.

ACKNOWLEDGMENT

We express our appreciation for the assistance and courtesies extended to us by the Borough Officials during the course of our audit.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountant



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

March 4, 2011