

BOROUGH OF AVALON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2008

BOROUGH OF AVALON

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INTRODUCTORY SECTION



BOROUGH OF AVALON

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MARTIN L. PAGLIUGH
MAYOR

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FAX 368-1642
AREA CODE 609

August 12, 2009

To the Members of the Governing Body
and Citizens of the Borough of Avalon

The Comprehensive Annual Financial Report of the Borough of Avalon for the year ended December 31, 2008, is hereby submitted as mandated by State statute. New Jersey statute requires that the Borough of Avalon issue annually a report on its financial position and activity and that, this report be audited by an independent Registered Municipal Accountant. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. All disclosures necessary to enable the reader to gain an understanding of the Borough of Avalon's activities have been included.

The Comprehensive Annual Financial Report is presented in five sections: Introductory, Financial, Statistical, Single Audit, and General Comments and Recommendations. The Introductory section, which is unaudited, includes this letter of transmittal, an organizational chart and a list of the Borough of Avalon's principal elected and appointed officials. The Financial section includes the general-purpose financial statements, and the combined and individual fund and account group financial statements and schedules, as well as the independent auditor's report on these financial statements and schedules. The Statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis. The Single Audit section includes the auditor's reports and the schedules of Federal and State financial statements. The Borough is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, and the U.S. Office of Management and Budget's Circular A-133, "Audits of State and Local Governments," and State Treasury Circular 04-04-OMB.

The financial reporting entity (the government) includes all the funds and account groups of the Borough of Avalon. Component units as defined by the Governmental Accounting Standards Board are not presented, as the State of New Jersey does not require that component units be considered for reporting purposes. The government provides a full range of services including police and fire protection, sanitation services, the maintenance and construction of roads and related infrastructure, and recreation.

The Borough of Avalon is located in the southern part of New Jersey in Cape May County, approximately 23 miles south of Atlantic City and facing the Atlantic Ocean. The Borough is principally a resort community consisting of approximately five square miles, of which approximately 95% is developed. The undeveloped land consists mainly of private wetlands, public and quasi-public wetlands, beaches, dunes, waterways and lagoons. The Borough enjoys over four miles of beach with a summer population of 40,000. The Borough's economy is service oriented and somewhat seasonal in nature. The Borough is served by the Atlantic City Expressway, the Garden State Parkway and Route 9.

The Borough was incorporated in 1892, and operates under a mayor-council form of government with an appointed administrator. The Mayor is the chief executive officer of the Borough and supervises all departments. The Mayor appoints the Borough Administrator and all other department heads subject to advice and consent of Council. The government is empowered to levy taxes on real property, of which 97% of the properties are residential, and the remaining 3% are commercial.

Responsibilities for various departments are divided among the department heads. They are divided as follows: Finance, Public Safety, and Public Property. The governing body is responsible among other things for passing ordinances, adopting the budget and appointing officials including the Borough Administrator. While Borough Council adopts policy, the Borough Administrator is charged with the responsibility of carrying out the policies, and for overseeing the day-to-day operations.

The Borough currently enjoys a favorable economic environment. The region has benefited from casino gambling in nearby Atlantic City, which has not only lured more visitors, but also has witnessed an increased number of permanent residents, especially retirees. Major industries include hotel, entertainment facilities and related businesses.

MAJOR INITIATIVES

The trend of real estate value growth has slowed. However Avalon did experience an increase from \$8.702 billion to \$8.779 billion in the ratable base as we start 2009. The Borough continues to deal with the impact the revenue tax cap levy on the present and future budget years to finance statutory increases in the budget. As such the Borough will have a modest increase in the 2009 levy. The Borough will continue to investigate the maximization of other non property tax revenue sources such as construction code fees, cell tower revenues, etc. to supplement revenues.

In order to continue the implementation of these plans for 2008 and beyond, the budget funded the following priorities and projects that we expect to be started and/or completed this year:

- Maintain our most valuable natural resource — our beaches. In partnership with the NJ Department of Environmental Protection, and the US Army Corps of Engineers it is proposed that a \$2.3 million dollar 225,000 cubic yard trucked beach fill be completed from 9th to 18th Streets by the spring of 2009. It is estimated that the USACOE will provide \$1.5 million toward this trucked sand restoration project. The Borough and NJDEP share of this project is \$800,000 with a split of 75% state and 25% local match. As you recall, this was the same area that needed to be filled with 225,000 cubic yards of sand in 2008 at a cost of \$2.37 million of which the Borough received a grant from the NJDEP for \$1,776,561. The Borough has appropriated contingency funding in order to supplement sand quantities if necessary.

- Reconstruct Dune Drive Southbound between 12th and 19th Street. The Borough received \$150,000 in municipal aid grant under the NJDOT local funding program for the completion of this project in the spring of 2009. Remaining funds from prior year road projects will provide funding for this project.
- Completion the State funded Back Bay maintenance dredging of Long Reach and Whale Harbor was recently completed this month. The dredging of Avalon's various Back Bay channels is a multi-year, multi-faceted project that requires the development of an overall dredging master plan and a cost effective solution for the placement of dredge materials and the ultimate beneficial reuse of this materials.
- Address housing issues related to the preparation of an affordable housing plan (COAH) fair share housing and plan endorsement by the Planning and Zoning Board and the Governing Body.
- Complete renovation and construction of the Avalon Public Safety Complex in 2009. This project includes the renovation of approximately 7,500 square feet of existing building and the construction of new space to house the rescue squad. This building will house the Emergency Management, Rescue Squad, Fire Department, Record Keeping, Equipment Storage, and Police functions of the Public Safety Department as well as comfort station/restrooms accessible to the general public 24 hours per day.
- Replace two rooftop HVAC units at Avalon's Community Hall. Bids were received in November, 2008. The project cost is \$154,470 and a contract has been awarded. Pre-construction meeting will be held on January 20th, 2009 and the project is scheduled to be completed before summer.
- Complete the interior and exterior painting of the 200,000 gallon elevated water storage tank located at 13th Street is slated to be done in 2009. This project is necessary in order to maintain the reliability and quality of the Borough's drinking water and extends the useful life of the tank for approximately 12-15 years.
- Replace water well #7 at 67th and Dune Drive will commence construction in the early of 2009. New Jersey American Water Company, our service provider for the maintenance, operation and management of our utility system, along with the Borough Engineer has recommend replacement of this well.
 - This replacement well that will be drilled to a depth of 870 feet and will be similar to the recently drilled replacement well #3 at 13th Street. This well will provide a safe and dependable supply of drinking water to Avalon residents in the years to come. The cost of this project is \$750,000.
- Enhance public safety notification efforts by implementing the Channel 2 local public access television station. Avalon is entering into a shared service agreement with Sea Isle City and Stone Harbor to redesign the television channel to provide more timely community information, 24 hours a day. The channel will also broadcast emergency information immediately, when needed. Avalon has received a \$40,000 grant from Comcast to fully fund this project.

- Global connect emergency notification system. This emergency voice broadcast system that was installed in 2007 as a public safety service allows the Borough to rapidly contact 5400 households and cell phone numbers and leave a detailed message notifying Borough residents of a weather event or other emergency situation. This system was utilized to its fullest during the past summer when medical waste was purposefully put in the ocean and washed ashore in late August. Advance planning in the area of public safety is paramount.

As representatives of the public trust, we must wisely allocate and spend our tax dollars. Therefore, we must continually measure the value of these efforts relative to the input of funding to determine that the desired results are being achieved.

We remain committed to our view that local government leaders need to inspire optimism, trust and direction. In order to continue to be recognized as one of New Jersey's premier seashore communities as we were last year by receiving the "Best Shore Town" Award from Philadelphia Style Magazine, we are forever committed to the ultimate mission to always identify the best ways to enhance and preserve the qualities of life that have drawn families to Avalon for more than a century and are vital to our success as a family destination.

FINANCIAL INFORMATION

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Borough are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles prescribed by the Division of Local Government Services, State of New Jersey. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal, State and local financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the government.

In addition, the Borough maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Borough commissioners. The current and utility funds have legally adopted budgets in accordance with State statute. Project length budgets are established via ordinance for the general and utility capital funds. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are considered part of liabilities at the end of the year and are expended in the subsequent year.

The following schedule presents a summary of current fund revenue for the year ended December 31, 2008:

Revenue	Amount	Percent of Total	Increase (Decrease) from 2007	Percent of Increase (Decrease)
Fund Balance Anticipated	\$1,679,527.02	4.19%	(\$158,729.45)	-8.63%
Miscellaneous Revenues	1,337,093.30	3.34%	(34,392.16)	-2.51%
State Aid	463,850.00	1.16%	(42,610.00)	-8.41%
Uniform Construction Code Fees	312,545.00	0.78%	(11,439.00)	-3.53%
State and Federal Grants	63,786.09	0.16%	(112,723.05)	-63.86%
Receipts from Delinquent Taxes	784,925.29	1.96%	368,522.56	88.50%
Special Items of Revenue	1,268,236.30	3.17%	194,208.97	18.08%
Local Taxes	<u>15,989,191.42</u>	<u>39.91%</u>	<u>1,750,455.52</u>	<u>12.29%</u>
Municipal Budget Totals	<u>21,899,154.42</u>	<u>54.66%</u>	<u>1,953,293.39</u>	<u>9.79%</u>
Non-Budget Revenue	504,002.68	1.26%	(149,304.51)	-22.85%
Other Credits to Income	589,328.64	1.47%	890,363.38	288.23%
Taxes Allocated to Schools and County	<u>17,072,174.36</u>	<u>42.61%</u>	<u>393,235.36</u>	<u>2.36%</u>
Total	<u><u>\$40,064,660.10</u></u>	<u><u>100.00%</u></u>	<u><u>\$3,087,587.62</u></u>	<u><u>8.24%</u></u>

The following represents a summary of current fund expenditures:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2007</u>	<u>Percent of Increase (Decrease)</u>
General Government	\$1,653,959.39	4.25%	\$161,817.38	10.84%
Land Use Administration	103,723.03	0.27%	14,114.99	15.75%
Insurance	2,557,275.00	6.57%	229,183.00	9.84%
Public Safety	2,856,742.06	7.34%	92,939.63	3.36%
Public Works	2,610,137.97	6.71%	3,826.74	0.15%
Health and Human Services	25,500.00	0.07%	-	0.00%
Parks and Recreation	404,279.26	1.04%	35,052.24	9.49%
Library Functions	2,682,879.25	6.89%	349,940.77	15.00%
Uniform Construction Code	294,929.94	0.76%	3,988.14	1.37%
Unclassified	647,000.00	1.66%	21,025.00	3.36%
Contingent	40,000.00	0.10%	-	0.00%
Deferred Charges and Statutory Expenditures	1,184,040.67	3.04%	191,142.06	19.25%
State and Federal Grants	83,786.09	0.22%	(112,723.05)	-57.36%
Capital Improvements	1,372,000.00	3.53%	1,122,000.00	448.80%
Debt Service	3,997,477.79	10.27%	988,783.27	32.86%
Reserve for Uncollected Taxes	<u>1,292,112.09</u>	<u>3.32%</u>	<u>46,150.33</u>	<u>3.70%</u>
Municipal Budget Totals	<u>21,805,842.54</u>	<u>56.03%</u>	<u>3,147,240.50</u>	<u>16.87%</u>
Non-Budget Expenditures	41,817.00	0.11%	(69,413.48)	-62.41%
Taxes Allocated to Schools and County	<u>17,072,174.36</u>	<u>43.86%</u>	<u>393,235.36</u>	<u>2.36%</u>
Total	<u>\$38,919,833.90</u>	<u>100.00%</u>	<u>\$3,471,062.38</u>	<u>9.79%</u>

CASH MANAGEMENT

The investment policy of the Borough is guided by State statute. The Borough has adopted a cash management plan, which requires it to deposit funds in a public depository protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA protects deposits at participating institutions when the balances exceed the FDIC insurance of \$250,000.

RISK MANAGEMENT

The Borough participates in the Atlantic Cape Municipal Joint Insurance Fund. The fund provides various types of insurance to participating members. The fund purchases reinsurance to protect it from cataclysmic loss.

OTHER INFORMATION

Independent Audit - State statute requires an annual audit by independent Registered Municipal Accountants. Glen J. Ortman from the accounting firm of Ford, Scott & Associates, L.L.C. was selected by the Borough. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984. The auditor's report on the general-purpose financial statements, and the combined and individual fund statements and schedules, are included in the financial section of this report.

ACKNOWLEDGMENTS

We wish to thank the employees of the Finance Department for their faithful service to the members of the community and to the Council Members for their support.

Respectfully submitted,

Martin L. Pagliughi
Mayor

Andrew J. Bednarek
Borough Administrator

James V. Craft
Chief Financial Officer

BOROUGH OF AVALON

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

		<u>Amount of Bond</u>
<u>Mayor and Members of Borough Council</u>		
Martin L. Pagliughi	Mayor	
Joseph V. Tipping	President of Council to June 30; Councilperson to Dec. 31	
Charles P. Covington	Councilperson to June 30; Vice-President of Council to Dec, 31	
Richard E. Dean	Councilperson	
David B. Ellenberg	Vice-President of Council to June 30; President of Council to Dec, 31	
Nancy M. Hudanich	Councilperson	
 <u>Other Municipal Officials</u>		
Andrew J. Bednarek	Business Administrator	
Amy W. Kleuskens	Borough Clerk	\$5,000.00 (A)
James V. Craft	Director of Revenue and Finance, Chief Financial Officer	\$25,000.00 (A)
Connie L. DiCola	Tax Collector and Tax Search Clerk	\$208,000.00 (A)
George B. Neidig, Jr.	Judge of the Municipal Court	\$4,000.00 (A)
Mary A. Monks	Municipal Court Administrator and Violations Clerk	\$32,000.00 (A)
Jeffery Hesley	Tax Assessor	
Thomas Thornton	Engineer	
Stephen D. Barse	Solicitor	

All of the Bonds were examined and were properly executed.

All employees handling funds were covered by a Honesty Surety Bond, issued through the Atlantic County Municipal Joint Insurance Fund in the amount of \$1,000,000 per loss.

(A) Western Surety Company

BOROUGH OF AVALON
CONSULTANTS AND ADVISORS

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FINANCIAL SECTION



FORD - SCOTT

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Borough Council
Borough of Avalon
County of Cape May, New Jersey

We have audited the accompanying balance sheets – statutory basis of the various funds and account groups of the Borough of Avalon, State of New Jersey (the "Borough"), as of December 31, 2008 and 2007 and the related statements of operations and changes in fund balance – statutory basis for the years then ended and the related statement of revenues – statutory basis and statement of expenditures – statutory basis for the year ended December 31, 2008, as listed in the accompanying table of contents. These financial statements – statutory basis are the responsibility of the Borough's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). 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 audits provide a reasonable basis for our opinions.

As described in Note 1, the Borough prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory 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 Borough's policy to prepare its financial statements on the prescribed basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the various funds and account groups of the Borough, as of December 31, 2008 and 2007, and the results of operations and changes in fund balance of such funds for the years then ended, and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2008.

The Borough's financial statements do not disclose the amount of other post-employment benefits liability (OPEB) as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our opinion, disclosure of that information is required to conform with accounting principles and requirements prescribed by the Division; however the Borough believes it is impracticable to develop this information for 2008.

In our opinion, except for the omission of the information discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Borough, as of December 31, 2008 and 2007 and the results of operations and changes in fund balances of such funds for the years then ended and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2008 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 12, 2009 on our consideration of the Borough's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of state awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is not a required part of the financial statements of the Borough. The supplemental schedules and the schedule of state awards as listed in the table of contents have been subjected to the auditing procedures applied to the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Ford, Scott & Associates, L.L.C.

FORD, SCOTT & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS



Glen J. Ortman

Certified Public Accountant

Registered Municipal Accountant

No. 427

August 12, 2009

FINANCIAL STATEMENTS

BOROUGH OF AVALON
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCES - ALL FUND TYPES AND ACCOUNT GROUP - STATUTORY BASIS
DECEMBER 31, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	Governmental Funds		Trust	Utility	Utility	Fixed	Totals	
	Current	Capital	Funds (1)	Operating	Capital	Asset	Memorandum Only	
				Funds	Funds	Account Group	2008	2007
Assets and Other Debits:								
Cash and Cash Equivalents	\$ 6,989,808.71	\$ 3,353,117.73	\$ 880,047.54	\$ 2,367,299.04	\$ 1,793,934.52	\$	\$ 15,384,207.54	\$ 15,656,424.66
Prepaid Bond and Interest				51,974.50			51,974.50	57,557.00
Intergovernmental Receivable								1,247.05
Receivables and Other Assets:								
Delinquent Property Taxes	399,867.18						399,867.18	786,147.62
Consumer Accounts Receivable				60,012.35			60,012.35	64,443.57
Liens Receivable	15,638.87						15,638.87	15,579.61
Property Acquired for Taxes -								
Assessed Valuation	134,380.20						134,380.20	134,380.20
Other Account Receivable	73,364.51		16.00		2,631.81		76,012.32	32,888.65
Interfunds Receivable	66,691.12			1,312.50			68,003.62	120,404.40
Deferred Charges		37,846,065.46					37,846,065.46	38,321,080.24
Fixed Capital					36,412,990.08		36,412,990.08	35,143,870.40
Fixed Assets						13,746,693.01	13,746,693.01	13,231,945.38
Federal and State Grant Fund:								
Grants Receivable	100,600.00						100,600.00	99,000.00
	<u>\$ 7,780,350.59</u>	<u>\$ 41,199,183.19</u>	<u>\$ 880,063.54</u>	<u>\$ 2,480,598.39</u>	<u>\$ 38,209,556.41</u>	<u>\$ 13,746,693.01</u>	<u>\$ 104,296,445.13</u>	<u>\$ 103,664,968.78</u>

(1) Includes Animal Control Fund.

BOROUGH OF AVALON
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCES - ALL FUND TYPES AND ACCOUNT GROUP - STATUTORY BASIS
DECEMBER 31, 2008
(WITH COMPARATIVE TOTALS FOR 2007)
(CONTINUED)

	Governmental Funds	Trust Funds (1)	Utility Operating Funds	Utility Capital Funds	Fixed Asset Account Group	2008	2007
	Current						
Liabilities, Reserves and Fund Balance:							
Appropriation Reserves	\$ 845,958.55	\$	\$ 563,712.30	\$	\$	\$ 1,409,670.85	\$ 906,784.29
Other Liabilities and Reserves	1,343,147.75	878,277.54	801,146.99	540,274.65		6,467,692.87	12,392,811.90
Improvement Authorizations	2,904,845.94			2,080,669.89		4,355,985.13	5,098,747.12
Accrued Interest on Bonds and Notes	2,275,315.24		98,594.29			98,594.29	139,358.06
Reserve for Amortization				27,901,390.08		27,901,390.08	26,728,270.40
Deferred Reserve for Amortization				200,000.00		200,000.00	200,000.00
Interfund Payable						54,230.27	76,896.52
Serial Bonds		1,786.00	52,444.27	7,302,000.00		41,597,000.00	23,047,000.00
Bond Anticipation Notes	34,295,000.00						13,760,000.00
Loans Payable	1,718,997.29					1,718,997.29	1,431,655.24
Reserve for Receivables and Other Assets	689,941.88		60,012.35			749,954.23	1,147,906.24
Federal and State Grant Fund:							
Reserve for Encumbrances	1,200.00					1,200.00	1,200.00
Unappropriated Reserves	59,527.83					59,527.83	18,132.74
Appropriated Reserves	26,098.82					26,098.82	36,159.38
Interfund Payable	13,773.35					13,773.35	43,507.88
Investment in Fixed Assets					13,746,693.01	13,746,693.01	13,231,945.38
Fund Balance	4,800,702.41		904,688.19	185,221.79		5,895,637.11	5,404,593.63
	\$ 7,780,350.59	\$ 880,063.54	\$ 2,480,588.39	\$ 38,209,556.41	\$ 13,746,693.01	\$ 104,296,445.13	\$ 103,684,968.78

(1) Includes Animal Control Fund.

BOROUGH OF AVALON
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
STATUTORY BASIS
CURRENT AND UTILITY OPERATING FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Current Fund</u>	<u>Utility Operating Fund</u>
Revenues:		
Fund Balance Anticipated	\$ 1,679,527.02	\$ 508,000.00
Miscellaneous Revenues	1,337,093.30	456,814.65
State Aid	463,850.00	
State and Federal Grants	63,786.09	
Uniform Construction Code	312,545.00	
Special Items	1,268,236.30	
Utility Rents		4,971,942.70
Fees from Sale of Beach Tags		1,012,594.50
Anticipated Deficit (General Budget) - Beach Utility		203,458.67
Receipts from Delinquent Taxes	784,925.29	
Amount to be Raised by Taxes for Support of Municipal Budget:		
Local Tax for Municipal Purposes	<u>15,989,191.42</u>	
Total Budget Revenues	21,899,154.42	7,152,810.52
Other Credits to Income	<u>18,165,505.68</u>	<u>37,789.97</u>
Total Revenues	<u>40,064,660.10</u>	<u>7,190,600.49</u>
Expenditures:		
Current Fund within CAPS:		
General Government	1,653,959.39	
Land Use Administration	103,723.03	
Insurance	2,557,275.00	
Public Safety	2,856,742.06	
Public Works	2,605,637.97	
Health and Human Services	25,500.00	
Parks and Recreation	404,279.26	
Uniform Construction Code	294,929.94	
Unclassified	647,000.00	
Contingent	40,000.00	
Deferred Charges and Statutory Expenditures	676,458.67	
Current Fund Excluded from CAPS:		
Library Functions	2,682,879.25	
Public Works	4,500.00	
Statutory Expenditures	507,582.00	
State and Federal Grants	83,786.09	
Capital Improvements	1,372,000.00	250,000.00
Debt Service	3,997,477.79	1,202,754.40
Reserve for Uncollected Taxes	1,292,112.09	
Utility Operating		5,416,236.48
Utility Deferred Charges and Statutory Expenditures		<u>92,200.00</u>
Total Budget Expenditures	<u>21,805,842.54</u>	<u>6,961,190.88</u>

BOROUGH OF AVALON
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
STATUTORY BASIS
CURRENT AND UTILITY OPERATING FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

	<u>Current Fund</u>	<u>Utility Operating Fund</u>
Other Expenses	\$ 17,113,991.36	\$ 0.00
Total Expenditures	38,919,833.90	6,961,190.88
Excess in Revenues over Expenditures	1,144,826.20	229,409.61
Adjustments to Income before Fund Balance: Expenditures included above which were Funded by Capital Ordinance	<u>1,272,000.00</u>	
Statutory Excess to Fund Balance	2,416,826.20	229,409.61
Fund Balance - January 1, 2008	4,063,403.23	1,183,278.58
Decreased by: Utilized in Budget	<u>1,679,527.02</u>	<u>508,000.00</u>
Fund Balance December 31, 2008	<u>\$ 4,800,702.41</u>	<u>\$ 904,688.19</u>

BOROUGH OF AVALON
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE - STATUTORY BASIS
BUDGET AND ACTUAL - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget as Modified	2008 Actual	Variance
Revenues:			
Fund Balance Anticipated	\$ 1,679,527.02	\$ 1,679,527.02	\$
Miscellaneous Revenues	1,244,344.20	1,337,093.30	92,749.10
State Aid	463,850.00	463,850.00	
Public and Private Revenues	63,786.09	63,786.09	
Uniform Construction Code Fees	323,000.00	312,545.00	(10,455.00)
Special Items:			
Uniform Fire Safety Act	9,487.53	10,474.08	986.55
Sale of Land - County Debt Service Program	90,786.22	90,786.22	
Reserve for Payment of Bonds	400,000.00	400,000.00	
Reserve for Payment of Bond Anticipation Notes	315,000.00	315,000.00	
Library - Reimbursement of Program Costs	320,000.00	320,000.00	
Library - Rent & Administration/Building and Grounds	100,000.00	131,976.00	31,976.00
Receipts from Delinquent Taxes	700,000.00	784,925.29	84,925.29
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	14,879,286.50	15,989,191.42	1,109,904.92
Total Budget Revenues	20,589,067.56	21,899,154.42	1,310,086.86
Other Credits to Income	17,003,506.87	18,165,505.68	1,161,998.81
Total Revenues	37,592,574.43	40,064,660.10	2,472,085.67
Expenditures:			
Current Fund within CAPS:			
General Government	1,653,959.39	1,653,959.39	
Insurance	2,557,275.00	2,557,275.00	
Land Use Administration	103,723.03	103,723.03	
Public Safety	2,856,742.06	2,856,742.06	
Public Works	2,605,637.97	2,605,637.97	
Health and Human Services	25,500.00	25,500.00	
Parks and Recreation	404,279.26	404,279.26	
Uniform Construction Code	294,929.94	294,929.94	
Unclassified	647,000.00	647,000.00	
Contingent	40,000.00	40,000.00	
Deferred Charges and Statutory Expenditures	731,436.48	676,458.67	54,977.81
Current Fund Excluded from CAPS:			
Library Functions	2,682,879.25	2,682,879.25	
Public Works	4,500.00	4,500.00	
Statutory Expenditures	507,582.00	507,582.00	
Public and Private Appropriations	83,786.09	83,786.09	
Capital Improvements	1,372,000.00	1,372,000.00	
Debt Service	3,997,725.00	3,997,477.79	247.21
Reserve for Uncollected Taxes	1,292,112.09	1,292,112.09	
Total Budget Expenditures	21,861,067.56	21,805,842.54	55,225.02

See accompanying notes to financial statements - statutory basis

BOROUGH OF AVALON
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE - STATUTORY BASIS
BUDGET AND ACTUAL - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

	<u>Budget as Modified</u>	<u>2008 Actual</u>	<u>Variance</u>
Other Expenses and Charges to Income	\$ 17,003,506.87	\$ 17,113,991.36	\$ (110,484.49)
Total Expenditures	38,864,574.43	38,919,833.90	(55,259.47)
Excess in Revenues over Expenditures		1,144,826.20	
Adjustments to Income before Fund Balance:			
Expenditures included above which were Funded by Capital Ordinance		<u>1,272,000.00</u>	
Statutory Excess to Fund Balance		2,416,826.20	
Fund Balance January 1, 2008		<u>4,063,403.23</u>	
		6,480,229.43	
Decreased by Utilized in Budget		<u>1,679,527.02</u>	
Fund Balance December 31, 2008		<u>\$ 4,800,702.41</u>	

BOROUGH OF AVALON
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE - STATUTORY BASIS
BUDGET AND ACTUAL - WATER AND SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budget as Modified</u>	<u>2008 Actual</u>	<u>Variance</u>
Revenues:			
Fund Balance Anticipated	\$ 508,000.00	\$ 508,000.00	\$
Utility Rents	4,850,000.00	4,971,942.70	121,942.70
Miscellaneous Revenues	400,000.00	437,431.34	37,431.34
Total Budget Revenues	5,758,000.00	5,917,374.04	159,374.04
Other Credits to Income		37,789.97	37,789.97
Total Revenues	5,758,000.00	5,955,164.01	197,164.01
Expenditures:			
Operating Expenses	4,259,500.00	4,259,500.00	
Capital Improvements	250,000.00	250,000.00	
Debt Service	1,235,000.00	1,202,754.40	32,245.60
Deferred Charges and Statutory Expenditures	13,500.00	13,500.00	
Total Budget Expenditures	5,758,000.00	5,725,754.40	32,245.60
Other Expenses and Charges to Income			0.00
Total Expenditures	5,758,000.00	5,725,754.40	32,245.60
Excess of Revenues over Expenditures		229,409.61	
Statutory Excess to Fund Balance		229,409.61	
Fund Balance January 1, 2008		1,183,278.58	
		1,412,688.19	
Decreased by:			
Utilized in Budget		508,000.00	
Fund Balance December 31, 2008		\$ 904,688.19	

BOROUGH OF AVALON
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE - STATUTORY BASIS
BUDGET AND ACTUAL - BEACH UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budget as Modified</u>	<u>2008 Actual</u>	<u>Variance</u>
Revenues:			
Fees from Sale of Beach Tags	\$ 962,000.00	\$ 1,012,594.50	\$ 50,594.50
Fees and Permits	15,000.00	19,383.31	4,383.31
Anticipated Deficit (General Budget)	<u>258,436.48</u>	<u>203,458.67</u>	<u>(54,977.81)</u>
Total Budget Revenues	1,235,436.48	1,235,436.48	0.00
Other Credits to Income	<u> </u>	<u> </u>	<u>0.00</u>
Total Revenues	<u>1,235,436.48</u>	<u>1,235,436.48</u>	<u>0.00</u>
Expenditures:			
Operating Expenses	1,156,736.48	1,156,736.48	0.00
Deferred Charges and Statutory Expenditures	<u>78,700.00</u>	<u>78,700.00</u>	<u>0.00</u>
Total Expenditures	1,235,436.48	1,235,436.48	0.00
Excess (Deficit) of Revenues over Expenditures		<u>0.00</u>	
Fund Balance January 1, 2008		<u>0.00</u>	
		0.00	
Decreased by:			
Utilized in Budget		<u>0.00</u>	
Fund Balance December 31, 2008		<u>\$ 0.00</u>	

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements – statutory basis of the Borough of Avalon have been prepared, in conformity with an "Other Comprehensive Basis of Accounting" (OCBOA), as established by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The more significant of the Borough's accounting policies are described below.

Description of Financial Reporting Entity

The Borough of Avalon is a seashore community located on the Atlantic Ocean in the County of Cape May, State of New Jersey. The population according to the 2000 census is 2,143.

The Borough was incorporated in 1892 and operates under a Mayor and Council form of government. The mayor is the chief executive officer of the Borough and is elected by the voters.

Component Units

The financial statements of the component units of the Borough of Avalon are not presented in accordance with Governmental Accounting Standards Board Statement (GASB) No. 14. If the provisions of GASB 14 had been complied with, the other entity's financial statements would have to be either blended or discretely presented with the financial statements of the Borough of Avalon, the primary government.

Basis of Presentation, Fund Accounting

The financial statements – statutory basis of the Borough of Avalon contain all funds and account groups, in accordance with the "Requirements of Audit", as promulgated by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions, and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Avalon accounts for its financial transactions through the following separate funds, which differ from the funds required by GAAP.

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 fund was created.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation, Fund Accounting (Continued)

General Capital Funds

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

Water and Sewer Utility Operating and Capital Funds

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

Beach Utility Operating and Capital Funds

The Beach Utility Operating and Capital Funds account for the operations and acquisition of capital facilities related to the Borough's beaches.

Budgets and Budgetary Accounting

The Borough of Avalon must adopt an annual budget in accordance with N.J.S.A. 40A:4 et al. The Mayor submits an annual budget to the Borough Council in accordance with the Faulkner Act on January 15 of each year. State statutes require the governing body to introduce and approve the annual municipal budget no later than February 10th 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 of introduction. 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.

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

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

Cash and Investments

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank approved by the State Department of Banking and Insurance, and organized under laws of the United States or the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments (Continued)

The cash management plan adopted by the Borough of Avalon requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any governmental unit. Public depositories include banks (both state and federal), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of 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 in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

Generally, the Borough considers all investments that mature in one year or less to be cash equivalents.

All certificates of deposit are recorded as cash regardless of date of maturity.

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 Fund Balance. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies

The costs of inventories for supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fixed Assets

Property and Equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 2, as issued by the Division of Local Government Services, differs in certain respects from GAAP. The following is a brief description of the provisions of the Directive: Fixed Assets used in governmental operations ("general fixed assets") are accounted for in the General Fixed Assets Account Group. Public Domain ("Infrastructure") fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

All fixed assets are valued at historical cost, or estimated historical cost if actual historical cost is not available.

No depreciation on general fixed assets is recorded in the financial statements – statutory basis.

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

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

Utility Fixed Assets

Property and equipment purchased by a utility fund are recorded in the utility capital account at cost, and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. Contributions in aid of construction are not capitalized. 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. GAAP does not require the establishment of a reserve for amortization of fixed capital, whereas it does require the recognition of depreciation of property and equipment by the utility fund.

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 by returning 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 municipal use, it will be capitalized in the General Fixed Assets Account Group. GAAP requires property to be recorded in the General Fixed Assets Account Group at the market value at the time of acquisition.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 made in accordance with N.J.S.A. 40A:4-46 et al. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Appropriation Reserves

Appropriation Reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts that may be canceled by the governing body. Appropriation Reserves are available, until lapsed at the close of the succeeding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation Reserves are not established under GAAP.

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 other governmental unit net of costs of the sale. The related costs of sale are recognized as revenue when received.

Fund Balance

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

Revenues

Revenues are recorded as received in cash except for certain amounts that are due from other governmental units. Revenue from Federal and State Grants is realized as revenue when anticipated as such in the Borough's budget. 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. GAAP generally requires that grant revenue be recognized when actual expenditures financed by the grant are made.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax Revenues

Property tax revenues are collected in quarterly installments due February 1st, May 1st, August 1st, and November 1st. Property taxes unpaid on April 1, of the year following their final due date are subject to tax sale in accordance with statutes. 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 entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly such amounts are not recorded as revenue until collected. GAAP requires such revenues to be recognized when they are available and measurable reduced by an allowance for doubtful accounts.

School Taxes

The Borough is responsible for levying, collecting and remitting school taxes for the Borough of Avalon School District. Fund Balance is charged for the full amount required to be raised from taxation to operate the local school district from January 1st through December 31st. Deferred school taxes arise due to the differences in the municipal and school district fiscal year ends. The Borough does not defer school taxes. As of December 31, 2008, the following is a breakdown of the school tax payable and year-end tax deferral:

<u>Category</u>	<u>Amount</u>
Local School Tax Payable	\$ -
Local School Tax Deferred	-
	<u>\$ -</u>

County Taxes

The Borough is responsible for levying, collecting and remitting county taxes for the County of Cape May. Fund Balance is charged for the amount due the County for the year, based upon the ratable required, to be certified to the County Board of Taxation by January 10th of the current year. In addition, Fund Balance is charged for the County Share of Added and Omitted Taxes certified to the Board of Taxation by October 10th of the current year, and due to be paid to the County by February 15th of the following year.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 minimum amount of the reserve, determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established under GAAP.

Expenditures

Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order, in conjunction with, the encumbrance system. Outstanding encumbrances at December 31st are recorded as a cash liability. Appropriations for principal payments on outstanding General Capital Fund and Utility Fund bonds and notes are provided on the cash basis. Interest on General Capital Fund indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long – term debt, which is recognized when due.

Compensated Absences and Post – Employment 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 post employment benefits, if any, which are also funded on a "pay as you go" basis. GAAP requires that the amount that would normally be liquidated, with expendable financial resources, be recorded as expenditure in the operating funds, and the remaining obligations be recorded as long – term obligations.

Total Columns on Combined Statements

Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 2: LONG-TERM DEBT

Summary of Municipal Debt

	<u>Year</u> <u>2008</u>	<u>Year</u> <u>2007</u>	<u>Year</u> <u>2006</u>
Issued:			
General:			
Bonds and Notes	\$ 34,295,000.00	\$ 29,210,000.00	\$ 27,335,000.00
Loans	1,718,997.29	1,431,655.24	1,021,313.98
Beach Utility:			
Bonds and Notes	-	-	-
Water/Sewer Utility:			
Bonds and Notes	7,302,000.00	7,597,000.00	7,922,000.00
Total Issued	<u>43,315,997.29</u>	<u>38,238,655.24</u>	<u>36,278,313.98</u>
Less:			
Funds Temporarily			
Held to Pay Bonds and Notes:			
General	<u>721,693.91</u>	<u>1,738,146.94</u>	<u>1,309,499.94</u>
Net Debt Issued	<u>42,594,303.38</u>	<u>36,500,508.30</u>	<u>34,968,814.04</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	1,832,068.17	8,329,425.00	2,120,219.00
Water/Sewer Utility:			
Bonds and Notes	<u>1,009,600.00</u>	<u>618,600.00</u>	<u>1,163,600.00</u>
Total Authorized But Not Issued	<u>2,841,668.17</u>	<u>8,948,025.00</u>	<u>3,283,819.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 45,435,971.55</u>	<u>\$ 45,448,533.30</u>	<u>\$ 38,252,633.04</u>

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.43%:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Purposes	\$ 4,921,000.00	\$ 4,921,000.00	\$ -
Water & Sewer Utility Debt	8,311,600.00	8,311,600.00	-
General Debt	<u>37,846,065.46</u>	<u>721,693.91</u>	<u>37,124,371.55</u>
	<u>\$ 51,078,665.46</u>	<u>\$ 13,954,293.91</u>	<u>\$ 37,124,371.55</u>

Net debt \$37,124,371.55 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$8,535,780,327 = 0.43%.

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

3-1/2% of Equalized Valuation Basis	\$ 298,752,311.45
Net Debt	<u>37,124,371.55</u>
	<u>\$ 261,627,939.90</u>

Calculation of “Self-Liquidating Purpose”, Water and Sewer Utility Per N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for the Year	\$ 5,919,889.78
Deductions:	
Operating & Maintenance Costs	\$ 4,273,000.00
Debt Service per Water and Sewer Funds	<u>1,202,754.40</u>
Total Deductions	<u>5,475,754.40</u>
Excess in Revenue	<u>\$ 444,135.38</u>

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Calculation of “Self-Liquidating Purpose”, Beach Utility Per N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for the Year		\$ 1,031,977.81
Deductions:		
Operating & Maintenance Costs	\$ 1,235,436.48	
Debt Service per Beach Utility Funds		
Total Deductions		<u>1,235,436.48</u>
Deficit in Revenue		\$ <u>(203,458.67)</u>

Description of Bonds Payable

At December 31, 2008, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$8,000,000 General Improvement Bonds dated July 15, 2001, due in annual installments through July 15, 2014, bearing interest at a rate of 4.25% per annum. The balance remaining as of December 31, 2008, is \$4,100,000. The final principal payment due July 15, 2015 of \$700,000 was defeased with the Refunding Issue of 2007.

\$3,265,000 Refunding Bonds dated August 1, 2002, due in annual installments through August 1, 2011, bearing interest at variable rates ranging from 1.80% to 5.00% per annum. The balance remaining as of December 31, 2008, is \$2,375,000.

\$10,820,000 General Improvement Bonds dated November 1, 2004, due in annual installments through November 1, 2019, bearing interest at variable rates ranging from 3.25% to 4.00% per annum. The balance remaining as of December 31, 2008, is \$8,820,000.

\$19,000,000 General Improvement Bonds dated May 15, 2008, due in annual installments through May 15, 2020, bearing interest at variable rates ranging from 3.00% to 5.00% per annum. The balance remaining as of December 31, 2008, is \$19,000,000.

\$149,950 Loan dated November 6, 2003 with New Jersey Green Acres Program for Park Improvements to 8th Street Recreation Area, due in semi-annual installments through May 6, 2023, bearing interest at 2.00% per annum. The balance remaining as of December 31, 2008, is \$119,379.

\$587,800 Loan dated June 26, 2004 with New Jersey Green Acres Program for Beachfront Acquisition – Loan #1, due in semi-annual installments through June 26, 2024, bearing interest at 2.00% per annum. The balance remaining as of December 31, 2008, is \$397,317.

\$348,797 Loan dated December 30, 2004 with New Jersey Green Acres Program for Beachfront Acquisition – Loan #2, due in semi-annual installments through June 30, 2024, bearing interest at 2.00% per annum. The balance remaining as of December 31, 2008, is \$192,961.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Description of Bonds Payable (Continued)

\$150,000 Loan dated May 19, 2005 with New Jersey Green Acres Program for 8th Street Recreation Refunding Issue – Part I, due in semi-annual installments through January 19, 2025, bearing interest at 2.00% per annum. This loan advance refunded principal due on the General Improvement Bonds of 2001 due on July 15, 2015. The balance remaining as of December 31, 2008, is \$130,537.

\$500,000 Loan dated November 3, 2007 with New Jersey Green Acres Program for 8th Street Recreation Refunding Issue – Part II, due in semi-annual installments through May 3, 2027, bearing interest at 2.00% per annum. This loan advance refunded principal due on the General Improvement Bonds of 2001 due on July 15, 2015. The balance remaining as of December 31, 2008, is \$478,803.

\$400,000 Loan dated June 18, 2008 with New Jersey Green Acres Program for Multi-Park Improvements, due in semi-annual installments through June 18, 2028, bearing interest at 2.00% per annum. The balance remaining as of December 31, 2008, is \$400,000.

At December 31, 2008, bonds payable in the Water and Sewer Utility Fund consisted of the following individual issues:

\$3,800,000 Water and Sewer Utility Bond dated November 1, 1990, due in annual installments through November 1, 2012, bearing an interest rate of 7.05% per annum. The balance remaining as of December 31, 2008, is \$800,000.

\$2,070,000 Refunding Bonds dated August 1, 2002, due in annual installments through August 1, 2013, bearing interest at variable rates ranging from 1.80% to 5.00% per annum. The balance remaining as of December 31, 2008, is \$1,280,000.

\$2,282,000 Water and Sewer Utility Bonds dated July 15, 2003, due in annual installments through July 15, 2018, bearing interest at variable rates from 3.40% to 4.20% per annum. The balance remaining as of December 31, 2008, is \$1,632,000.

\$2,215,000 Refunding Water and Sewer Utility Bonds dated July 15, 2003, due in annual installments through July 15, 2013, bearing interest at variable rates from 2.75% to 3.70% per annum. The purpose of this issue is to refund the remaining principal amount of \$2,110,000 of the Refunding Bonds of 1993 and pay issuance costs. The balance remaining as of December 31, 2008, is \$1,240,000.

\$2,350,000 Water and Sewer Improvement Bonds dated May 15, 2008, due in annual installments through May 15, 2023, bearing interest at variable rates ranging from 3.00% to 5.00% per annum. The balance remaining as of December 31, 2008, is \$2,350,000.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

The following schedule represents the changes in the Long-Term Debt:

	<u>Outstanding</u> <u>12/31/07</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Outstanding</u> <u>12/31/08</u>
General Capital Fund:				
Bonds Payable	\$ 17,210,000.00	\$ 19,000,000.00	\$ 1,915,000.00	\$ 34,295,000.00
Loans Payable	<u>1,431,655.24</u>	<u>400,000.00</u>	<u>112,657.95</u>	<u>1,718,997.29</u>
Total General Capital Fund	<u>18,641,655.24</u>	<u>19,400,000.00</u>	<u>2,027,657.95</u>	<u>36,013,997.29</u>
Utility Capital Fund:				
Bonds Payable	<u>5,837,000.00</u>	<u>2,350,000.00</u>	<u>885,000.00</u>	<u>7,302,000.00</u>
Total Utility Capital Fund	<u>5,837,000.00</u>	<u>2,350,000.00</u>	<u>885,000.00</u>	<u>7,302,000.00</u>
Total All Funds	<u>\$ 24,478,655.24</u>	<u>\$ 21,750,000.00</u>	<u>\$ 2,912,657.95</u>	<u>\$ 43,315,997.29</u>

Short-Term Debt

Short-term debt provides for financing of capital projects. On May 16, 2006, the Borough originally issued bond anticipation notes (\$7,660,000 in the General Capital Fund and \$1,215,000 in the Utility Fund) to finance various capital improvements at an interest rate of 4.5%. These notes matured on May 16, 2007. On May 16, 2007, the Borough rolled over the original notes above and issued and additional \$5,250,000 (\$4,705,000 General Capital Funds and \$545,000 in the Utility Fund) to finance various capital improvements. These notes matured on May 16, 2008 and \$12,429,750 was converted into permanent financing, \$315,000 was paid by a 2008 budget appropriation and \$1,015,250 of notes were not renewed.

The following is a summary of changes in short-term debt for the year ended December 31, 2008.

The following is a summary of changes in short-term debt.

	<u>Current Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Balance December 31, 2007	\$ 12,000,000.00	\$ 1,760,000.00	\$ 13,760,000.00
Increases			-
Decreases	<u>12,000,000.00</u>	<u>1,760,000.00</u>	<u>13,760,000.00</u>
Balance December 31, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Schedule of Annual Debt Service for Principal and Interest for Serial Bonds Issued and Loans Payable Outstanding

Year Ending December 31	General Capital Fund		Utility Capital Fund	
	Principal	Interest	Principal	Interest
2009	\$ 2,386,880.02	\$ 1,534,348.81	\$ 950,000.00	\$ 325,136.50
2010	2,484,530.79	1,445,123.03	980,000.00	284,606.50
2011	2,632,234.86	1,344,668.97	990,000.00	238,786.50
2012	2,764,993.29	1,226,835.55	805,000.00	194,469.00
2013	2,892,807.16	1,107,846.68	615,000.00	156,534.00
2014-2018	15,699,004.51	4,024,056.04	2,332,000.00	408,690.00
2019-2023	6,928,703.11	307,622.37	630,000.00	58,800.00
2024-2028	224,843.55	9,897.93	-	-
	<u>\$ 36,013,997.29</u>	<u>\$ 11,000,399.38</u>	<u>\$ 7,302,000.00</u>	<u>\$ 1,667,022.50</u>

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 3: COMPENSATED ABSENCES

The Borough has permitted employees to accrue unused vacation, personal and sick time, which may be taken as time off, or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2008, the Borough estimates this liability to approximate \$1,501,557.17 based on 2008 pay rates and compensated absence balances. The Borough has \$110,149.77 reserved at December 31st to partially fund this liability.

NOTE 4: DEFERRED COMPENSATION ACCOUNT

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. In 1998, the Borough of Avalon amended the plan by resolution to comply with a private letter ruling of the Internal Revenue Service, that requires assets of deferred compensation plans be held in Trust under the beneficial ownership of the Trustee, (Borough of Avalon) serving as Trustee, for the exclusive benefit of the plan participants and their beneficiaries, and that the assets shall not be diverted to any other purpose. The plan administrator is as follows:

Nationwide Retirement Solutions

NOTE 5: TAXES COLLECTED IN ADVANCE

Taxes collected in advance include amounts set forth as cash liabilities in the financial statements as follows:

	Balance December 31, 2008	Balance December 31, 2007
	<hr/>	<hr/>
Prepaid Taxes - Cash Liability	\$ 697,917.20	\$ 678,328.42
	<hr/>	<hr/>

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 6: PENSION PLANS

Plan Descriptions

All eligible employees participate in the Public Employees' Retirement System (PERS), or the Police and Firemen's Retirement System (PFRS), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division). 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 for the Public Employees Retirement System and the Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

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

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service. Retirement benefits for age and service are available at age 60 and, under recently enacted legislation are generally determined to be 1/55 of final average salary for each year of service credit. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years service credit, or they may elect deferred retirement after achieving eight to ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 6: PENSION PLANS (Continued)

Vesting and Benefit Provisions (Continued)

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:3B. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55, and generally determined to be 2% of final average compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years.

Final average compensation equals the average compensation for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek special retirement after achieving 20 or 25 years of creditable service, or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55, equal to 2% of final average compensation for each year of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer.

Retirement benefits for members are determined according to the applicable Tier level:

Tier 1 Membership: The retirement age is 60 for a Service or Deferred Retirement. For an Early Retirement, a member must have at least 25 years of service credit; however, if a member is under the age of 55 at the time of retirement, the retirement allowance is reduced 3 percent per year (1/4 of 1 percent per month) for each year the member is under age 55.

Tier 2 Membership: The retirement age is 60 for a Service or Deferred Retirement. For an Early Retirement a member must have at least 25 years of service credit; however, if a member is under the age of 60 at the time of retirement, the retirement allowance is reduced 1 percent per year (1/12 of 1 percent per month) for each year the member is under age 60 but over age 55, and 3 percent per year (1/4 of 1 percent per month) for each year the member is under age 55.

Tier 3 Membership: The retirement age is 62 for a Service or Deferred Retirement. For an Early Retirement a member must have at least 25 years of service credit; however, if a member is under the age of 62 at the time of retirement, the retirement allowance is reduced 1 percent per year (1/12 of 1 percent per month) for each year the member is under age 62 but over age 55, and 3 percent per year (1/4 of 1 percent per month) for each year the member is under age 55.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 6: PENSION PLANS (Continued)

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. In accordance with Chapter 415, P.L. 1999, the member rate was set at 5.5% of base salary. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Members contribute at a uniform rate of 8.5% of base salary.

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were no employees enrolled in the DCRP for the year ended December 31, 2008.

For the Public Employees' Retirement System, the Borough's contribution was \$214,048.00 for 2008 and \$111,946.80 for 2007.

Three-Year Trend Information for PERS

<u>Funding Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/08	\$ 214,048.00	100%	\$ -
12/31/07	111,946.80	100%	-
12/31/06	56,212.97	100%	-

For the Police and Firemen's Retirement System, the Borough's contribution was \$293,534.00 for 2008 and \$228,578.40 for 2007.

Three-Year Trend Information for PFRS

<u>Funding Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/08	\$ 293,534.00	100%	\$ -
12/31/07	228,578.40	100%	-
12/31/06	140,838.00	100%	-

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 6: PENSION PLANS (Continued)

Funding Policy – (Continued)

For the Defined Contribution Retirement Plan, the Borough's contribution was \$0 for 2008.

Three Year Trend Information for DCRP				
Funding Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	
12/31/08	\$ -	100%	\$ -	
12/31/07	N/A	N/A	N/A	
12/31/06	N/A	N/A	N/A	

NOTE 7: POST RETIREMENT BENEFITS

The Borough funds post-retirement medical, vision and life insurance benefits for those employees who retire, and who accumulate 25 years of credited service. The cost of these benefits is funded through contributions to group insurance for employees, and is provided for annually in the Borough's budget.

In accordance with GASB 45 and the State of New Jersey, the Borough was required to obtain an actuarial valuation of the liability for providing these benefits. In 2009, the Borough will join the New Jersey State Health Benefits Plan and will report these benefits as part of that plan. The Borough did not obtain the required actuarial valuation as of December 31, 2008.

The Borough paid \$384,887.49 during the year ended December 31, 2008, for post retirement benefits for retired employees.

NOTE 8: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. Operating cash, in the form various checking, savings and NOW Accounts, are held in the Borough's name by a commercial banking institution. At December 31, 2008, the carrying amount of the Borough's deposits was \$15,384,534.89 and the bank balance was \$15,498,854.63. Of the bank balance, \$1,072,143.88 was insured with Federal Deposit Insurance and \$14,426,710.75 was covered by GUDPA.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 8: CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the Borough's bank accounts are profiled in order to determine exposure, if any to Custodial Credit Risk (risk that in the event of failure of the counterparty the Borough would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are uncollateralized (securities not pledged by the depositor), collateralized with securities held by the pledging institution or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2008, all of the Borough's deposits were insured with Federal Deposit Insurance or under the provisions of the Governmental Unit Deposit Protection Act (GUDPA) and not exposed to custodial credit risk. The Borough does not have a policy for custodial credit risk.

Investments

Pursuant to the cash management plan, the Borough may invest in the following:

- Direct obligations of, or obligations as to which the principal and interest is guaranteed by, the United States of America
- Government money market mutual funds
- Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress
- Bonds or obligations of the local unit or other obligations of school districts within the local unit
- Local government investment pools
- State of New Jersey Cash Management Fund
- Agreements for the repurchase of fully collateralized securities

The Borough had no investments during 2008.

Interest Rate Risk: The Borough does not have a policy to limit interest rate risk.

NOTE 9: PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 9: PROPERTY TAXES (Continued)

Upon the filing of certified adopted budgets by the municipality, the local and regional school districts, and the county, the tax rate is struck by the County Board of Taxation, based on the certified amounts in each of the taxing districts for collection to fund budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof is set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due February 1 and May 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes, due August 1 and November 1 of the succeeding fiscal year, are based upon one-half of the current year's total tax.

Tax installments not paid, on or before the due date, are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency, and 18% per annum on any amount in excess of \$1,500. Pursuant to P.L. 1991, c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. The interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in the tax sale in accordance with New Jersey statutes.

The New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 of each year, the municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. Due to errors or delinquencies in notices sent to property owners, the April 1 deadline to file an appeal petition may be extended. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels the County Board of Taxation unsatisfactorily reviewed the petition, appeal may be made to the Tax Court of New Jersey for further hearing. Some Tax Court appeals may take several years prior to settlement, and any losses in tax collection from prior years are charged to a reserve set aside for this purpose or directly charged to Fund Balance.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 9: PROPERTY TAXES (Continued)

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years:

Comparative Schedule of Tax Rates

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Tax Rate	\$ 0.368	\$ 0.350	\$ 0.320
Apportionment of Tax Rate:			
Municipal	0.171	0.155	0.142
County	0.163	0.158	0.143
Local School	0.034	0.037	0.035

Assessed Valuation

2008	\$ 8,704,028,556
2007	8,644,312,225
2006	8,510,405,364

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2008	\$ 32,189,242.60	\$ 31,769,253.69	98.70%
2007	30,378,510.04	29,571,713.14	97.34%
2006	27,418,266.83	26,937,388.94	98.25%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2008	\$ 15,638.87	\$ 399,867.18	\$ 415,506.05	1.29%
2007	15,579.61	786,147.62	801,727.23	2.64%
2006	15,574.65	416,120.91	431,695.56	1.57%

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 9: PROPERTY TAXES (Continued)

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2008	\$ 134,380.20
2007	134,380.20
2006	134,380.20

NOTE 10: ECONOMIC DEPENDENCY

The Borough of Avalon is not economically dependent on any one funding agency within the Borough or the State of New Jersey.

NOTE 11: FUND BALANCES APPROPRIATED

The following schedule details the amount of Fund Balances available at the end of each year, and the amounts utilized in the subsequent year's budgets:

	<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2008	\$ 4,800,702.41	\$ 2,139,000.00	44.56%
	2007	4,063,403.33	1,679,527.02	41.33%
	2006	3,763,416.50	1,838,256.47	48.85%
	2005	4,323,886.00	2,600,000.00	60.13%
	2004	4,015,582.92	2,503,929.00	62.36%
	2003	2,453,860.23	1,806,794.00	73.63%

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 11: FUND BALANCES APPROPRIATED (Continued)

	<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Water and Sewer	2008	\$ 904,688.19	\$ 404,900.00	44.76%
Operating Fund	2007	1,183,278.58	508,000.00	42.93%
	2006	1,041,927.23	264,016.09	25.34%
	2005	963,500.11	204,801.16	21.26%
	2004	775,461.63	202,260.00	26.08%
	2003	913,809.54	385,177.50	42.15%

NOTE 12: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2008 are as follows:

<u>Amount</u>	<u>Due To</u>	<u>Due From</u>
\$ 13,773.35	Current Fund	Federal & State Grant Fund
51,974.50	Current Fund	Water/Sewer Operating Fund
473.50	Current Fund	Trusts - Other
469.77	Current Fund	Beach Utility Operating Fund
1,213.00	Water and Sewer Operating	Trusts - Other
99.50	Beach Utility Operating Fund	Trusts - Other
<u>\$ 68,003.62</u>		

NOTE 13: BUDGETARY DATA

The Mayor submits an annual budget to the Borough Council in accordance with the Faulkner Act and the State of New Jersey, Department of Community Affairs, Division of Local Government Services, Local Budget Law 40A:4. In March, the Borough Council adopts the annual appropriated budgets for the Current Fund, Utility Fund and the Capital Improvement Plan. Once approved, the Borough Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Supplemental appropriations per N.J.S.A. 40A:4-46 and 54, Emergencies and Special Emergencies, become charges against the budget of the following year per N.J.S.A. 40A:4-47, except when financing is provided for by bonding ordinances.

Budget transfers between appropriation accounts are prohibited until the last two months of the year. The Borough Council approves the transfers by Resolution. Budgetary transfers during the year were not significant.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS --
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 14: FEDERAL AND STATE GRANTS

In the normal course of operations, the Borough receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material.

NOTE 15: GENERAL FIXED ASSETS

The following schedule is a summarization of the changes in General Fixed Assets for the year ended December 31, 2008:

	Balance as of December 31, 2007	Additions	Disposals	Balance as of December 31, 2008
Building	\$ 437,335.50	\$ 9,951.00	\$	\$ 447,286.50
Land & Improvements	6,927,442.45			6,927,442.45
Machinery & Equipment	2,638,765.75	286,826.09	4,095.00	2,921,496.84
Vehicles	3,228,401.68	300,452.54	78,387.00	3,450,467.22
Total	\$ <u>13,231,945.38</u>	\$ <u>597,229.63</u>	\$ <u>82,482.00</u>	\$ <u>13,746,693.01</u>

NOTE 16: JOINT INSURANCE POOL

The Borough of Avalon is a member of the Atlantic County Municipal Joint Insurance Fund. The Fund provides its members with the following coverages:

Workers' Compensation
General Liability, Law Enforcement Liability
Employee Benefits Liability
Public Official Liability
Property, Real and Personal
Automobile Liability
Boiler and Machinery
Crime, Fidelity

Contributions to the Fund, including a reserve for contingencies, are payable in two installments, and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 17: LITIGATION

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.

SUPPLEMENTARY SCHEDULES AND DATA

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
STATUTORY BASIS
AS OF DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Regular Fund:		
Cash and Cash Equivalents	\$ <u>6,989,808.71</u>	\$ <u>6,012,551.15</u>
Intergovernmental Receivable:		
Due from State of New Jersey:		
Veterans and Senior Citizens Deductions	<u>0.00</u>	<u>1,247.05</u>
Receivable and Other Assets with Full Reserves:		
Delinquent Property Taxes	<u>399,867.18</u>	<u>786,147.62</u>
Liens Receivable:		
Tax Title Liens Receivable	<u>15,638.87</u>	<u>15,579.61</u>
Property Acquired for Taxes - Assessed Valuation	<u>134,380.20</u>	<u>134,380.20</u>
Other Accounts Receivable:		
Revenue Accounts Receivable	7,214.54	4,482.38
Due from Insurance Design Administrators	25,425.00	0.00
Due from Avalon Free Pulbic Library	<u>40,724.97</u>	<u>25,742.46</u>
	<u>73,364.51</u>	<u>30,224.84</u>
Interfund Receivable	<u>66,691.12</u>	<u>117,130.40</u>
Deferred Charges	<u>0.00</u>	<u>0.00</u>
	7,679,750.59	7,097,260.87
Federal and State Grant Funds:		
Cash	<u>0.00</u>	<u>0.00</u>
Federal and State Grants Receivable	<u>100,600.00</u>	<u>99,000.00</u>
	<u>100,600.00</u>	<u>99,000.00</u>
	\$ <u><u>7,780,350.59</u></u>	\$ <u><u>7,196,260.87</u></u>

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
STATUTORY BASIS
AS OF DECEMBER 31, 2008 AND 2007
(CONTINUED)

	<u>2008</u>	<u>2007</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Regular Fund:		
Appropriation Reserves	\$ 845,958.55	\$ 471,553.17
Interfunds Payable	0.00	3,274.00
Other Liabilities and Reserves:		
Reserve for Encumbrances	292,204.32	461,311.79
Accounts Payable	16,319.73	15,919.93
Prepaid Licenses and Permits	162,450.00	156,000.00
Prepaid Fire Inspection Fees	50,145.00	52,142.00
Prepaid Bay Park Marina Fees	1,200.00	7,770.00
Prepaid Taxes	697,917.20	678,328.42
Due to County for Added and Omitted Taxes	68,667.49	54,475.19
Due State of New Jersey:		
State Uniform Construction Code Training Fees	4,380.00	4,761.00
Sales Tax	40.11	39.97
Veterans and Senior Citizens Deductions	502.95	0.00
Reserve for Bid Bond	328.00	328.00
Rental License Bond	14,000.00	11,500.00
Reserve for Master Plan	6,892.50	6,892.50
Reserve for Garden State Preservation Trust Fund	5,815.00	5,204.00
Reserve for Benches - Downtown	21,087.00	20,100.00
Reserve for Animal Protection Fund	1,198.45	795.00
	<u>1,343,147.75</u>	<u>1,475,567.80</u>
Reserve for Receivables and Other Assets	<u>689,941.88</u>	<u>1,083,462.67</u>
Fund Balance	<u>4,800,702.41</u>	<u>4,063,403.23</u>
	<u>7,679,750.59</u>	<u>7,097,260.87</u>
Federal and State Grant Fund:		
Appropriated Reserves	26,098.82	36,159.38
Reserve for Encumbrances	1,200.00	1,200.00
Unappropriated Reserves	59,527.83	18,132.74
Due to Current Fund	13,773.35	43,507.88
	<u>100,600.00</u>	<u>99,000.00</u>
	<u>\$ 7,780,350.59</u>	<u>\$ 7,196,260.87</u>

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF REVENUES AND OTHER CREDITS TO INCOME
STATUTORY BASIS
AS OF DECEMBER 31, 2008

	<u>Budget</u> <u>As Modified</u>	<u>Realized</u>	<u>Excess/</u> <u>(Deficit)</u>
Fund Balance Anticipated	\$ 1,679,527.02	\$ 1,679,527.02	\$
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	18,000.00	18,350.00	350.00
Other	500.00	1,744.50	1,244.50
Fees and Permits	290,000.00	348,700.27	58,700.27
Fines and Costs:			
Municipal Court	125,000.00	156,212.05	31,212.05
Interest and Costs on Taxes	75,000.00	139,251.47	64,251.47
Interest on Investments and Deposits	402,000.00	325,713.81	(76,286.19)
Fees from Fire Inspections	95,000.00	106,327.00	11,327.00
Fees from Rental Registration and Licenses	193,000.00	194,950.00	1,950.00
Cable Television Franchise Tax	45,844.20	45,844.20	
Total Miscellaneous Revenues	<u>1,244,344.20</u>	<u>1,337,093.30</u>	<u>92,749.10</u>
State Aid without Offsetting Appropriations:			
Energy Receipts Tax	440,425.00	440,425.00	
Supplemental Energy Receipts Tax	18,221.00	18,221.00	
Garden State Preservation Trust Fund - Reserved	5,204.00	5,204.00	
Total State Aid without Offsetting Appropriations	<u>463,850.00</u>	<u>463,850.00</u>	
Dedicated Uniform Construction Code Fees Offset with Appropriations:			
Uniform Construction Code Fees	<u>323,000.00</u>	<u>312,545.00</u>	<u>(10,455.00)</u>
Special Items of Revenues Offset with Appropriations:			
NJ Transportation Trust Fund Authority Act			
Recycling Tonnage Grant	3,112.25	3,112.25	
Clean Communities Program	13,915.39	13,915.39	
Drunk Driving Enforcement Fund	3,388.39	3,388.39	
Municipal Court Alcohol Grant	374.82	374.82	
COPS In Shops	1,600.00	1,600.00	
Emergency Management Planning Grant	5,000.00	5,000.00	
US Department of Justice-Bulletproof Vest Program	1,895.24	1,895.24	
Police Grant - Bike Patrol	2,000.00	2,000.00	
Library Cultural and Recreation Events	30,000.00	30,000.00	
Recreation Grant - McElhatton	2,500.00	2,500.00	
Total Special Items of Revenues Offset with Appropriations	<u>63,786.09</u>	<u>63,786.09</u>	

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF REVENUES AND OTHER CREDITS TO INCOME
STATUTORY BASIS
AS OF DECEMBER 31, 2008
(CONTINUED)

	Budget As Modified	Realized	Excess/ (Deficit)
Special Items of Revenue with Prior Consent of the Director:			
Uniform Fire Safety Act	\$ 9,487.53	\$ 10,474.08	\$ 986.55
Sale of Land-County Open Space Refund of Debt Service Pmts			
Sale of Land-County Debt Service Program	90,786.22	90,786.22	
Reserve for Payment of Bonds	400,000.00	400,000.00	
Reserve for Payment of Bond Anticipated Notes	315,000.00	315,000.00	
Library - Reimbursement of Program Costs	320,000.00	320,000.00	
Library - Rent & Administration/Building & Grounds Services	100,000.00	131,976.00	31,976.00
Total Special Items of Revenue with Prior Consent of the Director	1,235,273.75	1,268,236.30	32,962.55
Receipts from Delinquent Taxes	700,000.00	784,825.29	84,825.29
Amount to be Raised by Taxes for Support of Municipal Budget	14,879,286.50	15,989,191.42	1,109,904.92
Total Budget Revenues	20,589,067.56	21,899,054.42	1,309,986.86
Other Credits to Income:			
Non-Budget Revenues		504,002.68	504,002.68
Prior Interfunds Returned		49,519.03	49,519.03
Unexpended Balance of Appropriation Reserves and Encumbrances		539,809.61	539,809.61
		1,093,331.32	1,093,331.32
Taxes Allocated to School and County		17,072,174.36	17,072,174.36
Total Other Credits to Income	\$	\$ 18,165,505.68	\$ 18,165,505.68

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
AS OF DECEMBER 31, 2008

	<u>Appropriated</u>		<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
	<u>2008 Budget</u>	<u>Budget After Modification</u>				
(A) Operations - within "CAPS"						
General Government:						
Business Administration						
Salaries and Wages	\$ 143,687.32	\$ 143,687.32	\$ 143,683.60	\$	\$ 3.72	\$
Other Expense	20,500.00	20,500.00	19,286.12		1,213.88	
Other Expenses - Employee Awards Program	500.00	500.00			500.00	
Council						
Salaries and Wages	48,618.50	48,618.50	48,618.50			
Other Expense	36,300.00	36,300.00	21,049.12	14,529.90	720.98	
Office of the Mayor						
Salaries and Wages	96,117.14	96,117.14	89,078.24		7,038.90	
Other Expense	95,150.00	95,150.00	88,656.30	5,343.98	1,149.72	
Borough Clerk's Office						
Salaries and Wages	91,330.09	91,330.09	80,464.34		10,865.75	
Other Expense	20,700.00	20,700.00	18,140.44	1,561.99	997.57	
Treasurer's Office						
Salaries and Wages	171,139.78	171,139.78	169,044.05		2,095.73	
Other Expense	49,850.00	49,850.00	48,232.82	1,239.43	377.75	
Audit Services						
Other Expense	27,000.00	27,000.00	27,000.00			
Election						
Other Expense	12,500.00	12,500.00	8,527.07		3,972.93	
Municipal Court						
Salaries and Wages	144,451.65	144,451.65	141,571.52		2,880.13	
Other Expense	28,825.00	28,825.00	8,999.54	15,782.74	4,042.72	
Public Defender						
Salaries and Wages	4,000.00	4,000.00	1,050.00		2,950.00	
Revenue Administration (Tax Collector)						
Salaries and Wages	61,253.29	61,253.29	55,440.03		5,813.26	
Other Expense	36,350.00	36,350.00	25,845.49	67.37	10,437.14	
Tax Assessment Administration						
Salaries and Wages	118,301.37	118,301.37	118,301.37			
Other Expenses	12,500.00	12,500.00	12,491.21		8.79	
Legal Services						
Salaries and Wages	15,000.00	15,000.00	15,000.00			
Other Expense	165,000.00	230,000.00	210,451.39	200.00	19,348.61	
Engineering Services and Costs						
Other Expense	115,000.00	115,000.00	100,217.50	11,613.93	3,168.57	
Licensing						
Salaries and Wages	32,573.88	32,573.88	30,222.58		2,351.30	
Other Expense	6,100.00	6,100.00	6,092.96		7.04	

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
AS OF DECEMBER 31, 2008
(CONTINUED)

	<u>Appropriated</u>		<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
	<u>2008 Budget</u>	<u>Budget After Modification</u>				
General Government: (Continued)						
Worker & Community Right to Know Act						
Salaries and Wages	\$ 27,611.37	\$ 27,611.37	\$ 27,611.37	\$ 235.95	\$ 84.35	\$
Other Expense	8,600.00	8,600.00	8,279.70			
Subtotal General Government	1,588,959.39	1,653,959.39	1,523,355.26	50,575.29	80,028.84	
Insurance						
Other Insurance Premiums	157,500.00	157,500.00	129,700.84		27,799.16	
Workers Compensation Insurance	163,000.00	163,000.00	163,000.00			
Group Insurance for Employees	2,383,500.00	2,236,775.00	1,743,615.56	74,521.02	418,638.42	
Subtotal Insurance	2,704,000.00	2,557,275.00	2,036,316.40	74,521.02	446,437.58	
Land Use Administration :						
Municipal Land Use Law (N.J.S.A. 40:55D-1):						
Planning and Zoning						
Salaries and Wages	13,197.00	13,197.00	13,197.00		312.10	
Other Expense	85,100.00	85,100.00	84,320.70	467.20		
Environmental Commission (N.J.S.A. 40-56A-1 et seq.)						
Salaries and Wages	3,126.03	3,126.03	2,921.98		204.05	
Other Expense	2,300.00	2,300.00	419.00		1,881.00	
Subtotal Land Use Administration	103,723.03	103,723.03	100,858.68	467.20	2,397.15	
Public Safety:						
Fire Department						
Other Expense	98,000.00	98,000.00	84,727.48	6,231.35	7,041.17	
Police						
Salaries and Wages	2,084,225.71	2,084,225.71	1,966,945.94		117,279.77	
Other Expense						
Municipal Alliance Program	5,000.00	5,000.00	3,714.19	1,200.00	85.81	
Miscellaneous Other Expense	160,000.00	160,000.00	144,375.02	9,251.91	6,373.07	
Emergency Management Services						
Salaries and Wages	25,408.89	25,408.89	21,768.46		3,640.43	
Other Expense	7,600.00	7,600.00	6,129.26	1,403.48	67.26	
Uniform Fire Safety Act (P.L. 1983, c. 383)						
Fire Official						
Salaries and Wages	99,721.36	99,721.36	99,721.35		0.01	
Other Expense	7,000.00	7,000.00	6,920.66		79.34	

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
AS OF DECEMBER 31, 2008
(CONTINUED)

	Appropriated		Paid or Charged	Encumbered	Reserved	Unexpended Balance Cancelled
	2008 Budget	Budget After Modification				
Public Safety: (Continued)						
Rescue Squad						
Salaries and Wages	\$ 330,226.10	\$ 330,226.10	\$ 330,226.10	\$ 10,243.06	\$ 1,417.05	\$
Other Expense	24,560.00	24,560.00	12,899.89			
Municipal Prosecutor						
Salaries and Wages	15,000.00	15,000.00	14,931.18		68.82	
Subtotal Public Safety	<u>2,856,742.06</u>	<u>2,856,742.06</u>	<u>2,692,359.53</u>	<u>28,329.80</u>	<u>136,052.73</u>	
Public Works:						
Division of Public Works						
Salaries and Wages	906,000.00	906,000.00	906,000.00			
Other Expense	602,100.00	602,100.00	574,072.85	19,441.54	8,585.61	
Garbage and Trash Removal						
Contractual	355,000.00	355,000.00	343,179.50		11,820.50	
Garbage and Trash Licenses						
Other Expense	1,000.00	1,000.00			1,000.00	
Recycling						
Contractual	345,000.00	345,000.00	332,743.59		12,256.41	
Sanitary Landfill Closure Act	220,000.00	220,000.00	160,019.77	39,027.41	20,952.82	
Vehicle Maintenance						
Salaries and Wages	104,937.97	104,937.97	104,937.97		7,137.50	
Other Expense	71,600.00	71,600.00	62,106.22	2,356.28		
Subtotal Public Works	<u>2,605,637.97</u>	<u>2,605,637.97</u>	<u>2,483,059.90</u>	<u>60,825.23</u>	<u>61,752.84</u>	
Health and Human Services:						
Animal Control						
Other Expenses	25,500.00	25,500.00	20,738.90		4,761.10	
Parks and Recreation Functions:						
Recreation						
Salaries and Wages	245,079.26	245,079.26	245,007.24		72.02	
Other Expense	159,200.00	159,200.00	153,935.49	2,473.68	2,790.83	
Subtotal Parks and Recreation	<u>404,279.26</u>	<u>404,279.26</u>	<u>398,942.73</u>	<u>2,473.68</u>	<u>2,862.85</u>	

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
AS OF DECEMBER 31, 2008
(CONTINUED)

	<u>Appropriated</u>		<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
	<u>2008 Budget</u>	<u>Budget After Modification</u>				
Uniform Construction Code:						
Construction Official						
Salaries and Wages	\$ 261,975.19	\$ 261,975.19	\$ 258,563.38	\$ 110.98	\$ 3,411.81	\$ 203.05
Other Expense	13,050.00	13,050.00	12,735.97			
Sub-Code Officials:						
Zoning Officials						
Salaries and Wages	17,254.75	17,254.75	13,596.88		3,657.87	
Other Expense	2,650.00	2,650.00	2,649.82		0.18	
Subtotal Uniform Construction Code	294,929.94	294,929.94	287,546.05	110.98	7,272.91	
Unclassified:						
Salary Adjustments	20,000.00	20,000.00	13,937.17		6,062.83	
Accumulated Leave	25,000.00	25,000.00	25,000.00			
Utilities:						
Electric, Natural Gas	390,000.00	390,000.00	274,123.84	53,688.79	62,187.37	
Telephone	87,000.00	87,000.00	75,021.47	4,923.99	7,054.54	
Gasoline	100,000.00	125,000.00	107,173.72	13,839.87	3,986.41	
Subtotal Unclassified	622,000.00	647,000.00	495,256.20	72,452.65	79,291.15	
Contingent	40,000.00	40,000.00	37,505.04	2,448.47	46.49	
Total Operations Including Contingent within "CAPS"	11,245,771.65	11,189,046.65	10,075,938.69	292,204.32	820,903.64	
Details:						
Salaries and Wages	5,080,236.65	5,105,236.65	4,936,840.25		168,396.40	
Other Expenses (Including Contingent)	6,165,535.00	6,083,810.00	5,139,098.44	292,204.32	652,507.24	
(E) Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
(1) Deferred Charges:						
Anticipated Deficit in Beach Utility Fund						
Prior Year Bills:						
(2) Statutory Expenditures:						
Unemployment Compensation Insurance	80,000.00	80,000.00	80,000.00			
Social Security System	393,000.00	393,000.00	392,445.09		554.91	
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	731,436.48	731,436.48	675,903.76		554.91	54,977.81

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
AS OF DECEMBER 31, 2008
(CONTINUED)

	Appropriated		Paid or Charged		Encumbered	Reserved	Unexpended Balance Cancelled
	2008 Budget	Budget After Modification					
(H-1) Total General Appropriations for Municipal Purpose within "CAPS"	\$ 11,977,208.13	\$ 11,920,483.13	\$ 10,751,842.45	\$ 292,204.32	\$ 821,458.55	\$ 54,977.81	
(A) Operations Excluded from "CAPS"							
Aid to Free Public Library (N.J.S.A. 40:54-8)							
Other Expenses	2,682,879.25	2,682,879.25	2,682,879.25				
Recycling Enhancement Act							
Other Expenses	4,500.00	4,500.00			4,500.00		
Contribution to:							
Police and Fire Retirement System	293,534.00	293,534.00	293,534.00				
Public Employees' Retirement System	214,048.00	214,048.00	214,048.00				
Subtotal General Government Outside "CAPS"	3,194,961.25	3,194,961.25	3,190,461.25		4,500.00		
Public and Private Programs Offset by Revenues:							
Clean Communities Program	13,915.39	13,915.39	13,915.39				
COPS in Shops Grant (40A:4-87, \$1,600.00+)		1,600.00	1,600.00				
Drunk Driving Enforcement Fund	3,388.39	3,388.39	3,388.39				
Recycling Tonnage Grant	3,112.25	3,112.25	3,112.25				
Municipal Court Alcohol Grant (40A:4-87, \$374.82+)		374.82	374.82				
Emergency Management Grant	5,000.00	5,000.00	5,000.00				
Police - Bike Patrol Grant	2,000.00	2,000.00	2,000.00				
Library Cultural and Recreation Events	30,000.00	30,000.00	30,000.00				
McElhatton Recreation Grant	2,500.00	2,500.00	2,500.00				
US Department of Justice-Bulletproof Vest Program	1,895.24	1,895.24	1,895.24				
Matching Funds for Grants	20,000.00	20,000.00			20,000.00		
Subtotal Public and Private Programs	81,811.27	83,786.09	63,786.09		20,000.00		
Offset by Revenues							
Total Operations Excluded from "CAPS"	3,276,772.52	3,278,747.34	3,254,247.34		24,500.00		
Details:							
Salaries and Wages							
Other Expenses	3,276,772.52	3,278,747.34	3,254,247.34		24,500.00		

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
AS OF DECEMBER 31, 2008
(CONTINUED)

	Appropriated			Paid or Charged		Encumbered	Reserved	Unexpended Balance Cancelled
	2008 Budget	Budget After Modification						
(C) Capital Improvements Excluded from "CAPS"								
Capital Improvement Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$			
Beach Restoration (Emergency Auth. - \$1,272,000+)		1,272,000.00		1,272,000.00				
Total Capital Improvements Excluded from "CAPS"	100,000.00	1,372,000.00		1,372,000.00				
(D) Debt Service Excluded from "CAPS"								
Payment of Bond Principal	1,915,000.00	1,915,000.00		1,915,000.00				
Payment of Bond Anticipation Notes and Capital Notes	315,000.00	315,000.00		315,000.00				
Interest on Bonds	1,090,000.00	1,144,725.00		1,144,725.00				
Interest on Notes	480,000.00	480,000.00		480,000.00				
Green Acres Trust Loan Program:								
Loan Repayments for Principal and Interest	141,000.00	143,000.00		142,752.79				247.21
Total Municipal Debt Service - Excluded from "CAPS"	3,941,000.00	3,997,725.00		3,997,477.79				247.21
(E) Deferred Charges - Excluded from "CAPS"								
None								
Total Deferred Charges - Excluded from "CAPS"								
(H-2) Total General Appropriations for Municipal Purposes Excluded from "CAPS"	7,317,772.52	8,648,472.34		8,623,725.13		24,500.00		247.21
(O) Total General Appropriations - Excluded from "CAPS"	7,317,772.52	8,648,472.34		8,623,725.13		24,500.00		247.21
(L) Subtotal General Appropriations (Items (H1) and (O))	19,294,980.65	20,568,955.47		19,375,567.58	292,204.32	845,958.55		55,225.02

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
AS OF DECEMBER 31, 2008
(CONTINUED)

	Appropriated		Paid or Charged	Encumbered	Reserved	Unexpended Balance Cancelled
	2008 Budget	Budget After Modification				
(M) Reserve for Uncollected Taxes	\$ 1,292,112.09	\$ 1,292,112.09	\$ 1,292,112.09	\$	\$	\$
Total General Appropriations	<u>\$ 20,587,092.74</u>	<u>\$ 21,861,067.56</u>	<u>\$ 20,667,679.67</u>	<u>\$ 292,204.32</u>	<u>\$ 845,958.55</u>	<u>\$ 55,225.02</u>
Adopted Budget		\$ 20,587,092.74				
Emergency Authorization		1,272,000.00				
Appropriation by 40A: 4-87		<u>1,974.82</u>				
		<u>\$ 21,861,067.56</u>				
Other Expenses and Charges to Income:						
County Taxes				\$ 14,142,041.36		
Local School Taxes				2,930,133.00		
Refunds of Prior Year Revenue				25,425.00		
Prior Year Senior Citizens Deductions Disallowed				1,000.00		
Interfunds Created				<u>15,392.00</u>		
				<u>\$ 17,113,991.36</u>		

BOROUGH OF AVALON
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
AS OF DECEMBER 31, 2008 AND 2007

Year	Balance Dec. 31, 2007	Added Taxes	2008 Levy	Collections		Senior Citizens' and Veterans' Deductions	Transfer To Lien	Canceled, Remitted or Abatelements	Balance Dec. 31, 2008
2007	\$ 786,147.62	\$ 1,000.00	\$	\$	\$ 784,925.29	\$	\$ 26.21	\$ 2,196.12	\$ (0.00)
2008			32,189,242.60	678,328.42	31,046,675.27	44,250.00	33.05	20,088.68	399,867.18
	\$ 786,147.62	\$ 1,000.00	\$ 32,189,242.60	\$ 678,328.42	\$ 31,831,600.56	\$ 44,250.00	\$ 59.26	\$ 22,284.80	\$ 399,867.18

Analysis of 2008 Tax Levy:

Tax Yield:	
General Purpose Tax	\$ 32,145,242.60
Senior Citizens' and Veterans' Deductions	44,000.00
	<u>\$ 32,189,242.60</u>
Tax Levy:	
Local District School Taxes	2,930,133.00
County Taxes:	
County Tax per Abstract	\$ 13,200,188.79
Open Space Preservation Tax per Abstract	873,185.08
Amount Due County for Added and Omitted Taxes	<u>68,667.49</u>
Total County Taxes	14,142,041.36
Municipal Taxes:	
Local Tax for Municipal Purposes	14,879,286.50
Adjustment to Added Assessments	<u>237,781.74</u>
	<u>15,117,068.24</u>
	<u>\$ 32,189,242.60</u>

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF TAX TITLE LIENS
AS OF DECEMBER 31, 2008 AND 2007

Balance December 31, 2007		\$ 15,579.61
Increased by:		
Transfers from Taxes Receivable	\$ <u>59.26</u>	<u>59.26</u>
Balance December 31, 2008		\$ <u><u>15,638.87</u></u>

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF 2007 APPROPRIATION RESERVES
AS OF DECEMBER 31, 2008

	Balance Dec. 31, 2007	Balance After Transfers	Disbursed	Transfer to Accounts Payable	Balance Lapsed
General Government:					
Business Administration					
Other Expenses	\$ 5,188.85	\$ 5,188.85	\$ 2,247.88	\$ 489.33	\$ 2,451.64
Council					
Other Expenses	9,857.88	9,857.88	9,601.50		256.38
Treasurer's Office					
Other Expense	449.09	449.09	207.16		241.93
Mayor's Office					
Salaries and Wages	6,713.81	529.91			529.91
Other Expense	20,647.86	20,647.86	1,850.00		18,797.86
Borough Clerk					
Salaries and Wages	18,252.25				
Municipal Court					
Salaries and Wages	5,371.86				
Other Expense	17,423.97	17,423.97	400.86		17,023.11
Public Defender					
Salaries and Wages	4,000.00	4,000.00	1,350.00		2,650.00
Revenue Administration (Tax Collector)					
Salaries and Wages	962.20				
Other Expense	2,897.71	2,897.71	306.12		2,591.59
Legal Services					
Salaries and Wages	692.15				
Other Expense	39,543.48	39,543.48	23,348.39		16,195.09
Engineering Services and Costs					
Other Expense	2,333.81	2,333.81	2,333.81		(0.00)
Licensing					
Other Expense	3,528.59	3,528.59	159.99		3,368.60
Worker Right to Know					
Other Expense	6,538.32	6,538.32	4,477.46		2,060.86

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF 2007 APPROPRIATION RESERVES
AS OF DECEMBER 31, 2008
(CONTINUED)

	Balance Dec. 31, 2007	Balance After Transfers	Disbursed	Transfer to Accounts Payable	Balance Lapsed
Insurance	\$	\$	\$	\$	\$
Other Insurance Premiums	11,572.01	11,572.01	1,060.00		10,512.01
Group Insurance for Employees	243,030.14	243,030.14	1,500.02		241,530.12
Land Use Administration:					
Planning Board					
Other Expense	12,224.39	12,224.39	8,540.36		3,684.03
Public Safety:					
Police					
Salaries and Wages	63,938.93				346.45
Municipal Alliance Program	1,460.20	1,460.20	1,113.75		1,173.11
Other Expense	11,168.20	11,168.20	9,995.09		
Emergency Management					
Salaries and Wages	7,080.41				
Uniform Fire Safety Act					
Fire Official					
Salaries and Wages	11,651.39				
Fire Department					
Other Expense	13,256.30	13,256.30	8,734.16		4,522.14
Rescue Squad					
Other Expense	12,933.49	12,933.49	5,190.47		7,743.02
Public Works:					
Division of Public Works					
Salaries and Wages	38,391.43				7,179.01
Other Expense	33,669.34	33,669.34	26,490.33		
Sanitary Landfill Closure Act					
Other Expense	42,525.60	42,525.60	10,611.37		31,914.23
Vehicle Maintenance					
Other Expense	17,629.89	17,629.89	12,615.61		5,014.28

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF 2007 APPROPRIATION RESERVES
AS OF DECEMBER 31, 2008
(CONTINUED)

	Balance Dec. 31, 2007	Balance After Transfers	Disbursed	Transfer to Accounts Payable	Balance Lapsed
Health and Human Services:					
Animal Control	\$ 19,897.70	\$ 19,897.70	\$ 13,465.06	\$	6,432.64
Other Expenses					
Parks and Recreation:					
Recreation	14,140.74	14,140.74	4,692.84		9,447.90
Other Expense					
Uniform Construction Code:					
Construction Official	9,453.44				
Salaries and Wages	3,682.50	3,682.50	527.24		3,155.26
Other Expense					
Sub-Code Officials - Zoning Officials	3,739.80				
Salaries and Wages	1,925.26	1,925.26	488.19		1,437.07
Other Expense					
Unclassified:					
Accumulated Leave		165,717.76	165,717.76		
Utilities:					
Electric, Natural Gas	76,664.44	76,664.44	56,435.48		20,228.96
Telephone	9,372.95	9,372.95	2,443.88		6,929.07
Gasoline	6,311.75	6,311.75	5,740.12		571.63
Contingent	10,921.12	10,921.12	10,921.12		
Other Accounts - No Change	111,821.71	111,821.71			111,821.71
	<u>\$ 932,864.96</u>	<u>\$ 932,864.96</u>	<u>\$ 392,566.02</u>	<u>\$ 489.33</u>	<u>\$ 539,809.61</u>

BOROUGH OF AVALON
FEDERAL AND STATE GRANT FUND
STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE
AS OF DECEMBER 31, 2008 AND 2007

	2008				Balance Dec. 31, 2008
	Balance Dec. 31, 2007	Revenue Realized	Received	Canceled	
<u>Federal Grants</u>					
Emergency Management - 2008	\$	\$ 5,000.00	\$ 5,000.00	\$	\$ 0.00
COPS in Shops - 2008		1,600.00			1,600.00
Bullet Proof Vest Program - 2007		1,895.24	1,895.24		0.00
Total Federal Programs	0.00	8,495.24	6,895.24	0.00	1,600.00
<u>State Grants</u>					
NJ Transportation Trust Fund Authority Act: Reconstruction of 8th Street - Phase II	99,000.00				99,000.00
Municipal Court Alcohol Education and Rehabilitation Grant		374.82	374.82		0.00
Police Grant - Bike Patrol - 2007		2,000.00	2,000.00		0.00
Drunk Driving Enforcement Fund - 2007		3,388.39	3,388.39		0.00
Clean Communities Grant - 2008		13,915.39	13,915.39		0.00
Recycling Tonnage Grant - 2007		3,112.25	3,112.25		0.00
Total State Programs	99,000.00	22,790.85	22,790.85	0.00	99,000.00
<u>Local Grants</u>					
Recreation Grant - McElhatton Library Cultural and Recreation		2,500.00	2,500.00		0.00
		30,000.00	30,000.00		
Total Local Programs	0.00	32,500.00	32,500.00	0.00	0.00
	\$ 99,000.00	\$ 63,786.09	\$ 62,186.09	\$ 0.00	\$ 100,600.00
Unappropriated Reserves					
Grant Receipts					
			\$ 17,895.88		
			44,290.21		
			\$ 62,186.09		

BOROUGH OF AVALON
FEDERAL AND STATE GRANT FUND
STATEMENT OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED
AS OF DECEMBER 31, 2008 AND 2007

	Balance Dec. 31, 2007	Budget	Appropriation By 40A-4-87	Paid or Charged	Cancelled	Balance Dec. 31, 2008
<u>Federal</u>						
Bullet Proof Vest Program - 2004	\$ 127.93	\$	\$	127.93	\$	(0.00)
Bullet Proof Vest Program - 2005	1,827.42			544.82		1,282.60
Bullet Proof Vest Program - 2006	1,895.24					1,895.24
Bullet Proof Vest Program - 2007		1,895.24				1,895.24
COPS in Shops Grant - 2008			1,600.00	1,470.06		129.94
Emergency Management Assistance - 2007		5,000.00		5,000.00		0.00
<u>State</u>						
Clean Communities Grant - 2007	150.58			150.58		(0.00)
Clean Communities Grant - 2008		13,915.39		12,923.42		991.97
Police Grant - Bike Patrol - 2004	1,079.50			1,079.50		0.00
Police Grant - Bike Patrol - 2005	2,000.00			79.66		1,920.34
Police Grant - Bike Patrol - 2006	2,000.00					2,000.00
Police Grant - Bike Patrol - 2007		2,000.00				2,000.00
Drunk Driving Enforcement Fund - 2005	1,375.39			1,375.39		0.00
Drunk Driving Enforcement Fund - 2006	3,312.14			3,312.14		0.00
Drunk Driving Enforcement Fund - 2007		3,388.39		485.75		2,902.64
Municipal Stormwater Regulation Program	6,822.00					6,822.00
Recycling Tonnage Grant - 2006	10,458.05			9,342.75		1,115.30
Recycling Tonnage Grant - 2007		3,112.25		3,112.25		0.00
Municipal Court Alcohol Education and Rehabilitation Grant - 2007	394.66			394.66		0.00
Municipal Court Alcohol Education and Rehabilitation Grant - 2008			374.82	374.74		0.08
<u>Local</u>						
Peter McElhatton Recreation Grant	4,716.47	2,500.00		4,108.00		3,108.47
Library Cultural and Recreation		30,000.00		29,965.00		35.00
	<u>\$ 36,159.38</u>	<u>\$ 61,811.27</u>	<u>\$ 1,974.82</u>	<u>\$ 73,846.65</u>	<u>\$ 0.00</u>	<u>\$ 26,098.82</u>
		Cash Disbursed	\$	73,846.65		
		Encumbered		1,200.00		
		Prior Yr. Encumbered		(1,200.00)		
		Total	\$	<u>73,846.65</u>		

BOROUGH OF AVALON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS -
UNAPPROPRIATED
AS OF DECEMBER 31, 2008 AND 2007

<u>Grant</u>	<u>Balance Dec. 31, 2007</u>	<u>Receipts</u>	<u>Transferred to 2008 Budget Appropriation</u>	<u>Balance Dec. 31, 2008</u>
Local Grant:				
Peter McElhatton Recreation Grant	\$ 2,500.00	\$ 3,080.00	\$ 2,500.00	\$ 3,080.00
Comcast Technology Grant - 2008		40,000.00		40,000.00
Total Local Grants	2,500.00	43,080.00	2,500.00	43,080.00
State Grants:				
Police Grant - Bike Patrol - 2008		2,000.00		2,000.00
Police Grant - Bike Patrol - 2007	2,000.00		2,000.00	0.00
Recycling Tonnage Grant - 2008		6,614.12		6,614.12
Recycling Tonnage Grant - 2007	3,112.25		3,112.25	0.00
Emergency Management Grant-2007	5,000.00		5,000.00	0.00
Clean Communities Program - 2008		1,743.68		1,743.68
New Jersey State Division of Motor Vehicles - Drunk Driving Enforcement Grant - 2008		3,807.88		3,807.88
Driving Enforcement Grant - 2007	3,388.39		3,388.39	0.00
Total State Grants	13,500.64	14,165.68	13,500.64	14,165.68
Federal Grants:				
Bulletproof Vest Program - 2008		2,045.29		2,045.29
Bulletproof Vest Program - 2007	2,132.10		1,895.24	236.86
Total Federal Grants	2,132.10	2,045.29	1,895.24	2,282.15
Total All Grants	\$ 18,132.74	\$ 59,290.97	\$ 17,895.88	\$ 59,527.83

BOROUGH OF AVALON
TRUST FUNDS
STATEMENT OF ASSETS, LIABILITIES AND RESERVES - STATUTORY BASIS
AS OF DECEMBER 31, 2008 AND 2007

	Animal Control		Other		Totals	
	2008	2007	2008	2007	2008	2007
<u>Assets</u>						
Cash and Cash Equivalents	\$ 327.35	\$ 605.75	\$ 880,047.54	\$ 797,888.51	\$ 880,374.89	\$ 798,494.26
Due from Municipal Court			16.00	32.00	16.00	32.00
Interfund Receivable						
	\$ 327.35	\$ 605.75	\$ 880,063.54	\$ 797,920.51	\$ 880,390.89	\$ 798,526.26
<u>Liabilities, Reserves and Fund Balance</u>						
Other Liabilities and Reserves:						
Payroll Deductions Payable	\$	\$	\$ 72,048.98	\$ 55,870.05	\$ 72,048.98	\$ 55,870.05
Due to State of New Jersey		1.20				
Reserve for Unemployment Insurance Trust			46,597.05	24,519.67	46,597.05	24,519.67
Other Reserves	327.35	350.00	759,631.51	700,506.82	759,958.86	700,856.82
Interfund Payable		254.55	1,786.00	17,023.97	1,786.00	17,278.52
	\$ 327.35	\$ 605.75	\$ 880,063.54	\$ 797,920.51	\$ 880,390.89	\$ 798,525.06

BOROUGH OF AVALON
TRUST FUNDS
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
AS OF DECEMBER 31, 2008 AND 2007

Balance December 31, 2007		\$	350.00
Increased by:			
Dog License Fees Collected	\$	164.50	
Cat License Fees Collected			
Cash Over/Short			
Interest Earned on Deposits		<u>15.85</u>	
			<u>180.35</u>
			530.35
Decreased by:			
Statutory Excess Due Current Fund			<u>203.00</u>
Balance December 31, 2008		\$	<u><u>327.35</u></u>

License Fees Collected:

2007	\$	164.50
2006		<u>171.50</u>
	\$	<u><u>336.00</u></u>

BOROUGH OF AVALON
TRUST - OTHER FUNDS
STATEMENT OF RESERVES AND SPECIAL DEPOSITS
AS OF DECEMBER 31, 2008 AND 2007

	Balance Dec. 31, 2007	Receipts	Disbursements	Transfers	Interfund	Balance Dec. 31, 2008
Parking Offenses Adjudication Act	\$ 2,065.25	\$ 679.97	\$ 1,289.17	\$		\$ 1,456.05
Small Cities Grant	25,262.50					25,262.50
Planning Board Escrow	599,141.19	116,600.22	101,396.85			614,344.56
Law Enforcement Trust Fund	2,738.06	60.47				2,798.53
Accumulated Absences	70,269.17	190,717.76	150,837.16			110,149.77
Fire Penalty Money	75.00	5,000.00	5,025.00			50.00
Tax Title Liens Redemption	955.65	4,689.14	74.69			5,570.10
	<u>\$ 700,506.82</u>	<u>\$ 317,747.56</u>	<u>\$ 258,622.87</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 759,631.51</u>

BOROUGH OF AVALON
TRUST - OTHER FUNDS
STATEMENT OF RESERVE FOR NEW JERSEY UNEMPLOYMENT
COMPENSATION INSURANCE
AS OF DECEMBER 31, 2008 AND 2007

Balance December 31, 2007		\$ 24,519.67
Increased by:		
Borough Contributions	\$ 92,000.00	
Employee Contributions	0.00	
Interest Earned on Investments and Deposits	<u>960.74</u>	
		<u>92,960.74</u>
		117,480.41
Decreased by:		
Unemployment Compensation Claims Paid		<u>70,883.36</u>
Balance December 31, 2008		\$ <u><u>46,597.05</u></u>

BOROUGH OF AVALON
TRUST FUND - OTHER FUNDS
STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
AS OF DECEMBER 31, 2008 AND 2007

Balance December 31, 2007	\$ 55,870.05
Increased by:	
Payroll Deductions Payable	<u>2,663,385.57</u>
	2,719,255.62
Decreased by:	
Disbursements	<u>2,647,206.64</u>
Balance December 31, 2008	\$ <u><u>72,048.98</u></u>

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Cash	\$ 3,353,117.73	\$ 5,233,686.34
Deferred Charges to Future Taxation:		
Funded	36,013,997.29	17,991,655.24
Unfunded	<u>1,832,068.17</u>	<u>20,329,425.00</u>
	<u>37,846,065.46</u>	<u>38,321,080.24</u>
	<u>\$ 41,199,183.19</u>	<u>\$ 43,554,766.58</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Serial Bonds	\$ 34,295,000.00	\$ 17,210,000.00
Green Acres Loans Payable	<u>1,718,997.29</u>	<u>1,431,655.24</u>
Bond Anticipation Notes Payable	<u>0.00</u>	<u>12,000,000.00</u>
Improvement Authorizations:		
Funded	1,409,514.79	1,050,579.69
Unfunded	<u>865,800.45</u>	<u>2,458,043.90</u>
	<u>2,275,315.24</u>	<u>3,508,623.59</u>
Capital Improvement Fund	3,160.80	10,360.80
Contracts Payable	2,179,991.23	8,197,646.58
Reserve for Payment of Bond Anticipation Notes	0.00	315,669.03
Reserve for Payment of Bonds	<u>721,693.91</u>	<u>772,477.91</u>
	<u>2,904,845.94</u>	<u>9,296,154.32</u>
Fund Balance	<u>5,024.72</u>	<u>108,333.43</u>
	<u>\$ 41,199,183.19</u>	<u>\$ 43,554,766.58</u>

BOROUGH OF AVALON
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	Balance (Deficit) Dec. 31, 2007	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2008
		Bonds/Notes/ Loans/Grants	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 108,333.43	\$	\$ 1,096,691.29	\$	\$	\$ 1,200,000.00	\$	\$ 5,024.72
Capital Improvement Fund	10,360.80		100,000.00			107,200.00		3,160.80
Reserve for Payment of Bonds	772,477.91	349,216.00			400,000.00			721,693.91
Cash held for Refunding Issue	650,000.00				650,000.00			0.00
Reserve for Payment of Bond Anticipation Notes - Library Reimbursement	315,669.03				315,000.00	669.03		0.00
Contracts Payable	8,197,646.58					8,197,646.58	2,179,991.23	2,179,991.23
<u>Improvement Authorizations:</u>								
Ordinance Number								
483-00 Jetty Extension Project - 8th Street	79,313.33			20,751.72		36,751.98	23,318.70	45,128.33
491-01 Replace Bulkhead 74th & 76th Street	6,546.27							6,546.27
503-02 Downtown Improvements - Phase IIA	54,279.84			14,127.30		28,016.89	23,613.89	35,749.54
505-02 Improvements to Public Safety Building	161.93					25,028.87	37,635.65	12,768.71
520-03 Various Capital Improvements:								
a) Construction of Townsends Inlet Seawall	552,475.51						942.00	553,417.51
c) Construction of Bulkheads at 21st and 8th Streets	224,199.00			239,217.00		942.00	33,760.00	17,800.00
523-03 Construction of Skateboard Park	(96,032.53)	100,000.00						3,967.47
525-04 Construction and Equipping of the New School/Community Library	12,203.68				285,000.00			(272,796.32)
526-04 Site Work, Construction of Central Plant and Improvements to the Public Safety Building	98,018.35			83,736.25		50,190.90	61,120.00	25,211.20
Various Capital Improvements:								
a) Acquisition of books, software and Furniture for the Library	267,922.54	146,031.80		(175,100.00)	585,000.00	186,644.32	668.03	(170,376.63)
b) Acquisition of Public Works Equipment	11,544.32							0.00
539-04 Various Capital Improvements:								
Revised by 553-05 Construction, Design and Permitting of the Timber Boardwalk	(195,640.89)	300,000.00		964.44	65,250.00	34,750.00	93,537.11	3,394.67
a) Beach Restoration	(147,816.85)	155,000.00		2,995.63		79,992.11		17,732.52
b) Seawall Extension	9,128.00	111,500.00		161.86			9,750.00	130,216.14
c) Purchase of Sirens	2,467.00			2,467.00				0.00
543-05 Road Improvements	17,743.35			1,079.10				16,664.25
545-05 Various Capital Improvements:								
(c) Roof - Borough Hall	80,000.00			11,207.41				68,792.59
547-05 Recreation Equipment and Construction of Bike Lanes	20,041.14			12,492.45		1,750.56	55.41	5,853.54
550-05 Road Improvements	8,181.45			30,530.49		5,490.20	34,462.00	6,622.76
551-05 Veterans Plaza Project	2,657.38			12,797.18				(90,139.80)
560-05 Beach Restoration	47,291.58			31,400.09				15,891.49
570-06 Various Capital Improvements:								
a) Various Road Improvements	0.00			13,287.57		11,996.03	49,599.14	24,315.54
c) Bulkhead Reconstruction	178,994.50	70,750.00		126,556.88		81,498.69		41,688.93
d) Recreation Building Improvements	13,997.78			13,997.78				0.00
580-06 Community Center Floor	37,827.51			48,394.23			18,593.00	8,026.28
582-07 Road Improvements	(680,480.17)	760,000.00		482,959.69			481,610.60	78,170.74
583-07 Beach Restoration	682,584.06			1,359,280.53		74,520.34	923,648.97	172,432.16

BOROUGH OF AVALON
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	Balance (Deficit) Dec. 31, 2007	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2008
		Bonds/Notes/ Loans/Grants	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
586-07 Improvements to Public Buildings	\$ (6,108,409.49)	\$ 6,725,456.00		\$ 5,664,248.88		\$ 1,393,272.67	\$ 6,441,692.11	\$ 1,217.07
592-08 Road Improvements		508,000.00		425,385.25		12,707.67	40,000.00	109,907.08
597-08 Various Capital Improvements:								
a) Improvements to Borough Buildings				35,411.48		67,130.00	17,000.00	(85,541.48)
b) Improvements to Amnacoast Park				13,605.33			1,500.00	(12,105.33)
c) Improvements to O'Brien Park				14,012.00			1,500.00	(12,512.00)
d) Install Fire Alarm - Public Works							2,000.00	2,000.00
e) Improvements to Sport Fishing Pier							2,000.00	2,000.00
f) Improvements to Senior Center				20,000.00			2,000.00	(18,000.00)
g) Installation of Carpet in Borough Hall				34,313.50			6,000.00	(28,313.50)
h) Acquisition of Beach Rake Tractor							4,000.00	4,000.00
i) Installation of Radar Stations				15,000.00			1,500.00	(13,500.00)
j) Boardwalk Repairs				95,682.66			10,000.00	(85,682.66)
601-08 Various Capital Improvements:				1,272,000.00			1,207,200.00	(64,800.00)
a) Emergency Beachfill						125,000.00	12,500.00	(112,500.00)
b) HVAC Replacement Community Hall								
	\$ 5,233,686.34	\$ 9,225,953.80	\$ 1,196,691.29	\$ 9,922,963.70	\$ 2,380,250.00	\$ 11,721,198.84	\$ 11,721,198.84	\$ 3,353,117.73

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF DEFERRED CHARGES - UNFUNDED
AS OF DECEMBER 31, 2008 AND 2007

Ordinance Number	Improvement Description	Balance Dec. 31, 2007	2008 Authorizations	Notes Paid by Budget Appropriation	Transfer to Deferred Taxation - Funded	Grants Received	Balance Dec. 31, 2008	Analysis of Balance		
								Financed by Bond Anticipation Notes	Expenditures	Improvement Authorizations Unfunded
520-03	Various Capital Improvements:									
523-03	d) Construction of Skateboard Park	\$ 100,000.00	\$	\$	\$ 100,000.00	\$	0.00	\$	\$	
526-04	Construction and Equipping of the New School/Community Library	285,000.00					285,000.00		272,796.32	12,203.68
	Various Capital Improvements:									
	a) Acquisition of books, software and Furniture for the Library	1,045,000.00		315,000.00		145,700.83	583,299.17		170,376.63	412,922.54
535-04 Amended by 553-05	Various Capital Improvements: Construction, Design and Permitting of the Timber Boardwalk	741,000.00			741,000.00		0.00			
	a) Beach Restoration	155,000.00			155,000.00		0.00			
	b) Seawall Extension	128,250.00			128,250.00		0.00			
	c) Purchase of Sirens	57,000.00			57,000.00		0.00			
543-05	Road Improvements	855,000.00			855,000.00		0.00			
545-05	Various Capital Improvements:									
	a) GIS/Phone System	190,000.00			190,000.00		0.00			
	b) Public Works Equipment	198,550.00			198,550.00		0.00			
	c) Roof - Borough Hall	76,000.00			76,000.00		0.00			
	d) Downtown Streetscape	47,500.00			47,500.00		0.00			
550-05	Road Improvements	1,235,000.00			1,235,000.00		0.00			
551-05	Veterans Plaza Project	106,919.00					106,919.00		90,139.80	16,779.20
560-05	Beach Restoration	2,850,000.00			2,850,000.00		0.00			
570-06	Various Capital Improvements:									
	a) Various Road Improvements	1,045,000.00			1,045,000.00		0.00			
	b) Public Works Equipment	166,250.00			166,250.00		0.00			
	c) Bulkhead Reconstruction	403,750.00			403,750.00		0.00			
	d) Recreation Building Improvements	95,000.00			95,000.00		0.00			
580-06	Community Center Floor	213,750.00			213,700.00		50.00			50.00
582-07	Road Improvements	760,000.00			760,000.00		0.00			
583-07	Beach Restoration	2,850,000.00			2,850,000.00		0.00			
586-07	Improvements to Public Buildings	6,725,456.00			6,725,000.00	456.00	0.00			
592-08	Road Improvements		760,000.00		508,000.00		252,000.00			252,000.00
597-08	Various Capital Improvements:									
	a) Improvements to Borough Buildings	153,000.00					153,000.00		85,541.48	67,458.52
	b) Improvements to Armaacost Park	13,500.00					13,500.00		12,105.33	1,394.67
	c) Improvements to O'Brien Park	13,500.00					13,500.00		12,512.00	988.00
	d) Install Fire Alarm - Public Works	18,000.00					18,000.00			18,000.00
	e) Improvements to Sport Fishing Pier	18,000.00					18,000.00			18,000.00
	f) Improvements to Senior Center	18,000.00					18,000.00			0.00
	g) Installation of Carpet in Borough Hall	54,000.00					54,000.00		28,513.50	25,486.50
	h) Acquisition of Beach Rake Tractor	36,000.00					36,000.00			36,000.00
	i) Installation of Radar Stations	13,500.00					13,500.00		13,500.00	0.00
	j) Boardwalk Repairs	90,000.00					90,000.00		85,682.66	4,317.34
601-08	Various Capital Improvements:									
	a) Emergency Beachfill	64,800.00					64,800.00		64,800.00	0.00
	b) HVAC Replacement Community Hall	112,500.00					112,500.00		112,500.00	0.00
		\$ 20,329,425.00	\$ 1,384,800.00	\$ 315,000.00	\$ 19,400,000.00	\$ 147,156.83	\$ 1,832,068.17	\$ 0.00	\$ 966,467.72	\$ 865,600.45

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF GENERAL SERIAL BONDS
AS OF DECEMBER 31, 2008 AND 2007

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2007	Issued for Cash	Paid by Budget Appropriation	Balance Dec. 31, 2008
			Outstanding Dec. 31, 2008	Date	Amount					
General Bonds, Series 2001	7/15/2001	\$ 8,000,000		7/15/09-10 7-15-11-14	\$ 650,000 700,000	4.25%	\$ 4,700,000.00	\$	\$ 600,000.00	\$ 4,100,000.00
Refunding Bonds of 2002	8/1/2002	3,255,000		8/1/2009	805,000	4.00%	3,190,000.00		815,000.00	2,375,000.00
				8/1/2010	800,000	5.00%				
				8/1/2011	770,000	4.25%				
General Bonds, Series 2004	11/1/2004	10,820,000		11/1/09-11	500,000	3.25%	9,320,000.00		500,000.00	8,820,000.00
				11/1/2012	800,000	3.25%				
				11/1/2013	800,000	3.30%				
				11/1/2014	900,000	3.40%				
				11/1/2015	900,000	3.50%				
				11/1/2016	920,000	4.00%				
				11/1/17-19	1,000,000	4.00%				
General Bonds, Series 2008	5/15/2008	19,000,000		5/15/2009	300,000	3.00%	19,000,000.00			19,000,000.00
				5/15/2010	400,000	3.00%				
				5/15/2011	525,000	3.00%				
				5/15/2012	1,125,000	5.00%				
				5/15/2013	1,250,000	5.00%				
				5/15/2014	1,175,000	5.00%				
				5/15/2015	1,325,000	5.00%				
				5/15/2016	2,325,000	5.00%				
				5/15/2017	2,425,000	5.00%				
				5/15/2018	2,550,000	5.00%				
				5/15/2019	2,725,000	4.00%				
	5/15/2020	2,875,000				4.00%				
							\$ 17,210,000.00	\$ 19,000,000.00	\$ 1,915,000.00	\$ 34,295,000.00

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF LOANS PAYABLE
AS OF DECEMBER 31, 2008 AND 2007

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2007	Increased	Paid by Budget Appropriation	Balance Dec. 31, 2008
			Outstanding	Dec. 31, 2008					
			Date	Amount					
New Jersey Green Acres Trust Program: Park Improvements to 8th Street Recreation Center	10/15/03	\$ 149,950	5/6/09	\$ 3,568.84	2.00%	\$ 126,411.25	\$	\$ 7,032.03	\$ 119,379.22
			11/6/09	3,604.53					
			5/6/10	3,640.58					
			11/6/10	3,676.98					
			5/6/11	3,713.75					
			11/6/11	3,750.89					
			5/6/12	3,788.40					
			11/6/12	3,826.28					
			5/6/13	3,864.55					
			11/6/13	3,903.19					
			5/6/14	3,942.22					
			11/6/14	3,981.65					
			5/6/15	4,021.46					
			11/6/15	4,061.68					
			5/6/16	4,102.29					
			11/6/16	4,143.32					
			5/6/17	4,184.75					
			11/6/17	4,226.60					
			5/6/18	4,268.86					
			11/6/18	4,311.55					
			5/6/19	4,354.67					
			11/6/19	4,398.21					
			5/6/20	4,442.20					
			11/6/20	4,486.62					
			5/6/21	4,531.49					
			11/6/21	4,576.80					
			5/6/22	4,622.57					
			11/6/22	4,668.79					
			5/6/23	4,715.50					

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF LOANS PAYABLE
AS OF DECEMBER 31, 2008 AND 2007

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2007	Increased	Paid by Budget Appropriation	Balance Dec. 31, 2008
			Outstanding	Amount					
			Date						
New Jersey Green Acres Trust Program: Beachfront Acquisition - Loan #1 (Borough is accelerating payments and repaying over ten years)	6/26/04	\$ 587,800	12/26/11	\$ 4,063.06	2.00%	\$ 449,692.24	\$	\$ 52,375.05	\$ 397,317.19
			6/26/12	13,959.26					
			12/26/12	14,098.85					
			6/26/13	14,239.84					
			12/26/13	14,382.24					
			6/26/14	14,526.06					
			12/26/14	14,671.32					
			6/26/15	14,818.03					
			12/26/15	14,966.22					
			6/26/16	15,115.88					
			12/26/16	15,267.04					
			6/26/17	15,419.71					
			12/26/17	15,573.90					
			6/26/18	14,729.64					
			12/26/18	15,886.94					
			6/26/19	16,045.81					
			12/26/19	16,206.27					
New Jersey Green Acres Trust Program: Beachfront Acquisition - Loan #2 (Borough is accelerating payments and repaying over ten years)	12/30/04	348,797	6/26/20	16,368.33	2.00%	218,397.80	\$	25,436.49	192,961.31
			12/26/20	16,532.01					
			6/26/21	16,697.33					
			12/26/21	16,864.31					
			6/26/22	17,032.95					
			12/26/22	17,203.28					
			6/26/23	17,375.31					
			12/26/23	17,549.06					
			6/26/24	17,724.54					
			12/30/14	6,151.19					
			6/30/15	8,976.55					
			12/30/15	9,066.32					
			6/30/16	9,156.98					
			12/30/16	9,248.55					
			6/30/17	9,341.04					
			12/30/17	9,434.45					

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF LOANS PAYABLE
AS OF DECEMBER 31, 2008 AND 2007

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2008		Interest Rate	Balance Dec. 31, 2007	Increased	Paid by Budget Appropriation	Balance Dec. 31, 2008
			Date	Amount					
New Jersey Green Acres Trust Program: Beachfront Acquisition - Loan #2 (Borough is accelerating payments and repaying over ten years)	12/30/04	\$ 348,797	6/30/18	\$ 9,528.79	\$	\$	\$	\$	\$
			12/30/18	9,624.08					
			6/30/19	9,720.32					
			12/30/19	9,817.52					
			6/30/20	9,915.70					
			12/30/20	10,014.86					
			6/30/21	10,115.01					
			12/30/21	10,216.16					
			6/30/22	10,318.32					
			12/30/22	10,421.50					
			6/30/23	10,525.72					
			12/30/23	10,630.97					
			6/30/24	10,737.28					
New Jersey Green Acres Trust Program: 8th Street Recreation - Part I of Refunding	5/19/05	150,000	1/19/09	3,358.37	2.00%	137,153.95		6,617.32	130,536.63
			7/19/09	3,391.96					
			1/19/10	3,425.88					
			7/19/10	3,460.14					
			1/19/11	3,494.74					
			7/19/11	3,529.68					
			1/2/112	3,564.98					
			7/19/12	3,600.63					
			1/19/13	3,636.64					
			7/19/13	3,673.00					
			1/19/14	3,709.73					
			7/19/14	3,746.83					
			1/19/15	3,784.30					
			7/19/15	3,822.14					
			1/19/16	3,860.36					
			7/19/16	3,898.97					
			1/19/17	3,937.96					
			7/19/17	3,977.34					
			1/19/18	4,017.11					
			7/19/18	4,057.28					
			1/9/19	4,097.85					

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF LOANS PAYABLE
AS OF DECEMBER 31, 2008 AND 2007

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2007	Increased	Paid by Budget Appropriation	Balance Dec. 31, 2008
			Outstanding Dec. 31, 2008	Amount					
			Date						
New Jersey Green Acres Trust Program: 8th Street Recreation - Part I of Refunding	5/19/05	\$ 150,000	7/19/19	\$ 4,138.83	\$	\$	\$	\$	\$
			1/19/20	4,180.22					
			7/19/20	4,222.02					
			1/19/21	4,264.24					
			7/19/21	4,306.88					
			1/19/22	4,349.95					
			7/19/22	4,393.45					
			1/19/23	4,437.39					
			7/19/23	4,481.76					
			1/19/24	4,526.58					
			7/19/24	4,571.85					
			1/19/25	4,617.57					
New Jersey Green Acres Trust Program: 8th Street Recreation - Part II of Refunding	11/3/07	500,000	5/3/09	10,757.77		500,000.00		21,197.06	478,802.94
			11/3/09	10,865.35					
			5/3/10	10,974.00					
			11/3/10	11,083.74					
			5/3/11	11,194.58					
			11/3/11	11,306.52					
			5/3/12	11,419.59					
			11/3/12	11,533.79					
			5/3/13	11,649.12					
			11/3/13	11,765.62					
			5/3/14	11,883.27					
			11/3/14	12,002.10					
			5/3/15	12,122.13					
			11/3/15	12,243.35					
			5/3/16	12,365.78					
			11/3/16	12,489.44					
			5/3/17	12,614.33					
			11/3/17	12,740.48					
			5/3/18	12,867.88					
			11/3/18	12,996.56					
			5/3/19	13,126.52					
			11/3/19	13,257.79					
			5/3/20	13,390.37					

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF LOANS PAYABLE
AS OF DECEMBER 31, 2008 AND 2007

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2008		Interest Rate	Balance Dec. 31, 2007	Increased	Paid by Budget Appropriation	Balance Dec. 31, 2008
			Date	Amount					
New Jersey Green Acres Trust Program: 8th Street Recreation - Part II of Refunding	\$		11/3/20	\$ 13,524.57	2.00%	\$	\$		\$
			5/3/21	13,659.51					
			11/3/21	13,796.11					
			5/3/22	13,934.07					
			11/3/22	14,073.41					
			5/3/23	14,214.15					
			11/3/23	14,356.29					
			5/3/24	14,499.85					
			11/3/24	14,644.85					
			5/3/25	14,791.30					
			11/3/25	14,939.21					
			5/3/26	15,088.60					
			11/3/26	15,239.49					
			5/3/27	15,391.45					
New Jersey Green Acres Trust Program: Multi-Park Improvements	6/18/08	400,000	6/18/09	8,436.64	2.00%		400,000.00		400,000.00
			12/18/09	8,521.00					
			6/18/10	8,606.21					
			12/18/10	8,692.28					
			6/18/11	8,779.20					
			12/18/11	8,866.99					
			6/18/12	8,955.66					
			12/18/12	9,045.22					
			6/18/13	9,135.67					
			12/18/13	9,227.03					
			6/18/14	9,319.30					
			12/18/14	9,412.49					
			6/18/15	9,506.61					
			12/18/15	9,601.68					
			6/18/16	9,697.70					
			12/18/16	9,794.67					
			6/18/17	9,892.62					
			12/18/17	9,991.55					
			6/18/18	10,091.46					
			12/18/18	10,192.39					

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF LOANS PAYABLE
AS OF DECEMBER 31, 2008 AND 2007

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2008		Interest Rate	Balance Dec. 31, 2007	Increased	Paid by Budget Appropriation	Balance Dec. 31, 2008
			Date	Amount					
New Jersey Green Acres Trust Program: Multi-Park Improvements		\$	6/18/19	\$ 10,294.30		\$		\$	
			12/18/19	10,397.24					
			6/18/20	10,501.22					
			12/18/20	10,606.23					
			6/18/21	10,712.29					
			12/18/21	10,819.41					
			6/18/22	10,927.61					
			12/18/22	11,036.88					
			6/18/23	11,147.25					
			12/18/23	11,258.73					
			6/18/24	11,371.31					
			12/18/24	11,485.03					
			6/18/25	11,599.88					
			12/18/25	11,715.88					
			6/18/26	11,833.03					
			12/18/26	11,951.36					
			6/18/27	12,070.89					
			12/18/27	12,191.59					
			6/18/28	12,313.50					
						\$ 1,431,655.24	\$ 400,000.00	\$ 112,657.95	\$ 1,718,997.29

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES
AS OF DECEMBER 31, 2008 AND 2007

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2007	Increased	Decreased	Balance Dec. 31, 2008
523-03	Construction and Equipping of the School/Community Library	5/16/06	5/22/07	5/16/08	4.00%	\$ 285,000.00	\$	\$ 285,000.00	\$ 0.00
526-04	Various Capital Improvements: a) Acquisition of books, software and Furniture for the Library	5/16/06	5/22/07	5/16/08	4.00%	900,000.00		900,000.00	0.00
539-04	Construction, Design and Permitting of the Timber Boardwalk a) Beach Restoration b) Seawall Extension c) Purchase of Sirens	5/16/06	5/22/07	5/16/08	4.00%	506,250.00		506,250.00	0.00
						16,750.00		16,750.00	0.00
						57,000.00		57,000.00	0.00
543-05	Various Road Improvements	5/16/06	5/22/07	5/16/08	4.00%	855,000.00		855,000.00	0.00
545-05	Various Capital Improvements: (a) GIS/Phone System (b) Public Works Equipment (c) Roof - Borough Hall (d) Downtown Streetscape	5/16/06	5/22/07	5/16/08	4.00%	190,000.00		190,000.00	0.00
						198,550.00		198,550.00	0.00
						76,000.00		76,000.00	0.00
						47,500.00		47,500.00	0.00
550-05	Various Road Improvements	5/16/06	5/22/07	5/16/08	4.00%	1,235,000.00		1,235,000.00	0.00
551-05	Veterans Plaza Project	5/16/06	5/22/07	5/16/08	4.00%	80,000.00		80,000.00	0.00
560-05	Beach Resotration	5/16/06	5/22/07	5/16/08	4.00%	2,850,000.00		2,850,000.00	0.00
570-06	Various Capital Improvements: a) Various Road Improvements b) Public Works Equipment c) Bulkhead Reconstruction d) Recreation Bldg Improvements	5/22/07	5/22/07	5/16/08	4.00%	1,045,000.00		1,045,000.00	0.00
						166,250.00		166,250.00	0.00
						333,000.00		333,000.00	0.00
						95,000.00		95,000.00	0.00
580-06	Community Center Floor	5/22/07	5/22/07	5/16/08	4.00%	213,700.00		213,700.00	0.00
583-07	Beach Restoration	5/22/07	5/22/07	5/16/08	4.00%	2,850,000.00		2,850,000.00	0.00
						<u>\$ 12,000,000.00</u>	<u>\$ 0.00</u>	<u>\$ 12,000,000.00</u>	<u>\$ 0.00</u>
						Notes paid by Bond Funds			
						Paid by Budget Appropriation			
						Notes not Renewed			
						\$ 10,669,750.00			
						315,000.00			
						<u>1,015,250.00</u>			
						<u>12,000,000.00</u>			

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
AS OF DECEMBER 31, 2008 AND 2007

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2007		2008 Authorizations			Deferred Charges to Future Taxation - Unfunded	Paid or Charged	Balance Dec. 31, 2008	
		Date	Amount	Funded	Unfunded	Capital Improvement Fund	Other	Cancelled				
						\$	\$	\$			\$	Funded
483-00	Jetty Extension Project - 8th Street	8/2/00	\$ 1,200,000	\$ 79,313.33	\$	\$	\$	\$	\$ 34,185.00	\$	\$ 45,128.33	\$
491-01	Replace Bulkhead 74th & 76th Street	3/14/01	125,000	6,546.27							6,545.27	
503-02	Downtown Improvements - Phase IIIA	7/10/02	5,475,000	54,279.84						18,530.30	35,749.54	
505-02	Improvements to Public Safety Building	8/28/02	225,000	161.93						(12,606.78)	12,768.71	
520-03	Various Capital Improvements:	7/23/03	2,115,000									
	b) Construction of Townsends Inlet Seawall			553,417.51							553,417.51	
	c) Construction of Bulkheads at 21st and 8th Streets			223,257.00						205,457.00	17,800.00	
523-03	d) Construction of Skateboard Park										3,967.47	
525-04	Construction and Equipping of the New School/Community Library	8/27/03	300,000									
525-04	Site Work, Construction of Central Plant and Improvements to the	4/14/2004	3,200,000									
526-04	Public Safety Building			98,018.35						72,807.15	25,211.20	
	Various Capital Improvements:	3/24/2004	1,600,000									
	a) Acquisition of books, software and Furniture for the Library			11,544.32						11,544.32	(0.00)	
539-04	b) Acquisition of Public Works Equipment											
Amended by 553-05	Various Improvements:	10/13/2004	1,475,000									
	Construction, Design and Permitting of the Timber Boardwalk			4,359.11						964.44	3,394.67	
	a) Beach Restoration			32,183.15						14,450.63	17,732.52	
	b) Seawall Extension			130,378.00						161.86	130,216.14	
	c) Purchase of Sirens			2,467.00						2,467.00		
543-05	Road Improvements	1/26/2005	900,000							1,079.10	15,664.25	
545-05	Various Capital Improvements:	2/9/2005	539,000									
	(a) GIS/Phone System			17,743.35								
	(b) Public Works Equipment											
	(c) Roof - Borough Hall											
	(d) Downtown Streetscape			76,000.00						11,207.41	68,792.59	
547-05	Recreation Equipment and Construction of Bike Lanes	2/9/2005	269,569									
550-05	Road Improvements	6/26/2005	1,300,000							14,187.60	5,853.54	
551-05	Veterans Plaza Project	7/13/2005	800,000	8,181.45						1,558.69	6,622.76	
560-05	Beach Restoration	12/14/2005	3,000,000	29,576.38						12,797.18		
570-05	Various Capital Improvements:	12/14/2005	1,800,000	47,291.58						31,400.09	15,891.49	
	a) Various Road Improvements									(24,315.54)	24,315.54	
	b) Bulkhead Reconstruction			249,744.50						208,055.57	41,688.93	
580-06	c) Recreation Building Improvements			13,997.78						13,997.78		
582-07	Community Hall Floor	1/10/2007	225,000							29,801.23	8,026.28	
583-07	Road Improvements	2/14/2007	800,000	37,877.51						1,349.09	78,170.74	
586-07	Beach Restoration	2/14/2007	3,000,000	79,519.83						510,151.90	172,432.16	
592-08	Improvements to Buildings	6/29/2007	7,500,000	682,584.06						615,829.44	1,217.07	
592-08	Road Improvements	1/23/2008	800,000	617,046.51						438,092.92	109,907.08	
597-08	Various Capital Improvements:	5/28/2008	475,000									
	a) Improvements to Borough Buildings											
	b) Improvements to Amacost Park			17,000.00						102,541.48	67,458.52	
	c) Improvements to O'Brien Park			1,500.00						13,605.33	1,394.67	
	d) Install Fire Alarm - Public Works			1,500.00						14,012.00	988.00	
	e) Improvements to Sport Fishing Pier			2,000.00								
	f) Improvements to Senior Center			2,000.00						20,000.00		
	g) Installation of Carpet in Borough Hall			2,000.00								
	h) Acquisition of Beach Rake Tractor			6,000.00						34,313.50	25,688.50	
	i) Installation of Radar Stations			4,000.00						15,000.00	36,000.00	
	j) Boardwalk Repairs			1,500.00						95,682.66	4,000.00	
				10,000.00								
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BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
AS OF DECEMBER 31, 2008 AND 2007

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BOROUGH OF AVALON
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
AS DECEMBER 31, 2008 AND 2007

Ordinance Number		Balance Dec. 31, 2007	2008 Authorizations	Funded by County/Library	Serial Bonds Issued	Green Acres Loan Issued	Notes not Renewed	Balance Dec. 31, 2008
520-03	Various Capital Improvements:							
	(D) Construction of Skateboard Park	\$ 100,000.00	\$	\$		\$ 100,000.00	\$	0.00
523-03	Construction and Equipping of the School/Community Library						285,000.00	285,000.00
526-04	Various Capital Improvements:							
	(A) Acquisition of books, software and Furniture for the Library	145,000.00		146,700.83			585,000.00	583,299.17
539-04 Amended by 553-05	Various Capital Improvements:							
	Construction, Design and Permitting of the Timber Boardwalk	200,000.00	34,750.00			300,000.00	65,250.00	0.00
	a) Beach Restoration	180,000.00	(25,000.00)		155,000.00			0.00
	b) Seawall Extension	121,250.00	(9,750.00)		111,500.00			0.00
551-05	Veterans Plaza Project	26,919.00					80,000.00	106,919.00
570-06	Various Capital Improvements:							
	c) Bulkhead Reconstruction	70,750.00			70,750.00			0.00
580-06	Community Center Floor	50.00						0.00
582-07	Road Improvements	760,000.00			760,000.00			50.00
586-07	Improvements to Public Buildings	6,725,456.00		456.00	6,725,000.00			0.00
592-08	Road Improvements		760,000.00		508,000.00			252,000.00
597-08	Various Capital Improvements:							
	a) Improvements to Borough Buildings		153,000.00					0.00
	b) Improvements to Armacost Park		13,500.00					153,000.00
	c) Improvements to O'Brien Park		13,500.00					13,500.00
	d) Install Fire Alarm - Public Works		18,000.00					18,000.00
	e) Improvements to Sport Fishing Pier		18,000.00					18,000.00
	f) Improvements to Senior Center		18,000.00					18,000.00
	g) Installation of Carpet in Borough Hall		54,000.00					54,000.00
	h) Acquisition of Beach Rake Tractor		36,000.00					36,000.00
	i) Installation of Radar Stations		13,500.00					13,500.00
	j) Boardwalk Repairs		90,000.00					90,000.00
601-08	Various Capital Improvements:							
	a) Emergency Beachfill		64,800.00					0.00
	b) HVAC Replacement Community Hall		112,500.00					64,800.00
								112,500.00
		\$ 8,329,425.00	\$ 1,364,800.00	\$ 147,156.83	\$ 8,330,250.00	\$ 400,000.00	\$ 1,015,250.00	\$ 1,832,068.17

BOROUGH OF AVALON
WATER AND SEWER UTILITY OPERATING FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Operating Fund:		
Cash	\$ 2,301,229.93	2,303,562.51
Prepaid Debt Service	51,974.50	57,557.00
Interfund Receivable	1,213.00	
	<u>53,187.50</u>	<u>57,557.00</u>
Consumer Accounts Receivable	60,012.35	64,443.57
	<u>\$ 2,414,429.78</u>	<u>\$ 2,425,563.08</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 544,224.23	\$ 345,993.04
Other Liabilities and Reserves:		
Reserve for Encumbrances	181,789.60	60,381.43
Accounts Payable	7,802.57	7,794.21
Bid Bond Payable	36,000.00	
Water Rents Overpaid		74.44
Unallocated Receipts	0.01	0.01
Prepaid Water and Sewer Rents	529,344.04	567,895.74
	<u>754,936.22</u>	<u>636,145.83</u>
Accrued Interest on Bonds and Notes	98,594.29	139,358.06
Interfund Payable	51,974.50	56,344.00
Reserve for Receivables	60,012.35	64,443.57
Fund Balance	<u>904,688.19</u>	<u>1,183,278.58</u>
	<u>\$ 2,414,429.78</u>	<u>\$ 2,425,563.08</u>

BOROUGH OF AVALON
WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES AND OTHER CREDITS TO INCOME -
STATUTORY BASIS
AS OF DECEMBER 31, 2008 AND 2007

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess</u>
Operating Fund Balance Anticipated	\$ 508,000.00	\$ 508,000.00	\$
Rents	4,850,000.00	4,971,942.70	121,942.70
Miscellaneous	400,000.00	437,431.34	37,431.34
	<u>5,250,000.00</u>	<u>5,409,374.04</u>	<u>159,374.04</u>
	<u>\$ 5,758,000.00</u>	<u>\$ 5,917,374.04</u>	<u>\$ 159,374.04</u>

Other Credits to Income:

Miscellaneous Revenue Not Anticipated	\$ 3,076.57
Unexpended Balance of Appropriation Reserves	<u>34,713.40</u>
	<u>\$ 37,789.97</u>

Analysis of Realized Revenues:

Miscellaneous Revenues:

Interest on Investments and Deposits	\$ 114,915.72	
Penalties on Delinquent Accounts	9,633.58	
Water Installations	83,182.50	
Sewer Installations	19,272.50	
Sewer Connection Fees	7,700.00	
Water Application Fees	5,900.00	
Miscellaneous Construction	1,670.00	
Cell Phone Towers	191,057.04	
Administration Fee	<u>4,100.00</u>	
		<u>\$ 437,431.34</u>

Analysis of Miscellaneous Revenue not Anticipated:

Accrued Interest on Bonds	\$ 1,794.24	
Miscellaneous	<u>1,282.33</u>	
		<u>\$ 3,076.57</u>

BOROUGH OF AVALON
WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
AS OF DECEMBER 31, 2008 AND 2007

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Adopted Budget	Budget After Modification		Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 169,000.00	\$ 169,000.00	\$ 168,344.02	\$	\$ 655.98	\$
Other Expense	4,090,500.00	4,090,500.00	3,576,013.37	121,847.92	392,638.71	
Total Operating	4,259,500.00	4,259,500.00	3,744,357.39	121,847.92	393,294.69	
Capital Improvements:						
Capital Outlay	250,000.00	250,000.00	42,877.37	59,941.68	147,180.95	
Debt Service:						
Payment of Bond Principal	885,000.00	885,000.00	885,000.00			32,245.60
Interest on Bonds	342,000.00	342,000.00	309,754.40			
Interest on Notes	8,000.00	8,000.00	8,000.00			
Total Debt Service	1,235,000.00	1,235,000.00	1,202,754.40			32,245.60
Deferred Charges and Statutory Expenditures:						
Deferred Charges:						
None						
Statutory Expenditures:						
Social Security System (O.A.S.I.)	13,500.00	13,500.00	9,751.41		3,748.59	
Total Statutory Expenditures and Deferred Charges	13,500.00	13,500.00	9,751.41		3,748.59	
	\$ 5,758,000.00	\$ 5,758,000.00	\$ 4,999,740.57	\$ 181,789.60	\$ 544,224.23	\$ 32,245.60

BOROUGH OF AVALON
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2007		\$ 64,443.57
Increased by:		
Rents Charged in 2008	\$ 4,964,411.48	
Turn on/off Fees	<u>3,100.00</u>	
		<u>4,967,511.48</u>
		5,031,955.05
Decreased by:		
Prepayments Applied	567,895.74	
Overpayments Applied	74.44	
Collections	<u>4,403,972.52</u>	
		<u>4,971,942.70</u>
Balance December 31, 2008		\$ <u><u>60,012.35</u></u>

STATEMENT OF 2007 APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2007</u>	<u>Encumbrances Canceled</u>	<u>Expended</u>	<u>Balanced Lapsed</u>
Operating:				
Salaries and Wages	\$ 10,589.43	\$	\$	\$ 10,589.43
Other Expense	<u>84,058.62</u>	<u>60,381.43</u>	<u>126,418.76</u>	<u>18,021.29</u>
	<u>94,648.05</u>	<u>60,381.43</u>	<u>126,418.76</u>	<u>28,610.72</u>
Capital Improvements:				
Capital Outlay	<u>250,000.00</u>	<u></u>	<u>245,242.31</u>	<u>4,757.69</u>
Statutory Expenditures and Deferred Charges:				
Social Security System (O.A.S.I.)	<u>1,344.99</u>	<u></u>	<u></u>	<u>1,344.99</u>
	<u>\$ 345,993.04</u>	<u>\$ 60,381.43</u>	<u>\$ 371,661.07</u>	<u>\$ 34,713.40</u>
			\$ 371,652.71	
			<u>8.36</u>	
			<u>\$ 371,661.07</u>	

BOROUGH OF AVALON
WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF ACCRUED INTEREST
ON BONDS AND NOTES AND ANALYSIS OF BALANCE
AS OF DECEMBER 31, 2008 AND 2007

Balance December 31, 2007	\$ 139,358.06
Increased by:	
Budget Appropriation for:	
Interest on Bonds	\$ 309,754.40
Interest on Notes	<u>8,000.00</u>
	<u>317,754.40</u>
	457,112.46
Decreased by:	
Interest Paid	<u>358,518.17</u>
Balance December 31, 2008	\$ <u>98,594.29</u>

Analysis of Accrued Interest December 31, 2008:

<u>Principal Outstanding Dec. 31, 2008</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
<u>Bonds:</u>					
\$ 800,000	7.05%	11/1/2008	12/31/2008	2 Months	\$ 9,400.00
1,240,000	Various	7/1/2008	12/31/2008	6 Months	20,907.50
1,632,000	Various	7/1/2008	12/31/2008	6 Months	31,067.00
1,280,000	Various	8/1/2008	12/31/2008	5 Months	23,651.05
2,315,000	Various	7/1/2008	12/31/2008	6 Months	<u>13,568.74</u>
					\$ <u>98,594.29</u>

BOROUGH OF AVALON
WATER AND SEWER UTILITY CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Cash	\$ 1,791,684.52	\$ 1,209,071.76
Fixed Capital	30,245,678.14	29,957,558.46
Fixed Capital Authorized and Uncompleted	<u>5,656,900.00</u>	<u>4,675,900.00</u>
Fixed Capital	<u>35,902,578.14</u>	<u>34,633,458.46</u>
Other Accounts Receivable:		
Due from Cape May County - CAFRA Permit	<u>2,631.81</u>	<u>2,631.81</u>
Other Accounts Receivable	<u>2,631.81</u>	<u>2,631.81</u>
	<u>\$ 37,696,894.47</u>	<u>\$ 35,845,162.03</u>
 <u>Liabilities, Reserves and Fund Balance</u>		
Serial Bonds	\$ 7,302,000.00	\$ 5,837,000.00
Bond Anticipation Notes	<u>0.00</u>	<u>1,760,000.00</u>
Improvement Authorizations:		
Funded	1,430,669.89	113,257.20
Unfunded	<u>650,000.00</u>	<u>1,476,866.33</u>
	<u>2,080,669.89</u>	<u>1,590,123.53</u>
Capital Improvement Fund	48,000.00	48,000.00
Accounts Payable	12,156.65	12,156.65
Contracts Payable	<u>477,868.00</u>	<u>130,445.00</u>
	<u>538,024.65</u>	<u>190,601.65</u>
Reserves for Amortization	<u>27,390,978.14</u>	<u>26,217,858.46</u>
Deferred Reserve for Amortization	<u>200,000.00</u>	<u>200,000.00</u>
Fund Balance	<u>185,221.79</u>	<u>49,578.39</u>
	<u>\$ 37,696,894.47</u>	<u>\$ 35,845,162.03</u>

BOROUGH OF AVALON
WATER AND SEWER UTILITY CAPITAL FUND
ANALYSIS OF WATER AND SEWER UTILITY
CAPITAL CASH AND INVESTMENTS
AS OF DECEMBER 31, 2008 AND 2007

	Ordinance Adoption	Balance (Deficit) Dec. 31, 2006	Receipts		Disbursements	Transfers		Balance (Deficit) Dec. 31, 2007
			Bond Antic. Notes Issued	Miscellaneous	Improvement Authorizations	From	To	
Fund Balance		\$ 49,578.39	\$	\$ 135,643.40	\$	\$	\$	\$ 185,221.79
Capital Improvement Fund		48,000.00						48,000.00
Due from Cape May County - CAFRA Permit		(2,631.81)						(2,631.81)
Accounts Payable - 2003 Refunding Issue Proceeds		12,156.65						12,156.65
Contracts Payable		130,445.00				130,445.00	477,865.00	477,865.00
Improvement Authorizations:								
Ordinance Number								
493-01	3/28/01	Various Improvements						
504-02	7/10/02	Phase IIIA of Downtown Reconstruction	45,783.00		8,820.00	36,963.00		0.00
513-03		Well Replacement and Renovation of Water Main	0.80					0.80
515-03	3/12/03 3/26/03	Various Improvements: a) Storm Sewer Improvement to 24th Street and Ocean Drive	9,728.27					9,728.27
516-03	4/23/03	Improvements to Sanitary Sewer System	209,984.81			15,385.00	15,385.00	209,984.81
521-03	7/23/03	Various Improvements: a) Rehabilitation of Well #6	(152,239.48)					(152,239.48)
534-04		b) Acquisition and Installation SCADA	130,690.00		604.98			130,085.02
544-05	8/11/04	Improvements to Sanitary Sewer System	8,300.00		14.60			8,300.00
546-05	2/9/05 2/9/05	Various Capital Improvements: a) Acquisition of Jet Vactor Truck	199,600.00		821.70		15,600.00	214,378.30
		b) Repairs to Well #7	0.00					0.00
571-06	5/10/06	Various Capital Improvements: a) Paint Water Tank at 13th Street	100,276.73		15,300.00			84,976.73
		b) Replace Well #7 at 67th Street		350,000.00	51,155.73			298,844.27
		c) Improvements to 38th St. Generator	136,400.00	240,000.00	511.15			375,888.85
		d) Refurbish Pump Station Wet Well at 42nd & 58th Streets	1,850.00		1,850.00	78,150.00	78,150.00	0.00
		e) Ocean Ave. Stormwater Improvements	0.00		75.72			(75.72)
		f) Water and Sewer Improvements associated with Roads	40,250.00		1,248.00	19,750.00	19,750.00	40,250.00
600-08	8/13/08	Various Capital Improvements: a) Paint Water Tank at 13th Street	3,000.00		24,028.76	312.00	1,560.00	3,000.00
		b) Replace Well #7 at 67th Street	237,885.00		600.00	6,308.00		207,548.24
		c) System-wide review of the sanitary sewer gravity conveyance system						(600.00)
		d) Water allocation permit						0.00
		e) Stormwater Outfall Evaluation Program			38,000.00	38,000.00		0.00
		f) Installation of Tide-Flex valves at the 21st Street and 25th Street Outfalls						(76,000.00)
		g) Repairs to Sewer pumping Stations located at 58th and 74th Streets				117,000.00		0.00
		h) Installation of fiberglass enclosures at storm water station located at 22nd and 11th Streets						(117,000.00)
		i) Acquisition of Equipment				51,000.00		(51,000.00)
						115,000.00		(115,000.00)
			\$ 1,209,071.76	\$ 590,000.00	\$ 143,030.64	\$ 608,313.00	\$ 608,313.00	\$ 1,791,684.52
			\$ 135,643.40	\$	\$	\$	\$	

BOROUGH OF AVALON
STATEMENT OF WATER AND SEWER SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2007	Bonds Issued	Paid by Budget Appropriation	Balance Dec. 31, 2008
			Outstanding Dec. 31, 2008	Amount					
Series 1990	11/1/1990	\$ 3,800,000	11/1/2009-12	\$ 200,000	7.05%	\$ 1,000,000.00	\$	200,000.00	\$ 800,000.00
Refunding Bonds of 2002	8/1/2002	2,070,000	8/1/09	340,000	4.00%	1,600,000.00		320,000.00	1,280,000.00
			8/1/10	340,000	5.00%				
			8/1/11	335,000	4.25%				
			8/1/12	135,000	4.50%				
			8/1/13	130,000	4.50%				
Water/Sewer Utility Bonds	7/15/2003	2,282,000	7/15/2009	140,000	3.50%	1,767,000.00		135,000.00	1,632,000.00
			7/15/2010	145,000	3.50%				
			7/15/2011	150,000	3.50%				
			7/15/2012	155,000	3.60%				
			7/15/2013	160,000	3.75%				
			7/15/2014	165,000	3.80%				
			7/15/2015	170,000	3.90%				
			7/15/2016	180,000	4.00%				
			7/15/2017	185,000	4.10%				
			7/15/2018	182,000	4.20%				
Refunding Bonds of 2003	8/1/2003	2,215,000	7/15/2009	235,000	2.80%	1,470,000.00		230,000.00	1,240,000.00
			7/15/2010	240,000	3.30%				
			7/15/2011	245,000	3.40%				
			7/15/2012	255,000	3.60%				
			7/15/2013	265,000	3.70%				
Water/Sewer Utility Bonds	5/15/2008	2,282,000	5/15/2009	35,000	3.00%	2,350,000.00			2,350,000.00
			5/15/2010	55,000	3.00%				
			5/15/2011	60,000	3.00%				
			5/15/2012-13	60,000	5.00%				
			5/15/2014	225,000	5.00%				
			5/15/2015-16	375,000	5.00%				
			5/15/2017	325,000	5.00%				
			5/15/2018	150,000	5.00%				
			5/15/2019-21	140,000	4.00%				
			5/15/2022	140,000	4.13%				
			5/15/2023	70,000	4.25%				
						\$ 5,837,000.00	\$ 2,350,000.00	\$ 885,000.00	\$ 7,302,000.00

BOROUGH OF AVALON
WATER AND SEWER UTILITY CAPITAL FUND
STATEMENT OF WATER AND SEWER UTILITY CAPITAL BOND ANTICIPATION NOTES
AS OF DECEMBER 31, 2008 AND 2007

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2007	Increased	Decreased	Balance Dec. 31, 2008
521-03	Various Improvements: a) Rehabilitation of Well #8 b) Acquire and Install SCADA	5/16/2006	5/22/2007	5/22/2008	4.00%	\$ 135,000.00 375,000.00		\$ 135,000.00 375,000.00	0.00 0.00
534-04	Sanitary Sewer Improvements	5/16/2006	5/22/2007	5/22/2008	4.00%	220,000.00		220,000.00	0.00
544-05	Various Capital Improvements	5/16/2006	5/22/2007	5/22/2008	4.00%	200,000.00		200,000.00	0.00
546-05	Various Improvements: a) Acquisition of Jet-Vactor Truck b) Repairs to Well #7	5/16/2006	5/22/2007	5/22/2008	4.00%	150,000.00 135,000.00		150,000.00 135,000.00	0.00 0.00
571-06	Various Capital Improvements: b) Replace Well #7 at 67th Street c) Improvements to 38th St. Generator d) Refurbish Pump Station Wet Well at 42nd & 58th Streets f) Water and Sewer improvements associated with Roads	5/22/2007	5/22/2007	5/22/2008	4.00%	155,000.00 80,000.00 60,000.00 250,000.00		155,000.00 80,000.00 60,000.00 250,000.00	0.00 0.00 0.00 0.00
						\$ 1,760,000.00	\$ 0.00	\$ 1,760,000.00	\$ 0.00

BOROUGH OF AVALON
WATER AND SEWER UTILITY CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
AS OF DECEMBER 31, 2008 AND 2007

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2007		2008 Authorizations		Paid or Charged	Balance Dec. 31, 2008		
		Date	Amount	Funded	Unfunded	Capital Fund Balance	Deferred Charges to Future Revenue		Funded	Unfunded	
General Improvements:											
493-01	Various Improvements	3/28/01	\$ 245,000	\$ 45,783.00	\$	\$	\$	45,783.00	\$	0.00	\$
504-02	Phase IIIA of Downtown Reconstruction	7/10/02	900,000	0.60						0.60	
513-03	Well Replacement and Renovation of Water Main	3/12/03	475,000	9,728.27						9,728.27	
515-03	Various Improvements: a) Storm Sewer Improvement to 24th Street and Ocean Drive	3/26/03	275,000					0.00		14,548.72	
516-03	Improvements to Sanitary Sewer System	4/23/03	777,300	43,196.61						43,196.61	
521-03	Various Improvements: a) Rehabilitation of Well #8 b) Acquisition and Installation SCADA	7/23/03	510,000		130,690.00 8,300.00			604.98		130,085.02 8,300.00	
534-04	Improvements to Sanitary Sewer System	8/11/04	220,000		14.60			14.60		0.00	
544-05	Various Capital Improvements	2/9/05	200,000		184,000.00			(14,778.30)		198,778.30	
546-05	Various Capital Improvements: b) Repairs to Well #7	2/9/05	285,000		115,876.73			15,300.00		100,576.73	
571-06	Various Capital Improvements: a) Paint Water Tank at 13th Street b) Replace Well #7 at 67th Street c) Improvements to 38th St. Generator d) Refurbish Pump Station Wet Well at 42nd & 58th Streets e) Ocean Ave. Stormwater Improvements f) Water and Sewer improvements associated with Roads	5/10/06	1,163,600		350,000.00 405,000.00 1,850.00 40,250.00 3,000.00 237,885.00			51,155.73 511.15 1,850.00 75.72 0.00 30,336.76		298,844.27 375,888.85 0.00 40,174.28 3,000.00 207,548.24	28,600.00

BOROUGH OF AVALON
WATER AND SEWER UTILITY CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
AS OF DECEMBER 31, 2008 AND 2007

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2007		2008 Authorizations		Paid or Charged	Balance Dec. 31, 2008		
		Date	Amount	Funded	Unfunded	Capital Fund Balance	Deferred Charges to Future Revenue		Funded	Unfunded	
<u>General Improvements:</u>											
600-08	Various Capital Improvements: a) Paint Water Tank at 13th Street b) Replace Well #7 at 67th Street c) System-wide review of the sanitary sewer gravity conveyance system d) Water allocation permit e) Stormwater Outfall Evaluation Program f) Installation of Tide-Flex valves at the 21st Street and 25th Street Outfalls g) Repairs to Sewer pumping Stations located at 58th and 74th Streets h) Installation of fiberglass enclosures at storm water station located at 22nd and 11th Streets i) Acquisition of Equipment	8/13/08	\$ 981,000	\$	\$	\$	\$	\$ 600.00	\$	219,400.00 230,000.00 12,000.00 23,000.00 76,000.00 137,000.00 117,000.00 51,000.00 115,000.00 0.00	
				\$ 113,257.20	\$ 1,476,866.33	\$ 0.00	\$ 981,000.00	\$ 490,453.64	\$ 1,430,569.89	\$ 650,000.00	

BOROUGH OF AVALON
WATER AND SEWER UTILITY CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
AS OF DECEMBER 31, 2008 AND 2007

Ordinance Number	Improvement Description	Balance Dec. 31, 2007	2008 Authorization	Serial Bonds Issued	Balance Dec. 31, 2008
571-06	Various Capital Improvements: a) Paint Water Tank at 13th Street b) Replace Well #7 at 67th Street	\$ 350,000.00 268,600.00	\$ \$	\$ 350,000.00 240,000.00	\$ 0.00 28,600.00
600-08	Various Capital Improvements: a) Paint Water Tank at 13th Street b) Replace Well #7 at 67th Street c) System-wide review of the sanitary sewer gravity conveyance system d) Water allocation permit e) Stormwater Outfall Evaluation Program f) Installation of Tide-Flex valves at the 21st Street and 25th Street Outfalls g) Repairs to Sewer pumping Stations located at 58th and 74th Streets h) Installation of fiberglass enclosures at storm water station located at 22nd and 11th Streets i) Acquisition of Equipment		220,000.00 230,000.00 12,000.00 23,000.00 76,000.00 137,000.00 117,000.00 51,000.00 115,000.00		220,000.00 230,000.00 12,000.00 23,000.00 76,000.00 137,000.00 117,000.00 51,000.00 115,000.00
		\$ 618,600.00	\$ 981,000.00	\$ 590,000.00	\$ 1,009,600.00

BOROUGH OF AVALON
BEACH UTILITY OPERATING FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Operating Fund:		
Cash	\$ <u>66,069.11</u>	\$ <u>96,808.64</u>
Interfunds Receivable	<u>99.50</u>	<u>3,274.00</u>
	\$ <u><u>66,168.61</u></u>	\$ <u><u>100,082.64</u></u>
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ <u>19,488.07</u>	\$ <u>89,238.08</u>
Other Liabilities and Reserves:		
Reserve for Encumbrances	46,210.77	10,844.56
Accounts Payable	0.00	0.00
Interfunds Payable	<u>469.77</u>	<u>0.00</u>
	<u>46,680.54</u>	<u>10,844.56</u>
	\$ <u><u>66,168.61</u></u>	\$ <u><u>100,082.64</u></u>

BOROUGH OF AVALON
BEACH UTILITY OPERATING FUND
STATEMENT OF REVENUES AND OTHER CREDITS TO INCOME -
STATUTORY BASIS
AS OF DECEMBER 31, 2008 AND 2007

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fees from Sale of Beach Tags	\$ 962,000.00	\$ 1,012,594.50	\$ 50,594.50
Fees and Permits	<u>15,000.00</u>	<u>19,383.31</u>	<u>4,383.31</u>
	977,000.00	1,031,977.81	54,977.81
Anticipated Deficit (General Budget)	<u>258,436.48</u>	<u>203,458.67</u>	<u>(54,977.81)</u>
	<u>\$ 1,235,436.48</u>	<u>\$ 1,235,436.48</u>	<u>\$ 0.00</u>

BOROUGH OF AVALON
BEACH UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
AS OF DECEMBER 31, 2008 AND 2007

	Appropriations		Paid or		Expended		Unexpended Balance Cancelled
	Adopted Budget	Budget After Modification	Charged		Encumbered	Reserved	
Operating:							
Salaries and Wages	\$ 909,236.48	\$ 909,236.48	\$ 896,791.45	\$	\$	\$ 12,445.03	\$
Other Expense	247,500.00	247,500.00	196,436.69		46,210.77	4,852.54	
Total Operating	1,156,736.48	1,156,736.48	1,093,228.14		46,210.77	17,297.57	
Statutory Expenditures:							
Statutory Expenditures:							
Social Security System (O.A.S.I.)	66,700.00	66,700.00	64,509.50			2,190.50	
Unemployment Compensation	12,000.00	12,000.00	12,000.00				
Total Statutory Expenditures	78,700.00	78,700.00	76,509.50			2,190.50	
	\$ 1,235,436.48	\$ 1,235,436.48	\$ 1,169,737.64	\$	\$ 46,210.77	\$ 19,488.07	\$

BOROUGH OF AVALON
BEACH UTILITY OPERATING FUND
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE -
BEACH UTILITY FUND
AS OF DECEMBER 31, 2008 AND 2007

Increased by:

Beach Fees Charged in 2008

\$ 1,012,594.50

1,012,594.50

Decreased by:

Collections

\$ 1,012,594.50

BOROUGH OF AVALON
BEACH UTILITY OPERATING FUND
STATEMENT OF 2006 APPROPRIATION RESERVES - BEACH UTILITY FUND
AS OF DECEMBER 31, 2008 AND 2007

	Balance Dec. 31, 2007	Balance after Transfers	Expended	Balanced Lapsed
Operating:				
Salary and Wages	\$ 66,744.82	\$ 66,744.82	\$	\$ 66,744.82
Other Expense	20,635.77	20,635.77	10,837.86	9,797.91
	<u>87,380.59</u>	<u>87,380.59</u>	<u>10,837.86</u>	<u>76,542.73</u>
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures:				
Social Security System (O.A.S.I.)	<u>12,702.05</u>	<u>12,702.05</u>		<u>12,702.05</u>
	<u>\$ 100,082.64</u>	<u>\$ 100,082.64</u>	<u>\$ 10,837.86</u>	<u>\$ 89,244.78</u>
Cash Disbursements			\$ 10,837.86	
Transfer to Accounts Payable			<u>0.00</u>	
			<u>\$ 10,837.86</u>	

BOROUGH OF AVALON
BEACH UTILITY CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Cash	\$ <u>2,250.00</u>	\$ <u>2,250.00</u>
Fixed Capital	<u>510,411.94</u>	<u>510,411.94</u>
	\$ <u><u>512,661.94</u></u>	\$ <u><u>512,661.94</u></u>
 <u>Liabilities, Reserves and Fund Balance</u>		
Capital Improvement Fund	\$ <u>2,250.00</u>	\$ <u>2,250.00</u>
Reserve for Amortization	<u>510,411.94</u>	<u>510,411.94</u>
	\$ <u><u>512,661.94</u></u>	\$ <u><u>512,661.94</u></u>

BOROUGH OF AVALON
BEACH UTILITY CAPITAL FUND
ANALYSIS OF BEACH UTILITY CAPITAL CASH AND INVESTMENTS
AS OF DECEMBER 31, 2008 AND 2007

	Balance Dec. 31, 2007	Receipts		Disbursements		Balance Dec. 31, 2008
		Budget Appropriations	Miscellaneous	Improvement Authorizations	Miscellaneous	
Capital Improvement Fund	\$ 2,250.00	\$	\$	\$	\$	\$ 2,250.00
	\$ 2,250.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2,250.00

STATISTICAL SECTION

Table 1
Borough of Avalon
Changes in Fund Balance - Current Fund
Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Miscellaneous Revenues Anticipated										
State Aid	\$ 1,077,661	\$ 1,548,739	\$ 1,259,628	\$ 1,099,230	\$ 1,077,707	\$ 1,099,453	\$ 1,277,271	\$ 1,331,238	\$ 1,371,485	\$ 1,337,093
Public and Private Revenues	414,615	432,155	427,902	428,582	449,948	466,976	522,317	497,253	506,460	463,850
Uniform Construction Code	55,440	323,244	92,433	181,630	180,493	181,448	167,125	176,509	176,509	63,786
Taxes	238,353	254,786	283,820	365,262	366,102	377,375	425,845	358,653	323,984	312,545
Special Items	7,216,602	9,387,500	8,430,608	9,861,979	8,936,946	10,863,069	12,352,414	13,387,638	14,655,139	16,774,116
Other Revenue Items	194,119	1,508,618	1,508,618	1,523,290	348,644	341,919	540,567	393,996	1,074,027	1,268,236
Total Revenue	821,382	1,222,397	1,259,661	1,015,608	799,241	2,482,417	1,495,085	1,197,536	962,215	1,093,331
	<u>10,020,172</u>	<u>13,310,150</u>	<u>13,262,662</u>	<u>14,420,943</u>	<u>12,149,081</u>	<u>15,812,839</u>	<u>16,794,947</u>	<u>17,313,439</u>	<u>19,069,819</u>	<u>21,312,957</u>
Expenditures										
General Government										
Land Use Administration	1,064,491	1,157,987	1,788,811	1,242,995	1,312,903	1,324,595	1,393,942	1,439,898	1,492,142	1,653,959
Insurance	35,654	45,029	43,984	40,154	44,780	42,266	54,119	86,576	89,608	103,723
Public Safety	1,006,900	1,062,660	1,188,375	1,296,203	1,526,000	1,872,500	2,146,590	2,212,092	2,328,092	2,557,275
Public Works	1,941,088	2,000,284	2,048,445	2,144,490	2,366,534	2,514,736	2,514,995	2,588,031	2,763,802	2,858,742
Health and Human Services	1,726,288	1,906,416	2,137,233	2,149,014	2,251,321	2,250,473	2,433,395	2,571,702	2,606,311	2,610,138
Parks and Recreation	12,000	12,000	12,000	11,000	14,884	16,836	18,750	25,500	25,500	25,500
Library	195,411	209,992	221,254	248,419	288,459	272,182	310,683	366,336	369,227	404,279
Uniform Construction Code	134,902	138,147	203,982	220,165	156,247	172,841	181,706	193,845	230,942	262,879
Unclassified and Utilities	437,500	479,750	508,401	498,000	471,325	519,062	592,315	595,000	625,975	647,000
Contingent	15,000	15,000	25,000	20,000	20,000	25,000	25,000	40,000	40,000	40,000
Deferred Charges and Statutory Expenditures	682,907	822,750	1,515,395	1,506,085	543,232	1,011,685	773,914	1,457,521	992,898	1,184,041
Public and Private Programs Offset by Revenues	80,440	111,244	118,683	61,992	200,493	201,630	66,448	192,125	196,509	83,786
Capital Improvements	300,000	1,782,000	350,000	235,000	350,000	250,000	415,000	330,000	250,000	1,372,000
Debt Service	2,191,050	2,218,599	3,482,267	2,429,918	2,516,523	2,451,033	2,761,683	2,686,368	3,008,695	3,997,478
Judgements		500,000								
Reserve for Uncollected Taxes	576,368	910,000	851,540	923,558	942,028	1,000,000	1,012,143	1,052,555	1,245,962	1,292,112
Other Charges	54,194	68,238	195,090	29,447	746,446	13,205	71,924	7,718	111,231	41,817
Total Expenditures	<u>10,454,193</u>	<u>13,440,096</u>	<u>14,690,460</u>	<u>13,156,440</u>	<u>13,781,136</u>	<u>14,251,116</u>	<u>16,536,544</u>	<u>17,873,909</u>	<u>18,769,832</u>	<u>21,847,659</u>
Excess (Deficiency) of revenues over (under) expenditures	(434,021)	(129,946)	(1,427,798)	1,264,503	(1,632,054)	1,561,723	258,303	(560,470)	299,987	(534,702)
Other Financing Sources (Uses)										
Deferred Charges to Revenue of Future Years			585,000		50,000		50,000			
Deferred Charges to Funded by Capital Ordinance										
Total other financing sources (uses)			<u>585,000</u>		<u>50,000</u>		<u>50,000</u>			
Net change in fund balances	<u>\$ (434,021)</u>	<u>\$ (129,946)</u>	<u>\$ (842,798)</u>	<u>\$ 1,264,503</u>	<u>\$ (1,582,054)</u>	<u>\$ 1,561,723</u>	<u>\$ 308,303</u>	<u>\$ (560,470)</u>	<u>\$ 299,987</u>	<u>\$ 737,296</u>
Debt service as a percentage of noncapital expenditures	21.58%	19.03%	24.28%	18.81%	18.74%	17.51%	17.13%	15.31%	16.25%	19.52%

Source: CAFR Schedules

Table 2

Borough of Avalon
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

Year Ended Dec. 31,	Vacant Land	Residential	Commercial	Apartment	Total Assessed Value	Less Tax-exempt Property	Public Utilities	Net Valuation Taxable	Total Direct Local Tax Rate	Estimated County Equalized Value
1999	\$ 50,852,000	\$1,666,097,400	\$ 72,797,400		\$ 1,789,746,800		\$ 3,121,558	\$ 1,792,868,358	\$ 0.389	\$ 1,938,953,355
2000	60,372,000	1,980,538,100	72,330,300		2,113,240,400		1,343,904	2,114,584,304	0.370	2,403,957,074
2001	89,565,100	2,468,172,900	70,206,100		2,627,944,100		1,279,127	2,629,223,227	0.304	3,206,524,229
2002	102,745,700	2,495,664,800	70,968,800		2,669,379,300		1,252,080	2,670,631,380	0.305	3,454,804,524
2003	89,923,300	2,555,967,400	71,324,600		2,717,215,300		1,215,015	2,718,430,315	0.307	3,781,307,355
2004	232,747,200	5,025,598,300	131,064,700		5,389,410,200		1,637,010	5,391,047,210	0.174	4,296,557,857
2005	222,676,100	5,109,256,600	130,325,400		5,462,258,100		1,563,604	5,463,821,704	0.199	5,369,041,757
2006	353,117,500	7,967,792,300	188,042,800		8,508,952,600		1,452,764	8,510,405,364	0.142	6,748,907,439
2007	338,797,900	8,118,508,300	185,516,800		8,642,823,000		1,489,225	8,644,312,225	0.155	8,294,880,730
2008	289,371,000	8,227,657,900	185,516,800		8,702,545,700		1,482,856	8,704,028,556	0.171	8,719,496,278

Source: County Abstract of Ratables & Municipal Tax Assessor
R= Revaluation/Reassessment

Table 3

Borough of Avalon
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Year Ended Dec. 31	Borough of Avalon				Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Borough Library	Total Direct	County General	County Open Space	County Library	Local School District	
1999	0.267	0.122		0.389	0.454	0.011	0.033	0.103	0.990
2000	0.265	0.105		0.370	0.474	0.013	0.036	0.097	0.990
2001	0.172	0.132		0.304	0.442	0.014	0.037	0.083	0.880
2002	0.214	0.091		0.305	0.427	0.014	0.039	0.085	0.870
2003	0.214	0.093		0.307	0.410	0.015	0.042	0.086	0.860
2004	0.129	0.045		0.174	0.199	0.008	0.024	0.045	0.450
2005	0.116	0.051	0.032	0.199	0.204	0.011	-	0.046	0.460
2006	0.086	0.032	0.024	0.142	0.135	0.008	-	0.035	0.320
2007	0.093	0.035	0.027	0.155	0.147	0.011	-	0.037	0.350
2008	0.095	0.045	0.031	0.171	0.152	0.011	0.011	0.034	0.368

Source: County of Cape May, Abstract of Ratables.

Table 4

**Borough of Avalon
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Taxpayer	2008				1999			
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value		Taxable Assessed Value	Rank	% of Total District Net Assessed Value	
Avalon Hotel, Inc.	\$ 16,000,000	1	0.18%		\$ 9,000,000	1	0.50%	
Jordan Realty, Inc.	11,411,500	2						
H.E. Hanway	10,137,700	3						
Dilbet Incorporated	9,900,000	4	0.11%		6,375,000	2	0.36%	
Lawrence & Judith Cohen	9,743,900	5	0.11%				0.00%	
Accardi Family Partnership	9,400,000	6	0.11%		5,340,000	3	0.30%	
Domenic & Maryann Origlio	9,387,500	7	0.11%		2,262,900	8	0.13%	
Donald & Peggy Sheehy	9,322,200	8	0.11%				0.00%	
Avalon Yacht Club	9,111,800	9	0.10%		2,599,600	4	0.14%	
Michael W. Rice Trust	8,742,000	10	0.10%				0.00%	
Avalon Motel Corporation			0.00%		2,521,800	5	0.14%	
James D. Danella			0.00%		2,514,400	6	0.14%	
Jack & Fay Tseng			0.00%		2,499,600	7	0.14%	
Keystone Foods Corporation			0.00%		2,183,300	9	0.12%	
New Jersey Bell			0.00%		2,100,000	10	0.12%	
Totals	\$ 103,156,600		0.94%		\$ 37,396,600		2.09%	
District Assessed Value			\$ 8,704,028,556				\$ 1,792,868,358	

Source: Municipal Tax Assessor

**Borough of Avalon
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Table 5

Year Ended Dec 31,	Taxes Levied for the Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
1999	\$ 17,886,620	\$ 17,127,893	96%	\$ 758,196
2000	21,088,620	20,777,391	99%	271,094
2001	23,315,587	22,404,497	96%	870,696
2002	23,396,507	23,097,217	99%	288,552
2003	23,595,206	22,699,606	96%	882,876
2004	24,430,648	23,806,916	97%	606,030
2005	25,284,233	24,817,189	98%	465,687
2006	27,418,267	26,937,389	98%	416,403
2007	30,378,510	29,571,713	97%	784,925
2008	32,189,243	31,769,253	99%	Not Available

Source: Borough Records and Municipal Tax Collector

Table 6

Borough of Avalon
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Year Ended Dec. 31,	General Capital Fund				Water & Sewer/Beach Utility Capital Fund				Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Refunding Bonds	Loans	Bond Anticipation Notes (BANs)	General Obligation Bonds	Refunding Bonds	Anticipation Notes (BANs)	Total		
1999	\$ 10,635,000	\$ -	\$ 171,000	\$ 5,394,750	\$ 6,636,000	\$ 2,710,000	\$ 1,755,250	\$ 27,302,000	0.11%	\$ 29,610
2000	9,205,000	-	142,500	6,584,750	6,086,000	2,565,000	1,565,250	26,148,500	0.12%	31,664
2001	15,911,000	-	114,000	2,439,000	5,539,000	2,420,000	784,662	27,207,662	0.12%	33,270
2002	11,432,000	3,265,000	85,500	2,164,000	3,075,000	4,335,000	200,000	24,556,500	0.14%	34,493
2003	10,100,000	3,250,000	206,950	5,250,000	4,857,000	4,265,000	-	27,928,950	0.13%	34,917
2004	19,820,000	3,235,000	1,099,760	-	4,332,000	4,050,000	-	32,536,760	0.12%	37,422
2005	18,170,000	3,220,000	959,206	-	3,832,000	3,730,000	-	29,911,206	0.13%	38,884
2006	16,470,000	3,205,000	1,021,314	7,660,000	3,302,000	3,405,000	1,215,000	36,278,314	0.11%	40,636
2007	14,020,000	3,190,000	1,431,655	12,000,000	2,767,000	3,070,000	1,760,000	38,238,655	0.11%	42,052
2008	31,920,000	2,375,000	1,718,997	-	4,430,000	2,872,000	-	43,315,997	Not Available	Not Available

Note: Information for Per Capital Personal Income was not available for the year 2008.

Source: Municipal CAFR

Borough of Avalon
Ratios of Net General Bonded Debt/Loans Outstanding,
Last Ten Fiscal Years

Table 7

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Actual Taxable Value of Property	Per Capita Personal Income
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
1999	\$ 10,806,000	\$ 368,414	\$ 10,437,586	0.58%	\$ 29,610
2000	9,347,500	1,718,596	7,628,904	0.36%	31,664
2001	16,025,000	1,644,050	14,380,950	0.55%	33,270
2002	14,782,500	2,327,478	12,455,022	0.47%	34,493
2003	13,556,950	1,992,478	11,564,472	0.43%	34,917
2004	24,154,760	1,873,711	22,281,049	0.41%	37,422
2005	22,349,206	1,622,478	20,726,728	0.38%	38,884
2006	20,696,314	1,172,478	19,523,836	0.23%	40,636
2007	18,641,655	1,088,477	17,553,178	0.20%	42,052
2008	36,013,997	721,694	35,292,303	0.41%	Not Available

Borough of Avalon

Direct and Overlapping Governmental Activities Debt,

As of December 31, 2008

Table 8

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Local School District	\$ 4,921,000.00	100.00%	\$ 4,921,000.00
Other debt			
County of Cape May	34,284,000.00	16.12%	5,526,580.80
Cape May County Municipal Utilities Authority	113,731,953.00	16.12%	18,333,590.82
Cape May County Bridge Commission	15,955,000.00	16.12%	2,571,946.00
Subtotal, overlapping debt			31,353,117.62
Borough of Avalon Direct Debt			<u>43,315,997.00</u>
Total direct and overlapping debt			<u>\$ 74,669,114.62</u>

Sources: Chief Financial Officer, Borough of Avalon; County of Cape May

Table 9

		Equalized valuation basis									
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$	64,860,036	\$ 74,865,101	\$ 93,359,956	\$ 112,925,664	\$ 132,182,344	\$ 154,287,911	\$ 188,987,941	\$ 234,863,353	\$ 274,072,147	\$ 298,752,311
		17,385,202	18,183,236	17,081,339	20,858,282	21,432,782	25,292,859	29,950,028	31,127,374	37,232,933	37,124,371
	Total net debt applicable to limit										
	Legal debt margin	\$ 47,474,834	\$ 56,681,865	\$ 76,278,617	\$ 92,067,382	\$ 110,749,562	\$ 128,995,052	\$ 159,037,813	\$ 203,735,979	\$ 236,839,214	\$ 261,627,940
Total net debt applicable to the limit as a percentage of debt limit		26.80%	24.29%	18.30%	18.47%	16.21%	16.39%	15.85%	13.25%	13.59%	12.43%

Source: Abstract of Rates and Municipal Records

Table 10

**Borough of Avalon
Demographic and Economic Statistics,
Last Ten Fiscal Years**

Fiscal Year Ended Dec. 31,	* Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
1999	2,143	\$ 63,454,230	\$ 29,610	11.3%
2000	2,146	67,950,944	31,664	9.5%
2001	2,152	71,597,040	33,270	9.2%
2002	2,144	73,952,992	34,493	10.8%
2003	2,166	75,630,222	34,917	11.0%
2004	2,147	80,345,034	37,422	7.6%
2005	2,118	82,356,312	38,884	5.2%
2006	2,122	86,229,592	40,636	2.8%
2007	2,103	88,435,356	42,052	2.7%
2008	Not Available	Not Available	Not Available	3.3%

Note: For years with no data, information is not yet made available.

Source: New Jersey Department of Labor and Workforce Development

Table 11

**Borough of Avalon
Principal Employers,
Current Year and Nine Years Ago**

	2008				1999				
	Employer	Percentage of Total		Rank	Employees	Percentage of Total		Rank	Employees
Employment		Employment	Employment			Employment			
	Borough of Avalon	112	10.81%	1	105	10.63%	1	105	10.63%
	Sturdy Savings Bank	106	10.23%	2	56	5.67%	2	56	5.67%
	Golden Inn	80	7.72%	3	42	4.25%	4	42	4.25%
	Motor Boat Club	50	4.83%	4					
	Avalon Real Estate Agency	40	3.86%	5	39	3.95%	5	39	3.95%
	Pinceton Hotel/ Sea Grille	35	3.38%	6	65	6.58%	3	65	6.58%
	Borough of Avalon School District	23	2.22%	8	28	2.83%	7	28	2.83%
	Ferguson & Deckert Realty	25	2.41%	7	25	2.53%	6	25	2.53%
	Rocking Chair Restaurant	15	1.45%	9					
	Windrift Hotel	10	0.97%	10	22	2.23%	8	22	2.23%
	Marabellas Restaurant				10	1.01%	10	10	1.01%
	Coldwell Banker Realty								
	Totals	496	47.88%		13	1.32%	9	405	40.99%
	Total Employment		1,036						988

Source: Borough of Avalon

Borough of Avalon
Full-time Equivalent City Employees by Function
Last Ten Fiscal Years

Table 12

<u>Function</u>	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Revenue and Finance	8.00	8.50	7.80	7.75	7.75	7.75	7.75	8.35	8.35	8.35
Administration	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15
Other	12.00	12.00	12.00	12.00	12.00	12.00	11.50	11.00	12.50	13.50
Land Use	1.30	1.30	1.30	1.30	0.80	0.80	0.80	0.80	0.80	0.80
Public Safety										
Police	32.00	31.00	30.50	30.50	30.50	30.50	30.50	29.50	29.50	31.00
Rescue	10.50	10.50	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Other	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Public Works	30.50	32.50	34.00	31.00	31.50	35.00	35.50	37.50	33.00	21.50
Parks, Recreation and Education	3.50	3.50	3.83	3.83	4.48	8.48	4.33	4.33	4.33	5.66
Uniform Construction Code	7.20	7.20	6.90	6.37	8.37	8.37	8.37	8.37	8.37	8.37
Water and Sewer	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Beach	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	111	113	111	108	111	118	114	115	112	104

Source: Chief Financial Officer

**Borough of Avalon
Operating Indicators by Function
Last Ten Fiscal Years**

Table 13

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government *										
Building Permits Issued										
Building Inspections Conducted										
Fire *										
Emergency Responses										
Fires Extinguished										
Refuse Collection *										
Refuse Collected (tons per day)	N/A	N/A	7.3	7.2	7.4	7.4	7.2	7.3	7.3	6.9
Recyclables Collected (tons per day)	N/A	N/A	3.6	4.0	3.7	3.5	3.7	3.9	3.9	3.6
Other Public Works *										
Street Resurfacing										
Potholes Repaired										
Parks and Recreation *										
Programs and Special Events										
Participants										
Water										
New Connections	79	94	84	77	131	107	77	85	85	54
Water Main Breaks	4	16	8	2	8	7	11	4	4	3
Average Daily Consumption (thousands of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Peak Daily Consumption (thousands of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wastewater *										
Average Daily Sewage Treatment (thousands of gallons)										

* Denotes that information was not provided by Borough for these departments.

N/A Denotes that information is not available for these years.

Source: Chief Financial Officer

BOROUGH OF AVALON

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2008



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538

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

To the Honorable Mayor and
Members of the Borough Council
Borough of Avalon
County of Cape May
State of New Jersey

We have audited the financial statements – statutory basis of the Borough of Avalon, State of New Jersey (the "Borough"), as of and for the year ended December 31, 2008, and have issued our report thereon dated August 12, 2009. Our report disclosed that, as described in Note 1 to the financial statements, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

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

A 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 entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with the statutory basis of accounting prescribed by the Division, such that there is more than a remote likelihood that a misstatement of the entity's financial statements 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 a material misstatement of the financial statements will not be prevented or detected by the entity'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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

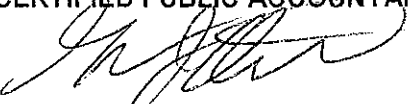
As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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. These items are reported in the accompanying findings and recommendations as Findings 2008-1.

We noted certain matters that we reported to the Borough's management in a separate letter dated August 12, 2009.

The Borough of Avalon's response to the findings identified in our audit are described in a separate corrective action plan. We did not audit the Borough of Avalon's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Borough Council, others within the entity, and the Division as well as 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.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427

August 12, 2009

BOROUGH OF AVALON

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." Effective July 1, 2005, the bid threshold was \$21,000. The Borough employs a Qualified Purchasing Agent which increases the threshold to \$29,000.

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

Our examination of expenditures revealed payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

The minutes indicate that bids were sought by public advertising for the following items:

- Maintenance of Borough owned Grounds & Garden Plots
- Reconstruction of Various Streets
- Video Surveillance Cameras for Public Safety and Municipal Buildings
- 8th Street Bulkhead Replacement
- Installation of Tide Check Valves and associated Outfall Pipe Upgrades
- Emergency Beach Restoration Project
- Street Sweeper
- Replacement Well #7
- Replacement of Community Hall HVAC Units
- July 4th Fireworks displays
- Landscaping and Lawn Maintenance Services
- Various Supplies and Services

BOROUGH OF AVALON

GENERAL COMMENTS (CONTINUED)

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on June 26, 1991, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"WHEREAS, N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for non-payment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

"WHEREAS, N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 and allows an additional penalty of 6% to be collected against a delinquency in excess of \$10,000.00 on properties that fail to pay the delinquency prior to the end of the calendar year;

"NOW, THEREFORE, BE IT RESOLVED by the Borough Council of the Borough of Avalon, Cape May County, New Jersey, as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency.
2. Effective January 1, 1991, there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.
3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution."

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

Delinquent Taxes and Tax Title Liens

No tax sale was held in 2008. All prior year taxes were paid prior to the sale date.

BOROUGH OF AVALON

GENERAL COMMENTS (CONTINUED)

Delinquent Taxes and Tax Title Liens (Continued)

The following comparison is made of the number of tax title liens receivable on December 31st of the last three years:

<u>Year</u>	<u>Number</u>
2008	8
2007	8
2006	8

It is essential to good management that all means provided by the statutes be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis. The amount of these municipal liens and dormant liens is \$15,550.47 at December 31, 2006.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent taxes and charges as well as current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2008 and 2009 Taxes	40
Delinquent Taxes	60
Total	<u>100</u>

Deposit of Municipal Funds

N.J.S.A. 40A:5-15 states:

"All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository."

Our examination revealed that municipal funds were deposited within the mandated time.

BOROUGH OF AVALON

FINDINGS AND RECOMMENDATIONS

Finding #1:

The Borough could not secure a contract to implement the requirements of Governmental Accounting Standards Board (GASB) Statement No. 45 regarding accounting for other post-employment benefits (OPEB).

Criteria:

Municipalities that report on the "other comprehensive of accounting" do not have to report OPEB liabilities on their balance sheet or appropriate a minimum contribution in their budget, but are required to provide information on their OPEB practices and costs in their Notes to the Financial Statements.

Condition:

The Borough was not a member in a cost-sharing, multi-employer plan in 2008 for retiree health benefit coverage. The Borough entered the State Health Benefits Program (a cost-sharing, multi-employer plan) in 2009 for health coverage. The Borough continues to provide OPEB such as vision and dental coverage outside of the state plan. The Borough did not obtain an actuarial study as required by GASB 45.

Cause:

The Borough was unable to contract with a firm to do the study.

Effect:

The Borough did not comply with the provisions of GASB 45 and accounting requirements promulgated by the Division of Local Government Services.

Recommendation:

That the Borough obtain an actuarial study of other post-employment benefits (OPEB) costs as required by Governmental Accounting Standards Board Statement No. 45.

Finding #2:

Our audit of Construction Code Fees found the construction permits fees were not always charged accurately.

Criteria:

The Borough's ordinance and the State Uniform Construction Code has established fees to charge for different permits such and building, plumbing and fire fees.

Condition:

Three permits of twelve examined had errors in the permit fee charged. Fire permits for units with more than 20 devices were significantly undercharged due to errors in entering the fee into the computer system. A plumbing permit was overcharged due to an error in entering the number of water connections and a building permit was charged twice for a new/addition fee.

Cause:

A computer software malfunction.

BOROUGH OF AVALON

FINDINGS AND RECOMMENDATIONS (Continued)

Effect:

The Borough was not always in compliance with the fees established by the State Uniform Construction Code.

Recommendation:

That more care be taken by the Construction Code Office when calculating and charging permit fees.

In accordance with OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and Division of Local Government Services Regulations, a corrective action plan must be prepared and filed by the Borough in response to my recommendations.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to contact me.

Ford, Scott & Associates L.L.C.
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No. 427

August 12, 2009

BOROUGH OF AVALON

PART III

FEDERAL AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2008



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538

PHONE 609.399.6333 • FAX 609.399.3710

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04**

The Honorable Mayor and
Members of the Borough Council
Borough of Avalon
County of Cape May
State of New Jersey

Compliance

We have audited the compliance of the Borough of Avalon ("Borough") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State 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 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; 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, OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 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'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 of the Borough's compliance with those requirements.

In our opinion, the Borough 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 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 of Avalon's internal control over compliance.

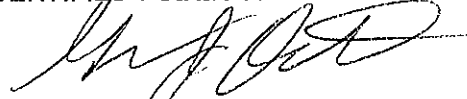
A *control* deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state 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 result 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 the 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 of the Borough of Avalon, Division of Local Government Services, Department of Community Affairs, State of New Jersey (cognizant audit agency), other state awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

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August 12, 2009

BOROUGH OF AVALON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2008

State Grantor Department	State Account Number	Program or Award Amount	From	To	Cash Received	Amount of Expenditures	Cumulative Expenditures
Federal and State Grant Fund:							
<u>New Jersey Department of Law and Public Safety</u>							
Bike Patrol Grant - 2004	-	\$ 2,000.00	1/1/2004	12/31/2004	-	\$ 1,079.50	\$ 2,000.00
Bike Patrol Grant - 2005	-	2,000.00	1/1/2005	12/31/2005	-	79.66	79.66
Bike Patrol Grant - 2008	-	2,000.00	1/1/2008	12/31/2008	2,000.00	-	-
Drunk Driving Enforcement Fund - 2005	6400-100-078-6400-YYYY	2,974.28	1/1/2005	12/31/2005	-	1,375.39	2,974.28
Drunk Driving Enforcement Fund - 2006	6400-100-078-6400-YYYY	3,312.14	1/1/2006	12/31/2006	-	3,312.14	3,312.14
Drunk Driving Enforcement Fund - 2007	6400-100-078-6400-YYYY	3,388.39	1/1/2007	12/31/2007	-	485.75	485.75
Drunk Driving Enforcement Fund - 2008	6400-100-078-6400-YYYY	3,807.88	1/1/2008	12/31/2008	3,807.88	-	-
Municipal Court Alcohol Education - 2007	9735-760-098-Y900-001-X100-6020	394.66	1/1/2007	12/31/2007	-	394.66	394.66
Municipal Court Alcohol Education - 2008	9735-760-098-Y900-001-X100-6020	374.82	1/1/2008	12/31/2008	-	374.74	374.74
<u>Department of Environmental Protection</u>							
Clean Communities Program - 2008	4900-765-042-4900-004-V42Y-6020	15,859.07	1/1/2008	12/31/2008	15,859.07	12,923.42	12,923.42
Clean Communities Program - 2007	4900-765-042-4900-004-V42Y-6020	15,315.60	1/1/2007	12/31/2007	-	150.58	15,315.60
Recycling Tonnage Grant - 2006	4855-100-42-4855-142-V37C-6120	24,053.39	1/1/2006	12/31/2006	-	9,342.75	22,938.09
Recycling Tonnage Grant - 2007	4855-100-42-4855-142-V37C-6120	3,112.25	1/1/2007	12/31/2007	-	3,112.25	3,112.25
Recycling Tonnage Grant - 2008	4855-100-42-4855-142-V37C-6120	6,614.12	1/1/2008	12/31/2008	6,614.12	-	-
Total Federal and State Grant Fund					28,081.07	32,630.84	63,910.59
Current and Capital Fund (Emergency funded by Capital Ordinance)							
<u>Department of Environmental Protection</u>							
1983 Shore Protection Projects and Grants	4890-534-861000-61	1,776,561.00	-	-	-	1,776,561.00	1,776,561.00
State Share (75%)					-	592,189.00	592,189.00
Borough Share (25%)					-	2,368,750.00	2,368,750.00
Total Current and Capital Funds					28,081.07	2,401,380.84	2,432,660.59
Grand Total					\$ 28,081.07	\$ 2,401,380.84	\$ 2,432,660.59

BOROUGH OF AVALON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008

I. SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditor's report issued: Qualified Opinion issued on the Basic Financial Statements, dated August 12, 2009

Internal control over financial reporting:

1) Material weakness identified? No

2) Significant Deficiencies identified that are not considered to be a material weakness? No

Noncompliance material to the basic financial Statements noted? No

Federal Awards

Not Applicable

State Awards

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

Auditee qualified as low-risk auditee? No

Type of auditor's report issued on compliance for major programs: An Unqualified Opinion was issued on compliance for major programs, dated August 12, 2009

Internal Control over major programs:

1) Material weakness identified? No

2) Significant Deficiencies identified that are not considered to be material weaknesses? No

Any audit findings disclosed that are required to be reported No

Identification of major programs:

State Grant Number

4890-534-861000-61

Name of State Program

New Jersey Department of Environmental Protection:
Shore Protection Fund

BOROUGH OF AVALON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

In accordance with Government Auditing Standards, our audit disclosed findings relating to the financial statements statutory basis that are required to be reported under this section. Those findings are reported in the Findings and Recommendations section as Finding #1. In addition, we noted certain other findings that are reported in the Management Letter.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

State: None

MANAGEMENT RESPONSES

Management is required to respond to findings and recommendations in the audit report. A corrective action plan is required to be filed with the Division of Local Government Services, Department of Community Affairs, State of New Jersey within 45 days of the filing of this report, if any findings and recommendations are noted in the audit report.

STATUS OF PRIOR YEAR FINDINGS

State: None