

BOROUGH OF AVALON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2009

BOROUGH OF AVALON

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INTRODUCTORY SECTION



BOROUGH OF AVALON

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MARTIN L. PAGLIUGH
MAYOR

TELEPHONE 967-8200
FAX 368-1642
AREA CODE 609

August 3, 2010

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, 2009, 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

Avalon did experience a slight increase in the ratable base in 2009, up \$73 million from the prior year. 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 tax 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 2009 and beyond, the budget funded the following priorities and projects that we expect to be started and/or completed this year:

- *2010 Beach Fill:* Through a shared services agreement, Avalon and Sea Isle City will conduct an emergency beach fill project during the spring, 2010. This project will result in at least 500,000 cubic yards of sand being placed on Avalon's beachfront from 9th Street to 26th Street. State government failed every beach community in New Jersey by slashing millions of dollars from the Shore Protection Fund, even though that funding was mandated by legislation. Our beaches were severely eroded during repeated coastal storms in the fall, 2009. This initiative will provide our community with a protective and recreational beach. Avalon will finance its share of the costs associated with the beach fill and aggressively attempt to recover the funding from the federal and state governments.

- *Repainting of Water Tank:* Avalon will commit approximately \$1 million into a water/sewer capital improvement program that will result in the exterior, and interior painting of the water tank located at 38th Street. This project is expected to extend the life of the tank by another 1215 years. The Borough will apply for a low-interest loan from the New Jersey Environmental Infrastructure Trust Financing Program. Once the Borough is approved, Avalon will enjoy market, or below market, rates to finance this project.
- *Infrastructure Improvements:* Avalon will be committing approximately \$500,000 for various street reconstruction projects. A grant totaling \$140,000 will result in repaving work in the vicinity of 28⁶¹ Street, and First Avenue. Bulkhead replacements will occur at 20¹¹ Street and Fifth Avenue, along with 22nd Street and Fifth Avenue. The Avalon Department of Public Works will replace its beach tractor in order to rake the beachfront. There will be various upgrades to the storm sewer system, including: continuation of storm outfall backflow valves at 20 and 25th street islands; 66th Street outfall repair and scour protection project; 56¹¹ Street outfall extension and tide check valve repairs; 37th Street and Dune Drive drainage improvements; video inspection of sanitary sewer mains for potential upgrades; and application to the NJDEP for increasing the water allocation permit for the Borough's water system, by statute.
- *Police and Public Safety:* Avalon will increase the number of seasonal officers in 2010. These officers will assist with police initiatives, including: enforcement of a bike-free boardwalk after 10:00am; enforcement of safe boating ordinances and laws on our waterways; reduction of rowdy behavior during special events; reduction of vandalism; reduction in the number of stolen bicycles in Avalon; enforcement of general bicycle and pedestrian laws throughout the Borough; and enforcement of the juvenile curfew ordinance.
- *Dune Vegetation Management Plan:* The Borough will implement the new Dune Vegetation Management Plan in 2010. A 'test' area exists at the 74th Street beach where invasive Japanese Black Pine trees will be thinned and replaced with native vegetation. This is a major environmental undertaking for the Borough as we attempt to increase the health and viability of the Avalon dunes. Avalon has received a grant from ANJEC (Association of New Jersey Environmental Commissions) towards this project.
- *Special Events:* Avalon will present a patriotic performance by the Bay Atlantic Symphony on July 4, 2010. The symphony will perform at the Avalon Community Hall before Avalon's very popular fireworks display on the holiday. This special performance by the symphony will be in addition to two concerts sponsored by the Avalon Free Public Library
- *Beautification Initiatives:* As a result of the well replacement project recently completed at 67th Street and Dune Drive, the Judy Groff Park, adjacent to that project site, was disturbed. In conjunction with the Avalon Garden Club and Avalon Environment Commission, the Borough will restore the Judy Groff Park to its original state, prior to the well project. In addition, the Borough will be working with other citizen groups to address beautification of the Avalon Boulevard causeway. The Borough will also address improvements to other public parks and nature areas.
- *Reconfiguration of Graven's (Macchia) Island CDF (Confined Disposal Facility):* The Borough is continuing to investigate the feasibility of developing additional capacity for the disposal for beneficial use of dredge materials contained on Graven's Island. As part of the study, there are several options for modifying the CDF which will allow for the future placement of dredge materials. The Borough will submit permit applications to the NJDEP and the USACOE for the alternate uses of the site's materials in this phase of the project.

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, 2009:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2008</u>	<u>Percent of Increase (Decrease)</u>
Fund Balance Anticipated	\$2,139,000.00	5.09%	\$459,472.98	25.00%
Miscellaneous Revenues	1,129,485.79	2.69%	(207,607.51)	-15.14%
State Aid	441,529.00	1.05%	(22,321.00)	-4.41%
Uniform Construction Code Fees	247,898.00	0.59%	(64,647.00)	-19.95%
State and Federal Grants	279,701.95	0.67%	215,915.86	122.33%
Receipts from Delinquent Taxes	396,696.15	0.94%	(388,229.14)	-93.23%
Special Items of Revenue	839,383.80	2.00%	(428,852.50)	-39.93%
Local Taxes	<u>17,063,213.40</u>	<u>40.61%</u>	<u>1,074,021.98</u>	<u>7.54%</u>
 Municipal Budget Totals	 <u>22,536,908.09</u>	 <u>53.63%</u>	 <u>637,753.67</u>	 <u>3.20%</u>
 Non-Budget Revenue	 235,089.58	 0.56%	 (268,913.10)	 -41.16%
Other Credits to Income	943,527.30	2.25%	354,198.66	114.66%
Taxes Allocated to Schools and County	<u>18,306,078.96</u>	<u>43.56%</u>	<u>1,233,904.60</u>	<u>7.40%</u>
 Total	 <u><u>\$42,021,603.93</u></u>	 <u><u>100.00%</u></u>	 <u><u>\$1,956,943.83</u></u>	 <u><u>5.22%</u></u>

The following represents a summary of current fund expenditures:

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2008	Percent of Increase (Decrease)
General Government	\$1,656,070.93	4.17%	\$2,111.54	0.14%
Land Use Administration	104,153.53	0.26%	430.50	0.48%
Insurance	2,702,000.00	6.80%	144,725.00	6.22%
Public Safety	2,897,454.28	7.29%	40,712.22	1.47%
Public Works	2,672,757.60	6.73%	62,619.63	2.40%
Health and Human Services	26,500.00	0.07%	1,000.00	3.92%
Parks and Recreation	446,459.33	1.12%	42,180.07	11.42%
Library Functions	2,933,900.76	7.38%	251,021.51	10.76%
Uniform Construction Code	309,323.62	0.78%	14,393.68	4.95%
Unclassified	713,000.00	1.79%	66,000.00	10.54%
Contingent	45,000.00	0.11%	5,000.00	12.50%
Deferred Charges and Statutory Expenditures	1,238,052.40	3.12%	54,011.73	5.44%
State and Federal Grants	144,701.95	0.36%	60,915.86	31.00%
Capital Improvements	250,000.00	0.63%	-	0.00%
Debt Service	3,921,228.83	9.87%	(76,248.96)	-2.53%
Reserve for Uncollected Taxes	1,356,692.08	3.41%	64,579.99	5.18%
Municipal Budget Totals	21,417,295.31	53.90%	733,452.77	3.93%
Non-Budget Expenditures	9,690.36	0.02%	(32,126.64)	-28.88%
Taxes Allocated to Schools and County	18,306,078.96	46.07%	1,233,904.60	7.40%
Total	\$39,733,064.63	100.00%	\$1,935,230.73	5.46%

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

Martin L. Pagliughi
Mayor

Andrew J. Bednarek

Andrew J. Bednarek
Borough Administrator

James V. Craft

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	Councilperson	
Charles P. Covington	Vice-President of Council to June 30; President of Council to Dec, 31	
Richard E. Dean	Councilperson to June 30; Vice-President of Council to Dec, 31	
David B. Ellenberg	President of Council to June 30; Councilperson 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

Insurance

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(CONTINUED)

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FINANCIAL SECTION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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 combined statement of assets, liabilities, reserves and fund balances – all fund types and account group – statutory basis of the Borough of Avalon, State of New Jersey (the "Borough"), as of December 31, 2009 and 2008 and the related combined statement of revenue, expenses and change in fund balance – statutory basis for the year ended December 31, 2009 and the related combined statements of revenue, expenses and change in fund balance – statutory basis - budget and actual for year ended December 31, 2009, 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 group of the Borough, as of December 31, 2009 and 2008, and the results of operations and changes in fund balance of such funds for the year ended December 31, 2009.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds and account group of the Borough, as of December 31, 2009 and 2008 and the results of operations and changes in fund balance of such funds for the year ended December 31, 2009 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 3, 2010 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 supplemental schedules 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. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on them.

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 3, 2010

FINANCIAL STATEMENTS

BOROUGH OF AVALON
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCES - ALL FUND TYPES AND ACCOUNT GROUP - STATUTORY BASIS
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	Governmental Funds	Trust Funds (1)	Utility Operating Funds	Utility Capital Funds	Fixed Asset Account Group	Totals
	Current					Memorandum Only
					2009	2008
Assets and Other Debits:						
Cash and Cash Equivalents	\$ 7,176,571.32	\$ 2,117,279.24	\$ 1,965,349.97	\$ 661,532.69	\$ 12,496,744.72	\$ 15,384,207.54
Prepaid Bond and Interest			46,234.50		46,234.50	51,974.50
Intergovernmental Receivable						
Receivables and Other Assets:						
Delinquent Property Taxes	584,749.11		73,087.69		584,749.11	399,867.18
Consumer Accounts Receivable	15,614.07				73,087.69	60,012.35
Liens Receivable					15,614.07	15,638.87
Property Acquired for Taxes -						
Assessed Valuation	134,380.20				134,380.20	134,380.20
Other Account Receivable	78,763.84	66.00		2,631.81	81,461.65	76,012.32
Interfunds Receivable	3,178.76		1,213.00		4,391.76	68,003.62
Deferred Charges					34,831,153.19	37,846,066.46
Fixed Capital		34,831,153.19		36,686,188.59	36,686,188.59	36,412,990.08
Fixed Assets					20,963,600.46	13,746,593.01
Federal and State Grant Fund:						
Grants Receivable	154,200.00				154,200.00	100,600.00
	<u>\$ 8,147,457.30</u>	<u>\$ 36,948,432.43</u>	<u>\$ 676,077.50</u>	<u>\$ 1,985,885.16</u>	<u>\$ 20,963,600.46</u>	<u>\$ 104,296,445.13</u>
					<u>\$ 106,071,805.94</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, 2009
(WITH COMPARATIVE TOTALS FOR 2008)
(CONTINUED)

	Governmental Funds		Trust Funds (1)	Utility Operating Funds	Utility Capital Funds	Fixed Asset Account Group	Totals	
	Current	Capital					2009	2008
Liabilities, Reserves and Fund Balance:								
Appropriation Reserves	\$ 908,962.30	\$	\$	\$ 338,982.84	\$	\$	\$ 1,247,945.14	\$ 1,409,670.85
Other Liabilities and Reserves	1,317,367.31	1,905,286.02	673,544.50	620,627.21	322,462.07		4,839,287.11	6,467,692.87
Improvement Authorizations		1,414,293.30			1,166,080.64		2,580,373.94	4,355,985.13
Accrued Interest on Bonds and Notes				84,706.38			84,706.38	98,594.29
Reserve for Amortization					29,124,588.59		29,124,588.59	27,901,390.08
Deferred Reserve for Amortization					200,000.00		200,000.00	200,000.00
Interfund Payable			2,533.00				2,533.00	54,230.27
Serial Bonds		32,040,000.00			6,352,000.00		38,392,000.00	41,597,000.00
Bond Anticipation Notes								
Loans Payable		1,587,117.27					1,587,117.27	1,718,997.29
Reserve for Receivables and Other Assets	816,685.98			73,087.69			889,773.67	749,954.23
Federal and State Grant Fund:								
Reserve for Encumbrances	4,027.76						4,027.76	1,200.00
Unappropriated Reserves	49,832.35						49,832.35	59,527.83
Appropriated Reserves	98,481.13						98,481.13	26,098.82
Interfund Payable	1,858.76						1,858.76	13,773.35
Investment in Fixed Assets						20,963,600.46	20,963,600.46	13,746,693.01
Fund Balance	4,950,241.71	1,735.84		868,481.04	185,221.79		6,005,680.38	5,895,637.11
	<u>\$ 8,147,457.30</u>	<u>\$ 36,948,432.43</u>	<u>\$ 676,077.50</u>	<u>\$ 1,985,885.16</u>	<u>\$ 37,350,353.09</u>	<u>\$ 20,963,600.46</u>	<u>\$ 106,071,805.94</u>	<u>\$ 104,296,445.13</u>

(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, 2009

	<u>Current Fund</u>	<u>Utility Operating Fund</u>
Revenues:		
Fund Balance Anticipated	\$ 2,139,000.00	\$ 404,900.00
Miscellaneous Revenues	1,129,485.79	417,085.22
State Aid	441,529.00	
State and Federal Grants	279,701.95	
Uniform Construction Code	247,898.00	
Special Items	839,383.80	
Utility Rents		4,842,841.88
Fees from Sale of Beach Tags		1,063,277.00
Anticipated Deficit (General Budget) - Beach Utility		203,151.40
Receipts from Delinquent Taxes	396,696.15	
Amount to be Raised by Taxes for Support of Municipal Budget:		
Local Tax for Municipal Purposes	<u>17,063,213.40</u>	
Total Budget Revenues	22,536,908.09	6,931,255.50
Other Credits to Income	<u>19,484,695.84</u>	<u>518,248.94</u>
Total Revenues	<u>42,021,603.93</u>	<u>7,449,504.44</u>
Expenditures:		
Current Fund within CAPS:		
General Government	1,656,070.93	
Land Use Administration	104,153.53	
Insurance	2,702,000.00	
Public Safety	2,897,454.28	
Public Works	2,668,257.60	
Health and Human Services	26,500.00	
Parks and Recreation	446,459.33	
Uniform Construction Code	309,323.62	
Unclassified	713,000.00	
Contingent	45,000.00	
Deferred Charges and Statutory Expenditures	1,238,052.40	
Current Fund Excluded from CAPS:		
Library Functions	2,933,900.76	
Public Works	4,500.00	
State and Federal Grants	144,701.95	
Capital Improvements	250,000.00	280,000.00
Debt Service	3,921,228.83	1,261,248.59
Reserve for Uncollected Taxes	1,356,692.08	
Utility Operating		5,442,263.00
Utility Deferred Charges and Statutory Expenditures		<u>97,300.00</u>
Total Budget Expenditures	<u>21,417,295.31</u>	<u>7,080,811.59</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, 2009
(CONTINUED)

	<u>Current Fund</u>	<u>Utility Operating Fund</u>
Other Expenses	\$ 18,315,769.32	\$ 0.00
Total Expenditures	39,733,064.63	7,080,811.59
Excess in Revenues over Expenditures	2,288,539.30	368,692.85
Adjustments to Income before Fund Balance: Expenditures included above which were Funded by Capital Ordinance	<u>0.00</u>	<u> </u>
Statutory Excess to Fund Balance	2,288,539.30	368,692.85
Fund Balance - January 1, 2009	4,800,702.41	904,688.19
Decreased by: Utilized in Budget	<u>2,139,000.00</u>	<u>404,900.00</u>
Fund Balance December 31, 2009	\$ <u>4,950,241.71</u>	\$ <u>868,481.04</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, 2009

	Budget as Modified	2009 Actual	Variance
Revenues:			
Fund Balance Anticipated	\$ 2,139,000.00	\$ 2,139,000.00	\$
Miscellaneous Revenues	1,072,723.04	1,129,485.79	56,762.75
State Aid	441,529.00	441,529.00	
Public and Private Revenues	279,701.95	279,701.95	
Uniform Construction Code Fees	290,000.00	247,898.00	(42,102.00)
Special Items:			
Uniform Fire Safety Act	9,487.53	12,001.58	2,514.05
Sale of Land - County Debt Service Program	90,786.22	90,786.22	
Reserve for Payment of Bonds	250,000.00	250,000.00	
Transfer of Excess Library Surplus (N.J.S. 40:54-15(a))	350,000.00	350,000.00	
Library - Rent & Administration/Building and Grounds	139,234.68	136,596.00	(2,638.68)
Receipts from Delinquent Taxes	375,000.00	396,696.15	21,696.15
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	16,062,740.66	17,063,213.40	1,000,472.74
Total Budget Revenues	21,500,203.08	22,536,908.09	1,036,705.01
Other Credits to Income	18,240,993.27	19,484,695.84	1,243,702.57
Total Revenues	39,741,196.35	42,021,603.93	2,280,407.58
Expenditures:			
Current Fund within CAPS:			
General Government	1,656,070.93	1,656,070.93	
Insurance	2,702,000.00	2,702,000.00	
Land Use Administration	104,153.53	104,153.53	
Public Safety	2,897,454.28	2,897,454.28	
Public Works	2,668,257.60	2,668,257.60	
Health and Human Services	26,500.00	26,500.00	
Parks and Recreation	446,459.33	446,459.33	
Uniform Construction Code	309,323.62	309,323.62	
Unclassified	713,000.00	713,000.00	
Contingent	45,000.00	45,000.00	
Deferred Charges and Statutory Expenditures	1,316,564.00	1,238,052.40	78,511.60
Current Fund Excluded from CAPS:			
Library Functions	2,933,900.76	2,933,900.76	
Public Works	4,500.00	4,500.00	
Public and Private Appropriations	144,701.95	144,701.95	
Capital Improvements	250,000.00	250,000.00	
Debt Service	3,925,625.00	3,921,228.83	4,396.17
Reserve for Uncollected Taxes	1,356,692.08	1,356,692.08	
Total Budget Expenditures	21,500,203.08	21,417,295.31	82,907.77

	Budget as Modified	2009 Actual	Variance
Other Expenses and Charges to Income	\$ 18,240,993.27	\$ 18,315,769.32	\$ (74,776.05)
Total Expenditures	39,741,196.35	39,733,064.63	8,131.72
Excess in Revenues over Expenditures		2,288,539.30	
Adjustments to Income before Fund Balance:			
Expenditures included above which were Funded by Capital Ordinance			
Statutory Excess to Fund Balance		2,288,539.30	
Fund Balance January 1, 2009		4,800,702.41	
		7,089,241.71	
Decreased by Utilized in Budget		2,139,000.00	
Fund Balance December 31, 2009		\$ 4,950,241.71	

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, 2009

	<u>Budget as Modified</u>	<u>2009 Actual</u>	<u>Variance</u>
Revenues:			
Fund Balance Anticipated	\$ 404,900.00	\$ 404,900.00	\$
Utility Rents	4,900,000.00	4,842,841.88	(57,158.12)
Miscellaneous Revenues	<u>500,000.00</u>	<u>406,850.62</u>	<u>(93,149.38)</u>
Total Budget Revenues	5,804,900.00	5,654,592.50	(150,307.50)
Other Credits to Income	<u> </u>	518,248.94	<u>518,248.94</u>
Total Revenues	<u>5,804,900.00</u>	<u>6,172,841.44</u>	<u>367,941.44</u>
Expenditures:			
Operating Expenses	4,249,400.00	4,249,400.00	
Capital Improvements	280,000.00	280,000.00	
Debt Service	1,262,000.00	1,261,248.59	751.41
Deferred Charges and Statutory Expenditures	<u>13,500.00</u>	<u>13,500.00</u>	<u> </u>
Total Budget Expenditures	5,804,900.00	5,804,148.59	751.41
Other Expenses and Charges to Income	<u> </u>	<u> </u>	<u>0.00</u>
Total Expenditures	<u>5,804,900.00</u>	<u>5,804,148.59</u>	<u>751.41</u>
Excess of Revenues over Expenditures		<u>368,692.85</u>	
Statutory Excess to Fund Balance		368,692.85	
Fund Balance January 1, 2009		<u>904,688.19</u>	
		1,273,381.04	
Decreased by:			
Utilized in Budget		<u>404,900.00</u>	
Fund Balance December 31, 2009		<u>\$ 868,481.04</u>	

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, 2009

	<u>Budget as Modified</u>	<u>2009 Actual</u>	<u>Variance</u>
Revenues:			
Fees from Sale of Beach Tags	\$ 980,000.00	\$ 1,063,277.00	\$ 83,277.00
Fees and Permits	15,000.00	10,234.60	(4,765.40)
Anticipated Deficit (General Budget)	<u>281,663.00</u>	<u>203,151.40</u>	<u>(78,511.60)</u>
Total Budget Revenues	1,276,663.00	1,276,663.00	0.00
Other Credits to Income	<u> </u>	<u> </u>	<u>0.00</u>
Total Revenues	<u>1,276,663.00</u>	<u>1,276,663.00</u>	<u>0.00</u>
Expenditures:			
Operating Expenses	1,192,863.00	1,192,863.00	0.00
Deferred Charges and Statutory Expenditures	<u>83,800.00</u>	<u>83,800.00</u>	<u>0.00</u>
Total Expenditures	1,276,663.00	1,276,663.00	0.00
Excess (Deficit) of Revenues over Expenditures		<u>0.00</u>	
Fund Balance January 1, 2009		<u>0.00</u>	
		0.00	
Decreased by:			
Utilized in Budget		<u>0.00</u>	
Fund Balance December 31, 2009		<u><u>\$ 0.00</u></u>	

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

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, 2009 AND 2008
(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, 2009 AND 2008
(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, 2009 AND 2008
(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, 2009 AND 2008
(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, 2009 AND 2008
(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, 2009, 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, 2009 AND 2008
(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, 2009 AND 2008
(CONTINUED)

NOTE 2: LONG-TERM DEBT

Summary of Municipal Debt

	<u>Year 2009</u>	<u>Year 2008</u>	<u>Year 2007</u>
Issued:			
General:			
Bonds and Notes	\$ 32,040,000.00	\$ 34,295,000.00	\$ 29,210,000.00
Loans	1,587,117.27	1,718,997.29	1,431,655.24
Beach Utility:			
Bonds and Notes	-	-	-
Water/Sewer Utility:			
Bonds and Notes	<u>6,352,000.00</u>	<u>7,302,000.00</u>	<u>7,597,000.00</u>
Total Issued	<u>39,979,117.27</u>	<u>43,315,997.29</u>	<u>38,238,655.24</u>
Less:			
Funds Temporarily			
Held to Pay Bonds and Notes:			
General	<u>976,254.91</u>	<u>721,693.91</u>	<u>1,738,146.94</u>
Net Debt Issued	<u>39,002,862.36</u>	<u>42,594,303.38</u>	<u>36,500,508.30</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	1,204,035.92	1,832,068.17	8,329,425.00
Water/Sewer Utility:			
Bonds and Notes	<u>1,009,600.00</u>	<u>1,009,600.00</u>	<u>618,600.00</u>
Total Authorized But Not Issued	<u>2,213,635.92</u>	<u>2,841,668.17</u>	<u>8,948,025.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 41,216,498.28</u>	<u>\$ 45,435,971.55</u>	<u>\$ 45,448,533.30</u>

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(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 0.39%:

	<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	7,361,600.00	7,361,600.00	-
General Debt	34,831,153.19	976,254.91	33,854,898.28
	<u>\$ 47,113,753.19</u>	<u>\$ 13,258,854.91</u>	<u>\$ 33,854,898.28</u>

Net debt \$33,854,898.28 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$8,686,125,082 = 0.39%.

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

3-1/2% of Equalized Valuation Basis	\$ 304,014,377.87
Net Debt	33,854,898.28
	<u>\$ 270,159,479.59</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	\$ 5,675,857.51
Deductions:	
Operating & Maintenance Costs	\$ 4,262,900.00
Debt Service per Water and Sewer Funds	1,261,248.59
Total Deductions	<u>5,524,148.59</u>
Excess in Revenue	<u>\$ 151,708.92</u>

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(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		\$ 1,073,511.60
Deductions:		
Operating & Maintenance Costs	\$ 1,276,663.00	
Debt Service per Beach Utility Funds	-	
Total Deductions		<u>1,276,663.00</u>
Deficit in Revenue		<u>\$ (203,151.40)</u>

Description of Bonds Payable

At December 31, 2009, 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, 2009, is \$3,450,000. 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, 2009, is \$1,570,000.

\$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, 2009, is \$8,320,000.

\$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, 2009, is \$18,700,000.

\$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, 2009, is \$112,206.

\$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, 2009, is \$343,889.

\$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, 2009, is \$167,014.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(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, 2009, is \$123,786.

\$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, 2009, is \$457,180.

\$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, 2009, is \$383,042.

At December 31, 2009, 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, 2009, is \$600,000.

\$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, 2009, is \$940,000.

\$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, 2009, is \$1,492,000.

\$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, 2009, is \$1,005,000.

\$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, 2009, is \$2,315,000.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

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

	<u>Outstanding</u> <u>12/31/08</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Outstanding</u> <u>12/31/09</u>
General Capital Fund:				
Bonds Payable	\$ 34,295,000.00	\$ -	\$ 2,255,000.00	\$ 32,040,000.00
Loans Payable	1,718,997.29	-	131,880.02	1,587,117.27
Total General Capital Fund	<u>36,013,997.29</u>	<u>-</u>	<u>2,386,880.02</u>	<u>33,627,117.27</u>
Utility Capital Fund:				
Bonds Payable	7,302,000.00	-	950,000.00	6,352,000.00
Total Utility Capital Fund	<u>7,302,000.00</u>	<u>-</u>	<u>950,000.00</u>	<u>6,352,000.00</u>
Total All Funds	<u>\$ 43,315,997.29</u>	<u>\$ -</u>	<u>\$ 3,336,880.02</u>	<u>\$ 39,979,117.27</u>

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
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	2,920,677.59	987,151.26	390,000.00	127,754.00
2015-2019	16,567,392.34	3,257,156.98	1,942,000.00	303,686.00
2020-2024	3,200,737.16	91,563.06	630,000.00	36,050.00
2025-2028	163,744.08	5,705.04	-	-
	<u>\$ 33,627,117.27</u>	<u>\$ 9,466,050.57</u>	<u>\$ 6,352,000.00</u>	<u>\$ 1,341,886.00</u>

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(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, 2009, the Borough estimates this liability to approximate \$1,834,909.17 based on 2009 pay rates and compensated absence balances. The Borough has \$219,302.08 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:

	<u>Balance</u> <u>December 31,</u> <u>2009</u>	<u>Balance</u> <u>December 31,</u> <u>2008</u>
Prepaid Taxes - Cash Liability	\$ <u>769,234.21</u>	\$ <u>697,917.20</u>

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(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, 2009 AND 2008
(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, 2009 AND 2008
(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, 2009.

For the Public Employees' Retirement System, the Borough's contribution was \$280,373.00 for 2009 and \$214,048.00 for 2008.

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>
12/31/09	\$ 280,373.00	100%	\$ -
12/31/08	214,048.00	100%	-
12/31/07	111,946.80	100%	-

For the Police and Firemen's Retirement System, the Borough's contribution was \$351,528.00 for 2009 and \$293,534.00 for 2008.

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>
12/31/09	\$ 351,528.00	100%	\$ -
12/31/08	293,534.00	100%	-
12/31/07	228,578.40	100%	-

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 6: PENSION PLANS (Continued)

Funding Policy (Continued)

For the Defined Contribution Retirement Plan, the Borough's contribution was \$0 for 2009 and 2008.

Three Year Trend Information for DCRP				
<u>Funding Year</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/09	\$	-	100%	\$ -
12/31/08		-	100%	-
12/31/07		N/A	N/A	N/A

NOTE 7: POST RETIREMENT BENEFITS

Plan Description

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. During 2009, the Borough authorized participation in the SHBP's post-retirement benefit program.

All Borough retirees with at least 25 years of service or who retire upon or after the age of 62 with 15 or more years of service as regular full-time employees shall receive 100% of the cost of health insurance premiums until 65. After turning 65, the Borough will reimburse a retiree up to 50% of a Medicare supplemental insurance policy. For eligible Police Department employees, upon death of the employee, the post-retirement benefit is provided to the surviving spouse until death.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 7: POST RETIREMENT BENEFITS (Continued)

Plan Description (Continued)

The Borough utilizes the New Jersey State Health Benefits Plan for Health Insurance, however, they also provide post-retirement benefits for vision, dental, and life insurance that are not included as a part of the State Health Benefits Plan. These benefits are budgeted by the Borough annually on a "pay as you go basis" and included in group insurance.

In accordance with GASB 45 and the State of New Jersey, the Borough is required to obtain an actuarial valuation of the liability for providing these benefits. The actuary used the Projected Unit Cost Method. The actuarial valuation report was based on 143 total participants including 28 retirees and the Avalon Free Public Library employees. The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 45.

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual OPEB cost represents the accrued cost for post-employment benefits under GASB 45. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events far into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the January 1, 2009 Actuarial Valuation Report, the Entry Age normal cost method was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 6.0%. In addition, the unfunded actuarial accrued liability is being amortized over the maximum acceptable period of 30 years and is calculated assuming a level dollar amount.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 7: POST RETIREMENT BENEFITS (Continued)

Other Post-employment Benefit Costs and Obligations

In the January 1, 2009 actuarial valuation, the Annual Required Contribution (ARC) for the year ending December 31, 2009 was projected as follows:

	December 31, 2009
Normal Cost	\$ 453,240
Amortization of Unfunded Liability	545,198
Interest	-
Total ARC	<u>\$ 998,438</u>

The following reflects the components of the 2009 annual OPEB Costs, amounts paid, and changes to the net accrued OPEB obligation based on the January 1, 2009 actuarial valuation and actual OPEB payments made or accrued during 2009:

	December 31, 2009
Net OPEB Obligation - Beginning of Year	\$ 0
Annual OPEB Cost	998,438
OPEB Payments	<u>286,118</u>
Increase in Net OPEB Obligation	712,320
Net OPEB Obligation - End of Year	<u>\$ 712,320</u>
Percentage of OPEB Cost Contributed	<u>28.66%</u>

Required Supplementary Information:

	December 31, 2009
Actuarial Value of Plan Assets	\$ -
Actuarial Accrued Liability (AAL)	15,430,129
Total Unfunded AAL (UAAL)	<u>\$ 15,430,129</u>
Funded ratio	0.00%

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 7: POST RETIREMENT BENEFITS (Continued)

Funding Policy

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis.

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, 2009, the carrying amount of the Borough's deposits was \$12,496,224.28 and the bank balance was \$11,652,489.04. Of the bank balance, \$1,101,742.11 was insured with Federal Deposit Insurance and \$10,471,852.55 was covered by GUDPA and \$78,894.38 was uninsured.

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, 2009, 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.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

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

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/obligations of the local unit or 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 2009.

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.

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.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 9: PROPERTY TAXES (Continued)

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.

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:

<u>Comparative Schedule of Tax Rates</u>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	
Tax Rate	\$ 0.393	\$ 0.368	\$ 0.350	
Apportionment of Tax Rate:				
Municipal	0.183	0.171	0.155	
County	0.175	0.163	0.158	
Local School	0.035	0.034	0.037	

<u>Assessed Valuation</u>		
2009	\$	8,777,806,633
2008		8,704,028,556
2007		8,644,312,225

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

NOTE 9: PROPERTY TAXES (Continued)

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2009	\$ 34,642,954.93	\$ 34,012,600.28	98.18%
2008	32,189,242.60	31,769,253.69	98.70%
2007	30,378,510.04	29,571,713.14	97.34%

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	\$ 15,614.07	\$ 584,749.11	\$ 600,363.18	1.73%
2008	15,638.87	399,867.18	415,506.05	1.37%
2007	15,579.61	786,147.62	801,727.23	2.64%

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>
2009	\$ 134,380.20
2008	134,380.20
2007	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.

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

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>Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2009	\$ 4,950,241.71	\$ 1,970,235.35	39.80%
	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%

	<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Water and Sewer	2009	\$ 868,481.04	\$ 600,910.00	69.19%
Operating Fund	2008	904,688.19	404,900.00	44.76%
	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%

NOTE 12: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2009 are as follows:

<u>Amount</u>	<u>Due To</u>	<u>Due From</u>
\$ 1,858.76	Current Fund	Federal & State Grant Fund
142.26	Current Fund	Animal Control Fund
1,177.74	Current Fund	Trusts - Other
1,213.00	Water and Sewer Operating	Trusts - Other
<u>\$ 4,391.76</u>		

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

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.

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, 2009:

	Balance as of December 31, 2008	Additions	Disposals	Balance as of December 31, 2009
Building	\$ 447,286.50	\$ 7,019,193.74	\$	\$ 7,466,480.24
Land & Improvements	6,927,442.45			6,927,442.45
Machinery & Equipment	2,921,496.84	229,900.27	30,000.00	3,121,397.11
Vehicles	3,450,467.22	75,120.20	77,306.76	3,448,280.66
Total	\$ <u>13,746,693.01</u>	\$ <u>7,324,214.21</u>	\$ <u>107,306.76</u>	\$ <u>20,963,600.46</u>

BOROUGH OF AVALON
NOTES TO FINANCIAL STATEMENTS –
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(CONTINUED)

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.

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.

NOTE 18: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2009 and August 3, 2010, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Township that would require disclosure other than the following:

On January 27, 2010, the Borough adopted an ordinance appropriating \$5,500,000 for a beach fill project and authorized the issuance of \$5,225,000 in bonds or notes to finance part of the cost. Also, on March 24, 2010, the Borough introduced an ordinance appropriating \$1,700,000 for improvements to the 38th Street Water Tower, and authorized the issuance of \$1,700,000 in bonds or notes to finance part of the cost.

SUPPLEMENTARY SCHEDULES AND DATA

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
STATUTORY BASIS
AS OF DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Regular Fund:		
Cash and Cash Equivalents	\$ <u>7,176,571.32</u>	\$ <u>6,989,808.71</u>
Intergovernmental Receivable:		
Due from State of New Jersey:		
Veterans and Senior Citizens Deductions	<u>0.00</u>	<u>0.00</u>
Receivable and Other Assets with Full Reserves:		
Delinquent Property Taxes	<u>584,749.11</u>	<u>399,867.18</u>
Liens Receivable:		
Tax Title Liens Receivable	<u>15,614.07</u>	<u>15,638.87</u>
Property Acquired for Taxes - Assessed Valuation	<u>134,380.20</u>	<u>134,380.20</u>
Other Accounts Receivable:		
Revenue Accounts Receivable	7,400.67	7,214.54
Due from Insurance Design Administrators	25,425.00	25,425.00
Due from Avalon Free Pulbic Library	<u>45,938.17</u>	<u>40,724.97</u>
	<u>78,763.84</u>	<u>73,364.51</u>
Interfund Receivable	<u>3,178.76</u>	<u>66,691.12</u>
Deferred Charges	<u>0.00</u>	<u>0.00</u>
	7,993,257.30	7,679,750.59
Federal and State Grant Funds:		
Cash	<u>0.00</u>	<u>0.00</u>
Federal and State Grants Receivable	<u>154,200.00</u>	<u>100,600.00</u>
	<u>154,200.00</u>	<u>100,600.00</u>
	\$ <u>8,147,457.30</u>	\$ <u>7,780,350.59</u>

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
STATUTORY BASIS
AS OF DECEMBER 31, 2009 AND 2008
(CONTINUED)

	<u>2009</u>	<u>2008</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Regular Fund:		
Appropriation Reserves	\$ 908,962.30	\$ 845,958.55
Interfunds Payable	0.00	0.00
Other Liabilities and Reserves:		
Reserve for Encumbrances	199,339.43	292,204.32
Accounts Payable	25,334.82	16,319.73
Prepaid Licenses and Permits	149,100.00	162,450.00
Prepaid Fire Inspection Fees	46,015.00	50,145.00
Prepaid Bay Park Marina Fees	0.00	1,200.00
Prepaid Taxes	769,234.21	697,917.20
Due to County for Added and Omitted Taxes	65,085.69	68,667.49
Due State of New Jersey:		
State Uniform Construction Code Training Fees	6,397.00	4,380.00
Sales Tax	15.26	40.11
Marriage Licenses	350.00	0.00
Veterans and Senior Citizens Deductions	1,252.95	502.95
Reserve for Bid Bond	328.00	328.00
Rental License Bond	17,000.00	14,000.00
Reserve for Master Plan	6,892.50	6,892.50
Reserve for Garden State Preservation Trust Fund	5,815.00	5,815.00
Reserve for Benches - Downtown	22,704.00	21,087.00
Reserve for Animal Protection Fund	2,503.45	1,198.45
	<u>1,317,367.31</u>	<u>1,343,147.75</u>
 Reserve for Receivables and Other Assets	 <u>816,685.98</u>	 <u>689,941.88</u>
 Fund Balance	 <u>4,950,241.71</u>	 <u>4,800,702.41</u>
	<u>7,993,257.30</u>	<u>7,679,750.59</u>
Federal and State Grant Fund:		
Appropriated Reserves	98,481.13	26,098.82
Reserve for Encumbrances	4,027.76	1,200.00
Unappropriated Reserves	49,832.35	59,527.83
Due to Current Fund	1,858.76	13,773.35
	<u>154,200.00</u>	<u>100,600.00</u>
	<u>\$ 8,147,457.30</u>	<u>\$ 7,780,350.59</u>

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF REVENUES AND OTHER CREDITS TO INCOME
STATUTORY BASIS
AS OF DECEMBER 31, 2009

	Budget As Modified	Realized	Excess/ (Deficit)
Fund Balance Anticipated	\$ 2,139,000.00	\$ 2,139,000.00	\$ _____
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	18,000.00	18,350.00	350.00
Other	500.00	557.50	57.50
Fees and Permits	310,000.00	322,185.12	12,185.12
Fines and Costs:			
Municipal Court	135,000.00	180,478.51	45,478.51
Interest and Costs on Taxes	75,000.00	139,863.86	64,863.86
Interest on Investments and Deposits	200,000.00	130,045.76	(69,954.24)
Fees from Fire Inspections	95,000.00	94,682.00	(318.00)
Fees from Rental Registration and Licenses	193,000.00	197,100.00	4,100.00
Cable Television Franchise Tax	46,223.04	46,223.04	_____
Total Miscellaneous Revenues	1,072,723.04	1,129,485.79	56,762.75
State Aid without Offsetting Appropriations:			
Energy Receipts Tax	435,714.00	435,714.00	_____
Garden State Preservation Trust Fund - Reserved	5,815.00	5,815.00	_____
Total State Aid without Offsetting Appropriations	441,529.00	441,529.00	_____
Dedicated Uniform Construction Code Fees Offset with Appropriations:			
Uniform Construction Code Fees	290,000.00	247,898.00	(42,102.00)
Special Items of Revenues Offset with Appropriations:			
NJ Transportation Trust Fund Authority Act	150,000.00	150,000.00	_____
Recycling Tonnage Grant	6,614.12	6,614.12	_____
Clean Communities Program	17,509.16	17,509.16	_____
Green Communities Program	3,000.00	3,000.00	_____
Municipal Court Alcohol Grant	979.60	979.60	_____
CMCMUA Recycling Grant	48,273.78	48,273.78	_____
COPS In Shops	1,200.00	1,200.00	_____
Emergency Management Planning Grant	5,000.00	5,000.00	_____
US Department of Justice-Bulletproof Vest Program	2,045.29	2,045.29	_____
Police Grant - Bike Patrol	2,000.00	2,000.00	_____
Comcast Technology Grant	40,000.00	40,000.00	_____
Recreation Grant - McElhatton	3,080.00	3,080.00	_____
Total Special Items of Revenues Offset with Appropriations	279,701.95	279,701.95	_____

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF REVENUES AND OTHER CREDITS TO INCOME
STATUTORY BASIS
AS OF DECEMBER 31, 2009
(CONTINUED)

	Budget As Modified	Realized	Excess/ (Deficit)
Special Items of Revenue with Prior Consent of the Director:			
Uniform Fire Safety Act	\$ 9,487.53	\$ 12,001.58	\$ 2,514.05
Sale of Land-County Debt Service Program	90,786.22	90,786.22	
Reserve for Payment of Bonds	250,000.00	250,000.00	
Transfer of Excess Library Surplus (N.J.S. 40:54-15(a))	350,000.00	350,000.00	
Library - Rent & Administration/Building & Grounds Services	139,234.68	136,596.00	(2,638.68)
Total Special Items of Revenue with Prior Consent of the Director	839,508.43	839,383.80	(124.63)
Receipts from Delinquent Taxes	375,000.00	396,696.15	21,696.15
Amount to be Raised by Taxes for Support of Municipal Budget	16,062,740.66	17,063,213.40	1,000,472.74
Total Budget Revenues	21,500,203.08	22,536,908.09	1,036,705.01
Other Credits to Income:			
Non-Budget Revenues		235,089.58	235,089.58
Prior Interfunds Returned		66,691.12	66,691.12
Unexpended Balance of Appropriation Reserves and Encumbrances		876,836.18	876,836.18
		1,178,616.88	1,178,616.88
Taxes Allocated to School and County		18,306,078.96	18,306,078.96
Total Other Credits to Income	\$	\$ 19,484,695.84	\$ 19,484,695.84

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
AS OF DECEMBER 31, 2009

	Appropriated		Paid or Charged		Encumbered	Reserved	Unexpended Balance Cancelled
	2009 Budget	Budget After Modification					
(A) Operations - within "CAPS"							
General Government:							
Business Administration							
Salaries and Wages	\$ 150,316.33	\$ 150,316.33	\$ 150,311.20	\$		\$ 5.13	\$
Other Expense	20,500.00	20,500.00	19,040.70	360.00		1,099.30	
Other Expenses - Employee Awards Program	500.00	500.00	108.08			391.92	
Council							
Salaries and Wages	50,198.60	50,198.60	49,104.90			1,093.70	
Other Expense	36,300.00	36,300.00	14,212.98	19,311.05		2,775.97	
Office of the Mayor							
Salaries and Wages	103,930.46	103,930.46	103,929.53			0.93	
Other Expense	95,150.00	95,150.00	83,152.73	4,565.07		7,432.20	
Borough Clerk's Office							
Salaries and Wages	94,476.70	94,476.70	94,357.97			118.73	
Other Expense	20,700.00	20,700.00	15,354.04	699.48		4,646.48	
Treasurer's Office							
Salaries and Wages	177,046.89	177,046.89	177,046.09			0.80	
Other Expense	49,000.00	49,000.00	45,809.65	3,177.67		12.68	
Audit Services							
Other Expense	27,800.00	27,800.00	26,800.00	1,000.00			
Election							
Other Expense	15,350.00	15,350.00	14,867.04			482.96	
Municipal Court							
Salaries and Wages	148,815.07	148,815.07	144,239.52			4,575.55	
Other Expense	28,750.00	28,750.00	17,786.06	242.05		10,721.89	
Public Defender							
Salaries and Wages	4,000.00	4,000.00		1,200.00		2,800.00	
Revenue Administration (Tax Collector)							
Salaries and Wages	63,342.49	63,342.49	62,924.50			417.99	
Other Expense	36,000.00	36,000.00	35,864.85			135.15	
Tax Assessment Administration							
Salaries and Wages	124,727.41	124,727.41	124,696.18			31.23	
Other Expenses	12,350.00	12,350.00	11,191.37	1,063.36		95.27	
Legal Services							
Salaries and Wages	15,000.00	15,000.00	14,999.99			0.01	
Other Expense	165,000.00	190,000.00	171,905.88	5,979.41		12,114.71	
Engineering Services and Costs							
Other Expense	115,000.00	115,000.00	110,119.89	4,793.28		86.83	
Licensing							
Salaries and Wages	33,808.24	33,808.24	31,594.14			2,214.10	
Other Expense	6,000.00	6,000.00	5,163.40	230.15		606.45	

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
AS OF DECEMBER 31, 2009
(CONTINUED)

	Appropriated		Paid or Charged	Encumbered	Reserved	Unexpended Balance Cancelled
	2009 Budget	Budget After Modification				
General Government: (Continued)						
Worker & Community Right to Know Act						
Salaries and Wages	\$ 28,508.74	\$ 28,508.74	\$ 28,508.66	\$ 0.08	\$ 0.08	\$
Other Expense	8,500.00	8,500.00	2,840.56	50.00	5,609.44	
Subtotal General Government	1,631,070.93	1,656,070.93	1,555,929.91	42,671.52	57,469.50	
Insurance						
General Liability	160,000.00	160,000.00	135,371.03		24,628.97	
Workers Compensation Insurance	167,000.00	167,000.00	164,134.31		2,865.69	
Group Insurance for Employees	2,400,000.00	2,375,000.00	1,711,690.87	39,024.78	624,284.35	
Subtotal Insurance	2,727,000.00	2,702,000.00	2,011,196.21	39,024.78	651,779.01	
Land Use Administration :						
Municipal Land Use Law (N.J.S.A. 40:55D-1):						
Planning and Zoning						
Salaries and Wages	13,625.90	13,625.90	13,625.87		0.03	
Other Expense	85,000.00	85,000.00	70,872.84	2,984.78	11,142.38	
Environmental Commission (N.J.S.A. 40-56A-1 et seq.)						
Salaries and Wages	3,227.63	3,227.63	3,020.56		207.07	
Other Expense	2,300.00	2,300.00	707.43	22.80	1,569.77	
Subtotal Land Use Administration	104,153.53	104,153.53	88,226.70	3,007.58	12,919.25	
Public Safety:						
Fire Department						
Other Expense	98,000.00	98,000.00	80,334.78	16,227.99	1,437.23	
Police						
Salaries and Wages	2,100,000.00	2,100,000.00	2,076,546.96		23,453.04	
Other Expense						
Municipal Alliance Program	5,000.00	5,000.00	4,751.01		248.99	
Miscellaneous Other Expense	160,000.00	160,000.00	123,144.36	28,460.02	8,395.62	
Emergency Management Services						
Salaries and Wages	34,419.52	34,419.52	28,760.91		5,658.61	
Other Expense	7,500.00	7,500.00	7,492.05		7.95	
Uniform Fire Safety Act (P.L. 1983, c. 383)						
Fire Official						
Salaries and Wages	103,372.84	103,372.84	102,999.63		373.21	
Other Expense	7,000.00	7,000.00	5,608.99		1,391.01	

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
AS OF DECEMBER 31, 2009
(CONTINUED)

	Appropriated		Paid or Charged		Encumbered	Reserved	Unexpended Balance Cancelled
	2009 Budget	Budget After Modification					
Public Safety: (Continued)							
Rescue Squad							
Salaries and Wages	\$ 342,911.92	\$ 342,911.92	\$ 342,911.15	\$ 2,571.30	\$ 0.77	\$ 20.85	
Other Expense	24,250.00	24,250.00	21,657.85				
Municipal Prosecutor							
Salaries and Wages	15,000.00	15,000.00	15,000.00				
Subtotal Public Safety	2,897,454.28	2,897,454.28	2,809,207.69	47,259.31	40,987.28		
Public Works:							
Division of Public Works							
Salaries and Wages	941,863.72	941,863.72	931,282.26		10,581.46		
Other Expense:							
Landscape/Lawn Care - Contractual	340,000.00	340,000.00	322,152.53		17,847.47		
Miscellaneous Other Expenses	272,000.00	272,000.00	253,336.52	16,575.56	2,087.92		
Garbage and Trash Removal							
Contractual	358,000.00	358,000.00	357,836.92		163.08		
Garbage and Trash Licenses							
Other Expense	1,000.00	1,000.00			1,000.00		
Recycling							
Contractual	350,000.00	350,000.00	341,982.39		8,017.61		
Sanitary Landfill Closure Act	225,000.00	225,000.00	180,108.39	8,910.70	35,980.91		
Vehicle Maintenance							
Salaries and Wages	108,893.88	108,893.88	105,272.64		3,621.24		
Other Expense	71,500.00	71,500.00	66,225.93	3,578.60	1,695.47		
Subtotal Public Works	2,668,257.60	2,668,257.60	2,558,197.58	29,064.86	80,995.16		
Health and Human Services:							
Animal Control							
Other Expenses	26,500.00	26,500.00	22,320.06		4,179.94		
Parks and Recreation Functions:							
Recreation							
Salaries and Wages	252,459.33	252,459.33	245,241.57		7,217.76		
Other Expense	194,000.00	194,000.00	185,340.43	6,996.16	1,663.41		
Subtotal Parks and Recreation	446,459.33	446,459.33	430,582.00	5,996.16	8,881.17		

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
AS OF DECEMBER 31, 2009
(CONTINUED)

	Appropriated		Paid or Charged	Encumbered	Reserved	Unexpended Balance Cancelled
	2009 Budget	Budget After Modification				
Uniform Construction Code:						
Construction Official						
Salaries and Wages	\$ 275,908.10	\$ 275,908.10	\$ 274,108.34	\$ 255.85	\$ 1,793.76	\$ 1,690.88
Other Expense	13,000.00	13,000.00	11,053.27			
Sub-Code Officials:						
Zoning Officials	17,815.52	17,815.52	16,813.32		1,002.20	
Salaries and Wages	2,600.00	2,600.00	1,064.63	772.00	763.37	
Other Expense						
Subtotal Uniform Construction Code	309,323.62	309,323.62	303,039.56	1,027.85	5,256.21	
Unclassified:						
Salary Adjustments	30,000.00	30,000.00	30,000.00			
Accumulated Leave	130,000.00	130,000.00	130,000.00			
Utilities:						
Electric, Natural Gas	365,000.00	365,000.00	339,239.54	20,514.11	5,246.35	
Telephone	83,000.00	83,000.00	77,643.38	1,446.70	3,909.92	
Gasoline	105,000.00	105,000.00	85,313.35	4,316.84	15,369.81	
Subtotal Unclassified	713,000.00	713,000.00	662,196.27	26,277.65	24,526.08	
Contingent	45,000.00	45,000.00	40,929.00	4,009.72	61.28	
Total Operations Including Contingent within "CAPS"	11,568,219.29	11,568,219.29	10,481,824.98	199,339.43	887,054.88	
Details:						
Salaries and Wages	5,233,669.29	5,363,669.29	5,297,295.89	1,200.00	65,173.40	
Other Expenses (Including Contingent)	6,334,550.00	6,204,550.00	5,184,529.09	198,139.43	821,881.48	
(E) Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
(1) Deferred Charges:						
Anticipated Deficit in Beach Utility Fund	281,663.00	281,663.00	203,151.40			78,511.60
(2) Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	280,373.00	280,373.00	280,373.00			
Police and Firemen's Retirement System	351,528.00	351,528.00	351,528.00			
Social Security System	403,000.00	403,000.00	400,592.58		2,407.42	
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	1,316,564.00	1,316,564.00	1,235,644.98		2,407.42	78,511.60

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
AS OF DECEMBER 31, 2009
(CONTINUED)

	Appropriated		Paid or Charged	Encumbered	Reserved	Unexpended Balance Cancelled
	2009 Budget	Budget After Modification				
(H-1) Total General Appropriations for Municipal Purpose within "CAPS"	\$ 12,884,793.29	\$ 12,884,783.29	\$ 11,717,469.96	\$ 199,339.43	\$ 889,462.30	\$ 78,511.60
(A) Operations Excluded from "CAPS"						
Aid to Free Public Library (N.J.S.A. 40:54-8)	2,933,900.76	2,933,900.76	2,933,900.76			
Other Expenses						
Recycling Enhancement Act	4,500.00	4,500.00			4,500.00	
Other Expenses						
Subtotal General Government Outside "CAPS"	2,938,400.76	2,938,400.76	2,933,900.76		4,500.00	
Public and Private Programs Offset by Revenues:						
Clean Communities Program	17,509.16	17,509.16	17,509.16			
COPS In Shops Grant (40A:4-87, \$1,200.00+)	1,200.00	1,200.00	1,200.00			
Green Communities Grant	3,000.00	3,000.00	3,000.00			
Recycling Tonnage Grant	6,614.12	6,614.12	6,614.12			
Municipal Court Alcohol Grant (40A:4-87, \$979.60+)	979.60	979.60	979.60			
CMCMJUA Recycling Grant (40A:4-87, \$48,273.78+)	48,273.78	48,273.78	48,273.78			
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			
Comcast Technology Grant	40,000.00	40,000.00	40,000.00			
McElhatton Recreation Grant	3,080.00	3,080.00	3,080.00			
US Department of Justice-Bulletproof Vest Program	2,045.29	2,045.29	2,045.29			
Matching Funds for Grants	15,000.00	15,000.00			15,000.00	
Subtotal Public and Private Programs Offset by Revenues	94,248.57	144,701.95	129,701.95		15,000.00	
Total Operations Excluded from "CAPS"	3,032,649.33	3,083,102.71	3,063,602.71		19,500.00	
Details:						
Salaries and Wages						
Other Expenses	3,032,649.33	3,083,102.71	3,063,602.71		19,500.00	

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
AS OF DECEMBER 31, 2009
(CONTINUED)

	Appropriated		Paid or Charged		Encumbered	Reserved	Unexpended Balance Cancelled
	2009 Budget	Budget After Modification					
(C) Capital Improvements Excluded from "CAPS"							
Capital Improvement Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$			
Public and Private Programs Offset by Revenues:							
New Jersey Transportation Trust Fund							
Reconstruction of Dune Drive	150,000.00	150,000.00	150,000.00				
Total Capital Improvements Excluded from "CAPS"	250,000.00	250,000.00	250,000.00				
(D) Debt Service Excluded from "CAPS"							
Payment of Bond Principal	2,255,000.00	2,255,000.00	2,255,000.00				
Interest on Bonds	1,500,625.00	1,500,625.00	1,500,625.00				
Green Acres Trust Loan Program:							
Loan Repayments for Principal and Interest	170,000.00	170,000.00	165,603.83				4,396.17
Total Municipal Debt Service - Excluded from "CAPS"	3,925,625.00	3,925,625.00	3,921,228.83				4,396.17
(E) Deferred Charges - Excluded from "CAPS"							
None							
Total Deferred Charges - Excluded from "CAPS"							
(H-2) Total General Appropriations for Municipal Purposes Excluded from "CAPS"	7,208,274.33	7,258,727.71	7,234,831.54		19,500.00		4,396.17
(O) Total General Appropriations - Excluded from "CAPS"	7,208,274.33	7,258,727.71	7,234,831.54		19,500.00		4,396.17
(L) Subtotal General Appropriations (Items (H1) and (O))	20,093,057.62	20,143,511.00	18,952,301.50	199,339.43	908,962.30		82,907.77

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
AS OF DECEMBER 31, 2009
(CONTINUED)

	<u>Appropriated</u>		<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
	<u>2009 Budget</u>	<u>Budget After Modification</u>				
(M) Reserve for Uncollected Taxes	\$ 1,356,692.08	\$ 1,356,692.08	\$ 1,356,692.08	\$	\$	\$
Total General Appropriations	\$ 21,449,749.70	\$ 21,500,203.08	\$ 20,308,993.58	\$ 199,339.43	\$ 908,952.30	\$ 82,907.77
Adopted Budget		\$ 21,449,749.70				
Appropriation by 40A: 4-87		<u>50,453.38</u>				
		\$ 21,500,203.08				
Other Expenses and Charges to Income:						
County Taxes					\$ 15,317,342.96	
Local School Taxes					2,988,736.00	
Prior Year Senior Citizens Deductions Disallowed					500.00	
Interfunds Created					<u>9,190.36</u>	
					\$ 18,315,769.32	

BOROUGH OF AVALON
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
AS OF DECEMBER 31, 2009 AND 2008

Year	Balance Dec. 31, 2008	Added Taxes	2009 Levy	2008	Collections	2009	Senior Citizens' and Veterans' Deductions	Transfer To Lien	Canceled, Remitted or Abatements	Balance Dec. 31, 2009
2008	\$ 399,867.18	\$ 500.00	\$	\$	\$	396,696.15	\$	5.98	\$ 3,665.05	\$ (0.00)
2009			34,642,954.93	697,917.20		33,270,433.08	44,250.00	12.18	45,593.36	584,749.11
	\$ 399,867.18	\$ 500.00	\$ 34,642,954.93	\$ 697,917.20	\$ 33,667,129.23	\$ 44,250.00	\$	18.16	\$ 49,258.41	\$ 584,749.11

Analysis of 2009 Tax Levy:

Tax Yield:	
General Purpose Tax	\$ 34,598,954.93
Senior Citizens' and Veterans' Deductions	44,000.00
	<u>\$ 34,642,954.93</u>

Tax Levy:	
Local District School Taxes	2,988,736.00
County Taxes:	
County Tax per Abstract	\$ 14,360,194.98
Open Space Preservation Tax per Abstract	892,062.29
Amount Due County for Added and Omitted Taxes	<u>65,085.69</u>
Total County Taxes	15,317,342.96
Municipal Taxes:	
Local Tax for Municipal Purposes	16,062,740.66
Adjustment to Added Assessments	<u>274,135.31</u>
	<u>16,336,875.97</u>
	<u>\$ 34,642,954.93</u>

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF TAX TITLE LIENS
AS OF DECEMBER 31, 2009 AND 2008

Balance December 31, 2008		\$ 15,638.87
Increased by:		
Transfers from Taxes Receivable	\$ <u>18.16</u>	<u>18.16</u>
		15,657.03
Decreased by:		
Canceled		<u>42.96</u>
Balance December 31, 2009		\$ <u><u>15,614.07</u></u>

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF 2008 APPROPRIATION RESERVES
AS OF DECEMBER 31, 2009

	Balance Dec. 31, 2008	Balance After Transfers	Disbursed	Transfer to Accounts Payable	Balance Lapsed
General Government:					
Business Administration					
Other Expenses	\$ 1,213.88	\$ 1,213.88	\$ 307.77	\$	\$ 906.11
Council					
Other Expenses	15,250.88	15,250.88	14,340.00	749.90	160.98
Treasurer's Office					
Other Expense	1,617.18	1,617.18	1,417.18		200.00
Mayor's Office					
Other Expense	6,493.70	6,493.70	6,062.26	129.62	301.82
Borough Clerk					
Other Expense	2,559.56	2,559.56	1,168.52		1,391.04
Municipal Court					
Other Expense	19,825.46	19,825.46	16,085.97		3,739.49
Revenue Administration (Tax Collector)					
Other Expense	10,504.51	10,504.51	3,430.71		7,073.80
Legal Services					
Other Expense	19,548.61	19,548.61	18,949.52		599.09
Engineering Services and Costs					
Other Expense	14,782.50	14,782.50	4,482.36	7,131.57	3,168.57
Worker Right to Know					
Other Expense	320.30	320.30	235.95		84.35
Insurance					
Group Insurance for Employees	493,159.44	493,159.44	4,404.44		488,755.00
Land Use Administration:					
Planning Board					
Other Expense	779.30	779.30	779.30		
Environmental Commission					
Other Expense	1,881.00	1,881.00	17.92		1,863.08

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF 2008 APPROPRIATION RESERVES
AS OF DECEMBER 31, 2009
(CONTINUED)

	Balance Dec. 31, 2008	Balance After Transfers	Disbursed	Transfer to Accounts Payable	Balance Lapsed
Public Safety:					
Police					
Salaries and Wages	\$ 117,279.77	\$ 117,279.77	\$ (120.26)	\$	\$ 117,400.03
Municipal Alliance Program	1,285.81	1,285.81	1,200.00		85.81
Other Expense	15,624.98	15,624.98	9,684.60		5,940.38
Emergency Management					
Other Expense	1,470.74	1,470.74	1,460.09		10.65
Fire Department					
Other Expense	13,272.52	13,272.52	5,796.87	1,200.00	6,275.65
Rescue Squad					
Other Expense	11,660.11	11,660.11	10,801.76		858.35
Public Works:					
Division of Public Works					
Other Expense	28,027.15	28,027.15	27,491.38		535.77
Sanitary Landfill Closure Act					
Other Expense	59,980.23	59,980.23	5,999.63		53,980.60
Vehicle Maintenance					
Other Expense	9,493.78	9,493.78	2,209.69		7,284.09
Parks and Recreation:					
Recreation					
Other Expense	5,264.51	5,264.51	1,924.91		3,339.60
Uniform Construction Code:					
Construction Official					
Other Expense	314.03	314.03	110.98		203.05
Unclassified:					
Accumulated Leave					
Utilities:					
Electric, Natural Gas	115,876.16	115,876.16	97,698.07		18,178.09
Telephone	11,978.53	11,978.53	11,306.03		672.50
Gasoline	17,826.28	17,826.28	2,468.08		15,358.20

BOROUGH OF AVALON
CURRENT FUND
STATEMENT OF 2008 APPROPRIATION RESERVES
AS OF DECEMBER 31, 2009
(CONTINUED)

	Balance Dec. 31, 2008	Balance After Transfers	Disbursed	Transfer to Accounts Payable	Balance Lapsed
Contingent	\$ 2,494.96	\$ 2,494.96	\$ 2,401.87	\$	93.09
Other Accounts - No Change	138,376.99	138,376.99			138,376.99
	<u>\$ 1,138,162.87</u>	<u>\$ 1,138,162.87</u>	<u>\$ 252,115.60</u>	<u>\$ 9,211.09</u>	<u>\$ 876,836.18</u>

BOROUGH OF AVALON
FEDERAL AND STATE GRANT FUND
STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE
AS OF DECEMBER 31, 2009 AND 2008

	Balance Dec. 31, 2008	Revenue Realized	2009 Received	Canceled	Balance Dec. 31, 2009
<u>Federal Grants</u>					
Emergency Management - 2009	\$	\$ 5,000.00	\$ 5,000.00	\$	\$ 0.00
COPS in Shops - 2009	1,600.00	1,200.00	1,590.32	9.68	1,200.00
Bullet Proof Vest Program - 2008		2,045.29	2,045.29		0.00
Total Federal Programs	1,600.00	8,245.29	8,635.61	9.68	1,200.00
<u>State Grants</u>					
NJ Transportation Trust Fund Authority Act: Reconstruction of 8th Street - Phase II	99,000.00	150,000.00	99,000.00		0.00
Reconstruction of Dune Drive					150,000.00
Municipal Court Alcohol Education and Rehabilitation Grant		979.60	974.60	5.00	0.00
Police Grant - Bike Patrol - 2008		2,000.00	2,000.00		0.00
Drunk Driving Enforcement Fund - 2008		1,743.68	1,743.68		0.00
Clean Communities Grant - 2008		15,765.48	15,765.48		0.00
Green Communities Grant - 2009		3,000.00			3,000.00
Recycling Tonnage Grant - 2008		6,614.12	6,614.12		0.00
Total State Programs	99,000.00	180,102.88	126,097.88	5.00	153,000.00
<u>Local Grants</u>					
Recreation Grant - McElhatton		3,080.00	3,080.00		0.00
CMCMUA Recycling Grant - 2009		48,273.78	48,273.78		0.00
Comcast Technology Grant		40,000.00	40,000.00		0.00
Total Local Programs	0.00	91,353.78	91,353.78	0.00	0.00
	\$ 100,600.00	\$ 279,701.95	\$ 226,087.27	\$ 14.68	\$ 154,200.00
Unappropriated Reserves					
Grant Receipts			\$ 55,483.09		
			170,604.18		
			\$ 226,087.27		

BOROUGH OF AVALON
FEDERAL AND STATE GRANT FUND
STATEMENT OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED
AS OF DECEMBER 31, 2009 AND 2008

	Balance Dec. 31, 2008	Transferred from 2009 Budget Appropriations		Appropriation By 40A:4-87	Paid or Charged	Cancelled	Balance Dec. 31, 2009
		Budget					
<u>Federal</u>							
Bullet Proof Vest Program - 2005	\$ 1,282.60	\$	\$	\$ 1,282.60	\$		\$ 0.00
Bullet Proof Vest Program - 2006	1,895.24			1,322.65			572.59
Bullet Proof Vest Program - 2007	1,895.24			1,350.00			545.24
Bullet Proof Vest Program - 2008		2,045.29					2,045.29
COPS in Shops Grant - 2008	129.94			120.26		9.68	0.00
COPS in Shops Grant - 2009			1,200.00	1,148.68			51.32
Emergency Management Assistance - 2009		5,000.00		5,000.00			0.00
<u>State</u>							
Clean Communities Grant - 2008	991.97	1,743.68		2,735.65			(0.00)
Clean Communities Grant - 2009		15,765.48		15,765.48			0.00
Green Communities Grant - 2009		3,000.00		3,000.00			0.00
Police Grant - Bike Patrol - 2005	1,920.34			1,920.34			0.00
Police Grant - Bike Patrol - 2006	2,000.00			529.66			1,470.34
Police Grant - Bike Patrol - 2007	2,000.00						2,000.00
Police Grant - Bike Patrol - 2008		2,000.00					2,000.00
Drunk Driving Enforcement Fund - 2008	2,902.64			2,805.93			96.71
Municipal Stormwater Regulation Program	6,822.00			1,115.30			6,822.00
Recycling Tonnage Grant - 2006	1,115.30			6,614.12			0.00
Recycling Tonnage Grant - 2008		6,614.12					0.00
Municipal Court Alcohol Education and Rehabilitation Grant - 2009			979.60			5.00	974.60
Municipal Court Alcohol Education and Rehabilitation Grant - 2008	0.08						0.08
New Jersey Transportation Trust Fund - 2009 Reconstruction of Dune Drive		150,000.00		138,969.29			11,030.71
<u>Local</u>							
Peter McElhatton Recreation Grant	3,108.47	3,080.00					6,188.47
Comcast Technology Grant - 2008		40,000.00		4,625.00			35,375.00
CMC/MUA Recycling Grant - 2009			48,273.78	20,200.00			28,073.78
Library Cultural and Recreation	35.00			(1,200.00)			1,235.00
	<u>\$ 26,098.82</u>	<u>\$ 229,248.57</u>	<u>\$ 50,453.38</u>	<u>\$ 207,304.96</u>	<u>\$ 14.68</u>		<u>\$ 98,481.13</u>
		Cash Disbursed		\$ 204,477.20			
		Encumbered		4,027.76			
		Prior Yr. Encumbered		(1,200.00)			
		Total		<u>\$ 207,304.96</u>			

BOROUGH OF AVALON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS -
UNAPPROPRIATED
AS OF DECEMBER 31, 2009 AND 2008

Grant	Balance Dec. 31, 2008	Receipts	Transferred to 2009 Budget Appropriation	Balance Dec. 31, 2009
Local Grant:				
Peter McElhatton Recreation Grant	\$ 3,080.00	\$ 2,500.00	\$ 3,080.00	\$ 2,500.00
Comcast Technology Grant - 2009		20,000.00		20,000.00
Comcast Technology Grant - 2008	<u>40,000.00</u>		<u>40,000.00</u>	<u>0.00</u>
Total Local Grants	<u>43,080.00</u>	<u>22,500.00</u>	<u>43,080.00</u>	<u>22,500.00</u>
State Grants:				
Police Grant - Bike Patrol - 2008	2,000.00		2,000.00	0.00
Police Grant - Bike Patrol - 2009		2,000.00		2,000.00
Recycling Tonnage Grant - 2009		11,740.43		11,740.43
Recycling Tonnage Grant - 2008	6,614.12		6,614.12	0.00
Emergency Management Grant-2008				0.00
Clean Communities Program - 2008	1,743.68		1,743.68	0.00
Clean Communities Program - 2009		4,348.34		4,348.34
New Jersey State Division of Motor Vehicles - Drunk Driving Enforcement Grant - 2008	3,807.88			3,807.88
Driving Enforcement Grant - 2009		<u>5,198.84</u>		<u>5,198.84</u>
Total State Grants	<u>14,165.68</u>	<u>23,287.61</u>	<u>10,357.80</u>	<u>27,095.49</u>
Federal Grants:				
Bulletproof Vest Program - 2008	2,045.29		2,045.29	0.00
Bulletproof Vest Program - 2007	<u>236.86</u>			<u>236.86</u>
Total Federal Grants	<u>2,282.15</u>	<u>0.00</u>	<u>2,045.29</u>	<u>236.86</u>
Total All Grants	<u>\$ 59,527.83</u>	<u>\$ 45,787.61</u>	<u>\$ 55,483.09</u>	<u>\$ 49,832.35</u>

BOROUGH OF AVALON
TRUST FUNDS
STATEMENT OF ASSETS, LIABILITIES AND RESERVES - STATUTORY BASIS
AS OF DECEMBER 31, 2009 AND 2008

	Animal Control		Other		Totals	
	2009	2008	2009	2008	2009	2008
<u>Assets</u>						
Cash and Cash Equivalents	\$ 471.26	\$ 327.32	\$ 675,540.24	\$ 880,047.54	\$ 676,011.50	\$ 880,374.86
Due from Municipal Court			66.00	16.00	66.00	16.00
	<u>\$ 471.26</u>	<u>\$ 327.32</u>	<u>\$ 675,606.24</u>	<u>\$ 880,063.54</u>	<u>\$ 676,077.50</u>	<u>\$ 880,390.86</u>
<u>Liabilities, Reserves and Fund Balance</u>						
Other Liabilities and Reserves:						
Payroll Deductions Payable	\$	\$	\$ 38,161.20	\$ 72,048.98	\$ 38,161.20	\$ 72,048.98
Reserve for Unemployment Insurance Trust			50,463.34	46,597.05	50,463.34	46,597.05
Other Reserves	329.00	327.35	584,590.96	759,631.51	584,919.96	759,958.86
Interfund Payable	<u>142.26</u>		<u>2,390.74</u>	<u>1,786.00</u>	<u>2,533.00</u>	<u>1,786.00</u>
	<u>\$ 471.26</u>	<u>\$ 327.35</u>	<u>\$ 675,606.24</u>	<u>\$ 880,063.54</u>	<u>\$ 676,077.50</u>	<u>\$ 880,390.89</u>

BOROUGH OF AVALON
TRUST FUNDS
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
AS OF DECEMBER 31, 2009 AND 2008

Balance December 31, 2008 \$ 327.35

Increased by:

Dog License Fees Collected	\$	122.50	
Cat License Fees Collected		17.50	
Cash Over/Short			
Interest Earned on Deposits		3.91	
			143.91
			471.26

Decreased by:

Statutory Excess Due Current Fund		142.26	
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Balance December 31, 2009 \$ 329.00

License Fees Collected:

2008	\$	164.50	
2007		164.50	
	\$	329.00	

BOROUGH OF AVALON
TRUST - OTHER FUNDS
STATEMENT OF RESERVES AND SPECIAL DEPOSITS
AS OF DECEMBER 31, 2009 AND 2008

	Balance Dec. 31, 2008	Receipts	Disbursements	Transfers	Interfund	Balance Dec. 31, 2009
Parking Offenses Adjudication Act	\$ 1,456.05	\$ 530.00	\$	\$	\$ 50.00	\$ 2,036.05
Small Cities Grant	25,262.50					25,262.50
Planning Board Escrow	614,344.56	95,336.12	389,206.60			320,474.08
Law Enforcement Trust Fund	2,798.53	336.84				3,135.37
Accumulated Absences	110,149.77	130,000.00	20,847.69			219,302.08
Fire Penalty Money	50.00	5,850.00	2,474.77			3,425.23
Tax Title Liens Redemption	5,570.10	10,655.80	5,270.25			10,955.65
	<u>\$ 759,631.51</u>	<u>\$ 242,708.76</u>	<u>\$ 417,799.31</u>	<u>\$ 0.00</u>	<u>\$ 50.00</u>	<u>\$ 584,590.96</u>

BOROUGH OF AVALON
TRUST - OTHER FUNDS
STATEMENT OF RESERVE FOR NEW JERSEY UNEMPLOYMENT
COMPENSATION INSURANCE
AS OF DECEMBER 31, 2009 AND 2008

Balance December 31, 2008		\$ 46,597.05
Increased by:		
Borough Contributions	\$ 12,000.00	
Employee Contributions	36,015.66	
Interest Earned on Investments and Deposits	<u>422.46</u>	
		<u>48,438.12</u>
		95,035.17
Decreased by:		
Unemployment Compensation Claims Paid		<u>44,571.83</u>
Balance December 31, 2009		\$ <u>50,463.34</u>

BOROUGH OF AVALON
TRUST FUND - OTHER FUNDS
STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
AS OF DECEMBER 31, 2009 AND 2008

Balance December 31, 2008	\$ 72,048.98
Increased by:	
Payroll Deductions Payable	<u>2,611,357.61</u>
	2,683,406.59
Decreased by:	
Disbursements	<u>2,645,245.39</u>
Balance December 31, 2009	\$ <u>38,161.20</u>

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Cash	\$ 2,117,279.24	\$ 3,353,117.73
Deferred Charges to Future Taxation:		
Funded	33,627,117.27	36,013,997.29
Unfunded	1,204,035.92	1,832,068.17
	<u>34,831,153.19</u>	<u>37,846,065.46</u>
	\$ <u>36,948,432.43</u>	\$ <u>41,199,183.19</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Serial Bonds	\$ 32,040,000.00	\$ 34,295,000.00
Green Acres Loans Payable	<u>1,587,117.27</u>	<u>1,718,997.29</u>
Improvement Authorizations:		
Funded	1,193,495.89	1,409,514.79
Unfunded	220,797.41	865,800.45
	<u>1,414,293.30</u>	<u>2,275,315.24</u>
Capital Improvement Fund	103,160.80	3,160.80
Contracts Payable	791,783.93	2,179,991.23
Reserve for Beach Replenishment	34,086.38	0.00
Reserve for Payment of Bonds	<u>976,254.91</u>	<u>721,693.91</u>
	<u>1,905,286.02</u>	<u>2,904,845.94</u>
Fund Balance	<u>1,735.84</u>	<u>5,024.72</u>
	\$ <u>36,948,432.43</u>	\$ <u>41,199,183.19</u>

BOROUGH OF AVALON
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	Fund Balance	Balance (Deficit) Dec. 31, 2008	Receipts			Disbursements		Transfers		Balance (Deficit) Dec. 31, 2009
			Bonds/Notes/ Loans/Grants	Miscellaneous		Improvement Authorizations	Miscellaneous	From	To	
Capital Improvement Fund		\$ 5,024.72	\$	\$	\$	\$	\$	\$ 90,000.00	\$ 86,711.12	\$ 1,735.84
Reserve for Payment of Bonds		3,160.80		100,000.00						103,160.80
Reserve for Beach Replenishment		721,693.91	504,561.00				250,000.00	1,200,000.00		976,254.91
Contracts Payable			1,207,200.00	26,886.38				2,179,991.23	791,783.93	34,086.38
Improvement Authorizations:		2,179,991.23								791,783.93
Ordinance										
Number										
483-00	Jetty Extension Project - 8th Street	45,128.33				11,989.11		24,782.87	36,751.98	45,128.33
491-01	Replace Bulkhead 74th & 76th Street	6,546.27								6,546.27
503-02	Downtown Improvements - Phase I/IIA	35,749.54				14,852.89		48,913.54	28,016.89	0.00
505-02	Improvements to Public Safety Building	12,768.71						37,797.58	25,028.87	0.00
520-03	Various Capital Improvements:									
	b) Construction of Townsends Inlet Seawall	553,417.51								553,417.51
	c) Construction of Bulkheads at 21st and 8th Streets	17,800.00								17,800.00
	d) Construction of Skateboard Park	3,967.47								3,967.47
523-03	Construction and Equipping of the New School/Community Library	(272,796.32)								(272,796.32)
525-04	Site Work, Construction of Central Plant and Improvements to the Public Safety Building	25,211.20				66,664.77		8,643.35	50,190.90	93.98
526-04	Various Capital Improvements:									
	a) Acquisition of books, software and Furniture for the Library	(170,376.53)	130,452.93			186,644.32			186,644.32	(39,923.70)
539-04	Various Capital Improvements:									0.00
Revised by 553-05	Construction, Design and Permitting of the Timber Boardwalk	3,394.67				3,283.14				111.53
	a) Beach Restoration	17,732.52								83,247.13
	b) Seawall Extension	130,216.14						14,477.50	79,992.11	130,216.14
543-05	Road Improvements	16,664.25				16,664.25				0.00
545-05	Various Capital Improvements:									
	(c) Roof - Borough Hall	68,792.59				5,675.00				63,117.59
547-05	Recreation Equipment and Construction of Bike Lanes	5,853.54				7,604.10			1,750.56	0.00
550-05	Road Improvements	6,622.76				6,622.76		5,490.20	5,490.20	0.00
551-05	Veterans Plaza Project	(90,139.80)				9,126.10				(99,265.90)
560-05	Beach Restoration	15,891.49				15,891.49				0.00
570-06	Various Capital Improvements:									
	a) Various Road Improvements	24,315.54				3,996.00		8,000.03	11,996.03	24,315.54
	c) Bulkhead Reconstruction	41,688.93				94,003.49			81,498.69	25,184.13
580-06	Community Center Floor	8,026.28				2,597.70				5,428.58
582-07	Road Improvements	78,170.74				21,390.00		17,860.00		38,920.74
583-07	Beach Restoration	172,432.16				58,134.84		175,465.12	74,520.34	13,352.54

BOROUGH OF AVALON
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	Balance (Deficit) Dec. 31, 2008	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2009
		Bonds/Notes/ Loans/Grants	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
586-07 Improvements to Public Buildings	\$ 1,217.07	\$	\$	\$ 1,253,544.96	\$	\$ 140,864.82	\$ 1,393,272.67	\$ 79.96
592-08 Road Improvements	109,907.08			198,133.65		1,310.92	12,707.67	(76,829.82)
597-08 Various Capital Improvements:								
a) Improvements to Borough Buildings	(85,541.48)			113,771.35		20,175.50	67,130.00	(152,358.33)
b) Improvements to Armacost Park	(12,106.33)			630.90				(12,736.23)
c) Improvements to O'Brien Park	(12,512.00)			988.00				(13,500.00)
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	(18,000.00)							(18,000.00)
g) Installation of Carpet in Borough Hall	(28,313.50)			20,892.05		40,000.00		(49,205.55)
h) Acquisition of Beach Rake Tractor	4,000.00							(36,000.00)
i) Installation of Radar Stations	(13,500.00)							(13,500.00)
j) Boardwalk Repairs	(85,682.66)			940.00				(86,622.66)
601-08 Various Capital Improvements:								
a) Emergency Beachfill	(64,800.00)	64,800.00		125,000.00			125,000.00	0.00
b) HVAC Replacement Community Hall	(112,500.00)			779,242.93		325,513.62	1,200,000.00	(112,500.00)
612-09 Beachfill Project				1,475.00		9,200.00	90,000.00	95,243.45
619-09 Various Improvements to Buildings								79,325.00
	\$ 3,353,117.73	\$ 1,907,013.93	\$ 126,886.38	\$ 3,019,738.80	\$ 250,000.00	\$ 4,348,486.28	\$ 4,348,486.28	\$ 2,117,279.24

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF DEFERRED CHARGES - UNFUNDED
AS OF DECEMBER 31, 2009 AND 2008

Ordinance Number	Improvement Description	Balance Dec. 31, 2008	2009 Authorizations	Notes Paid by Budget Appropriation	Grants Received	Authorizations Cancelled	Balance Dec. 31, 2009	Analysis of Balance		
								Financed by Bond Anticipation Notes	Expenditures	Improvement Authorizations Unfunded
523-03	Construction and Equipping of the New School/Community Library	\$ 285,000.00	\$	\$	\$	\$ 12,203.68	\$ 272,796.32	\$	\$ 272,796.32	\$ 0.00
526-04	Various Capital Improvements:									
	a) Acquisition of books, software and Furniture for the Library	583,299.17			130,452.93	412,922.54	39,923.70		39,923.70	0.00
551-05	Veterans Plaza Project	106,919.00				7,653.10	99,265.90		99,265.90	0.00
580-06	Community Center Floor	50.00					50.00			50.00
592-08	Road Improvements	252,000.00					252,000.00		76,829.82	175,170.18
597-08	Various Capital Improvements:									
	a) Improvements to Borough Buildings	153,000.00					153,000.00		152,358.33	641.67
	b) Improvements to Amacost Park	13,500.00					13,500.00		12,736.23	763.77
	c) Improvements to O'Brien Park	13,500.00					13,500.00		13,500.00	0.00
	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	0.00
	f) Improvements to Senior Center	18,000.00					18,000.00		49,205.55	4,794.45
	g) Installation of Carpet in Borough Hall	54,000.00					54,000.00		36,000.00	0.00
	h) Acquisition of Beach Rake Tractor	36,000.00					36,000.00		13,500.00	0.00
	i) Installation of Radar Stations	13,500.00					13,500.00		86,622.66	3,377.34
	j) Boardwalk Repairs	90,000.00					90,000.00			
601-08	Various Capital Improvements:				64,800.00					
	a) Emergency Beachfill	64,800.00					0.00			0.00
	b) HVAC Replacement Community Hall	112,500.00					112,500.00		112,500.00	0.00
		\$ 1,832,068.17	\$ 0.00	\$ 0.00	\$ 195,252.93	\$ 432,779.32	\$ 1,204,035.92	\$ 0.00	\$ 983,238.51	\$ 220,797.41

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF GENERAL SERIAL BONDS
AS OF DECEMBER 31, 2009 AND 2008

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2008	Issued for Cash	Paid by Budget Appropriation	Balance Dec. 31, 2009	
			Outstanding Dec. 31, 2009	Date	Amount						
General Bonds, Series 2001	7/15/2001	\$ 8,000,000		7/15/2010	\$ 650,000	4.25%	\$ 4,100,000.00	\$	\$ 650,000.00	\$ 3,450,000.00	
				7-15-11-14	700,000						
Refunding Bonds of 2002	8/1/2002	3,265,000		8/1/2010	800,000	5.00%	2,375,000.00		805,000.00	1,570,000.00	
				8/1/2011	770,000	4.25%					
General Bonds, Series 2004	11/1/2004	10,820,000		11/1/10-11	500,000	3.25%	8,820,000.00		500,000.00	8,320,000.00	
				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		5/15/2010	400,000	3.00%	19,000,000.00		300,000.00	18,700,000.00	
				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%					
								\$ 34,295,000.00	\$ 0.00	\$ 2,255,000.00	\$ 32,040,000.00

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF LOANS PAYABLE
AS OF DECEMBER 31, 2009 AND 2008

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2008	Increased	Paid by Budget Appropriation	Balance Dec. 31, 2009
			Date	Amount					
New Jersey Green Acres Trust Program: Park Improvements to 8th Street Recreation Center	10/15/03	\$ 149,950	5/6/10	\$ 3,640.58	2.00%	\$ 119,379.22	\$	\$ 7,173.37	\$ 112,205.85
			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, 2009 AND 2008

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2008	Increased	Paid by Budget Appropriation	Balance Dec. 31, 2009
			Outstanding	Dec. 31, 2009					
			Date	Amount					
New Jersey Green Acres Trust Program: Beachfront Acquisition - Loan #1 (Borough is accelerating payments and repaying over ten years)	6/26/04	\$ 587,800	12/26/13	\$ 7,315.46	2.00%	\$ 397,317.19	\$	\$ 53,427.79	\$ 343,889.40
			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					
			6/26/20	16,368.33					
			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					
New Jersey Green Acres Trust Program: Beachfront Acquisition - Loan #2 (Borough is accelerating payments and repaying over ten years)	12/30/04	348,797	6/30/16	7,403.27	2.00%	192,961.31		25,947.77	167,013.54
			12/30/16	9,248.55					
			6/30/17	9,341.04					
			12/30/17	9,434.45					
			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					

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF LOANS PAYABLE
AS OF DECEMBER 31, 2009 AND 2008

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2008	Increased	Paid by Budget Appropriation	Balance Dec. 31, 2009
			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	6/30/22	\$ 10,318.32	\$ 2.00%	\$	\$	\$	\$
			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	1/19/10	3,425.88	2.00%	130,536.63		6,750.33	123,786.30
			7/19/10	3,460.14					
			1/19/11	3,494.74					
			7/19/11	3,529.68					
			1/2/12	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					
			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					

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF LOANS PAYABLE
AS OF DECEMBER 31, 2009 AND 2008

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2008	Increased	Paid by Budget Appropriation	Balance Dec. 31, 2009
			Date	Amount					
New Jersey Green Acres Trust Program: 8th Street Recreation - Part I of Refunding	5/19/05	\$ 150,000	7/19/24	\$ 4,571.85	\$	\$	\$	\$	\$
			1/19/25	4,617.57					
			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					
New Jersey Green Acres Trust Program: 8th Street Recreation - Part II of Refunding	11/3/07	500,000	5/3/14	11,883.27		478,802.94		21,623.12	457,179.82
			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					
			11/3/20	13,524.57					
			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					

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF LOANS PAYABLE
AS OF DECEMBER 31, 2009 AND 2008

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2008	Increased	Paid by Budget Appropriation	Balance Dec. 31, 2009
			Outstanding	Dec. 31, 2009					
			Date	Amount					
New Jersey Green Acres Trust Program: 8th Street Recreation - Part II of Refunding		\$	11/3/26	\$ 15,239.49	2.00%	\$	\$	\$	\$
			5/3/27	15,391.45					
New Jersey Green Acres Trust Program: Multi-Park Improvements	6/18/08	400,000	6/18/10	8,606.21	2.00%	400,000.00		16,957.64	383,042.36
			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					
			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					

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF LOANS PAYABLE
AS OF DECEMBER 31, 2009 AND 2008

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2008	Increased	Paid by Budget Appropriation	Balance Dec. 31, 2009
			Outstanding	Date	Amount					
					Dec. 31, 2009					
New Jersey Green Acres Trust Program: Multi-Park Improvements										
		\$	6/18/27		\$ 12,070.89		\$		\$	
			12/18/27		12,191.59					
			6/18/28		12,313.50					
							<u>\$ 1,718,997.29</u>	<u>\$ 0.00</u>	<u>\$ 131,880.02</u>	<u>\$ 1,587,117.27</u>

BOROUGH OF AVALON
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
AS OF DECEMBER 31, 2009 AND 2008

Ordinance Number	Improvement Description	Ordinance Date	Amount	2009 Authorizations				Deferred Charges to Future Taxation - Unfunded	Paid or Charged	Cancelled	Balance Dec. 31, 2009	
				Balance Dec. 31, 2008 Funded	Unfunded	Capital Improvement Fund	Other				Funded	Unfunded
483-00	Jetty Extension Project - 8th Street	8/2/00	\$ 1,200,000	\$ 45,128.33	\$	\$	\$	\$	\$	\$	\$ 45,128.33	\$
491-01	Replace Bulkhead 74th & 76th Street	3/14/01	125,000	6,546.27							6,546.27	
503-02	Downtown Improvements - Phase IIIA	7/10/02	5,475,000	35,749.54					(13,164.00)	48,913.54		
503-02	Improvements to Public Safety Building	8/28/02	225,000	12,768.71					(25,028.87)	37,797.58		
520-03	Various Capital Improvements: b) Construction of Townsends Inlet Seawall c) Construction of Bulkheads at 21st and 8th Streets	7/23/03	2,115,000	553,417.51							553,417.51	
				17,800.00							17,800.00	
				3,967.47							3,967.47	
523-03	Construction of Skateboard Park	8/27/03	300,000		12,203.68							
525-04	School/Community Library Site Work, Construction of Central Plant and Improvements to the Public Safety Building	4/14/2004	3,200,000							12,203.68		
525-04	Various Capital Improvements: a) Acquisition of books, software and Furniture for the Library b) Acquisition of Public Works Equipment	3/24/2004	1,600,000	25,211.20					25,117.22		93.98	
				(0.00)	412,922.54					412,922.54	(0.00)	
539-04 Amended by 553-05	Various Improvements: Construction, Design and Permitting of the Timber Boardwalk a) Beach Restoration b) Seawall Extension c) Purchase of Sirens	10/13/2004	1,475,000	3,384.67					3,283.14		111.53	
				17,732.52					(65,514.61)		83,247.13	
				130,216.14							130,216.14	
543-05	Road Improvements	1/25/2005	900,000	16,664.25					16,664.25			
545-05	Various Capital Improvements: (c) Roof - Borough Hall	2/9/2005	539,000	68,792.59					5,675.00		63,117.59	
547-05	Recreation Equipment and Construction of Bike Lanes	2/9/2005	289,569	5,853.54					5,853.54		(0.00)	
550-05	Road Improvements	6/28/2005	1,300,000	6,622.76					6,622.76		0.00	
551-05	Veterans Plaza Project	7/13/2005	800,000	15,891.49					9,126.10	7,663.10		
560-05	Beach Restoration	12/14/2005	3,000,000		16,779.20				15,881.49			
570-06	Various Capital Improvements: a) Various Road Improvements c) Bulkhead Reconstruction	12/14/2006	1,800,000	24,315.54					12,504.80		24,315.54	
				41,688.93					2,597.70		29,184.13	
580-06	Community Hall Floor	1/10/2007	225,000	8,026.28	50.00				39,250.00		5,428.58	50.00
582-07	Road Improvements	2/14/2007	800,000	78,170.74					38,920.74		13,352.54	
583-07	Beach Restoration	2/14/2007	3,000,000	172,432.16					159,079.62		79.96	
586-07	Improvements to Buildings	6/28/2007	7,500,000	1,217.07					1,137.11			
592-08	Road Improvements	1/23/2008	800,000	109,907.08	252,000.00				186,736.90			175,170.18
597-08	Various Capital Improvements: a) Improvements to Borough Buildings b) Improvements to Armcoast Park c) Improvements to O'Brien Park d) Install Fire Alarm - Public Works e) Improvements to Sport Fishing Pier g) Installation of Carpet in Borough Hall h) Acquisition of Beach Rake Tractor i) Boardwalk Repairs	5/28/2008	475,000	67,468.52					66,816.35		641.67	
				1,394.67					630.90		763.77	
				988.00					988.00			
				2,000.00							2,000.00	18,000.00
				2,000.00							2,000.00	18,000.00
				25,686.50					20,892.05			4,794.45
				36,000.00					40,000.00			3,377.34
				4,317.34					940.00			
601-08	Various Capital Improvements:	10/22/2008	1,397,000									
612-09	b) HVAC Replacement Community Hall						1,200,000.00		1,104,756.55		95,243.45	
619-09	Beachfill Project Various Improvements to Buildings	3/25/2009 9/23/2009	1,200,000 90,000				90,000.00		10,675.00		79,325.00	
				\$ 1,408,514.79	\$ 865,809.45	\$	\$ 1,290,000.00	\$	\$ 1,631,531.50	\$ 519,490.44	\$ 1,193,495.89	\$ 220,797.41

BOROUGH OF AVALON
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
AS DECEMBER 31, 2008 AND 2009

Ordinance Number		Balance Dec. 31, 2008	2009 Authorizations	Funded by Grants/Library	Authorizations Cancelled	Balance Dec. 31, 2009
523-03	Construction and Equipping of the School/Community Library	\$ 285,000.00	\$		\$ 12,203.68	\$ 272,796.32
526-04	Various Capital Improvements: (A) Acquisition of books, software and Furniture for the Library					
551-05	Veterans Plaza Project	583,299.17		130,452.93	412,922.54	39,923.70
580-06	Community Center Floor	106,919.00			7,653.10	99,265.90
592-08	Road Improvements	50.00				50.00
597-08	Road Improvements	252,000.00				252,000.00
	Various Capital Improvements:					
	a) Improvements to Borough Buildings	153,000.00				153,000.00
	b) Improvements to Armacost Park	13,500.00				13,500.00
	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:			64,800.00		
	a) Emergency Beachfill	64,800.00				0.00
	b) HVAC Replacement Community Hall	112,500.00				112,500.00
		<u>\$ 1,832,068.17</u>	<u>\$ 0.00</u>	<u>\$ 195,252.93</u>	<u>\$ 432,779.32</u>	<u>\$ 1,204,035.92</u>

BOROUGH OF AVALON
WATER AND SEWER UTILITY OPERATING FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Operating Fund:		
Cash	\$ 1,816,195.21	2,301,229.93
Prepaid Debt Service	46,234.50	51,974.50
Interfund Receivable	1,213.00	1,213.00
	<u>47,447.50</u>	<u>53,187.50</u>
Consumer Accounts Receivable	73,087.69	60,012.35
	<u>\$ 1,936,730.40</u>	<u>\$ 2,414,429.78</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 324,888.20	\$ 544,224.23
Other Liabilities and Reserves:		
Reserve for Encumbrances	88,760.39	181,789.60
Accounts Payable	18,518.32	7,802.57
Bid Bond Payable	36,000.00	36,000.00
Rent Overpayments	700.15	0.00
Unallocated Receipts	0.00	0.01
Prepaid Water and Sewer Rents	441,588.23	529,344.04
	<u>585,567.09</u>	<u>754,936.22</u>
Accrued Interest on Bonds and Notes	84,706.38	98,594.29
Interfund Payable		51,974.50
Reserve for Receivables	73,087.69	60,012.35
Fund Balance	<u>868,481.04</u>	<u>904,688.19</u>
	<u>\$ 1,936,730.40</u>	<u>\$ 2,414,429.78</u>

BOROUGH OF AVALON
WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES AND OTHER CREDITS TO INCOME -
STATUTORY BASIS
AS OF DECEMBER 31, 2009 AND 2008

	Anticipated Budget	Realized	Excess
Operating Fund Balance Anticipated	\$ 404,900.00	\$ 404,900.00	\$ _____
Rents	4,900,000.00	4,842,841.88	(57,158.12)
Miscellaneous	500,000.00	406,850.62	(93,149.38)
	5,400,000.00	5,249,692.50	(150,307.50)
	\$ 5,804,900.00	\$ 5,654,592.50	\$ (150,307.50)

Other Credits to Income:

Miscellaneous Revenue Not Anticipated	\$ 21,265.01
Unexpended Balance of Appropriation Reserves	496,983.93
	\$ 518,248.94

Analysis of Realized Revenues:

Miscellaneous Revenues:

Interest on Investments and Deposits	\$ 56,472.16	
Penalties on Delinquent Accounts	9,247.17	
Water Installations	58,502.00	
Sewer Installations	5,612.00	
Sewer Connection Fees	2,800.00	
Water Application Fees	4,200.00	
Miscellaneous Construction	327.00	
Cell Phone Towers	267,875.29	
Administration Fee	1,815.00	
		\$ 406,850.62

Analysis of Miscellaneous Revenue not Anticipated:

Refunds	\$ 20,660.00	
Miscellaneous	605.01	
		\$ 21,265.01

BOROUGH OF AVALON
WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES AND OTHER CHARGES TO INCOME - STATUTORY BASIS
AS OF DECEMBER 31, 2009 AND 2008

	Appropriations		Expended		Unexpended Balance Canceled
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	
Operating:					
Salaries and Wages	\$ 176,000.00	\$ 176,000.00	\$ 154,335.63	\$ 21,664.37	\$
Other Expense	4,073,400.00	4,073,400.00	3,807,005.48	64,010.39	202,384.13
Total Operating	4,249,400.00	4,249,400.00	3,961,341.11	64,010.39	224,048.50
Capital Improvements:					
Capital Outlay	280,000.00	280,000.00	158,022.41	24,750.00	97,227.59
Debt Service:					
Payment of Bond Principal	950,000.00	950,000.00	950,000.00		751.41
Interest on Bonds	312,000.00	312,000.00	311,248.59		
Total Debt Service	1,262,000.00	1,262,000.00	1,261,248.59		751.41
Deferred Charges and Statutory Expenditures:					
Deferred Charges:					
None					
Statutory Expenditures:					
Social Security System (O.A.S.I.)	13,500.00	13,500.00	9,887.89		3,612.11
Total Statutory Expenditures and Deferred Charges	13,500.00	13,500.00	9,887.89		3,612.11
	\$ 5,804,900.00	\$ 5,804,900.00	\$ 5,390,500.00	\$ 88,760.39	\$ 324,888.20
					\$ 751.41

BOROUGH OF AVALON
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2008		\$ 60,012.35
Increased by:		
Rents Charged in 2009	\$ 4,852,567.22	
Turn on/off Fees	<u>3,350.00</u>	
		<u>4,855,917.22</u>
		4,915,929.57
Decreased by:		
Prepayments Applied	529,344.04	
Collections	<u>4,313,497.84</u>	
		<u>4,842,841.88</u>
Balance December 31, 2009		<u>\$ 73,087.69</u>

STATEMENT OF 2008 APPROPRIATION RESERVES

	Balance Dec. 31, 2008	Encumbrances Canceled	Expended	Balanced Lapsed
Operating:				
Salaries and Wages	\$ 655.98	\$	\$	\$ 655.98
Other Expense	<u>392,638.71</u>	<u>121,847.92</u>	<u>113,853.80</u>	<u>400,632.83</u>
	<u>393,294.69</u>	<u>121,847.92</u>	<u>113,853.80</u>	<u>401,288.81</u>
Capital Improvements:				
Capital Outlay	<u>147,180.95</u>	<u>59,941.68</u>	<u>115,176.10</u>	<u>91,946.53</u>
Statutory Expenditures and Deferred Charges:				
Social Security System (O.A.S.I.)	<u>3,748.59</u>	<u></u>	<u></u>	<u>3,748.59</u>
	<u>\$ 544,224.23</u>	<u>\$ 181,789.60</u>	<u>\$ 229,029.90</u>	<u>\$ 496,983.93</u>
			Disbursed \$ 218,314.15	
			Transfer to Accounts Payable <u>10,715.75</u>	
			<u>\$ 229,029.90</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, 2009 AND 2008

Balance December 31, 2008		\$	98,594.29
Increased by:			
Budget Appropriation for:			
Interest on Bonds	\$	311,248.59	
Interest on Notes		<u>0.00</u>	
			<u>311,248.59</u>
			409,842.88
Decreased by:			
Interest Paid			<u>325,136.50</u>
Balance December 31, 2009		\$	<u><u>84,706.38</u></u>

Analysis of Accrued Interest December 31, 2009:

<u>Principal Outstanding Dec. 31, 2009</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
<u>Bonds:</u>					
\$ 600,000	7.05%	11/1/2009	12/31/2009	2 Months	\$ 7,050.00
1,005,000	Various	7/1/2009	12/31/2009	6 Months	17,617.50
1,492,000	Various	7/1/2009	12/31/2009	6 Months	28,617.00
940,000	Various	8/1/2009	12/31/2009	6 Months	17,984.38
2,315,000	Various	8/1/2009	12/31/2009	6 Months	<u>13,437.50</u>
					\$ <u><u>84,706.38</u></u>

BOROUGH OF AVALON
WATER AND SEWER UTILITY CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Cash	\$ 659,282.69	\$ 1,791,684.52
Fixed Capital	30,968,876.65	30,245,678.14
Fixed Capital Authorized and Uncompleted	5,206,900.00	5,656,900.00
Fixed Capital	36,175,776.65	35,902,578.14
Other Accounts Receivable:		
Due from Cape May County - CAFRA Permit	2,631.81	2,631.81
Other Accounts Receivable	2,631.81	2,631.81
	<u>\$ 36,837,691.15</u>	<u>\$ 37,696,894.47</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Serial Bonds	\$ 6,352,000.00	\$ 7,302,000.00
Bond Anticipation Notes	0.00	0.00
Improvement Authorizations:		
Funded	774,680.64	1,430,669.89
Unfunded	391,400.00	650,000.00
	1,166,080.64	2,080,669.89
Capital Improvement Fund	48,000.00	48,000.00
Accounts Payable	12,156.65	12,156.65
Contracts Payable	260,055.42	477,868.00
	320,212.07	538,024.65
Reserves for Amortization	28,614,176.65	27,390,978.14
Deferred Reserve for Amortization	200,000.00	200,000.00
Fund Balance	185,221.79	185,221.79
	<u>\$ 36,837,691.15</u>	<u>\$ 37,696,894.47</u>

BOROUGH OF AVALON
WATER AND SEWER UTILITY CAPITAL FUND
ANALYSIS OF WATER AND SEWER UTILITY
CAPITAL CASH AND INVESTMENTS
AS OF DECEMBER 31, 2009 AND 2008

	Ordinance Adoption	Balance (Deficit) Dec. 31, 2008	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2009
			Bond Antic. Notes Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance		\$ 185,221.79	\$	\$	\$	\$	\$	\$	\$ 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		477,868.00					477,868.00	260,055.42	260,055.42
Improvement Authorizations:									
Ordinance Number									
493-01	Various Improvements	0.00			36,865.00			36,863.00	98.00
504-02	Phase IIA of Downtown Reconstruction	0.60							0.60
513-03	Well Replacement and Renovation of Water Main	9,728.27							9,728.27
515-03	Various Improvements:								
a) Storm Sewer Improvement to 24th Street and Ocean Drive									
516-03	Improvements to Sanitary Sewer System	209,984.81							29,933.72
521-03	Various Improvements:	(152,239.48)							43,196.61
a) Rehabilitation of Well #8									
b) Acquisition and Installation SCADA									
534-04	Improvements to Sanitary Sewer System	8,300.00					195,436.09	15,385.00	8,300.00
544-05	Various Capital Improvements:	214,378.30							130,085.02
546-05	Various Capital Improvements:						15,600.00		8,300.00
a) Acquisition of Jet/Vactor Truck									
b) Repairs to Well #7									
571-06	Various Capital Improvements:	84,976.73			87,549.31		12,727.42	15,600.00	0.00
a) Paint Water Tank at 13th Street									
b) Replace Well #7 at 67th Street		298,844.27			195,306.67				103,537.60
c) Improvements to 38th St. Generator		375,888.85			404,488.85		78,150.00	78,150.00	(28,600.00)
d) Refurbish Pump Station Wet Well at 42nd & 58th Streets		0.00							0.00
e) Ocean Ave. Stormwater Improvements		40,174.28			312.00		19,750.00	19,750.00	40,174.28
f) Water and Sewer Improvements associated with Roads		3,000.00						312.00	3,000.00
600-08	Various Capital Improvements:	207,548.24					6,308.00	6,308.00	207,548.24
a) Paint Water Tank at 13th Street		(600.00)			230,000.00				(600.00)
b) Replace Well #7 at 67th Street		0.00							(230,000.00)
c) System-wide review of the sanitary sewer gravity conveyance system		0.00							0.00
d) Water allocation permit		0.00							0.00
e) Stormwater Outfall Evaluation Program		(76,000.00)			9,880.00		28,120.00	38,000.00	(76,000.00)
f) Installation of Tide-Flex valves at the 21st Street and 25th Street Outfalls		0.00							0.00
g) Repairs to Sewer pumping Stations located at 58th and 74th Streets		(117,000.00)			117,000.00			117,000.00	(117,000.00)
h) Installation of fiberglass enclosures at storm water station located at 22nd and 11th Streets		(51,000.00)			51,000.00			51,000.00	(51,000.00)
i) Acquisition of Equipment		(115,000.00)					115,000.00	115,000.00	(115,000.00)
		\$ 1,791,684.52	\$ 0.00	\$ 0.00	\$ 1,132,401.83	\$ 0.00	\$ 948,959.51	\$ 948,959.51	\$ 659,282.69

BOROUGH OF AVALON
STATEMENT OF WATER AND SEWER SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2009		Interest Rate	Balance Dec. 31, 2008	Bonds Issued	Paid by Budget Appropriation	Balance Dec. 31, 2009
			Date	Amount					
Series 1990	11/1/1990	\$ 3,800,000	11/1/2010-12	\$ 200,000	7.05%	\$ 800,000.00	\$	200,000.00	\$ 600,000.00
Refunding Bonds of 2002	8/1/2002	2,070,000	8/1/10	340,000	5.00%	1,280,000.00		340,000.00	940,000.00
			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	7/15/2010	145,000	3.50%	1,632,000.00		140,000.00	1,492,000.00
			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%				
Refunding Bonds of 2003	8/1/2003	2,215,000	7/15/2010	240,000	3.30%	1,240,000.00		235,000.00	1,005,000.00
			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	2,350,000	5/15/2010	55,000	3.00%	2,350,000.00		35,000.00	2,315,000.00
			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%				
						\$ 7,302,000.00	\$ 0.00	\$ 950,000.00	\$ 6,352,000.00

BOROUGH OF AVALON
WATER AND SEWER UTILITY CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
AS OF DECEMBER 31, 2009 AND 2008

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2008		2009 Authorizations		Paid or Charged	Balance Dec. 31, 2009		
		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	\$ 0.00	\$	\$		(98.00)	\$ 98.00	\$	
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					(15,385.00)	29,933.72		
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	130,085.02 8,300.00					130,085.02 8,300.00		
544-05	Various Capital Improvements	2/9/05	200,000	198,778.30					198,778.30		
546-05	Various Capital Improvements: b) Repairs to Well #7	2/9/05	285,000	100,576.73				100,276.73	300.00		
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	298,844.27 375,888.85 0.00	28,600.00			195,306.67 404,488.85 0.00	103,537.60 0.00 0.00		
				40,174.28 3,000.00				0.00 0.00	40,174.28 3,000.00		
				207,548.24				0.00	207,548.24		

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BOROUGH OF AVALON
WATER AND SEWER UTILITY CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
AS OF DECEMBER 31, 2009 AND 2008

Ordinance Number	Improvement Description	Balance Dec. 31, 2008	2009 Authorizations	Serial Bonds Issued	Balance Dec. 31, 2009
571-06	Various Capital Improvements: a) Paint Water Tank at 13th Street b) Replace Well #7 at 67th Street	\$ 0.00 28,600.00	\$ 0.00	\$	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
		\$ 1,009,600.00	\$ 0.00	\$ 0.00	\$ 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, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Operating Fund:		
Cash	\$ <u>49,154.76</u>	\$ <u>66,069.11</u>
Interfunds Receivable	<u> </u>	<u>99.50</u>
	\$ <u><u>49,154.76</u></u>	\$ <u><u>66,168.61</u></u>
 <u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ <u>14,094.64</u>	\$ <u>19,488.07</u>
Other Liabilities and Reserves:		
Reserve for Encumbrances	27,460.12	46,210.77
Accounts Payable	0.00	0.00
Interfunds Payable	0.00	469.77
Prepaid Beach Fees	<u>7,600.00</u>	<u>0.00</u>
	<u>35,060.12</u>	<u>46,680.54</u>
	\$ <u><u>49,154.76</u></u>	\$ <u><u>66,168.61</u></u>

BOROUGH OF AVALON
BEACH UTILITY OPERATING FUND
STATEMENT OF REVENUES AND OTHER CREDITS TO INCOME -
STATUTORY BASIS
AS OF DECEMBER 31, 2009 AND 2008

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fees from Sale of Beach Tags	\$ 980,000.00	\$ 1,063,277.00	\$ 83,277.00
Fees and Permits	<u>15,000.00</u>	<u>10,234.60</u>	<u>(4,765.40)</u>
	995,000.00	1,073,511.60	78,511.60
Anticipated Deficit (General Budget)	<u>281,663.00</u>	<u>203,151.40</u>	<u>(78,511.60)</u>
	<u>\$ 1,276,663.00</u>	<u>\$ 1,276,663.00</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, 2009 AND 2008

	Appropriations		Paid or		Expended		Unexpended Balance Cancelled
	Adopted Budget	Budget After Modification	Charged		Encumbered	Reserved	
Operating:							
Salaries and Wages	\$ 938,150.00	\$ 938,150.00	\$ 933,025.86	\$	27,460.12	5,124.14	\$
Other Expense	254,713.00	254,713.00	224,059.67			3,193.21	
Total Operating	1,192,863.00	1,192,863.00	1,157,085.53		27,460.12	8,317.35	
Statutory Expenditures:							
Statutory Expenditures:							
Social Security System (O.A.S.I.)	71,800.00	71,800.00	66,022.71			5,777.29	
Unemployment Compensation	12,000.00	12,000.00	12,000.00				
Total Statutory Expenditures	83,800.00	83,800.00	78,022.71			5,777.29	
	\$ 1,276,663.00	\$ 1,276,663.00	\$ 1,235,108.24	\$	27,460.12	14,094.64	\$

BOROUGH OF AVALON
BEACH UTILITY OPERATING FUND
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE -
BEACH UTILITY FUND
AS OF DECEMBER 31, 2009 AND 2008

Increased by:

Beach Fees Charged in 2009

\$ 1,063,277.00

1,063,277.00

Decreased by:

Collections

\$ 1,063,277.00

BOROUGH OF AVALON
BEACH UTILITY OPERATING FUND
STATEMENT OF 2006 APPROPRIATION RESERVES - BEACH UTILITY FUND
AS OF DECEMBER 31, 2009 AND 2008

	Balance Dec. 31, 2008	Balance after Transfers	Expended	Balanced Lapsed
Operating:				
Salary and Wages	\$ 12,445.03	\$ 12,445.03	\$	\$ 12,445.03
Other Expense	51,063.31	51,063.31	43,073.39	7,989.92
	<u>63,508.34</u>	<u>63,508.34</u>	<u>43,073.39</u>	<u>20,434.95</u>
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures:				
Social Security System (O.A.S.I.)	<u>2,190.50</u>	<u>2,190.50</u>		<u>2,190.50</u>
	<u>\$ 65,698.84</u>	<u>\$ 65,698.84</u>	<u>\$ 43,073.39</u>	<u>\$ 22,625.45</u>
Cash Disbursements			\$ 43,073.39	
Transfer to Accounts Payable			<u>0.00</u>	
			<u>\$ 43,073.39</u>	

BOROUGH OF AVALON
BEACH UTILITY CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</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, 2009 AND 2008

	Balance Dec. 31, 2008	Receipts		Disbursements		Balance Dec. 31, 2009
		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

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

Table 1

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Miscellaneous Revenues Anticipated	\$ 1,548,739	\$ 1,259,628	\$ 1,089,230	\$ 1,077,707	\$ 1,099,453	\$ 1,277,271	\$ 1,331,238	\$ 1,371,485	\$ 1,337,093	\$ 1,129,486
State Aid	432,155	427,902	428,582	449,948	486,976	522,317	497,253	506,460	463,850	441,529
Public and Private Revenues	323,244	92,433	126,992	181,493	181,630	176,509	176,509	279,702	279,702	279,702
Uniform Construction Code	254,786	283,820	365,262	366,102	377,375	425,845	358,653	323,984	312,545	247,898
Taxes	9,387,500	8,430,600	9,861,979	8,936,946	10,863,069	12,352,414	13,367,638	14,655,139	16,774,116	17,459,909
Special Items	141,329	1,508,618	1,523,230	348,644	341,919	540,567	393,996	1,074,027	1,268,236	835,384
Other Revenue Items	1,222,397	1,259,661	1,015,608	789,241	2,482,417	1,495,085	1,187,535	962,215	1,093,331	1,176,618
Total Revenue	13,310,150	13,262,662	14,420,943	12,149,061	15,812,839	16,794,947	17,313,439	19,069,819	21,312,957	21,576,526
Expenditures										
General Government	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	1,656,071
Land Use Administration	45,029	43,984	40,154	44,790	42,266	54,119	86,576	89,608	103,723	104,154
Insurance	1,062,660	1,186,375	1,296,203	1,526,000	1,872,500	2,146,590	2,212,092	2,328,092	2,557,275	2,702,000
Public Safety	2,000,284	2,048,445	2,144,490	2,366,534	2,514,736	2,514,995	2,588,031	2,763,802	2,856,742	2,897,454
Public Works	1,906,416	2,137,233	2,149,014	2,251,321	2,250,473	2,433,016	2,571,702	2,606,311	2,670,138	2,672,758
Health and Human Services	12,000	12,000	11,000	14,884	16,836	18,750	25,500	25,500	25,500	26,500
Parks and Recreation	209,992	221,254	248,419	258,459	272,182	310,683	366,336	369,227	404,279	448,459
Library	138,147	203,982	220,165	59,950	313,272	1,764,037	2,028,942	2,332,938	2,682,879	2,933,901
Uniform Construction Code	479,750	508,401	498,000	471,325	519,062	592,315	595,000	625,975	647,000	713,000
Unclassified and Utilities	15,000	25,000	20,000	20,000	25,000	25,000	40,000	40,000	40,000	45,000
Contingent	822,750	1,515,395	1,606,085	543,232	1,011,695	773,914	1,457,521	992,898	1,184,041	1,238,052
Deferred Charges and Statutory Expenditures	111,244	118,683	61,992	200,493	201,630	66,448	192,125	196,509	83,786	144,702
Public and Private Programs Offset by Revenues	1,782,000	350,000	235,000	350,000	250,000	415,000	330,000	250,000	1,372,000	250,000
Capital Improvements	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	3,921,229
Debt Service	500,000	851,540	923,558	942,028	1,000,000	1,012,143	1,052,555	1,245,962	1,292,112	1,356,692
Judgements	910,000	195,090	29,447	746,446	13,205	71,924	7,718	111,231	41,817	9,690
Reserve for Uncollected Taxes	68,238									
Other Charges										
Total Expenditures	13,440,096	14,690,460	13,156,440	13,781,135	14,251,116	16,536,644	17,873,909	18,769,832	21,847,559	21,426,986
Excess (Deficiency) of revenues over (under) expenditures	(129,946)	(1,427,798)	1,264,503	(1,632,054)	1,561,723	258,303	(560,470)	299,987	(534,702)	149,540
Other Financing Sources (Uses)										
Deferred Charges to Revenue of Future Years		585,000		50,000		50,000			1,272,000	
Deferred Charges to Funded by Capital Ordinance										
Total other financing sources (uses)		585,000		50,000		50,000			1,272,000	
Net change in fund balances	\$ (129,946)	\$ (842,798)	\$ 1,264,503	\$ (1,582,054)	\$ 1,561,723	\$ 308,303	\$ (560,470)	\$ 299,987	\$ 737,298	\$ 149,540
Debt service as a percentage of noncapital expenditures	19.03%	24.28%	18.81%	18.74%	17.51%	17.13%	15.31%	16.25%	19.52%	18.52%

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
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		2,669,378,300		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
2009	251,121,000	8,345,686,600	179,460,500		8,776,268,100		1,538,533	8,777,806,633	0.183	8,884,756,202

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	
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	-	0.034	0.368
2009	0.105	0.045	0.033	0.183	0.164	0.011	-	0.035	0.393

Source: County of Cape May, Abstract of Ratables.

Table 4

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

Taxpayer	2009				2000			
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value		Taxable Assessed Value	Rank	% of Total District Net Assessed Value	
Michael W. & Jane E. Rice	\$ 19,469,900	1			\$ -			
Avalon Hotel, Inc.	16,000,000	2	0.18%		9,000,000	1	0.43%	
MBM Estate LLC.	12,275,800	3						
Jordan Realty	11,411,500	4						
H.E. Hanway	10,137,700	5						
Dilbet Incorporated	9,900,000	6	0.11%		6,375,000	2	0.30%	
Lawrence & Judith Cohen	9,743,900	7	0.11%				0.00%	
Accardi Family Partnership	9,400,000	8	0.11%		5,340,000	3	0.25%	
Domenic & Maryann Origlio	9,387,500	9	0.11%		2,262,900	8	0.11%	
Donald & Peggy Sheehy	9,322,200	10	0.11%				0.00%	
Avalon Yacht Club					2,599,600	4	0.12%	
Avalon Motel Corporation			0.00%		2,521,800	5	0.12%	
James D. Danella			0.00%		2,514,400	6	0.12%	
Jack & Fay Tseng			0.00%		2,499,600	7	0.12%	
Keystone Foods Corporation			0.00%		2,183,300	9	0.10%	
New Jersey Bell			0.00%		2,100,000	10	0.10%	
Totals	\$ 117,048,500		0.73%		\$ 37,396,600		1.77%	
		District Assessed Value	\$ 8,777,806,633				\$ 2,114,584,304	

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	
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%	396,696
2009	34,642,955	34,012,600	98%	Not Available

Source: Borough Records and Municipal Tax Collector

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

Table 6

Year Ended Dec. 31,	General Capital Fund				Water & Sewer/Beach Utility Capital Fund				Total	Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Refunding Bonds	Loans	Bond Anticipation Notes (BANs)	General Obligation Bonds	Refunding Bonds	Bond Anticipation Notes (BANs)				
2000	\$ 9,205,000	\$ -	\$ 142,500	\$ 6,584,750	\$ 6,086,000	\$ 2,565,000	\$ 1,565,250	\$ 26,148,500	0.12%	\$ 32,521	
2001	15,911,000	-	114,000	2,439,000	5,539,000	2,420,000	784,662	27,207,662	0.13%	34,990	
2002	11,432,000	3,265,000	85,500	2,164,000	3,075,000	4,335,000	200,000	24,556,500	0.15%	36,053	
2003	10,100,000	3,250,000	206,950	5,250,000	4,857,000	4,265,000	-	27,928,950	0.13%	36,492	
2004	19,820,000	3,235,000	1,099,760	-	4,332,000	4,050,000	-	32,536,760	0.12%	38,740	
2005	18,170,000	3,220,000	959,206	-	3,832,000	3,730,000	-	29,911,206	0.13%	40,316	
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	0.12%	42,322	
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	0.12%	44,575	
2008	31,920,000	2,375,000	1,718,997	-	4,430,000	2,872,000	-	43,315,997	0.11%	46,001	
2009	30,470,000	1,570,000	1,587,117	-	4,407,000	1,945,000	-	39,979,117	Not Available	Not Available	

Note: Information for Per Capita Personal Income was not available for the year 2009.

Source: Municipal CAFR

Table 7

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

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			
2000	\$ 9,347,500	\$ 1,718,596	\$ 7,628,904	0.36%	\$ 32,521	
2001	16,025,000	1,644,050	14,380,950	0.55%	34,990	
2002	14,782,500	2,327,478	12,455,022	0.47%	36,053	
2003	13,556,950	1,992,478	11,564,472	0.43%	36,492	
2004	24,154,760	1,873,711	22,281,049	0.41%	38,740	
2005	22,349,206	1,622,478	20,726,728	0.38%	40,316	
2006	20,696,314	1,172,478	19,523,836	0.23%	42,322	
2007	18,641,655	1,088,477	17,553,178	0.20%	44,575	
2008	36,013,997	721,694	35,292,303	0.41%	46,001	
2009	33,627,117	976,255	32,650,862	0.37%	Not Available	

**Borough of Avalon
Direct and Overlapping Governmental Activities Debt,
As of December 31, 2009**

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	38,684,000.00	16.13%	6,239,729.20
Cape May County Municipal Utilities Authority	102,075,840.00	16.13%	16,464,832.99
Cape May County Bridge Commission	15,605,000.00	16.13%	2,517,086.50
Subtotal, overlapping debt			30,142,648.69
Borough of Avalon Direct Debt			<u>39,979,117.00</u>
Total direct and overlapping debt			<u>\$ 70,121,765.69</u>

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

Table 9

		Equalized valuation basis										
		2009	2008	2007								
		\$ 8,608,404,218	8,800,228,233	8,649,742,794								
		<u>\$26,058,375,245</u>										
Average equalized valuation of taxable property		\$ 8,686,125,082										
		Debt limit (3.5% of average)										
		304,014,378										
		Debt applicable to limit:										
		Bonds, Notes and Loans Issued										
		39,979,117										
		Bonds, Notes and Loans Authorized but not Issued										
		2,213,636										
		Less: Deductions										
		8,337,855										
		<u>33,854,898</u>										
		Net debt applicable to debt limitation										
		<u>\$ 270,159,480</u>										
		Legal debt margin										
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
Debt limit		\$ 74,865,101	\$ 93,359,956	\$ 112,925,664	\$ 132,182,344	\$ 154,287,911	\$ 188,987,841	\$ 234,863,353	\$ 274,072,147	\$ 298,752,311	\$ 270,159,480	
Total net debt applicable to limit		18,183,236	17,081,339	20,856,282	21,432,782	25,292,859	29,950,028	31,127,374	37,232,933	37,124,371	33,854,898	
Legal debt margin		<u>\$ 56,681,865</u>	<u>\$ 76,278,617</u>	<u>\$ 92,067,382</u>	<u>\$ 110,749,562</u>	<u>\$ 128,995,052</u>	<u>\$ 159,037,813</u>	<u>\$ 203,735,979</u>	<u>\$ 236,839,214</u>	<u>\$ 261,627,940</u>	<u>\$ 236,304,582</u>	
Total net debt applicable to the limit												
as a percentage of debt limit		24.29%	18.30%	18.47%	16.21%	16.39%	15.85%	13.25%	13.59%	12.43%	12.53%	

Source: Abstract of Ratables 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
2000	2,146	\$ 69,790,066	\$ 32,521	9.5%
2001	2,149	75,193,510	34,990	9.2%
2002	2,138	77,081,314	36,053	10.8%
2003	2,157	78,713,244	36,492	11.0%
2004	2,136	82,748,640	38,740	7.6%
2005	2,105	84,865,180	40,316	5.2%
2006	2,112	89,384,064	42,322	2.8%
2007	2,092	93,250,900	44,575	2.7%
2008	2,088	96,050,088	46,001	3.3%
2009	2,087	Not Available	Not Available	4.8%

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**

	2009				2000			
	Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment	
	Sturdy Savings Bank	106	1	10.23%	56	2	5.67%	
	Borough of Avalon	105	2	10.14%	105	1	10.63%	
	Golden Inn	80	3	7.72%	42	4	4.25%	
	Motor Boat Club	50	4	4.83%				
	Avalon Real Estate Agency	40	5	3.86%	39	5	3.95%	
	Pineeton Hotel/ Sea Grille	35	6	3.38%	65	3	6.58%	
	Borough of Avalon School District	23	8	2.22%	28	7	2.83%	
	Ferguson & Deckert Realty	25	7	2.41%	25	6	2.53%	
	Rocking Chair Restaurant	15	9	1.45%				
	Windrift Hotel	10	10	0.97%	22	8	2.23%	
	Marabelas Restaurant				10	10	1.01%	
	Coldwell Banker Realty				13	9	1.32%	
	Totals	383		36.97%	349		35.32%	
	Total Employment			1,036				988

Source: Borough of Avalon

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

Table 12

<u>Function</u>	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Revenue and Finance	8.50	7.80	7.75	7.75	7.75	7.75	8.35	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	11.50	11.00	12.50	13.50	13.50
Land Use	1.30	1.30	1.30	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Public Safety										
Police	31.00	30.50	30.50	30.50	30.50	30.50	29.50	29.50	31.00	31.00
Rescue	10.50	9.00	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	32.50	34.00	31.00	31.50	35.00	35.50	37.50	33.00	21.50	22.50
Parks, Recreation and Education	3.50	3.83	3.83	4.48	8.48	4.33	4.33	4.33	5.66	5.66
Uniform Construction Code	7.20	6.90	6.37	8.37	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	113	111	108	111	118	114	115	112	104	105

Source: Chief Financial Officer

Table 13

Borough of Avalon
Operating Indicators by Function
Last Ten Fiscal Years

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government *										534
Building Permits Issued										2,196
Building Inspections Conducted										
Fire *										
Emergency Responses										
Fires Extinguished										
Refuse Collection *										
Refuse Collected (tons per day)	N/A	7.3	7.2	7.4	7.4	7.2	7.3	7.3	6.9	7.5
Recyclables Collected (tons per day)	N/A	3.6	4.0	3.7	3.5	3.7	3.9	3.9	3.6	4.3
Other Public Works *										
Street Resurfacing										
Potholes Repaired										
Parks and Recreation *										
Programs and Special Events										
Participants										
Water										
New Connections	94	84	77	131	107	77	85	85	54	31
Water Main Breaks	16	8	2	8	7	11	4	4	3	9
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, 2009



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, 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, 2009, and have issued our report thereon dated August 3, 2010. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected in a timely manner.

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

Compliance and Other Matters

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

We noted certain matters that we reported to the Borough of Avalon's management in a separate letter dated August 3, 2010.

This report is intended solely for the information and use of management, the Borough of Avalon's Commissioners, 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 3, 2010

BOROUGH OF AVALON
SCHEDULE OF FINDING AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2009

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified Opinion issued on the Financial Statements – Statutory Basis, presented in accordance with an “Other Comprehensive Basis of Accounting” dated August 3, 2010.

Internal control over financial reporting:

- | | |
|-------------------------------------------------------------------------------------------|-----------|
| 1) Material Weakness identified? | NO |
| 2) Significant deficiencies identified that are not considered to be a Material Weakness? | NO |

Non-Compliance material to Financial Statements – Statutory Basis noted?

NO

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

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements – statutory basis that is required to be reported. In addition, we reported other matters to the Finance Committee of the Borough of Avalon in a separate Management Letter.

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.

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 Dune Drive
- 2009 Supplemental Beach Renourishment Project
- Beach Tractor
- 2010 Spring Road Reconstruction Project
- Custodial and Cleaning
- Lumber and Materials

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;

BOROUGH OF AVALON

GENERAL COMMENTS (CONTINUED)

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 2009 and 2010 Taxes	40
Delinquent Taxes	40
Total	<u>80</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.

FINDINGS AND RECOMMENDATIONS

None

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.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

A handwritten signature in black ink, appearing to read 'Glen J. Ortman', written over a horizontal line.

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

August 3, 2010