

GENERAL CAPITAL FUND

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

**Schedule of Cash - Treasurer
For the Year Ended December 31, 2008**

Balance December 31, 2007		\$ 1,825,309.52
Receipts:		
Due Current Fund	\$ 36,550.29	
Current Fund Budget - Capital Improvement Fund	<u>358,000.00</u>	
		<u>394,550.29</u>
 Total		 2,219,859.81
Disbursements:		
Improvement Authorizations	2,124,674.65	
Due Current Fund	<u>81,722.05</u>	
		<u>2,206,396.70</u>
Balance December 31, 2008		<u><u>\$ 13,463.11</u></u>

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

**Analysis of General Capital Cash and Investments
For the Year Ended December 31, 2008**

Fund Balance	\$	38,756.36
Capital Improvement Fund		37,405.00
Due from Burlington County Bridge Commission		(22,586.50)
Due to Current Fund		1,038.62
Improvement Authorizations:		
Ordinance		
<u>Number</u>		
2002-7A	Equipment Lease Purchase	
	Fire Apparatus	590.79
	Police Equipment	6,500.00
2002-08	Multi-Purpose:	
	2002 Road Program	2,212.54
2003-10	Multi-Purpose:	
	Redevelopment of Community Center	2,032.98
2004-03	Purchase of Land	84,673.52
2005-13	Multi-Purpose:	
	Acquisition of Police Equipment	1,549.05
	Acquisition of Police Vehicle	1,833.90
	Acquisition of Fire Dept. Four Wheel Drive Vehicle	2,902.57
	Construction of Redevelopment/Streetscape	4,799.48
	Construction of Seawall	300,000.00
2006-18	Purchase of Land	220.00
2006-24	Multi-Purpose:	
	Recreation Development	122,828.35
	Purchase of Furniture and Equipment	13,286.16
2007-08	Multi-Purpose:	
	2007 Road Program	276,093.91
	Construction of New Salt Dome Roof	65,058.75
	Acquisition of Police Dept. Equipment	5,265.00
	Acquisition of Fire Dept. Equipment	203.44
	Renovations to Courtroom	9,225.02
	Acquisition of Siren	8,000.00
2007-10	Improvement to Legion Park	65,627.09
2008-10	Multi-Purpose:	
	Construction of Community Center	89,822.38
	Improvements to Legion Park	(1,096,026.89)
	2008 Road Program	25,000.00
	Acquisition of Road Department Equip.	5,020.00
	Acquisition of Police Department Equip.	(39,868.41)
	Acquisition of Fire Department Equip.	2,000.00
Total		\$ 13,463.11

BOROUGH OF PALMYRA

General Capital Fund

Schedule of Deferred Charges to Future Taxation - Unfunded
For the Year Ended December 31, 2008

Ordinance Number	Improvement Description	Balance December 31, 2008	Analysis of Balance December 31, 2008		Unexpended Improvement Authorization
			Financed by Bond Anticipation Notes	Expenditures	
2006-18	Purchase of Land	\$ 47,500.00			\$ 47,500.00
2006-24	Multi-Purpose:				
	Const. to Recreation Improvements	285,000.00	\$ 285,000.00		
	Acquisition of Furniture and Equipment	33,250.00	33,250.00		
2007-08	Multi-Purpose:				
	Improvements to Legion Park	950,000.00	950,000.00		
	2007 Road Program	285,000.00	285,000.00		
	Construction of New Salt Dome Roof	68,400.00	68,400.00		
	Acquisition of Police Department Equip.	32,775.00	32,775.00		
	Acquisition of Fire Department Equip.	30,400.00	30,400.00		
	Renovations to Courtroom	19,000.00	19,000.00		
	Acquisition of Siren	7,600.00	7,600.00		
2007-10	Improvements to Legion Park	712,500.00	712,500.00		
2008-10	Multi-Purpose:				
	Construction of Community Center	3,800,000.00			3,800,000.00
	Improvements to Legion Park	2,280,000.00		\$ 1,098,026.89	1,183,973.11
	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		39,868.41	9,911.59
	Acquisition of Fire Department Equip.	38,000.00			38,000.00
		<u>\$ 9,254,805.00</u>	<u>\$ 2,423,925.00</u>	<u>\$ 1,135,895.30</u>	<u>\$ 5,694,984.70</u>
	Improvement Authorizations - Unfunded				\$ 6,260,172.42
	Less - Unexpended Proceeds of Bond				
	Anticipation Notes Issued:				
	Ordinance 2006-24			\$ 136,114.51	
	Ordinance 2007-08			363,446.12	
	Ordinance 2007-10			<u>65,627.09</u>	
					<u>565,187.72</u>
			Total		<u>\$ 5,694,984.70</u>

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

**Statement of Deferred Charges to Future Taxation - Funded
For the Year Ended December 31, 2008**

Balance December 31, 2007		\$ 5,213,400.62
Decreased by:		
2008 Budget Appropriations to Pay:		
Serial Bonds	\$ 699,000.00	
Burlington County Bridge Commission Loan	31,000.00	
Green Acres Trust Loan	<u>7,456.57</u>	<u>737,456.57</u>
Balance December 31, 2008		<u><u>\$ 4,475,944.05</u></u>

**Statement of Capital Improvement Fund
For the Year Ended December 31, 2008**

Balance December 31, 2007		\$ 36,425.00
Increased by:		
2008 Budget Appropriation		<u>358,000.00</u>
		394,425.00
Decreased by:		
Appropriation to Finance Improvement Authorizations		<u>357,020.00</u>
Balance December 31, 2008		<u><u>\$ 37,405.00</u></u>

BOROUGH OF PALMYRA
GENERAL CAPITAL FUND

Schedule of Improvement Authorizations
For the Year Ended December 31, 2008

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2007		Capital Improvement Fund	Deferred Charges to Future Taxation - Unfunded	Paid or Charged	Balance December 31, 2008							
				Funded	Unfunded				Funded	Unfunded						
2000-07	Multi-Purpose: Fire Apparatus	6/10/02	\$ 280,000	\$ 590,79				\$	590,79							
	Police Equipment	6/10/02	6,500	6,500,00					6,500,00							
2002-08	Multi-Purpose	9/9/02	75,000	2,212,54					2,212,54							
2003-10	Multi-Purpose	6/9/03	200,000	97,798,67				97,798,67	0,00							
	2003 Road Program	6/9/03	500,000	10,776,36				8,743,38	2,032,98							
2004-03	Purchase of Land	3/8/04	900,000	84,673,52					84,673,52							
2004-24	Renovations to Public Works Garage	12/29/04	100,000	16,728,93				16,728,93	0,00							
2005-13	Multi-Purpose	08/24/05	34,000	1,549,05					1,549,05							
	Purchase of Police Equipment	08/24/05	76,000	1,833,90					1,833,90							
	Acquisition of Police Vehicles	08/24/05	76,000	2,902,57					2,902,57							
	Acquisition of Police & Fire Vehicles	08/24/05	140,000	101,924,47				97,124,99	4,799,48							
	Construction of Redevelopment/Streetscape	08/24/05	300,000	300,000,00					300,000,00							
2005-18	Purchase of Land	08/14/06	50,000	220,00	\$ 47,500,00				220,00	\$ 47,500,00						
2006-24	Multi-Purpose:	12/11/06	300,000	1,496,54	285,000,00			163,668,19		122,828,35						
	Recreation Development	12/11/06	35,000		13,286,16					13,286,16						
	Purchase of Furniture and Equipment															
2007-08	Multi-Purpose:	06/11/07	1,000,000	6,333,59				6,333,59		276,093,91						
	Improvements to Legion Park	06/11/07	300,000	285,000,00				23,106,09		65,068,75						
	2007 Road Program	06/11/07	72,000	65,058,75						5,265,00						
	Construction of New Salt Dome Roof	06/11/07	34,500	5,265,00						203,44						
	Acquisition of Police Department Equip.	06/11/07	32,000	203,44						9,225,02						
	Acquisition of Fire Department Equip.	06/11/07	20,000	9,225,02						7,600,00						
	Renovations to Courtroom	06/11/07	8,000	7,600,00						65,627,09						
	Acquisition of Siren	06/13/07	750,000	405,724,98				340,097,89								
2007-10	Improvements to Legion Park	06/09/08	4,000,000			\$ 200,000,00	\$ 3,800,000,00	110,177,62	89,822,38	3,800,000,00						
2008-10	Multi-Purpose	06/09/08	2,400,000			120,000,00	2,280,000,00	1,216,026,89		1,183,973,11						
	Construction of Community Center	06/09/08	500,000			25,000,00	475,000,00		25,000,00	475,000,00						
	Improvements to Legion Park	06/09/08	148,000			7,400,00	140,600,00	2,380,00	5,020,00	140,600,00						
	2008 Road Program	06/09/08	52,400			2,620,00	49,780,00	42,488,41		9,911,59						
	Acquisition of Road Department Equip.	06/09/08	40,000			2,000,00	38,000,00		2,000,00	38,000,00						
	Acquisition of Police Department Equip.															
	Acquisition of Fire Department Equip.															
Total										\$ 643,807,34	\$ 1,130,196,64	\$ 357,020,00	\$ 6,763,360,00	\$ 2,124,674,65	\$ 629,557,21	\$ 6,260,172,42

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

Schedule of General Serial Bonds
For the Year Ended December 31, 2008

Purpose	Date of Issue	Amount of Original Note	Maturity of Bonds Outstanding December 31, 2008	Interest Rate	Balance December 31, 2007	Issued for Cash	Paid by Budget Appropriation	Balance December 31, 2008
			Date	Rate				
General Bonds of 1996	10/1/96	\$ 3,395,000	10/1/09	5.200%	\$ 1,065,000.00		\$ 270,000.00	\$ 795,000.00
			10/1/10	5.250%				
			10/1/11	5.250%				
General Bonds of 2003	12/01/03	4,007,700	12/1/09	4.500%	2,587,000.00		328,000.00	2,258,000.00
			12/1/10	4.500%				
			12/1/11	3.500%				
			12/1/12	5.000%				
			12/1/13	5.000%				
			12/1/14	5.000%				
General Bonds of 2005	12/01/05	1,474,000	12/1/09-17	4.125%	1,300,000.00		100,000.00	1,200,000.00
			12/1/18-20	4.200%				
Total					\$ 4,952,000.00	\$ -	\$ 699,000.00	\$ 4,253,000.00

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

Schedule of Green Acres Loan Payable
For the Year Ended December 31, 2008

Balance December 31, 2007	\$ 95,400.62
Decreased by:	
Paid by 2008 Budget Appropriation	<u>7,456.57</u>
Balance December 31, 2008	<u>\$ 87,944.05</u>

Analysis of Balance - December 31, 2008

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 7,606.44	\$ 1,721.04	\$ 9,327.48
2010	7,759.33	1,568.15	9,327.48
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 - 2018	43,734.36	2,903.05	46,637.41
2019	<u>4,617.56</u>	<u>46.18</u>	<u>4,663.74</u>
	<u>\$ 87,944.05</u>	<u>\$ 9,994.49</u>	<u>\$ 97,938.54</u>

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

Schedule of Burlington County Bridge Commission Lease Payable
For the Year Ended December 31, 2008

Balance December 31, 2007	\$ 166,000.00
Decreased by:	
Paid by 2008 Budget Appropriation	<u>31,000.00</u>
Balance December 31, 2008	<u>\$ 135,000.00</u>

Analysis of Balance - December 31, 2008

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 32,000.00	\$ 5,789.50	\$ 37,789.50
2010	33,000.00	4,637.50	37,637.50
2011	34,000.00	3,235.00	37,235.00
2012	<u>36,000.00</u>	<u>1,620.00</u>	<u>37,620.00</u>
	<u>\$ 135,000.00</u>	<u>\$ 15,282.00</u>	<u>\$ 150,282.00</u>

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

Schedule of Bond Anticipation Notes
For the Year Ended December 31, 2008

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2007	Increased by Cash Renewals	Decreased by Renewals	Balance December 31, 2008
2006-24	Multi-Purpose	12/20/2007	12/20/2007	12/19/2008	3.60%	\$ 318,250.00		\$ 318,250.00	\$ 318,250.00
2006-24	Multi-Purpose	12/20/2007	12/20/2008	12/19/2009	3.25%		\$ 318,250.00		
2007-08	Multi-Purpose	12/20/2007	12/20/2007	12/19/2008	3.60%	1,393,175.00		1,393,175.00	
2007-08	Multi-Purpose	12/20/2007	12/20/2008	12/19/2009	3.25%		1,393,175.00		1,393,175.00
2007-10	Improvement to Legion Park	12/20/2007	12/20/2007	12/19/2008	3.60%	712,500.00		712,500.00	
2007-10	Improvement to Legion Park	12/20/2007	12/20/2008	12/19/2009	3.25%		712,500.00		
Total						\$ 2,423,925.00	\$ 2,423,925.00	\$ 2,423,925.00	\$ 2,423,925.00

BOROUGH OF PALMYRA

GENERAL CAPITAL FUND

Statement of Bonds and Notes Authorized But Not Issued
For the Year Ended December 31, 2008

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2007</u>	<u>2008 Authorizations</u>	<u>Funded by Bond Anticipation Notes</u>	<u>Balance December 31, 2008</u>
2006-18	Purchase of Land	\$ 47,500.00			\$ 47,500.00
2008-10	Multi-purpose				
	Construction of Community Center		\$ 3,800,000.00		3,800,000.00
	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		49,780.00
	Acquisition of Fire Department Equip.		38,000.00		38,000.00
	Total	<u>\$ 47,500.00</u>	<u>\$ 6,783,380.00</u>	<u>\$ -</u>	<u>\$ 6,830,880.00</u>

SEWER UTILITY FUND

BOROUGH OF PALMYRA

SEWER UTILITY OPERATING AND CAPITAL FUND

Statement of Cash - Collector/Treasurer
For the Year Ended December 31, 2008

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2007	\$ 381,558.14	\$ 895,454.25
Receipts:		
Rents	\$ 1,447,760.09	
Prepaid Rent	2,027.21	
Miscellaneous Revenues	36,856.76	
Due from Current Fund	61,925.00	
Interest Earned		\$ 14,158.26
Contra Receipts with Disbursements	<u>365,000.00</u>	
Total Receipts	<u>1,913,569.06</u>	<u>14,158.26</u>
Total	2,295,127.20	909,612.51
Disbursements:		
2008 Appropriations	1,272,408.61	
2007 Appropriation Reserves and Reserve for Encumbrances	39,513.72	
Accrued Interest on Bonds	136,831.12	
Due from Current Fund	61,925.00	
Bond Anticipation Notes		465,000.00
Improvement Authorizations		102,755.05
Due from Sewer Capital Fund	93,985.09	
Contra Disbursements with Receipts	<u>365,000.00</u>	
Total Disbursements	<u>1,969,661.54</u>	<u>567,755.05</u>
Balance December 31, 2008	<u>\$ 325,465.66</u>	<u>\$ 341,857.46</u>

BOROUGH OF PALMYRA

SEWER UTILITY CAPITAL FUND

Analysis of Capital Cash
at December 31, 2008

Capital Fund Balance	\$	43,526.39
Capital Improvement Fund		30,000.00
Due to Sewer Utility Operating Fund		50,497.96
Reserve for payment of debt		50,000.00
Improvement Authorizations:		
Ordinance		
<u>Number</u>		
2007-07	Improvements to sewer system	167,833.11
<hr/>		
Total	\$	<u>341,857.46</u>

BOROUGH OF PALMYRA

SEWER UTILITY OPERATING FUND

**Statement of 2007 Appropriation Reserves and Reserve for Encumbrances
For the Year Ended December 31, 2008**

	Balance December 31, 2007		Balance After	Paid or	Balance
	<u>Encumbered</u>	<u>Reserved</u>	<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
Operating:					
Salaries and Wages		\$ 1,080.05			
Other Expenses	\$ 30,021.31	5,947.15	\$ 39,513.72	\$ 39,513.72	
Social Security		2,465.21			
Total	<u>\$ 30,021.31</u>	<u>\$ 9,492.41</u>	<u>\$ 39,513.72</u>	<u>\$ 39,513.72</u>	<u>\$ -</u>

BOROUGH OF PALMYRA

SEWER UTILITY OPERATING FUND

Schedule of Sewer Rents Receivable
For the Year Ended December 31, 2008

Balance December 31, 2007		\$	122,178.08
Increased by:			
Sewer Rents Billed in 2008			<u>1,465,022.74</u>
Total			1,587,200.82
Decreased by:			
2008 Collection	\$	1,447,760.09	
2008 Collection - Due from Current Fund		1,484.87	
Prepaid Sewer Rents Applied		<u>267.77</u>	<u>1,449,512.73</u>
Balance December 31, 2008		\$	<u><u>137,688.09</u></u>

BOROUGH OF PALMYRA

SEWER UTILITY CAPITAL FUND

Schedule of Fixed Capital
at December 31, 2008

	Balance December 31, <u>2007</u>	Transfer from Fixed Capital Authorized and <u>Uncompleted</u>	Deductions Facilities <u>Abandoned</u>	Balance December 31, <u>2008</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>\$ 6,545,945.41</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 6,545,945.41</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, 2008

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	Balance December 31, 2007	<u>2008 Authorization</u>		Balance December 31, 2008
				Deferred Charges to Future Revenue	Adjustment to Actual	
2006-23	Improvements to sewer system	12/11/06	\$ 750,000.00		\$ 550,000.00	\$ 200,000.00
2007-07	Improvements to sewer system	6/11/07	500,000.00			500,000.00
			<u>\$ 1,250,000.00</u>	<u>\$ -</u>	<u>\$ 550,000.00</u>	<u>\$ 700,000.00</u>

BOROUGH OF PALMYRA
SEWER UTILITY CAPITAL FUND

**Schedule of General Serial Bonds
For the Year Ended December 31, 2008**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Note</u>	<u>Maturities of Bonds Outstanding December 31, 2008</u>	<u>Interest Rate</u>	<u>Balance December 31 2007</u>	<u>Issued</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2008</u>
Sewer Bonds of 2005	12/01/05	\$ 1,615,000	12/1/09-12 12/1/13-17 12/1/18-20	4.125% 4.125% 4.200%	\$ 1,455,000.00		\$ 95,000.00	\$ 1,360,000.00
Sewer Bonds of 1992	5/1/92	3,800,000	5/1/2009-12	6.75%	950,000.00		190,000.00	760,000.00
					<u>\$ 2,405,000.00</u>	<u>\$ -</u>	<u>\$ 285,000.00</u>	<u>\$ 2,120,000.00</u>

BOROUGH OF PALMYRA

SEWER UTILITY CAPITAL FUND

Schedule of Capital Improvement Fund
For the Year Ended December 31, 2008

Balance December 31, 2007	\$ 30,000.00
Increased by:	
2008 Budget Appropriation	<u>0.00</u>
	30,000.00
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>0.00</u>
Balance December 31, 2008	<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, 2008

<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, 2007</u>	<u>Increased by Receipts</u>	<u>Decreased by Payments</u>	<u>Balance December 31, 2007</u>
2006-23	Improvements to Sewer System	05/04/07	05/04/07	05/03/08	3.79%	\$ 500,000.00		\$ 500,000.00	\$ 500,000.00
2007-07	Improvements to Sewer System	12/20/07	12/20/07	12/19/08	3.60%	500,000.00		500,000.00	
2007-07	Improvements to Sewer System	12/20/07	12/20/08	12/19/09	3.25%		\$ 500,000.00		\$ 500,000.00
						<u>\$ 1,000,000.00</u>	<u>\$ 500,000.00</u>	<u>\$ 1,000,000.00</u>	<u>\$ 500,000.00</u>
								Cash Disbursed \$ 465,000.00	
								Due to Sewer Operating 35,000.00	
								Renewals \$ 500,000.00	

BOROUGH OF PALMYRA

SEWER CAPITAL FUND

Statement of Bonds and Notes Authorized But Not Issued
For the Year Ended December 31, 2008

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2007</u>	<u>2008 Authorizations</u>	<u>Raised in 2008 Budget</u>	<u>Funded by Sale of Bond Anticipation Notes</u>	<u>Balance December 31, 2008</u>
2006-23	Improvements to Sewer System	\$ 200,000.00				\$ 200,000.00
Total		<u>\$ 200,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,000.00</u>

PUBLIC ASSISTANCE FUND

BOROUGH OF PALMYRA

PUBLIC ASSISTANCE FUND

Schedule of Cash - Treasurer
For the Year Ended December 31, 2008

Balance December 31, 2007	\$	10,768.53
Increased by Receipts:		
Interest Earned on Deposits		<u>12.73</u>
		10,781.26
Decreased by Disbursements:		
Transfer to Current Fund		<u>2,523.00</u>
Balance December 31, 2008	\$	<u><u>8,258.26</u></u>

BOROUGH OF PALMYRA

PART II

Single Audit Section

For the Year Ended December 31, 2008

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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-Member of-
American Institute of CPAs
New Jersey Society of CPAs

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04

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

Compliance

We have audited the compliance of the Borough of Palmyra, in the County of Burlington, State of New Jersey, with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major state programs for the year ended December 31, 2008. The Borough's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Borough's management. Our responsibility is to express an opinion on the Borough's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Palmyra's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Borough's compliance with those requirements.

In our opinion, the Borough of Palmyra, in the County of Burlington, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the Borough of Palmyra is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Borough's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the management, the governing body of the Borough of Palmyra, the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and other federal and state awarding agencies and pass-through entities 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
Public School Accountant

Marlton, New Jersey
February 28, 2009

SCHEDULE B

BOROUGH OF PALMYRA

Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2008

State Grantor/Program Title	State GMIS Number	Program or Award Amount	Program Funds Received	Grant Period From	Grant Period To	Balance December 31, 2007	Revenue Recognized	Reclassification/Cancelled	Disbursements or Expenditures	Balance December 31, 2008
Department of Human Services										
General Assistance Program	7550-150-158010-60	\$ 31,100.00	\$ 31,100.00	1/1/07	12/31/07	\$ 8,245.53	\$ 12.73		\$	\$ 8,258.26
Department of Law and Public Safety										
Safe and Secure Communities Program	100-066-1020-232	39,485.00	39,495.00	1/1/07	12/31/07	14.45		\$ (14.45)	\$ 37,137.00	
Safe and Secure Communities Program	100-066-1020-232	37,137.00	37,137.00	1/1/08	12/31/08				1,696.88	
Body Armor Grant	1020-718-066	1,696.88	1,696.88	1/1/07	12/31/07					
Body Armor Grant	1020-718-066	1,562.39	1,562.39	1/1/08	12/31/08		1,562.39			1,562.39
GDL Parental Notification	Not available	11,425.00	752.16	10/1/07	9/30/08		11,425.00		728.86	10,696.14
Drunk Driving Enforcement Grant	1110-448-31020-50	6,753.86	6,753.86	1/1/08	12/31/08		6,753.86			6,753.86
Drunk Driving Enforcement Grant	1110-448-31020-50	4,177.56	4,177.56	1/1/06	12/31/06	4,346.33		(14.45)	2,005.49	2,340.84
						6,057.66	56,878.25		41,958.23	21,353.23
Department of Transportation										
NJ Transportation Trust Fund Authority Act										
Morgan Avenue	6320-480-1395-61	205,800.00	95,023.88	1/1/08	12/31/08		205,800.00		177,124.70	28,675.30
Centers of Place	6320-480-1395-61	90,000.00		1/1/07	12/31/08		90,000.00			90,000.00
							295,800.00		177,124.70	118,675.30
Department of Treasury										
Municipal Alliance Grant	2000-475-985120-60	23,955.00		1/1/08	12/31/08		29,955.00		10,225.99	19,729.01
Municipal Alliance Grant	2000-475-985120-60	23,955.00	23,955.00	1/1/07	12/31/07	12,957.99			12,957.99	
						12,957.99	29,955.00		23,183.98	19,729.01
Department of Health										
Exercise Improvement Program	Not Available	5,410.50	5,410.40	1/1/06	12/31/06	1,271.92			1,271.92	
Exercise Improvement Program	Not Available	7,000.00	7,000.00	1/1/08	12/31/08		7,000.00		845.11	6,054.89
Alcoholic Education Rehabilitation Fund	098-9735-760-001-00	2,408.55	2,408.55	1/1/08	12/31/08		2,408.55			2,408.55
Alcoholic Education Rehabilitation Fund	098-9735-760-001-00	3,044.55	3,044.55	1/1/07	12/31/07	3,044.55				3,044.55
Alcoholic Education Rehabilitation Fund	098-9735-760-001-00	4,087.69	4,087.69	1/1/06	12/31/06	12,164.60			3,740.00	8,424.60
						18,481.07	9,409.55		5,957.03	19,933.59
Department of Community Affairs										
Smart Futures	2007-99900-1630-00	50,000.00		1/1/07	12/31/07	42,541.10			24,923.10	17,618.00
Neighborhood Preservation Program	8020-100-022	200,000.00		1/1/08	12/31/08		200,000.00		108,411.19	91,588.81
Neighborhood Preservation Program	8020-100-022	100,000.00	95,741.33	1/1/07	12/31/07	100,170.33		(170.39)		100,000.00
Neighborhood Pres. Program - Housing	8020-100-022	150,000.00	20,305.00	1/1/08	12/31/08		185,000.00	170.33	55,295.00	129,875.33
						142,711.43	385,000.00		189,629.29	359,082.14

(Continued)

BOROUGH OF PALMYRA

Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2008

State Grant/Program Title	State GMIS Number	Program or Award Amount	Program Funds Received	Grant Period From To	Balance December 31, 2007	Revenue Recognized	Reclassification/ Canceled	Disbursements or Expenditures	Balance December 31, 2008
Department of Economic Development									
Transportation Community Dev. Initiative	Not Available	\$ 40,000.00		1/1/05	\$ 19,000.00			\$ 15,941.80	\$ 2,058.20
Hazardous Discharge Site Remediation	69-022-1644	669,639.00	\$ 669,639.00	1/1/08		\$ 669,639.00		650,991.77	19,247.23
Hazardous Discharge Site Remediation	69-022-1644	1,929,470.00	1,929,470.00	1/1/07	1,870,449.69			1,697,366.69	
Hazardous Discharge Site Remediation	69-022-1644	1,903,913.00	1,903,913.00	1/1/07	1,903,913.00		\$ (175,083.00)		
Hazardous Discharge Site Remediation	69-022-1644	684,287.00	684,287.00	1/1/03	62,291.64		(1,429,470.00)	4,683.32	469,759.68
					3,854,654.33	669,639.00	(1,602,553.00)	2,430,675.22	491,055.11
Department of Highway Traffic Safety									
Snowstorm Grant	Not Available	2,389.24	2,389.24	1/1/06	2,283.99		(2,283.99)		
					2,283.99		(2,283.99)		
Department of Environmental Protection									
Forest Service Grant	PF02-098	1,500.00	1,500.00	1/1/07	1,500.00			6,807.79	1,500.00
Clean Communities	042-4900-765-004-60	9,684.31	9,684.31	1/1/08		9,684.31		5,970.63	2,876.52
Clean Communities	042-4900-765-004-60	9,230.30	9,230.30	1/1/07	5,970.63			7,834.56	
Clean Shores	042-4900-765-004-60	4,373.40	4,373.40	1/1/06	7,834.56			1,579.02	7,834.56
Clean Shores	042-4900-765-004-60	1,579.02	1,579.02	1/1/07	1,579.02			1,332.77	304.96
Clean Shores	042-4900-765-004-60	1,332.77	1,332.77	1/1/08		1,332.77		3,000.00	1,332.77
Green Communities	Not Available	3,000.00		1/1/08		3,000.00		792.00	3,000.00
Stormwater Regulation Grant	Not Available	2,117.00	2,117.00	1/1/08		2,117.00		2,097.25	1,385.00
Recycling Tonnage Grant	042-4900-765-004-60	2,097.25	2,097.25	1/1/08		2,097.25		977.14	2,097.25
Recycling Tonnage Grant	042-4900-765-004-60	977.14	977.14	1/1/07	977.14			18,231.33	977.14
Recycling Tonnage Grant	042-4900-765-004-60	1,001.73	1,001.73	1/1/06	5,910.37		(1,274.66)	13,510.42	5,910.37
					23,771.72	18,231.33	(1,274.66)		27,217.97
Total State Awards					\$ 4,067,163.72	\$ 1,464,925.66	\$ (1,606,126.10)	\$ 2,890,648.87	\$ 1,045,314.61

Analysis of Balance at December 31, 2008:

Current Fund:	
Reserve for Federal and State Grants - Unappropriated	\$ 110,413.60
Reserve for Federal and State Grants - Appropriated	926,642.85
Public Assistance Fund:	
Reserve for Public Assistance	8,288.26
Total	\$ 1,045,314.61

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

Borough of Palmyra
Notes to Schedule of Expenditures of State Financial Assistance
December 31, 2008

NOTE 1. GENERAL

The accompanying schedule of expenditures of state financial assistance present the activity of all state financial assistance programs of the Borough of Palmyra, County of Burlington, State of New Jersey. The Borough is defined in the Note 1 to the Borough's financial statements. All state financial assistance received directly from state agencies, as well as state financial assistance passed through other government agencies, are included on the schedule of state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance is presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Expenditures from awards are reported in the Borough's financial statements as follows:

<u>Fund</u>	<u>State</u>
Current Fund	\$ 2,880,648.87
Total Financial Assistance	<u>\$ 2,880,648.87</u>

NOTE 4. MAJOR PROGRAMS

Major programs are identified in the "Summary of Auditor's Results" section of the Schedule of Findings and Questioned Costs.

NOTE 5. ADJUSTMENTS

Amounts reported in the column entitled "Adjustments" represent the following:

	<u>State</u>
Cancellation of Grant/Loan Receivable	<u>\$ (1,606,126.10)</u>

BOROUGH OF PALMYRA

PART III

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2008

BOROUGH OF PALMYRA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2008

Section 1 -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Qualified

Internal control over financial reporting:

- | | | |
|--|-----------------------|---------------------------------|
| 1) Material weaknesses identified? | <u> </u> yes | <u> X </u> no |
| 2) Were reportable conditions identified that were not considered to be a material weakness? | <u> X </u> yes | <u> </u> none reported |
| Noncompliance material to financial statements noted? | <u> </u> yes | <u> X </u> no |

Federal Awards

THIS SECTION IS NOT APPLICABLE - NO FEDERAL SINGLE AUDIT

Dollar threshold used to distinguish between Type A and Type B programs:

Auditee qualified as low-risk auditee? yes no

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

Internal Control over major programs:

- | | | |
|--|-----------------------|---------------------------------|
| 1) Material weaknesses identified? | <u> </u> yes | <u> </u> no |
| 2) Were reportable conditions identified that were not considered to be a material weakness? | <u> </u> yes | <u> </u> none reported |

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

Identification of major programs:

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

(Continued)

BOROUGH OF PALMYRA
Schedule of Findings and Recommendations
For the Year Ended December 31, 2008

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 #2008-1

Condition:

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

Criteria:

N.J.A.C. 5:30-5.7, N.J.A.C. 5:30-5.6 and N.J.A.C. 5:30-5.2, issued by the Division of Local Government Services, requires that a general ledger, record of fixed assets and an encumbrance accounting system be maintained on a current basis.

Effect:

Violation of N.J.A.C. 5:30-5.7, N.J.A.C. 5:30-5.6 and N.J.A.C. 5:30-5.

Cause:

The Borough does not possess the necessary funds needed to establish and maintain a general ledger, record of fixed assets, or an encumbrance accounting system and the time constraints on the existing staff level does not allow for the additional work required.

Recommendation:

The Borough should establish and maintain a general ledger, record of fixed assets, and an encumbrance accounting system on a current basis.

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.

Finding #2008-2

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.

Criteria:

P.L. 2001, c.404 known as the "Open Public Records Act" requires that government records be readily accessible for inspection, copying, or examination by the citizens of the State.

Effect:

The Borough has not complied with the "Open Public Records Act".

Cause:

Time constraints on the Borough Clerk.

Recommendation:

The Borough Clerk should prepare, and the Borough Council should take formal action on, the minutes of the Borough Council meetings in a timely manner.

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
Schedule of Findings and Recommendations
For the Year Ended December 31, 2008

Section 2 -- Schedule of Financial Statement Findings (Cont'd)

Finding #2008-3

Condition:

The Payroll Account was not reconciled or analyzed on a monthly basis.

Criteria:

Effective internal controls require accurate and timely reconciliations of all bank accounts maintained by the Borough.

Effect:

The Borough does not have sufficient control over the payroll account balances.

Cause:

Time constraints on the payroll clerk.

Recommendation:

The payroll account should be reconciled and analyzed on a monthly basis.

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.

Finding #2008-4

Condition:

A corrective action plan addressing the prior year audit findings was not presented or adopted by the Borough Council.

Criteria:

OMB A-133 sections 300 through 320 requires that the corrective action plan be submitted to the Borough Council for their acceptance and that the plan cover all audit findings.

Effect:

No plan was prepared.

Cause:

Oversight on part of the Chief Financial Officer.

Recommendation:

That a corrective action be prepared and adopted by the Borough Council and that said plan address all audit findings.

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
Schedule of Findings and Recommendations
For the Year Ended December 31, 2008

Section 2 -- Schedule of Financial Statement Findings (Cont'd)

Finding #2008-5

Condition:

Our audit of compliance with the Local Public Contracts Law revealed that bids were not publicly requested for maintenance services for the sewer system and the purchase of fuel oil even though the total cost exceeded \$29,000.00.

Criteria:

The Local Public Contracts Law requires that sealed bids be received whenever the expenditure in any category exceeds the statutory threshold of \$29,000.00.

Effect:

The Borough did not comply with the Local Public Contracts Law.

Cause:

Oversight on part of the Chief Financial Officer.

Recommendation:

Sealed bids should be requested by public advertisement for all contracts and agreements when required by the statutes.

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
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2008

Section 3 -- Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs

This section identifies reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal and State Programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

No current year findings.

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 #2007-1

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 remains unchanged as reported in Finding #2008-1.

Planned Corrective Action:

The Borough plans to implement procedures to maintain a general ledger, record of fixed assets and an encumbrance accounting system when funds become available.

Finding #2007-2

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 remains unchanged as reported in Finding #2008-2.

Planned Corrective Action:

The Borough Clerk plans to implement procedures so that minutes are prepared and approved by the governing body on a timely basis.

Finding #2007-3

Condition:

The Payroll Account was not reconciled or analyzed on a monthly basis.

Current Status:

This condition remains unchanged as reported in Finding #2008-3.

Planned Corrective Action:

The Borough plans to implement procedures to ascertain that the payroll account be reconciled and analyzed on a monthly basis.

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

FINANCIAL STATEMENT FINDINGS

Finding #2007-4

Condition:

Not all prior year audit findings were addressed in the corrective action plan adopted by the Borough Council.

Current Status:

This condition remains unchanged as reported in Finding #2008-4.

Planned Corrective Action:

The Borough plans to implement procedures to ascertain that the corrective action plan is addressed prior to acceptance of the audit report.

Finding #2007-5

Condition:

Our audit of compliance with the Local Public Contracts Law revealed that bids were not publicly requested for maintenance services for the sewer system even though the total cost exceeded \$29,000.00.

Current Status:

This condition remains unchanged as reported in Finding #2008-5.

Planned Corrective Action:

The Borough plans to implement procedures to ascertain that bids are requested where required by the statutes.

Finding #2007-6

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 seven vendors.

Current Status:

This condition has been corrected.

FEDERAL AWARDS

A Federal Single Audit was not required.

STATE AWARDS

No prior year findings.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2008:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
John Gural, Jr.	Mayor		
Karen Scheffler	President of Council		
Michele Dobbs	Councilwoman		
Gregory Benson	Councilman		
Theodore Scott, Sr.	Councilman		
Robert Bostock	Councilman		
David Dorworth	Councilman		
Karen Gift	Borough Clerk, Dog License Clerk, Registrar of Vital Statistics	\$ 250,000	(A)
Marianne Hulme	Borough Administrator, Treasurer, Tax Collector	80,000 100,000	(B) (B)
Susan M. Doerr	Deputy Tax Collector, Sewer Rent Clerk	100,000	(B)
Majvor Gustafson	Tax Clerk, Sewer Rent 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	Planning Board Secretary, Construction Code Enforcement Official	250,000	(A)
Karen Davis	Assessor		
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

A handwritten signature in black ink, appearing to read "Robert A. Stewart". The signature is written in a cursive, somewhat stylized font.

Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

February 28, 2009

BOROUGH OF PALMYRA
County of Burlington

Report of Audit

For the Year 2008

BOROUGH OF PALMYRA
COUNTY OF BURLINGTON

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BOROUGH OF PALMYRA

PART I

Report of Audit of Financial Statements

For the Year Ended December 31, 2008

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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American Institute of CPAs
New Jersey Society of CPAs**

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, 2008 and 2007, 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 and statement of expenditures - regulatory basis for the year ended December 31, 2008. 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.

Except as discussed in the following paragraph, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above do not include the general fixed asset account group, as required by N.J.A.C. 5:30-5.6, because a record of general fixed assets was not maintained by the Borough. The amount that should be recorded in the general fixed assets account group is not known.

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, 2008 and 2007, or the results of its operations and changes in fund balance for the years then ended.

Furthermore, in our opinion, except for the effect on the financial statements of the omission described in the third paragraph, 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, 2008 and 2007, 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 and expenditures - regulatory basis of the various funds, for the year ended December 31, 2008 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 February 28, 2009 on our consideration of the Borough of Palmyra, 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 read in conjunction with this report in considering 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 accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by New Jersey Circular 04-04-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is not a required part of the financial statements. In addition, 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 group taken as a whole.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
February 28, 2009

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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

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, 2008, and have issued our report thereon dated February 28, 2009, 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. In our report, our opinion was qualified because the financial statements did not include the general fixed assets account group as required by N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Borough's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey such that there is more than a remote likelihood that a misstatement of the Borough's financial statements that is more than inconsequential will not be prevented or detected by the Borough's internal control over financial reporting. We consider deficiencies #2008-1, #2008-2 and #2008-3 described in the accompanying *Schedule of Findings and Questioned Costs* to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Borough's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider findings #2008-1 and #2008-2 to be material weaknesses.

Compliance and Other Matters

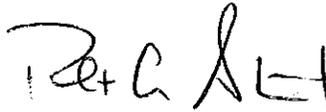
As part of obtaining reasonable assurance about whether the Borough of Palmyra's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and 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 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, which are described in the accompanying *Schedule of Findings and Questioned Costs* as findings no: #2008-1, #2008-2, #2008-3, #2008-4 and #2008-5.

The Borough of Palmyra's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. 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, 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
February 28, 2009

BOROUGH OF PALMYRA

CURRENT FUND

**Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2008 and 2007**

	<u>Reference</u>	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer/ Tax Collector	A-4	\$ 2,674,472.01	\$ 3,406,792.03
Cash - Collector's Change Fund		<u>200.00</u>	<u>200.00</u>
Total		<u>2,674,672.01</u>	<u>3,406,992.03</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	360,044.54	353,408.35
Tax Title Liens Receivable	A-6	10,698.37	6,021.50
Property Acquired for Taxes - Assessed Valuation	A-7	173,200.00	173,450.00
Revenue Accounts Receivable	A-8	13,599.03	17,809.02
Due from General Capital Fund	C	1,038.62	46,210.38
Due from Public Assistance Fund	E		2,523.00
Due from Trust - Other Fund	B	<u>1,009.11</u>	
Total		<u>559,589.67</u>	<u>599,422.25</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-53)	A-9		<u>3,000.00</u>
Total			<u>3,000.00</u>
Total Regular Fund		<u>3,234,261.68</u>	<u>4,009,414.28</u>
Federal and State Grant Fund:			
Cash - Treasurer	A-4	379,969.04	407,328.27
Federal and State Grants Receivable	A-13	<u>662,357.63</u>	<u>3,803,072.64</u>
Total Federal and State Grant Fund		<u>1,042,326.67</u>	<u>4,210,400.91</u>
Total		<u>\$ 4,276,588.35</u>	<u>\$ 8,219,815.19</u>

(Continued)

BOROUGH OF PALMYRA

CURRENT FUND

**Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2008 and 2007**

	<u>Reference</u>	<u>2008</u>	<u>2007</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, A-10	\$ 282,232.82	\$ 348,833.25
Reserve for Encumbrances Payable	A-3, A-10	182,678.23	176,812.43
Accounts Payable	A-4, A-1		70,700.06
Due State of New Jersey per Chapter 20 PL 1971	A-11	49,144.93	48,063.73
Prepaid Taxes	A-4, A-5	72,690.04	83,381.02
Tax Overpayments		6,601.09	12,576.13
Due State of New Jersey:			
Marriage License Fees		345.00	
Construction Code Training Fees		461.00	1,184.00
Reserve for Tax Title Lien Redemption		7,486.38	5,283.56
Reserve for Street Signs			336.95
Reserve for COAH Plan			7,308.18
Reserve for Codification of Ordinances			3,931.34
Due County for Added Taxes	A-5, A-4	3,801.40	1,520.97
Due to Trust - Other Funds	B	21,725.50	16,120.50
Due to Sewer Utility Operating Fund	D	23,716.98	22,232.11
		<hr/>	<hr/>
Total Liabilities		650,883.37	798,284.23
Reserve for Receivables and Other Assets	A	559,589.67	599,422.25
Fund Balance	A-1	<hr/> 2,023,788.64	<hr/> 2,611,707.80
		<hr/>	<hr/>
Total Regular Fund		3,234,261.68	4,009,414.28
Federal and State Grant Fund:			
Unappropriated Reserves	A-14	113,424.00	110,201.03
Appropriated Reserves	A-15	<hr/> 928,902.67	<hr/> 4,100,199.88
		<hr/>	<hr/>
Total Federal and State Grant Fund		1,042,326.67	4,210,400.91
		<hr/>	<hr/>
Total		<u>\$ 4,276,588.35</u>	<u>\$ 8,219,815.19</u>

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, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 1,365,000.00	\$ 1,060,000.00
Miscellaneous Revenue Anticipated	2,763,216.92	5,647,023.07
Receipts from Delinquent Taxes	325,303.20	246,224.90
Receipts from Current Taxes	13,663,437.95	13,252,645.93
Nonbudget Revenues	154,794.32	126,411.73
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves/Encumbrances Payable	152,181.11	16,020.00
Interfund Loans Returned	31,075.08	275.00
Prior Year Reserves Canceled	11,576.47	
Prior Year Accounts Payable Canceled	34,819.76	
Federal and State Grant Reserves Canceled	69,887.95	
Prior Year Tax Overpayments Canceled	4,370.08	4,692.23
Total Revenue and Other Income Realized	<u>18,575,662.84</u>	<u>20,353,292.86</u>
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	2,305,123.00	2,327,133.06
Other Expenses	2,672,925.00	2,424,375.00
Deferred Charges and Statutory Expenditures Within "CAPS"	111,292.00	122,839.00
Operations Excluded from "CAPS":		
Other Expenses	1,646,769.66	4,304,234.77
Capital Improvements Excluded from "CAPS"	563,800.00	79,000.00
Municipal Debt Service Excluded from "CAPS"	995,403.55	982,312.80
Deferred Charges Excluded from "CAPS"	43,000.00	91,600.00
Local District School Tax	7,189,507.00	6,311,316.71
County Taxes	2,266,960.39	2,325,445.41
Due County for Added Taxes	3,801.40	1,520.97
Refund of Prior Year Tax Overpayments		
State Grant Receivables Canceled		4,911.17
Interfund Loans Made		7,648.97
Total	<u>17,798,582.00</u>	<u>18,982,337.86</u>
Excess in Revenue	777,080.84	1,370,955.00
Adjustment to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year		
Statutory Excess to Fund Balance	777,080.84	1,370,955.00
Fund Balance January 1	2,611,707.80	2,300,752.80
Total	3,388,788.64	3,671,707.80
Decreased by Utilization as Anticipated Revenue	<u>1,365,000.00</u>	<u>1,060,000.00</u>
Balance December 31	<u>\$ 2,023,788.64</u>	<u>\$ 2,611,707.80</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, 2008

	<u>BUDGET</u>	<u>SPECIAL NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Anticipated	\$ 1,365,000.00		\$ 1,365,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	9,000.00		9,364.00	\$ 364.00
Other	300.00		252.00	(48.00)
Fees and Permits - Other	22,500.00		23,913.60	1,413.60
Fines and Costs -Municipal Court	270,000.00		292,209.77	22,209.77
Interest and Costs on Taxes	50,000.00		69,398.32	19,398.32
Interest on Investments and Deposits	100,000.00		128,341.45	28,341.45
Burlington County Bridge Commission In Lieu of Taxes	34,238.43		34,238.43	
Consolidated Municipal Property Relief Act	199,979.00		199,979.00	
Energy Receipts Tax	486,582.00		486,582.00	
Special Franchise Tax - PSE&G	38,000.00		38,523.58	523.58
Uniform Construction Code Fees	60,000.00		45,662.00	(14,338.00)
Miscellaneous Revenues Offset with Appropriations:				
Hazardous Discharge Site Remediation Fund		\$ 669,639.00	669,639.00	
Recycling Tonnage Grant	977.14		977.14	
Neighborhood Preservation	350,000.00		350,000.00	
Clean Communities Grant	10,527.75		10,527.75	
Alcoholic Education Rehabilitation Fund	5,454.10		5,454.10	
Municipal Alliance Grant	23,955.00		23,955.00	
Safe and Secure Communities Program	37,137.00		37,137.00	
Emergency Exercise Improvement	7,000.00		7,000.00	
NJ Forestry Grant	1,500.00		1,500.00	
Green Communities	3,000.00		3,000.00	
Body Armor	1,696.88		1,696.88	
Clean Shores	2,911.79		2,911.79	
Vest Protection Grant	560.00		560.00	
Stormwater Regulation	2,117.00		2,117.00	
Centers of Place	90,000.00		90,000.00	
GDL Parental Notification Grant	11,425.00		11,425.00	
Transportation Trust Fund	205,800.00		205,800.00	
Uniform Fire Safety Act Fees	12,000.00		11,052.11	(947.89)
Total	2,036,661.09	669,639.00	2,763,216.92	56,916.83
Receipts from Delinquent Taxes	300,000.00		325,303.20	25,303.20
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal Purposes	4,555,888.72		4,790,948.31	235,059.59
Budget Totals	8,257,549.81	669,639.00	9,244,468.43	\$ 317,279.62
Nonbudget Revenues			154,794.32	
Total	\$ 8,257,549.81	\$ 669,639.00	\$ 9,399,262.75	

(Continued)

BOROUGH OF PALMYRA

CURRENT FUND

Statement of Revenues - Modified Accrual Basis
For the Year Ended December 31, 2008Analysis of Realized Revenue**Allocation of Current Tax Collections:**

Revenue from Collections	\$ 13,663,437.95
Allocated to School and County Taxes	<u>9,460,268.79</u>
Balance for Support of Municipal Budget Appropriations	4,203,169.16
Add Appropriation - Reserve for Uncollected Taxes	<u>587,779.15</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 4,790,948.31</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 324,029.74
Tax Title Lien Collections	<u>1,273.46</u>
Total	<u>\$ 325,303.20</u>

Licenses - Other:

Food Licenses	\$ 252.00
Total	<u>\$ 252.00</u>

Fees and Permits - Other:

Police Reports	\$ 2,143.55
Duplicating Fees	2,113.95
Planning Board Application Fees	1,550.00
Ordinance Book and Maps	154.00
Property Owner's List	160.00
Certified Copies of Marriage, Birth and Death Certificates	572.00
Burial Permits and Death Certificates	3,386.00
Fence Permits	2,068.00
Street Opening Permits	810.50
Fire Arm Permits	81.00
Sign Permits	191.00
Peddling Applications	140.00
Smoke Detector Fees	5,705.00
S.C. & Vet. Administrative Fee	2,304.00
Storage Facilities Fees	185.60
Certificate of Occupancies	1,144.00
Vending Machine Fees	100.00
Tax Search Fees	20.00
Municipal Improvement Search Fees	10.00
Miscellaneous Other	<u>1,075.00</u>
Total	<u>\$ 23,913.60</u>

(Continued)

BOROUGH OF PALMYRA

CURRENT FUND

Statement of Revenues - Modified Accrual Basis
For the Year Ended December 31, 2008

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

Revenue Accounts Receivable:

Cable Franchise Fee	\$ 27,766.34
Rental of Tower Space	<u>87,727.43</u>

Total	115,493.77
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Treasurer:

Moonlighting Administrative Fee	\$ 5,647.50
Sale of miscellaneous equipment	16,200.00
Bus Shelter	1,300.00
Prior year refunds	12,581.08
Miscellaneous	<u>3,571.97</u>

<u>39,300.55</u>

Total	<u>\$ 154,794.32</u>
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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, 2008

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
GENERAL APPROPRIATIONS:						
<i>Operations Within "CAPS":</i>						
General Government						
General Administration:						
Salaries and Wages	\$ 173,000.00	\$ 173,000.00	\$ 165,450.21	\$ 2,506.62	\$ 5,043.17	
Other Expenses	50,500.00	50,500.00	45,103.86	2,742.53	2,653.61	
Mayor and Council:						
Salaries and Wages	15,200.00	15,200.00	15,139.80		60.20	
Other Expenses	3,200.00	3,200.00	3,096.18		103.82	
Public Relations	11,000.00	7,908.00	543.38	4,200.00	3,164.62	
Borough Clerk:						
Salaries and Wages	53,000.00	53,200.00	53,169.73		30.27	
Other Expenses	5,000.00	4,800.00	3,464.88		1,335.12	
Financial Administration:						
Salaries and Wages	6,600.00	6,600.00	6,539.00		61.00	
Other Expenses	22,000.00	82,400.00	82,367.43		32.57	
Audit Services:						
Other Expenses	37,200.00	37,200.00	37,200.00			
Collection of Taxes:						
Salaries and Wages	6,600.00	6,600.00	6,539.00		61.00	
Other Expenses	4,200.00	4,200.00	3,574.60		625.40	
Assessment of Taxes:						
Salaries and Wages	12,000.00	12,000.00	11,997.68		2.32	
Other Expenses	4,625.00	4,625.00	1,103.75	2,812.50	708.75	
Legal Services & Costs:						
Other Expenses	52,000.00	52,000.00	34,809.39	10,037.50	7,153.11	
Engineering Services & Costs:						
Other Expenses	30,000.00	30,000.00	11,331.10	1,478.75	17,190.15	
Economic Development Agency:						
Salaries and Wages	1,110.00	1,110.00	1,099.62		10.38	
Other Expenses	19,950.00	19,950.00	11,431.34		8,518.66	
Grants and Planning						
Other Expenses	55,000.00	55,000.00	36,443.40	1,470.00	17,086.60	

(Continued)

**BOROUGH OF PALMYRA
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2008**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
Operations Within "CAPS" (Continued)						
Planning Board:						
Salaries and Wages	\$ 2,655.00	\$ 1,855.00	\$ 1,658.65	\$	\$ 196.35	
Other Expenses	5,300.00	5,300.00	1,311.30	320.62	3,668.08	
Code Enforcement:						
Salaries and Wages	35,000.00	33,170.00	31,062.35		2,107.65	
Other Expenses	1,800.00	1,800.00	1,643.45		156.55	
Insurance:						
Surety Bond Premiums	3,500.00	3,500.00	2,538.00		962.00	
Liability Insurance	115,000.00	115,000.00	115,000.00			
Employees Group Insurance	625,500.00	625,500.00	555,734.32	69,765.68		
Unemployment Compensation	12,000.00	12,000.00	12,000.00			
Public Safety:						
Police:						
Salaries and Wages	1,285,863.00	1,297,863.00	1,297,243.55		619.45	
Other Expenses	101,500.00	96,000.00	83,108.25	3,059.43	9,832.32	
School Crossing Guards:						
Salaries and Wages	117,000.00	117,300.00	117,257.46		42.54	
Other Expenses	1,500.00	1,500.00	661.98		838.02	
Police and Radio Communications:						
Other Expenses	17,800.00	17,800.00	16,212.11	59.14	1,528.75	
Office of Emergency Management:						
Salaries and Wages	650.00	680.00	675.96		4.04	
Other Expenses	2,000.00	2,400.00	2,070.37		329.63	
Aid to Volunteer Fire Company:						
Other Expenses	15,000.00	15,000.00	15,000.00			
Aid to Volunteer Ambulance Squad:						
Other Expenses	28,000.00	28,000.00	25,000.00		3,000.00	
Fire Department:						
Other Expenses	49,000.00	44,000.00	35,441.71	1,066.74	7,491.55	
Uniform Fire Safety Act:						
Salaries and Wages	45,800.00	44,400.00	42,598.56		1,801.44	
Other Expenses	6,500.00	6,500.00	5,260.87		1,239.13	

(Continued)

**BOROUGH OF PALMYRA
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2008**

	<u>Appropriations</u>		<u>Paid or Charged</u>	<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Encumbered</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued)						
Borough Prosecutor:						
Other Expenses	\$ 10,000.00	\$ 10,000.00	\$ 8,060.00		\$ 1,940.00	
Public Works:						
Street and Road Maintenance:						
Salaries and Wages	369,470.00	351,470.00	351,091.41		378.59	
Other Expenses	29,500.00	29,500.00	24,566.47	\$ 3,525.69	1,407.84	
Railroad Landscaping	15,000.00	15,000.00	8,010.00		6,990.00	
Shade Tree:						
Salaries and Wages	1,075.00	1,075.00	1,071.96		3.04	
Other Expenses	45,000.00	45,000.00	36,741.51	2,145.00	6,113.49	
Solid Waste Collection:						
Other Expenses	259,900.00	259,900.00	238,143.20	19,447.00	2,309.80	
Public Buildings and Grounds:						
Salaries and Wages	13,000.00	1,500.00	1,467.00		33.00	
Other Expenses	35,000.00	49,400.00	38,451.83	10,476.20	471.97	
Vehicle Maintenance:						
Other Expenses	55,200.00	53,200.00	44,215.96	1,893.79	7,090.25	
Condominium Services Law:						
Other Expenses	155,000.00	155,000.00	59,015.28	2,085.88	93,898.84	
Health and Human Services:						
Board of Health:						
Salaries and Wages	1,100.00	1,100.00	758.39		341.61	
Other Expenses	1,000.00	1,000.00	195.00		805.00	
Animal Control Services:						
Other Expenses	5,000.00	8,000.00	8,000.00			
Parks and Recreation:						
Parks and Playgrounds:						
Other Expenses	20,000.00	20,000.00	11,970.84		8,029.16	
Education Functions:						
Community Youth Recreation:						
Other Expenses	2,000.00	2,000.00			2,000.00	
Contribution to Tri-Boro Senior Citizen Club						
Other Expenses	2,000.00	2,000.00	1,938.89		61.11	

(Continued)

BOROUGH OF PALMYRA
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2008

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
Operations Within "CAPS" (Continued)						
Other Common Operating Functions:						
Celebration of Public Events - Other Expenses	\$ 15,000.00	\$ 15,000.00	\$ 12,413.55	\$ 227.56	\$ 2,358.89	
Accumulated Sick Leave Compensation						
Salaries and Wages	15,000.00	15,000.00	15,000.00			
Utility Expenses and Bulk Purchases:						
Electricity	75,000.00	80,000.00	62,657.58	4,750.39	12,592.03	
Street Lighting	100,000.00	103,000.00	92,792.16	9,247.06	960.78	
Telephone	25,000.00	25,000.00	20,585.74	2,016.18	2,398.08	
Water/Sewer	5,000.00	5,000.00	3,610.13	343.14	1,046.73	
Gasoline	78,000.00	87,000.00	80,423.89	4,064.36	2,511.75	
Fire-Hydrant Services	78,000.00	76,692.00	76,692.00			
Printing and Postage	18,500.00	13,500.00	11,297.13		2,202.87	
Landfill and Solid Waste Disposal Costs:						
Landfill Fees	290,000.00	252,000.00	212,296.37	21,998.34	17,705.29	
Municipal Court:						
Salaries and Wages	108,000.00	104,600.00	104,551.88		48.12	
Other Expenses	13,150.00	13,150.00	12,082.77	520.93	546.30	
Public Defender:						
Salaries and Wages	6,000.00	6,000.00			6,000.00	
Construction Code Official:						
Salaries and Wages	60,000.00	61,400.00	61,279.22		120.78	
Other Expenses	26,500.00	26,500.00	21,957.72	417.20	4,125.08	
Total Operations - Within "CAPS"	4,965,948.00	4,978,048.00	4,513,221.12	182,678.23	282,148.65	
Detail:						
Salaries and Wages	2,328,123.00	2,305,123.00	2,285,651.43	2,506.62	16,964.95	
Other Expenses	2,637,825.00	2,672,925.00	2,227,569.69	180,171.61	265,183.70	

(Continued)

**BOROUGH OF PALMYRA
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2008**

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered Reserved	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":					
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees Retirement System		\$ 14,392.00	\$ 14,392.00		
Social Security System (O.A.S.I.)		109,000.00	96,815.83		\$ 84.17
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"		<u>123,392.00</u>	<u>111,207.83</u>		<u>84.17</u>
Total General Appropriations - For Municipal Purposes Within "CAPS"		<u>5,089,340.00</u>	<u>4,624,428.95</u>	<u>\$ 182,678.23</u>	<u>282,232.82</u>
Operations Excluded from "CAPS":					
Aid To Library (N.J.S.A.40:54-35)	3,800.00	3,800.00	3,800.00		
Police and Firemen's Retirement System	278,425.00	278,425.00	278,425.00		
Public Employees Retirement System	76,544.00	76,544.00	76,544.00		
Length of Service Award (LOSAP)	18,900.00	18,900.00	18,900.00		
Recycling Tax	10,200.00	10,200.00	10,200.00		
Public and Private Programs Offset By Revenues:					
Municipal Alliance Grant:					
Borough Share	6,000.00	6,000.00	6,000.00		
State Share	23,955.00	23,955.00	23,955.00		
Green Communities	3,000.00	3,000.00	3,000.00		
Body Armor Grant	1,696.88	1,696.88	1,696.88		
Safe and Secure Communities Program (P.L. 993, Ch. 220)	37,137.00	37,137.00	37,137.00		
Neighborhood Preservation Grant					
Borough Share	35,000.00	35,000.00	35,000.00		
State Share	350,000.00	350,000.00	350,000.00		
Clean Communities	10,527.75	10,527.75	10,527.75		

(Continued)

**BOROUGH OF PALMYRA
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2008**

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
Operations Excluded from "CAPS":						
Hazardous Discharge Site Remediation (N.J.S.A. 40A:4-87)			\$			
Clean Shores	2,911.79	669,639.00	\$ 669,639.00			
Centers of Place	90,000.00	2,911.79	2,911.79			
Stormwater Regulation	2,117.00	90,000.00	90,000.00			
Recycling Tonnage Grant	977.14	2,117.00	2,117.00			
GDL Parental Notification Grant	11,425.00	977.14	977.14			
Emergency Exercise Improvement Grant	7,000.00	11,425.00	11,425.00			
NJ Forestry	1,500.00	7,000.00	7,000.00			
Vest Protection Grant	560.00	1,500.00	1,500.00			
Alcoholic Education Rehabilitation Fund	5,454.10	560.00	560.00			
		5,454.10	5,454.10			
Total Operations - Excluded From "CAPS"	977,130.66	1,646,769.66	1,646,769.66			
Detail:						
Other Expenses	977,130.66	1,646,769.66	1,646,769.66			
Capital Improvements - Excluded From "CAPS"						
Capital Improvement Fund	358,000.00	358,000.00	358,000.00			
NJ Transportation Trust Fund	205,800.00	205,800.00	205,800.00			
Total Capital Improvements - Excluded From "CAPS"	563,800.00	563,800.00	563,800.00			
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	699,000.00	699,000.00	699,000.00			
Interest on Bonds	250,000.00	250,000.00	250,000.00			
Loan Repayments:						
Principal	37,000.00	37,000.00	37,000.00			
Interest	10,500.00	10,500.00	9,403.55			\$ 1,096.45
Total Municipal Debt Service - Excluded From "CAPS"	996,500.00	996,500.00	995,403.55			1,096.45

(Continued)

BOROUGH OF PALMYRA
CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2008

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
Deferred Charges - Excluded From "CAPS"						
Special Emergency Authorizations - 5 Years Transferred to Board of Education	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00			
	40,000.00	40,000.00	40,000.00			
Total General Appropriations for Municipal Purposes Excluded From "CAPS"	<u>2,580,430.66</u>	<u>3,250,069.66</u>	<u>3,248,973.21</u>			<u>\$ 1,096.45</u>
Subtotal General Appropriations Reserve for Uncollected Taxes	7,669,770.66	8,339,409.66	7,873,402.16	\$ 182,678.23	\$ 282,232.82	1,096.45
	<u>587,779.15</u>	<u>587,779.15</u>	<u>587,779.15</u>			
TOTAL GENERAL APPROPRIATIONS	<u>\$ 8,257,549.81</u>	<u>\$ 8,927,188.81</u>	<u>\$ 8,461,181.31</u>	<u>\$ 182,678.23</u>	<u>\$ 282,232.82</u>	<u>\$ 1,096.45</u>

Budget After Modifications:

N.J.S.A. 40A:4-87
Original Budget

Total

\$ 669,639.00
8,257,549.81
\$ 8,927,188.81

Expended - Paid or Charged:

Reserve for Federal and State Grants \$ 1,464,700.66
Deferred Charges:
Special Emergency Authorizations 3,000.00
Reserve for Uncollected Taxes 587,779.15
Disbursed 6,405,701.50
Total \$ 8,461,181.31

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, 2008 and 2007**

	<u>Reference</u>	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash	B-1	\$ 3,209.26	\$ 769.88
Total Animal Control Funds		<u>3,209.26</u>	<u>769.88</u>
Other Funds:			
Cash	B-1	1,117,925.20	1,159,774.76
Due from Current Fund	A	21,725.50	16,120.50
Total Other Funds		<u>1,139,650.70</u>	<u>1,175,895.26</u>
Total		<u>\$ 1,142,859.96</u>	<u>\$ 1,176,665.14</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to State Department of Health		\$ 9.00	\$ 6.60
Reserve for Dog Fund Expenditures	B-2	<u>3,200.26</u>	<u>763.28</u>
Total Dog License Fund		<u>3,209.26</u>	<u>769.88</u>
Other Funds:			
Payroll Deductions Payable	B-3	4,946.55	4,641.79
Accounts Payable		13,000.00	9,934.00
Due to Violent Crime Compensation Board	B-7	15,725.20	12,224.75
Due Current Fund	A	1,009.11	
Reserve for Unemployment Compensation Trust	B-5	10,294.91	4,205.84
Reserve for Compensated Absences	B-8	23,637.26	8,637.26
Reserve for Developer's Escrow Funds	B-4	121,242.66	105,161.01
Reserve for Recreation Program		10,218.86	9,953.86
Reserve for Public Defender Fees	B-7	6,000.00	3,895.75
Reserve for Regional Contribution Funds	B-6	924,707.42	1,009,385.98
Reserve for Disposal of Forfeited Property		<u>8,868.73</u>	<u>7,855.02</u>
Total Other Funds		<u>1,139,650.70</u>	<u>1,175,895.26</u>
Total		<u>\$ 1,142,859.96</u>	<u>\$ 1,176,665.14</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, 2008 and 2007

	<u>Reference</u>	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>			
Cash	C-2	\$ 13,463.11	\$ 1,825,309.52
Due from Burlington County Bridge Commission		22,586.50	22,586.50
Deferred Charges to Future Taxation:			
Funded	C-5	4,475,944.05	5,213,400.62
Unfunded	C-4	9,254,805.00	2,471,425.00
		<hr/>	<hr/>
Total		\$ 13,766,798.66	\$ 9,532,721.64
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds	C-8	\$ 4,253,000.00	\$ 4,952,000.00
Green Acres Loan Payable	C-9	87,944.05	95,400.62
Due to Burlington County Bridge Commission	C-10	135,000.00	166,000.00
Bond Anticipation Notes	C-11	2,423,925.00	2,423,925.00
Due to Current Fund	A	1,038.62	46,210.38
Improvement Authorizations:			
Funded	C-7	529,557.21	643,807.34
Unfunded	C-7	6,260,172.42	1,130,196.94
Capital Improvement Fund	C-6	37,405.00	36,425.00
Fund Balance	C-1	38,756.36	38,756.36
		<hr/>	<hr/>
Total		\$ 13,766,798.66	\$ 9,532,721.64

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, 2008

Balance December 31, 2007 and 2008

\$ 38,756.36

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, 2008 and 2007

<u>ASSETS</u>	<u>Reference</u>	<u>2008</u>	<u>2007</u>
Operating Fund:			
Cash - Treasurer	D-5	\$ 325,465.66	\$ 381,558.14
Due from Current Fund	A	23,716.98	22,232.11
Due from Sewer Utility Capital Fund	D	<u>50,497.96</u>	<u> </u>
Total		<u>399,680.60</u>	<u>403,790.25</u>
Receivables with Full Reserves:			
Sewer Rents Receivable	D-8	<u>137,688.09</u>	<u>122,178.08</u>
Total		<u>137,688.09</u>	<u>122,178.08</u>
Total Operating Fund		<u>537,368.69</u>	<u>525,968.33</u>
Capital Fund:			
Cash - Treasurer	D-5, D-6	341,857.46	895,454.25
Due from Sewer Utility Operating Fund	D		43,985.09
Fixed Capital	D-9	6,545,945.41	6,545,945.41
Fixed Capital Authorized and Uncompleted	D-10	700,000.00	1,250,000.00
Total Capital Fund		<u>7,587,802.87</u>	<u>8,735,384.75</u>
Total		<u>\$ 8,125,171.56</u>	<u>\$ 9,261,353.08</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, 2008 and 2007

	<u>Reference</u>	<u>2008</u>	<u>2007</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Reserve for Encumbrances	D-4	\$ 51,650.36	\$ 30,021.31
Appropriation Reserves	D-4, D-7	47,393.03	9,492.41
Accrued Interest on Bonds		13,902.08	29,072.40
Due to Sewer Utility Capital Fund	D		43,985.09
Prepaid Sewer Rents	D-5, D-8	<u>2,027.21</u>	<u>267.77</u>
Total Liabilities		114,972.68	112,838.98
Reserve for Receivables	D	137,688.09	122,178.08
Fund Balance	D-1	<u>284,707.92</u>	<u>290,951.27</u>
Total Operating Fund		<u>537,368.69</u>	<u>525,968.33</u>
Capital Fund:			
Serial Bonds Payable	D-12	2,120,000.00	2,405,000.00
Bond Anticipation Note Payable	D-14	500,000.00	1,000,000.00
Improvement Authorizations:			
Funded	D-11		50,000.00
Unfunded	D-11	367,833.11	650,912.95
Due to Sewer Utility Operating Fund	D	50,497.96	
Reserve for Amortization		4,425,945.41	4,190,945.41
Reserve for Payment of Debt		50,000.00	365,000.00
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>7,587,802.87</u>	<u>8,735,384.75</u>
Total		<u>\$ 8,125,171.56</u>	<u>\$ 9,261,353.08</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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 211,450.00	\$ 194,500.00
Rents	1,449,512.73	1,477,750.15
Miscellaneous	37,354.72	27,791.92
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves		<u>9,627.35</u>
Total	<u>1,698,317.45</u>	<u>1,709,669.42</u>
Expenditures:		
Operating:		
Salaries and Wages	236,200.00	230,000.00
Other Expenses	775,250.00	814,500.00
Debt Service	456,660.80	465,029.60
Deferred Charges and Statutory Expenditures	<u>25,000.00</u>	<u>25,000.00</u>
Total	<u>1,493,110.80</u>	<u>1,534,529.60</u>
Statutory Excess to Fund Balance	205,206.65	175,139.82
Fund Balance January 1	<u>290,951.27</u>	<u>310,311.45</u>
Total	496,157.92	485,451.27
Decreased by Utilization as Anticipated Revenue	<u>211,450.00</u>	<u>194,500.00</u>
Fund Balance December 31	<u>\$ 284,707.92</u>	<u>\$ 290,951.27</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, 2008 and 2007

Balance December 31, 2008 and 2007

\$ 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, 2008

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	
Operating:					
Salaries and Wages	\$ 240,000.00	\$ 236,200.00	\$ 236,199.24		\$ 0.76
Other Expenses	846,450.00	850,250.00	676,471.89	\$ 51,650.36	47,127.75
Debt Service:					\$ 75,000.00
Payment of Bond Principal	285,000.00	285,000.00	285,000.00		
Payment of Note Principal	50,000.00	50,000.00	50,000.00		
Interest on Bonds	155,000.00	155,000.00	115,469.69		39,530.31
Interest on Notes	45,000.00	45,000.00	6,191.11		38,808.89
Deferred Charges and Statutory Expenditures:					
Social Security System (O.A.S.I.)	20,000.00	20,000.00	19,735.48		264.52
Unemployment Compensation					
Insurance (NJSA 43:21-3 et seq.)	5,000.00	5,000.00	5,000.00		
Total	\$ 1,646,450.00	\$ 1,646,450.00	\$ 1,394,067.41	\$ 51,650.36	\$ 47,393.03
					\$ 153,339.20
Analysis of Paid or Charged:					
Disbursed			\$ 1,272,406.61		
Accrued Interest on Bonds and Notes			121,660.80		
Total			\$ 1,394,067.41		

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, 2008 and 2007

	<u>Reference</u>	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>			
Cash	E-1	\$ 8,258.26	\$ 10,768.53
		<u> </u>	<u> </u>
 <u>LIABILITIES AND RESERVES</u>			
Due to Current Fund	A		\$ 2,523.00
Reserve for Public Assistance		\$ 8,258.26	<u>8,245.53</u>
		<u> </u>	<u> </u>
Total		\$ 8,258.26	\$ 10,768.53
		<u> </u>	<u> </u>

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

Borough of Palmyra
Notes to Financial Statements
December 31, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Palmyra is located in the western portion of Burlington County, New Jersey, directly across the Delaware River from the City of Philadelphia, Pennsylvania. The present population according to the 2000 census is 7,056.

The Borough of Palmyra was incorporated in 1905 and is governed by a Mayor and a six-member Borough Council. The Mayor is elected for a four-year term and serves as the chief executive officer of the Borough. Members of the Borough Council are elected to three-year terms on a staggered basis and function as the legislative body of the Borough. The Borough Administrator is appointed by the Mayor and monitors the daily administrative and financial responsibilities, including but not limited to, staffing and personnel issues and budget preparation and implementation.

Component Units - The Borough of Palmyra had no component units as defined by Governmental Accounting Standards Board Statement No. 14.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Borough of Palmyra 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 of Audit 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 of Palmyra 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.

Public Assistance Fund - The Public Assistance Fund accounts for receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. The governing body resolved to transfer all public assistance activities to the County of Burlington effective July 1, 2006.

Budgets and Budgetary Accounting - The Borough of Palmyra must adopt an annual budget for its current and sewer utility funds in accordance with the 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 municipality. 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, 2008

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and 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. 17:9-41 et 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 of Palmyra 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. 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.

The Borough did not comply with N.J.A.C. 5:30-5.6, "Accounting for Governmental Fixed Assets". No depreciation of general fixed assets is recorded.

**Borough of Palmyra
Notes to Financial Statements
December 31, 2008**

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

Utility Fixed Assets - Property and equipment purchased by the Sewer 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 tax collector 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 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 Borough 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 Borough 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 January 1 to December 31, increased by the amount deferred at December 31, 2007 and decreased by the amount deferred at December 31, 2008.

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, 2008**

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

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 as required by 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 provided 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.

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 returned to it. The Borough's formal policy regarding custodial credit risk is the same as described in Note 1, N.J.S.A. 17:9-41. et seq. and included in its cash management plan. The Borough shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Of the Borough's bank balance of \$5,017,479.46 as of December 31, 2008, \$300,000.00 was insured by the Federal Deposit Insurance Corporation, \$4,717,479.46 was collateralized under the Governmental Unit Deposit Protection Act.

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>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Total Tax Rate	<u>\$ 4.453</u>	<u>\$ 4.330</u>	<u>\$ 4.002</u>	<u>\$ 3.687</u>	<u>\$ 3.503</u>
Apportionment of Tax Rate:					
Municipal	1.450	1.288	1.211	1.071	1.032
County	.723	.742	.684	.630	.574
Local School	2.280	2.300	1.990	1.990	1.897

**Borough of Palmyra
Notes to Financial Statements
December 31, 2008**

NOTE 3. PROPERTY TAXES (CONT'D)

<u>Assessed Valuation</u>	<u>Amount</u>
2008	\$ 314,070,989
2007	313,815,715
2006	313,643,099
2005	313,959,790
2004	313,811,392

Comparison of Tax Levies and Collections

<u>Year Ended</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
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
2005	11,582,892	11,341,815	97.92
2004	11,001,487	10,734,388	97.57

Delinquent Taxes and Tax Title Liens

<u>Year Ended</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
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
2005	53,508	245,074	298,582	2.58
2004	194,234	261,155	455,389	4.13

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

<u>Year Ended</u>	<u>Number</u>
2008	9
2007	6
2006	2
2005	14
2004	15

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 valuation of such properties, for the current and previous four years was as follows:

<u>Year Ended</u>	<u>Amount</u>
2008	\$ 173,200
2007	173,450
2006	173,450
2005	2,050
2004	8,500

**Borough of Palmyra
Notes to Financial Statements
December 31, 2008**

NOTE 5. SEWER UTILITY LEVY

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

<u>Year</u>	<u>Balance Jan. 1.</u>	<u>Sewer Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage</u>
2008	\$ 122,178	\$ 1,465,023	\$ 1,587,201	\$ 1,449,513	91.32 %
2007	100,883	1,499,045	1,599,928	1,477,750	92.36
2006	99,654	1,377,581	1,477,235	1,376,174	93.15
2005	67,854	1,202,679	1,270,533	1,170,266	92.11
2004	72,437	1,027,200	1,099,637	1,031,784	93.82

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>Current Fund</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
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
2005	1,245,550	845,000	67.84
2004	1,433,726	820,000	57.19

<u>Sewer Utility Operating Fund</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2005	\$ 284,708	\$ 83,050 *	29.17 %
2007	290,951	211,450	72.67
2006	310,311	194,500	62.68
2005	266,545	194,400	72.93
2004	272,555	272,000	99.79

* Budget as introduced

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, 2008:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 2,047.73	\$ 45,442.48
Trust Fund:		
Other Funds	21,725.50	1,009.11
General Capital Fund		1,038.62
Sewer Utility:		
Operating Fund	74,214.94	
Capital Fund		50,497.96
	<u>\$ 97,988.17</u>	<u>\$ 97,988.17</u>

**Borough of Palmyra
Notes to Financial Statements
December 31, 2008**

NOTE 8. PENSION PLANS

Description of Plans - The Borough contributes to two cost-sharing multiple-employer defined benefit pension plans, which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division): the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS). These plans provide 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, for the PERS and N.J.S.A. 43A:16A and 43:3B for the PFRS. Each plan has a Board of Trustees that is primarily responsible for its administration. According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. 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.

Contribution Requirements - The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary for the period January 1, 2008 to June 30, 2008. Effective July 1, 2008 the contribution rate increased to 5.5% of their annual covered salary. In accordance with Chapter 204, P.L. of 1989, plan members enrolled in the Police and Firemen's Retirement System are required to contribute 8.5% of their annual covered salary. The Borough is billed annually for its normal contribution plus any accrued liability.

The Borough's contributions to the various plans, equal to the required contributions for each year, were as follows:

Public Employees Retirement System

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by Borough</u>
2008	\$ 54,037	\$ 41,643	\$ 95,680	\$ 19,136	\$ 76,544
2007	49,015	25,453	74,468	29,787	44,681
2006	44,238	12,168	56,406	33,843	22,562

Police and Firemen's Retirement System

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by Borough</u>
2008	\$ 175,008	\$ 103,417	\$ 278,425		\$ 278,425
2007	147,841	73,769	221,610	\$ 44,322	177,288
2006	123,834	45,418	169,252	67,701	101,551

Under the provisions of Chapter 108, P.L. 2003 the Borough's share of the total normal contribution and accrued liability will increase approximately 20% per year until the Borough is paying 100% of the total normal contribution and accrued liability.

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 Program 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 a payment schedule of thirty-seven years with the initial payment made on April 1, 1997. Since no accrual has been made for the additional costs related to the 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 to the PERS for the Program in 2008 was \$14,392.00. As of December 31, 2008, the estimated accrued liability to the PERS for the Program was \$733,373.

**Borough of Palmyra
Notes to Financial Statements
December 31, 2008**

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 8, the Borough provides post employment health care benefits, at its cost, to all Borough retirees who; 1) have retired after twenty-five (25) years or more of service in a State or locally administered retirement system and a period of service of up to ten (10) years with the Borough at the time of retirement or 2) have retired and reached the age of sixty-two (62) years or older with at least fifteen (15) years of service with the Borough.

Health insurance, dental coverage and prescription coverage are provided for retirees and their dependants.

The Borough funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits. During the year 2008, there were twelve (12) retired employees who received this benefit resulting in the payment of \$114,029.09 in related health care premiums.

NOTE 10. COMPENSATED ABSENCES

All twelve month Borough employees are entitled to paid sick leave and vacation days in various amounts as outlined in the Borough's employee handbook. Unused sick leave may be accumulated and carried forward to the subsequent year, and, upon retirement the employee may be compensated for accumulated unused sick leave. Vacation days not used during the year may not be accumulated and carried forward, unless granted specific approval by Council. Benefits paid in any future years are calculated in accordance with the formulas outlined in the negotiated agreements.

The Borough has established a Compensated Absences Trust Fund to set aside funds for the future payments of compensated absences. At December 31, 2008, the balance of the fund was \$23,637.26. It is estimated that, at December 31, 2008, accrued benefits for compensated absences are valued at \$388,089.41.

NOTE 11. DEFERRED COMPENSATION SALARY ACCOUNT

The Borough offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

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 buildings and contents; general liability; automobile liability; boiler and machinery; surety bonds; crime; law enforcement liability; workers compensation; and commercial catastrophe liability coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**Borough of Palmyra
Notes to Financial Statements
December 31, 2008**

NOTE 13. NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, 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>
2008	\$ 17,007	\$ 3,741	\$ 14,659	\$ 10,295
2007	17,003	3,663	18,728	4,206
2006	17,006	1,701	19,630	2,268

NOTE 14. 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>2008</u>	<u>2007</u>
Balance of Tax Deferred	\$ 3,568,711	\$ 3,597,039
	<u>3,568,711</u>	<u>3,597,039</u>
Tax Payable	<u>\$ 0.00</u>	<u>\$ 0.00</u>

NOTE 15. CAPITAL DEBT

Summary of Municipal Debt

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Issued:			
General Bonds and Notes	\$ 6,676,925	\$ 7,375,925	\$ 5,641,000
Sewer Utility Bonds and Notes	2,620,000	3,405,000	2,675,000
Loans	222,944	261,401	298,710
Total Net Debt Issued	<u>9,519,869</u>	<u>11,042,326</u>	<u>8,614,710</u>
Authorized But Not Issued:			
General - Bonds and Notes	6,830,880	47,500	365,750
Sewer Utility - Bonds and Notes	200,000	200,000	750,000
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 16,550,749</u>	<u>\$ 11,289,826</u>	<u>\$ 9,730,460</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, 2008 consisted of the following issues:

**Borough of Palmyra
Notes to Financial Statements
December 31, 2008**

NOTE 15. CAPITAL DEBT (CONT'D)

<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%	\$ 1,200,000
General Obligation Bonds of 1996	10/01/2011	5.10% - 5.25%	795,000
General Obligation Bonds of 2003	12/01/2014	2.00% - 5.00%	2,258,000
Sewer Utility Bonds of 2005	12/01/2020	4.125% - 4.20%	1,360,000
Sewer Utility Bonds of 1992	05/01/2011	6.75%	<u>760,000</u>
Total			<u>\$ 6,373,000</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 2.36%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 15,290,019	\$ 15,290,019	
Sewer Utility Debt	2,820,000	2,820,000	
General Debt	<u>13,730,749</u>		<u>\$ 13,730,749</u>
Total	<u>\$ 31,840,768</u>	<u>\$ 18,110,019</u>	<u>\$ 13,730,749</u>

Net Debt, \$13,730,749 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$579,618,645 equals 2.36%.

Equalized Valuation Basis:

2006	\$ 551,832,958
2007	580,633,395
2008	<u>606,389,583</u>
Average	<u>\$ 579,618,645</u>

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

3-1/2% of Equalized Valuation Basis (Municipal)	\$ 20,286,652
Net Debt	<u>13,730,749</u>
Remaining Borrowing Power	<u>\$ 6,555,903</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	\$ 1,698,317
Deductions:	
Operating and Maintenance Costs	\$ 1,036,450
Debt Service Costs	<u>456,661</u>
	<u>1,493,111</u>
Total	<u>\$ 205,206</u>

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

**Borough of Palmyra
Notes to Financial Statements
December 31, 2008**

NOTE 15. CAPITAL DEBT (CONT'D)

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

Serial Bonds Payable

<u>Calendar Year</u>	<u>General</u>		<u>Sewer</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2009	\$ 707,000	\$ 195,263	\$ 290,000	\$ 101,257	\$ 1,293,520
2010	722,000	161,932	290,000	84,308	1,258,240
2011	723,000	127,792	290,000	67,357	1,208,149
2012	481,000	97,400	290,000	50,407	918,807
2013	500,000	74,225	120,000	39,870	734,095
2014-18	920,000	125,250	600,000	125,100	1,770,350
2019-20	200,000	12,600	240,000	15,120	467,720
Total	\$ 4,253,000	\$ 794,462	\$ 2,120,000	\$ 483,419	\$ 7,650,881

Green Acres Loan

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 7,606	\$ 1,721	\$ 9,327
2010	7,759	1,568	9,327
2011	7,915	1,412	9,327
2012	8,074	1,253	9,327
2013	8,237	1,090	9,327
2014-18	43,735	2,903	46,638
2019	4,618	46	4,664
Total	\$ 87,943	\$ 9,993	\$ 97,937

Burlington County Bridge Commission Loan

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 32,000	\$ 5,789	\$ 37,789
2010	33,000	4,638	37,638
2011	34,000	3,235	37,235
2012	36,000	1,620	37,620
Total	\$ 135,000	\$ 15,282	\$ 150,282

**Borough of Palmyra
Notes to Financial Statements
December 31, 2008**

NOTE 15. CAPITAL DEBT (CONT'D)

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, 2008, 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	\$2,423,925	3.25%	December 19, 2009
Sewer Utility Capital	500,000	3.25%	December 19, 2009

NOTE 16. LEASE OBLIGATIONS

At December 31, 2008, the Borough had lease agreements in effect for the following:

Operating:
Copiers

Operating Leases – Future minimum lease payments under operating lease agreements are as follows

<u>Year Ended</u>	<u>Amount</u>
2009	\$ 4,862
2010	4,788
	<u>\$ 9,650</u>

Rental payments under operating leases for the year 2008 were \$4,863.

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.

Borough of Palmyra
Notes to Financial Statements
December 31, 2008

NOTE 18. LITIGATION

The Borough participates in a number of state 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.

The Borough is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Borough, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

The Borough is a defendant in the Pennsauken landfill litigation. The claimants, current owners and administrators of the Pennsauken landfill brought a claim against various entities including industrial waste generators, waste haulers, and municipalities, referred to as municipal generators, seeking contribution towards the cleanup of the landfill as required by the New Jersey Department of Environmental Protection. It is expected that at some point in the near future, the Borough will be required to contribute to the cost of the cleanup. The Borough's special counsel estimates the cost to the Borough to be approximately \$315,000, before deducting insurance proceeds, depending upon the requirements of the New Jersey Department of Environmental Protection.

NOTE 19. 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, 2008 the Borough has unexpended funds held in trust for the regional contribution agreement in the amount of \$937,707.42.

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF PALMYRA

CURRENT FUND

Statement of Cash - Collector/Treasurer
For the Year Ended December 31, 2008

	<u>CURRENT FUND</u>	<u>FEDERAL AND STATE GRANT FUND</u>
Balance December 31, 2007	\$ 3,406,792.03	\$ 407,328.27
Receipts:		
Taxes Receivable	\$ 13,790,334.07	
Tax Title Liens Receivable	1,273.46	
Revenue Accounts Receivable	1,385,611.71	
Interest and Costs on Delinquent Taxes	69,398.32	
Due from Capital Fund	2,170,885.03	
Due from Public Assistance Fund	2,523.00	
Due from Trust Funds	105,151.00	
Due from Sewer Utility Operating Fund	485,484.84	
Due from Federal and State Grant Fund	69,887.95	
Due to State of New Jersey:		
Marriage License Fees	345.00	
Construction Code Training Fees	2,325.00	
Due from State of New Jersey - Senior Citizens and Veterans Deductions	115,236.00	
Prepaid 2009 Year Taxes	72,690.04	
Reserve for Tax Title Lien Redemption	109,406.20	
Tax Overpayments	10,198.80	
Federal and State Grants Receivable		\$ 2,898,672.64
Miscellaneous Revenue Not Anticipated	39,300.55	
Matching Funds for State Grants		41,000.00
Total Receipts	<u>18,430,050.97</u>	<u>2,939,672.64</u>
Total Funds Available	21,836,843.00	3,347,000.91
Disbursements:		
2008 Appropriations	6,405,701.50	
2007 Appropriation Reserves and Reserves For Encumbrances Payable	373,464.57	
Accounts Payable	35,880.30	
Reserve for Tax Title Lien Redemption	107,203.38	
Due to State of New Jersey:		
Construction Code Training Fees	3,048.00	
Matching Funds for State Grants	41,000.00	
Refund of Tax Overpayments	12,205.96	
County Taxes Payable	2,266,960.39	
Due County for Added Taxes	1,520.97	
Local District School Tax	7,189,507.00	
Due to Sewer Utility Operating Fund	483,649.97	
Due to Capital Fund	2,124,674.65	
Due to Trust Funds	117,554.30	
Transfer canceled reserves to Current Fund		69,887.95
Reserve for Federal and State Grant Funds - Appropriated		2,897,143.92
Total Disbursements	<u>19,162,370.99</u>	<u>2,967,031.87</u>
Balance December 31, 2008	<u>\$ 2,674,472.01</u>	<u>\$ 379,969.04</u>

BOROUGH OF PALMYRA
CURRENT FUND

Schedule of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2008

Year	Balance December 31, 2007	Added Taxes	2008 Levy	2007 Collections by Cash	2008	State Share of Senior Citizen and Veterans Deductions Allowed	Cancelled Taxes	Transferred To Tax Title Liens	Balance December 31, 2008
2004	\$ 6,746.62			\$ 2,194.18					\$ 4,552.44
2005	6,617.49			3,639.52					3,077.97
2006	12,490.73			7,334.51					5,156.22
2007	327,553.51			310,961.53			\$ 5,471.89		11,120.09
Subtotal	353,408.35			324,029.74			5,471.89		23,906.72
2008		\$ 14,015,516.30	\$ 82,978.82	13,466,304.33	\$ 114,154.80	10,436.63	\$ 5,503.90		336,137.82
Total	\$ 353,408.35	\$ -	\$ 14,015,516.30	\$ 82,978.82	\$ 13,790,334.07	\$ 114,154.80	\$ 15,908.52	\$ 5,503.90	\$ 360,044.54

ANALYSIS OF PROPERTY TAX LEVY

Tax Yield:	
General Purpose Tax	\$ 13,869,951.85
Added Taxes (54:4-63.1 et seq.)	31,814.45
Senior Citizens and Veterans Deductions Allowed	113,750.00
Per Original Levy	\$ 14,015,516.30
Total	
Tax Levy:	
Local District School Tax (Abstract)	\$ 7,161,179.00
County Taxes:	
Regular Tax (Abstract)	\$ 1,861,653.87
Library Tax (Abstract)	171,890.55
Open Space Tax (Abstract)	233,415.97
Amount Due County for Added Taxes (54:4-63.1 et seq.)	3,801.40
Local Tax for Municipal Purposes	4,555,888.72
Additional Tax Levies	27,686.79
Total	\$ 14,015,516.30

BOROUGH OF PALMYRA

CURRENT FUND

Schedule of Tax Title Liens
For the Year Ended December 31, 2008

Balance December 31, 2007		\$ 6,021.50
Increased by:		
Transfers from Taxes Receivable	\$ 5,503.90	
Adjustment to balance to actual	<u>446.43</u>	
		<u>5,950.33</u>
Total		11,971.83
Decreased by:		
Cash Received		<u>1,273.46</u>
Balance December 31, 2008		<u><u>\$ 10,698.37</u></u>

Schedule of Property Acquired for Taxes (At Assessed Valuations)
For the Year Ended December 31, 2008

Balance December 31, 2007		\$ 173,450.00
Decreased by:		
Adjustment to balance to actual		<u>250.00</u>
Balance December 31, 2008		<u><u>\$ 173,200.00</u></u>

BOROUGH OF PALMYRA

CURRENT FUND

Schedule of Revenue Accounts Receivable
For the Year Ended December 31, 2008

	Balance December 31, <u>2007</u>	Accrued in 2008	Collected	Balance December 31, <u>2008</u>	Remarks
Borough Clerk:					
Alcoholic Beverage Licenses		\$ 9,364.00	\$ 9,364.00		
Food Handling Licenses		252.00	252.00		
Fees and Permits:					
Police Reports		2,143.55	2,143.55		
Duplicating Fees		2,113.95	2,113.95		
Planning Board Fees		1,550.00	1,550.00		
Certified Copies		572.00	572.00		
Burial Permits		3,386.00	3,386.00		
Fence Permits		2,068.00	2,068.00		
Smoke Detector Inspection Fees		5,705.00	5,705.00		
Storage Facilities Fees		185.60	185.60		
Administrative Fees		2,304.00	2,304.00		
Certificate of Occupancy		1,144.00	1,144.00		
Other Fees and Permits		2,741.50	2,741.50		
Rental of Tower Space		87,727.43	87,727.43		
Construction Code Fees and Permits		45,662.00	45,662.00		
Municipal Court - Fines and Costs	\$ 17,809.02	287,999.78	292,209.77	\$ 13,599.03	Dec. 2008
Fire Official - Uniform Fire Safety - Fees and Permits		11,052.11	11,052.11		
Interest on Investments and Bank Deposits		128,341.45	128,341.45		
Burlington County Bridge Commission in Lieu of Taxes		34,238.43	34,238.43		
Consolidated Municipal Property Tax Relief Act		199,979.00	199,979.00		
Energy Receipts Tax		466,466.00	466,466.00		
Supplemental Energy Receipts Tax		20,116.00	20,116.00		
Special Franchise and Gross Receipts Tax		38,523.58	38,523.58		
Cable Franchise Fee		27,766.34	27,766.34		
Total	\$ 17,809.02	\$ 1,381,401.72	\$ 1,385,611.71	\$ 13,599.03	

BOROUGH OF PALMYRA

CURRENT FUND

Schedule of Deferred Charges
For the Year Ended December 31, 2008

	Balance December 31, <u>2007</u>	Added in <u>2008</u>	Raised in 2008 <u>Budget</u>	Balance December 31, <u>2008</u>
Special Emergency (40A:4-53)				
Codification of Ordinances	\$ 3,000.00		\$ 3,000.00	\$ -
Total	\$ 3,000.00	\$ -	\$ 3,000.00	\$ -

BOROUGH OF PALMYRA

CURRENT FUND

Statement of 2007 Appropriation Reserves and Reserve for Encumbrances
For The Year Ended December 31, 2008

	Balance December 31, 2007		Balance	Paid or	Balance
	<u>Encumbrances</u>	<u>Reserves</u>	<u>After Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
Inside CAP:					
Salaries and Wages:					
General Administration	\$ 7,345.69		\$ 7,345.69	\$ 5,740.80	\$ 1,604.89
Mayor and Council	1,368.18		1,368.18		1,368.18
Borough Clerk	1,529.96		1,529.96		1,529.96
Financial Administration	47.44		47.44		47.44
Collection of Taxes	47.44		47.44		47.44
Assessment of Taxes	0.01		0.01		\$ 0.01
Economic Development Agency	9.05		9.05		9.05
Planning Board	526.20		526.20		526.20
Code Enforcement Officer	4,892.59		4,892.59		4,892.59
Police	84,301.31		94,301.31	79,981.68	14,319.63
School Crossing Guards	1,672.04		1.04		1.04
Uniform Fire Safety Act	645.56		645.56		645.56
Street and Roads	19,799.25		19,799.25		19,799.25
Public Buildings and Grounds	2,351.04		2,351.04		2,351.04
Board of Health	299.96		299.96		299.96
Construction Code Official	15,743.17		10,243.17		10,243.17
Municipal Court	10,486.01		6.01		6.01
Other Expenses:					
General Administration	\$ 784.98	1,230.15	4,015.13	784.98	3,230.15
Mayor and Council		124.88	124.88		124.88
Mayor and Council - Public Relations		2,124.15	2,124.15		2,124.15
Borough Clerk		2,384.02	2,384.02	120.00	2,264.02
Collection of Taxes	47.72	12.03	59.75	47.72	12.03
Assessment of Taxes	466.36	182.94	769.30	466.36	302.94
Legal Services and Costs:	4,687.80	7,217.45	11,905.25	4,687.80	7,217.45
Engineering Services & Costs	958.75	1,272.72	2,231.47	958.75	1,272.72
Economic Development Agency	1,200.00	9,893.56	11,093.56	3,651.00	7,442.56
Grants & Planning		215.40	15,616.40	15,616.25	0.15
Planning Board	43.50	1,103.46	3,696.96	3,679.00	17.96
Insurances	65,713.29	912.00	69,025.29	68,276.31	748.98
Police	5,124.79	15,001.49	10,126.28	5,124.79	5,001.49
School Crossing Guards	995.00	158.10	995.10	995.00	0.10
Police and Radio Communications	1,057.35	984.29	2,041.64	1,057.35	984.29
Office of Emergency Management	137.90	996.35	1,134.25	137.90	996.35
Aid to Volunteer Ambulance Squad		3,000.00	3,000.00		3,000.00
Fire Department	341.45	333.91	675.36	341.45	333.91
Uniform Fire Safety Act	56.31	2,318.30	2,374.61	56.31	2,318.30
Borough Prosecutor		2,230.00	2,230.00		2,230.00
Street and Road Maintenance	2,273.93	121.25	3,095.18	2,273.93	821.25
Railroad Landscaping	15,000.00		15,000.00	15,000.00	
Shade Tree	7,567.75	663.19	8,230.94	7,053.75	1,177.19
Solid Waste Collection	15,185.75	7,114.65	22,300.40	15,185.75	7,114.65
Public Buildings and Grounds	5,768.85	1,902.71	7,671.56	6,927.20	744.36
Vehicle Maintenance	2,501.87	14,562.77	17,064.64	2,653.72	14,410.92
Forward	129,913.35	227,124.67	362,400.02	240,817.80	121,582.22

(Continued)

BOROUGH OF PALMYRA

CURRENT FUND

Statement of 2007 Appropriation Reserves and Reserve for Encumbrances
For The Year Ended December 31, 2008

	Balance December 31, 2007		Balance	Paid or	Balance
	<u>Encumbrances</u>	<u>Reserves</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
			<u>Transfers</u>		
Forward	\$ 129,913.35	\$ 227,124.67	\$ 362,400.02	\$ 240,817.80	\$ 121,582.22
Inside CAP:					
Other Expenses:					
Condominium Services Law	2,070.82	84,642.79	86,713.61	86,713.61	
Board of Health		327.41	327.41		327.41
Community Youth Recreation	350.48	1,649.52	2,000.00	500.48	1,499.52
Parks & Playground		134.27	134.27		134.27
Celebration of Public Events	294.42	789.33	1,083.75	444.42	639.33
Electricity	5,072.38	3,182.24	8,254.62	5,072.38	3,182.24
Street Lighting	9,108.21	601.58	11,709.79	9,108.21	2,601.58
Telephone	1,705.09	2,304.90	4,009.99	1,705.09	2,304.90
Water/Sewer	139.51	171.57	311.08	139.51	171.57
Gasoline	8,289.69	312.22	10,301.91	8,289.69	2,012.22
Fire Hydrant		3.20	3.20		3.20
Printing and Postage	809.64	130.40	940.04	809.64	130.40
Landfill and Solid Waste Disposal Costs	14,372.40	10,399.75	24,772.15	14,372.40	10,399.75
Municipal Court	1,561.97	2,940.22	4,502.19	2,366.87	2,135.32
Public Defender	600.00		1,900.00	600.00	1,300.00
Construction Code Official	2,524.47	995.61	5,620.08	2,524.47	3,095.61
Social Security System		13,123.57	661.57		661.57
Total	<u>\$ 176,812.43</u>	<u>\$ 348,833.25</u>	<u>\$ 525,645.68</u>	<u>\$ 373,464.57</u>	<u>\$ 152,181.11</u>
				Cash Disbursed	\$ 373,464.57
				Accounts Payable	
					<u>\$ 373,464.57</u>

BOROUGH OF PALMYRA

CURRENT FUND

**Schedule of Due State of New Jersey-
Senior Citizen and Veterans' Deductions
For the Year Ended December 31, 2008**

Balance December 31, 2007		\$ 48,063.73
Increased by:		
Collections		<u>115,236.00</u>
Total		163,299.73
Decreased by:		
Accrued in 2008:		
Senior Citizen's Deductions per Tax Billings	\$ 27,000.00	
Veteran's Deductions per Tax Billings	<u>86,750.00</u>	
Total	113,750.00	
Add Senior Citizen and Veteran Deductions Allowed by Collector	2,500.00	
Less Senior Citizen and Veteran Deductions Disallowed by Collector	<u>(2,095.20)</u>	<u>114,154.80</u>
Balance December 31, 2008		<u>\$ 49,144.93</u>

BOROUGH OF PALMYRA

FEDERAL AND STATE GRANT FUND

Schedule of Federal and State Grants Receivable
For the Year Ended December 31, 2008

	Balance December 31, 2007	Accrued	Received	Cancelled	Balance December 31, 2008
Federal Grants:					
Federal Vest Funds					
Small Cities	\$ 3,383.00	\$ 3,010.50	\$ 3,010.50	\$ (3,383.00)	
Secure Our Schools	18,748.00		18,747.00	(1.00)	
Small Cities - Block Grant	121,146.00		58,117.00	(63,029.00)	
Total Federal Grants	143,277.00	3,010.50	79,874.50	(66,413.00)	
State Grants:					
NJ Transportation Trust Fund	115,161.18	205,800.00	210,185.06		\$ 110,776.12
Bikeway Program	33,000.00		33,000.00		
Safe and Secure Grant		37,137.00	37,137.00		
Municipal Alliance	23,955.00	23,955.00	23,955.00		23,955.00
Recycling Tonnage Grant		2,097.25	2,097.25		
Alcohol Education and Rehabilitation Fund		2,409.55	2,409.55		
Clean Communities Grant		9,684.31	9,684.31		
Clean Shores		1,332.77	1,332.77		
Neighborhood Preservation Program	82,005.46	350,000.00	98,051.79		333,953.67
Stormwater Grant		2,117.00	2,117.00		
Hazardous Discharge Site Remediation	3,315,674.00	669,639.00	2,382,760.00	(1,602,553.00)	10,672.84
GDL Parental Notification Grant		11,425.00	752.16		
Green Communities		3,000.00			3,000.00
Emergency Exercise Improvement Grant		7,000.00	7,000.00		
Centers of Place		90,000.00			90,000.00
Smart Futures Award	50,000.00				50,000.00
Transportation Community Development Initiative	40,000.00				40,000.00
Body Armor Grant		1,562.39	1,562.39		
Drunk Driving Enforcement Fund		6,753.86	6,753.86		
Total State Grants	3,659,795.64	1,423,913.13	2,818,798.14	(1,602,553.00)	662,357.63
Total	\$ 3,803,072.64	\$ 1,426,923.63	\$ 2,898,672.64	\$ (1,668,966.00)	\$ 662,357.63

BOROUGH OF PALMYRA

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Unappropriated
For the Year Ended December 31, 2008

	Balance December 31, <u>2007</u>	Federal and State Grant <u>Receivable</u>	Realized as Revenue <u>in 2008</u>	Balance December 31, <u>2008</u>
Federal Grants:				
Federal Vest Funds	\$ 560.00	\$ 3,010.50	\$ 560.00	\$ 3,010.50
Total Federal	<u>560.00</u>	<u>3,010.50</u>	<u>560.00</u>	<u>3,010.50</u>
State Grants:				
Safe and Secure Grant		37,137.00	37,137.00	
NJ Transportation Fund		205,800.00	205,800.00	
Green Communities		3,000.00	3,000.00	
Centers of Place		90,000.00	90,000.00	
Municipal Alliance		23,955.00	23,955.00	
Recycling Tonnage Grant	977.14	2,097.25	977.14	2,097.25
Alcohol Education and Rehabilitation Fund	3,044.55	2,409.55	5,454.10	
Clean Communities Grant	843.44	9,684.31	10,527.75	
Clean Shores	1,579.02	1,332.77	2,911.79	
Hazardous Discharge Site Remediation		669,639.00	669,639.00	
Neighborhood Preservation Program	100,000.00	350,000.00	350,000.00	100,000.00
Emergency Exercise Improvement Grant		7,000.00	7,000.00	
NJ Forest Grant	1,500.00		1,500.00	
Stormwater Grant		2,117.00	2,117.00	
GDL Parental Notification Grant		11,425.00	11,425.00	
Body Armor Grant	1,696.88	1,562.39	1,696.88	1,562.39
Drunk Driving Enforcement Fund		6,753.86		6,753.86
Total State	<u>109,641.03</u>	<u>1,423,913.13</u>	<u>1,423,140.66</u>	<u>110,413.50</u>
Total	<u>\$ 110,201.03</u>	<u>\$ 1,426,923.63</u>	<u>\$ 1,423,700.66</u>	<u>\$ 113,424.00</u>

BOROUGH OF PALMYRA

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Appropriated
For the Year ended December 31, 2008

	Balance December 31, 2007	Transferred from 2008 Budget Appropriation	Expanded	Canceled	Balance December 31, 2008
Federal Grants:					
Federal Vest Funds	\$ 3,388.94	\$ 560.00	\$ 1,689.12	\$ (95,230.85)	\$ 2,259.82
Small Cities	110,036.78		14,805.93	(37,497.00)	
Secure Our Schools	37,497.00				
	<u>150,922.72</u>	<u>560.00</u>	<u>16,495.05</u>	<u>(132,727.85)</u>	<u>2,259.82</u>
State Grants:					
Drunk Driving Enforcement Grant	4,346.33		2,005.49		2,340.84
Alcoholic Education Rehabilitation Fund	12,164.60	5,454.10	3,740.00		13,878.70
Municipal Alliance Grant	12,957.99	29,955.00	23,163.98		19,729.01
Green Communities		3,000.00			3,000.00
Recycling Tonnage Grant	5,910.37	977.14			6,887.51
Safe and Secure Grant	14.45	37,137.00	37,137.00	(14.45)	17,618.00
Body Armor Grant		1,696.88	1,696.88		
Smart Futures Award	42,541.10		24,923.10		
Snowstorm Grant	2,283.99			(2,283.99)	
Centers of Place		90,000.00			90,000.00
NJ Transportation Trust Fund		205,800.00	177,124.70		28,675.30
Transportation Community Development Initiative	18,000.00		15,941.80		2,058.20
NJ Forestry Grant		1,500.00			1,500.00
Neighborhood Preservation Program	170.33	385,000.00	161,148.99		224,021.34
Stormwater Grant		2,117.00	732.00		1,385.00
Exercise Program Improvement Grant	1,271.92	7,000.00	2,217.03		6,054.89
Hazardous Discharge Remediation Site	3,836,654.33	668,639.00	2,414,733.42	(1,602,553.00)	469,006.91
GDL Parental Notification Grant		11,425.00	3,286.06		8,138.94
Clean Shores	7,834.56	2,911.79		(1,274.66)	9,471.69
Clean Communities	5,127.19	10,527.75	12,778.42		2,876.52
	<u>3,949,277.16</u>	<u>1,464,140.66</u>	<u>2,880,648.87</u>	<u>(1,606,126.10)</u>	<u>926,642.85</u>
Total State Grants					
	\$ 4,100,199.88	\$ 1,464,700.66	\$ 2,897,143.92	\$ (1,738,853.95)	\$ 928,902.67

TRUST FUND

BOROUGH OF PALMYRA

TRUST FUND

Schedule of Cash - Treasurer
For the Year Ended December 31, 2008

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2007	\$ 769.88	\$ 1,159,774.76
Receipts:		
Dog License Fees	2,800.00	
Cat License Fees	483.00	
State Registration Fees	654.00	
Late Fees	84.00	
Interest Earned on Deposits	6.88	
Current Fund Budget Appropriation	10,000.00	
Reserve for Unemployment Compensation Trust:		
Borough Budget Appropriations		17,000.00
Interest Earned		7.77
Employee Contributions		3,740.07
Reserve for Disposal of Forfeited Property		1,013.71
Reserve for Developer's Escrow Fund:		
Escrow Deposits		21,170.29
Site Improvement Deposits		133,822.14
Reserve for Recreation Program		265.00
Reserve for Compensated Absences		15,000.00
Reserve for Regional Contribution Funds		45,678.42
Net Payroll		1,953,571.04
Payroll Deductions Payable		1,370,999.61
Total Receipts	<u>14,027.88</u>	<u>3,562,268.05</u>
Carried Forward	<u>\$ 14,797.76</u>	<u>\$ 4,722,042.81</u>

(Continued)

BOROUGH OF PALMYRA

TRUST FUND

Schedule of Cash - Treasurer
 For the Year Ended December 31, 2008

	<u>Animal Control</u>	<u>Other</u>
Brought Forward	\$ 14,797.76	\$ 4,722,042.81
Disbursements:		
State Registration Fees	669.00	
Expenditures Under RS4:19-15.11	10,919.50	
Reserve for Disposal of Forfeited Property		
Reserve for Unemployment Compensation Trust:		14,658.77
Reserve for Recreation Program		
Reserve for Developer's Escrow Fund:		
Escrow Expenditures		27,080.17
Site Improvement Expenditures		110,821.50
Reserve for Regional Contribution Funds		
Expenditures		117,356.98
Accounts Payable		9,934.00
Reserve for Compensated Absences		
Payroll Deductions Payable		1,953,571.04
Net Payroll		1,370,695.15
	<u>11,588.50</u>	<u>3,604,117.61</u>
Total Disbursements		
Balance December 31, 2008	<u>\$ 3,209.26</u>	<u>\$ 1,117,925.20</u>

BOROUGH OF PALMYRA

TRUST FUND

Schedule of Reserve for Animal Control Fund Expenditures
For the Year Ended December 31, 2008

<hr/>	
Balance December 31, 2007	\$ 763.28
Increased by:	
Dog License Fees	\$ 2,800.00
Cat License Fees	483.00
Late Fees	84.00
Contribution - Current Fund Budget Appropriation	10,000.00
Interest Earned	6.88
Total	<u>13,373.88</u>
Decreased by:	
Expenditures Under R.S. 4:19-15.11:	
Cash Disbursed	10,919.50
Due to State of New Jersey Adjustment	17.40
	<u>10,936.90</u>
Balance December 31, 2008	<u>\$ 3,200.26</u>

License Fees Collected

Year:	
2007	\$ 3,259.00
2006	<u>3,237.00</u>
Total	<u>\$ 6,496.00</u>

BOROUGH OF PALMYRA

TRUST FUND

**Schedule of Payroll Deductions Payable
For the Year Ended December 31, 2008**

Balance December 31, 2007		\$ 4,641.79
Increased by:		
Net Payroll	\$ 1,953,571.04	
Payroll Deductions Withheld	<u>1,370,999.61</u>	<u>3,324,570.65</u>
Total		3,329,212.44
Decreased by:		
Net Payroll Disbursed	1,953,571.04	
Payroll Deductions Disbursed	<u>1,370,695.15</u>	<u>3,324,266.19</u>
Balance December 31, 2008		<u><u>\$ 4,946.25</u></u>
 Analysis of Balance:		
Pension		\$ 102.20
Miscellaneous		4,527.39
State Unemployment - Due to Unemployment Fund		316.66
		<u><u>\$ 4,946.25</u></u>

BOROUGH OF PALMYRA

TRUST FUND

**Schedule of Reserve For Developer's Escrow Deposits
For the Year Ended December 31, 2008**

<hr/>		
Balance December 31, 2007:		
Escrow Deposits	\$ 46,772.55	
Site Improvements	<u>58,388.46</u>	\$ 105,161.01
Increased by:		
2008 Escrow Deposits	21,170.29	
2008 Site Improvements	<u>133,822.14</u>	<u>154,992.43</u>
Total		260,153.44
Decreased by:		
Payment of Escrow Bills	27,080.17	
Payment of Site Improvement Bills	110,821.50	
Due to Current Fund	<u>1,009.11</u>	<u>138,910.78</u>
Balance December 31, 2008:		
Escrow Deposits	40,862.67	
Site Improvements	<u>80,379.99</u>	<u>\$ 121,242.66</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, 2008**

Balance December 31, 2007		\$ 4,205.84
Increased by:		
Borough Contributions	\$ 17,000.00	
Employee Withholdings	3,740.07	
Interest Earned on Investments	<u>7.77</u>	
		<u>20,747.84</u>
		24,953.68
Decreased by:		
State Payments		<u>14,658.77</u>
Balance December 31, 2008		<u><u>\$ 10,294.91</u></u>

EXHIBIT B-6

**Schedule of Reserve For Regional Contribution
For the Year Ended December 31, 2008**

	<u>Delanco Township</u>	<u>Evesham Township</u>	<u>Total</u>
Balance December 31, 2007	\$ 64,838.15	\$ 944,547.83	\$ 1,009,385.98
Increased by:			
Settlement on Sale of Property	20,000.00		20,000.00
Interest Earned on Investments	<u>2,092.70</u>	<u>23,585.72</u>	<u>25,678.42</u>
	<u>22,092.70</u>	<u>23,585.72</u>	<u>45,678.42</u>
Decreased by:			
Community Grants & Planning		47,000.00	47,000.00
Miscellaneous	8.00	32.00	40.00
Contractors		<u>83,316.98</u>	<u>83,316.98</u>
	<u>8.00</u>	<u>130,348.98</u>	<u>130,356.98</u>
Balance December 31, 2008	<u><u>\$ 86,922.85</u></u>	<u><u>\$ 837,784.57</u></u>	<u><u>\$ 924,707.42</u></u>

BOROUGH OF PALMYRA

TRUST FUND

Schedule of Reserve For Public Defender
For the Year Ended December 31, 2008

	\$ 3,895.75
Balance December 31, 2007	
Increased by:	<u>5,605.00</u>
Due from Current Fund	9,500.75
Decreased by:	<u>3,500.75</u>
Amount Due to Violent Crime Compensation Board	<u>\$ 6,000.00</u>
Balance December 31, 2008	

Schedule of Reserve For Compensated Absences
For the Year Ended December 31, 2008

	\$ 8,637.26
Balance December 31, 2007	
Increased by:	<u>15,000.00</u>
Borough Contributions	23,637.26
Decreased by:	<u> </u>
Disbursed	<u>\$ 23,637.26</u>
Balance December 31, 2008	