

BOROUGH OF BLOOMSBURY

COUNTY OF HUNTERDON

REPORT OF AUDIT

2009

*NISIVOCCIA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF BLOOMSBURY

COUNTY OF HUNTERDON

REPORT OF AUDIT

2009

BOROUGH OF BLOOMSBURY
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BOROUGH OF BLOOMSBURY

PART I

REPORT ON AUDIT AND FINANCIAL STATEMENTS AND

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2009



NISIVOC CIA & COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, NJ 07856-1320
Phone: 973-328-1825
Fax: 973-328-0507

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860
Phone: 973-383-6699
Fax: 973-383-6555

Independent Auditors' Report

The Honorable Mayor and Members
of the Borough Council
Borough of Bloomsbury
Bloomsbury, New Jersey

We have audited the financial statements of the various funds of the Borough of Bloomsbury in the County of Hunterdon (the "Borough") as of and for the years ended December 31, 2009 and 2008, as listed in the table of contents. These financial statements 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, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 the 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, these financial statements have been prepared in conformity with accounting principles prescribed by the Division that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws 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 the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

The Honorable Mayor and Members
of the Borough Council
Borough of Bloomsbury
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However, in our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the various funds of the Borough of Bloomsbury at December 31, 2009 and 2008, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended, in accordance with accounting principles prescribed by the Division, as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 3, 2010, on our consideration of the Borough of Bloomsbury's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The information included in the supplementary schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards are also presented for purposes of additional analysis and are required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* and are not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audits of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1 to the financial statements and Note 2 to the schedules of expenditures of federal and state awards.

Mount Arlington, New Jersey
May 3, 2010

NISIVOCCLIA & COMPANY LLP



William F. Schroeder
Registered Municipal Accountant No. 452
Certified Public Accountant

BOROUGH OF BLOOMSBURY
COUNTY OF HUNTERDON
2009
CURRENT FUND

BOROUGH OF BLOOMSBURY
CURRENT FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2009	2008
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 338,428.16	\$ 433,444.09
Change Funds		35.00	35.00
		<u>338,463.16</u>	<u>433,479.09</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	97,975.76	99,867.54
Tax Title Liens Receivable	A-7	68,029.52	4,130.41
Property Acquired for Taxes At Assessed Valuation		121,100.00	121,100.00
Due from:			
General Capital Fund	C	3.24	0.56
Total Receivables and Other Assets With Full Reserves		<u>287,108.52</u>	<u>225,098.51</u>
Deferred Charges - Special Emergency Authorization		<u>26,350.00</u>	<u>18,400.00</u>
Total Regular Fund		<u>651,921.68</u>	<u>676,977.60</u>
Federal and State Grant Fund:			
Grants Receivable	A-11	53,684.40	
Due from Current Fund	A	4,000.00	
Total Federal and State Grant Fund		<u>57,684.40</u>	
<u>TOTAL ASSETS</u>		<u>\$ 709,606.08</u>	<u>\$ 676,977.60</u>

BOROUGH OF BLOOMSBURY
CURRENT FUND
COMPARATIVE BALANCE SHEET
(Continued)

	Ref.	December 31,	
		2009	2008
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves:			
Unencumbered	A-3;A-9	\$ 87,643.16	\$ 95,491.39
Encumbered	A-3;A-9	67,872.12	24,798.77
Total Appropriation Reserves		<u>155,515.28</u>	<u>120,290.16</u>
Prepaid Taxes		12,433.67	6,310.06
Tax Overpayments		249.12	
County Taxes Payable		187.14	566.20
Due to Federal and State Grant Fund		4,000.00	
Due to State of New Jersey:			
Marriage License Fees		50.00	125.00
Senior Citizens and Veterans Deductions		2,326.93	2,326.93
Reserve for Sale of Municipal Assets		59,765.00	80,765.00
Reserve for Garden State Trust		224.51	336.23
Reserve for Tax Sale Premiums			7,000.00
		<u>234,751.65</u>	<u>217,719.58</u>
Reserve for Receivables and Other			
Assets	A	287,108.52	225,098.51
Fund Balance	A-1	130,061.51	234,159.51
Total Regular Fund		<u>651,921.68</u>	<u>676,977.60</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-12	57,684.40	
Total Federal and State Grant Fund		<u>57,684.40</u>	
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 709,606.08</u>	<u>\$ 676,977.60</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	Ref.	Year Ended December 31,	
		2009	2008
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 172,453.00	\$ 166,000.00
Miscellaneous Revenue Anticipated		199,441.46	138,974.81
Receipts from:			
Delinquent Taxes		73,012.04	70,582.86
Current Taxes		2,108,874.99	2,173,020.24
Nonbudget Revenue		25,587.66	40,408.54
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves		94,347.96	82,440.80
Total Income		<u>2,673,717.11</u>	<u>2,671,427.25</u>
<u>Expenditures</u>			
Budget Appropriations		694,742.00	599,149.15
County Taxes		388,632.23	398,973.89
Local School District Taxes		1,526,773.00	1,547,229.00
Interfunds Advanced		2.68	0.29
Refund of Prior Year Revenue		2,134.20	
Prior Year Senior Citizens Deductions			
Disallowed			250.00
Decrease in Deferred School Tax		10,228.00	
Total Expenditures		<u>2,622,512.11</u>	<u>2,545,602.33</u>
Excess in Revenue		51,205.00	181,480.37
Adjustments Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget of			
Succeeding Year		<u>17,150.00</u>	
Statutory Excess to Fund Balance		68,355.00	125,824.92
<u>Fund Balance</u>			
Balance January 1		<u>234,159.51</u>	<u>274,334.59</u>
Decreased by:		<u>302,514.51</u>	<u>400,159.51</u>
Utilized as Anticipated Revenue		<u>172,453.00</u>	<u>166,000.00</u>
Balance December 31	A	<u>\$ 130,061.51</u>	<u>\$ 234,159.51</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2009

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 172,453.00		\$ 172,453.00	
Miscellaneous Revenue:				
Fines and Costs:				
Municipal Court	12,000.00		19,065.30	\$ 7,065.30
Interest and Costs on Taxes	18,000.00		17,335.16	(664.84)
Energy Receipts Tax	51,708.00		51,708.00	
Consolidated Municipal Property Tax Relief	20,997.00		20,997.00	
Reserve for Garden State Trust	336.00		336.00	
Reserve for Sale of Municipal Assets	21,000.00		21,000.00	
Clean Communities Program	4,000.00		4,000.00	
Highlands Initial Assessment Grant		\$ 15,000.00	15,000.00	
Highlands Conformance Grant		50,000.00	50,000.00	
Total Miscellaneous Revenue	<u>128,041.00</u>	<u>65,000.00</u>	<u>199,441.46</u>	<u>7,730.14</u>
Receipts from Delinquent Taxes	<u>90,000.00</u>		<u>73,012.04</u>	<u>(16,987.96)</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	<u>325,098.00</u>		<u>296,469.76</u>	<u>(28,628.24)</u>
Budget Totals	<u>715,592.00</u>	<u>65,000.00</u>	<u>741,376.26</u>	<u>(39,215.74)</u>
Nonbudget Revenue			<u>25,587.66</u>	<u>25,587.66</u>
	<u>\$ 715,592.00</u>	<u>\$ 65,000.00</u>	<u>\$ 766,963.92</u>	<u>\$ (13,628.08)</u>

BOROUGH OF BLOOMSBURY
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2009
(continued)

Analysis of Realized Revenue

Allocation of Current Tax Collections:		
Collection of Current Taxes	\$	2,108,874.99
Allocated to:		
School and County Taxes		<u>1,915,405.23</u>
Balance for Support of Municipal Budget Appropriations		193,469.76
Add: Appropriation "Reserve for Uncollected Taxes"		<u>103,000.00</u>
Realized for Support of Municipal Budget	\$	<u><u>296,469.76</u></u>

Analysis of Nonbudget Revenue

Miscellaneous Revenue Not Anticipated:

Treasurer:

Cable TV Franchise Fee	\$	2,482.00	
Other Fees and Permits		6,426.25	
Administration Fees - Veteran and Senior Citizens Deductions		180.00	
Recycling Tonnage Grant		1,197.29	
Insurance Refund		2,310.09	
Vendor Refunds		76.26	
Cell Tower Leases		10,302.21	
Interest on Investments and Deposits		<u>2,610.32</u>	
	\$		25,584.42

Due from General Capital Fund - Interest Income

	<u>3.24</u>
	<u><u>\$ 25,587.66</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2009

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operations Within "CAPS":				
GENERAL GOVERNMENT:				
Municipal Clerk:				
Salaries & Wages	\$ 37,355.00	\$ 37,355.00	\$ 32,899.51	\$ 4,455.49
Other Expenses	24,000.00	24,000.00	20,509.06	3,490.94
Elections:				
Salaries and Wages	750.00	750.00	435.23	314.77
Financial Administration:				
Salaries & Wages	19,150.00	19,150.00	18,942.05	207.95
Other Expenses	6,000.00	6,000.00	5,715.00	285.00
Assessment of Taxes:				
Salaries & Wages	9,930.00	9,930.00	9,753.70	176.30
Other Expenses	1,000.00	1,000.00	784.61	215.39
Collection of Taxes:				
Salaries & Wages	11,195.00	11,195.00	10,987.63	207.37
Other Expenses	5,700.00	5,700.00	4,780.01	919.99
Legal Services and Costs:				
Other Expenses	30,000.00	30,000.00	21,942.23	8,057.77
Engineering Services:				
Other Expenses	5,000.00	12,500.00	9,339.35	3,160.65
Planning Board:				
Salaries & Wages	2,500.00	2,500.00	2,352.21	147.79
Other Expenses	7,000.00	7,000.00	315.00	6,685.00
Public Buildings and Grounds:				
Salaries & Wages	17,680.00	17,680.00	6,520.00	11,160.00
Other Expenses	5,000.00	5,000.00	496.10	4,503.90
Municipal Court:				
Other Expenses	35,000.00	35,000.00	30,700.00	4,300.00

BOROUGH OF BLOOMSBURY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2009
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operations Within "CAPS" (Cont'd):				
GENERAL GOVERNMENT (continued):				
Audit Service	\$ 29,500.00	\$ 29,500.00	\$ 25,000.00	\$ 4,500.00
PUBLIC SAFETY:				
Fire:				
Physical Firemen	1,000.00	1,000.00	1,000.00	
Other Expenses	10,500.00	10,500.00	9,655.65	844.35
Insurance	22,800.00	22,800.00	22,800.00	
Fire Police Expenses	400.00	400.00		400.00
Aid to Volunteer Fire Company	11,500.00	11,500.00	11,500.00	
Contribution for Emergency Vehicles	11,000.00	11,000.00	11,000.00	
First Aid Organization Contribution	11,500.00	11,500.00	11,500.00	
Emergency Service:				
Salaries & Wages	3,745.00	3,745.00	1,854.00	1,891.00
Other Expenses	1,000.00	1,000.00	5.29	994.71
Hepatitis "B" Vaccines	1,000.00	1,000.00		1,000.00
STREETS AND ROADS:				
Road Repairs and Maintenance:				
Salaries & Wages	40,350.00	40,350.00	38,323.31	2,026.69
Other Expenses	19,500.00	19,500.00	17,942.60	1,557.40
HEALTH AND WELFARE:				
Board of Health:				
Other Expenses	1,600.00	1,600.00	1,600.00	
Garbage and Trash Removal:				
Other Expenses	70,000.00	65,000.00	62,521.73	2,478.27

BOROUGH OF BLOOMSBURY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2009
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operations Within "CAPS" (Cont'd):				
HEALTH AND WELFARE(Cont'd):				
Dog Regulation:				
Other Expenses	\$ 1,400.00	\$ 1,400.00		\$ 1,400.00
Environmental Commission:				
Other Expenses	1,000.00	1,000.00	\$ 380.00	620.00
Insurance:				
Liability Insurance	37,000.00	35,000.00	32,558.00	2,442.00
Workers Compensation	14,520.00	12,520.00	9,393.00	3,127.00
Group Health Insurance Plan for Employees	10,000.00	10,000.00	9,462.96	537.04
Recycling:				
Salaries & Wages	1,750.00	1,750.00	1,243.12	506.88
Other Expenses	3,000.00	3,000.00	2,886.00	114.00
Code Enforcement Officer:				
Salaries & Wages	8,500.00	8,500.00	6,920.00	1,580.00
Shade Tree Commission:				
Other Expenses	500.00	500.00	372.93	127.07
Crossing Guard:				
Salaries & Wages	6,015.00	6,015.00	5,510.63	504.37
RECREATION AND EDUCATION:				
Recreation and Education:				
Other Expenses	2,800.00	2,800.00	2,200.00	600.00
UTILITIES:				
Electricity	9,500.00	11,000.00	9,828.15	1,171.85
Street Lighting	12,000.00	12,000.00	11,448.22	551.78
Telephone	6,000.00	6,000.00	4,403.72	1,596.28
Fuel Oil	3,100.00	3,100.00	1,383.13	1,716.87
Gasoline	2,000.00	2,000.00	1,920.09	79.91
Total Operations Within "CAPS"	<u>571,740.00</u>	<u>571,740.00</u>	<u>491,084.22</u>	<u>80,655.78</u>
Contingent	100.00	100.00		100.00
Total Operations Including Contingent Within "CAPS"	<u>571,840.00</u>	<u>571,840.00</u>	<u>491,084.22</u>	<u>80,755.78</u>
Detail:				
Salaries and Wages	158,920.00	158,920.00	135,741.39	23,178.61
Other Expenses	<u>412,920.00</u>	<u>412,920.00</u>	<u>355,342.83</u>	<u>57,577.17</u>

BOROUGH OF BLOOMSBURY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2009
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Deferred Charges and Statutory Expenditures- Municipal within "CAPS"				
Statutory Expenditures:				
Contributions to:				
Public Employees' Retirement System	\$ 5,352.00	\$ 5,352.00	\$ 5,352.00	
Disability Insurance	650.00	650.00	311.62	\$ 338.38
Social Security System (O.A.S.I.)	11,800.00	11,800.00	10,351.00	1,449.00
Insurance (NJSA 43:21-3 et seq.)	250.00	250.00	250.00	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>18,052.00</u>	<u>18,052.00</u>	<u>16,264.62</u>	<u>1,787.38</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>589,892.00</u>	<u>589,892.00</u>	<u>507,348.84</u>	<u>82,543.16</u>
Public and Private Programs Offset				
By Revenues:				
Clean Communities Grant	4,000.00	4,000.00	4,000.00	
Local Match Grants	500.00	500.00		500.00
Highlands Grant - Initial Assessment(NJSA 40A:4-87 + \$15,000.00)		15,000.00	15,000.00	
Highlands Grant - Plan Conformance(NJSA 40A:4-87 + \$50,000.00)		50,000.00	50,000.00	
Total Public and Private Programs Offset By Revenues	<u>4,500.00</u>	<u>69,500.00</u>	<u>69,000.00</u>	<u>500.00</u>
Detail:				
Other Expenses	<u>4,500.00</u>	<u>69,500.00</u>	<u>69,000.00</u>	<u>500.00</u>

BOROUGH OF BLOOMSBURY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2009
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Capital Improvements Excluded from "CAPS":				
Capital Improvement Fund	500.00	500.00	500.00	
Purchase of Copier	8,500.00	8,500.00	3,900.00	4,600.00
Total Capital Improvements Excluded from "CAPS"	<u>9,000.00</u>	<u>9,000.00</u>	<u>4,400.00</u>	<u>4,600.00</u>
Deferred Charges Excluded from "CAPS"				
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55)	9,200.00	9,200.00	9,200.00	
Total Deferred Charges Excluded from "CAPS"	<u>9,200.00</u>	<u>9,200.00</u>	<u>9,200.00</u>	
Deferred Charges Excluded from "CAPS"				
Special Emergency - Codification of Ordinances		17,150.00	17,150.00	
Total Municipal Debt Service Excluded from "CAPS"		<u>17,150.00</u>	<u>17,150.00</u>	
Subtotal General Appropriations	612,592.00	694,742.00	607,098.84	87,643.16
Reserve for Uncollected Taxes	103,000.00	103,000.00	103,000.00	
Total General Appropriations	<u>\$ 715,592.00</u>	<u>\$ 797,742.00</u>	<u>\$ 710,098.84</u>	<u>\$ 87,643.16</u>

Ref.

A

BOROUGH OF BLOOMSBURY
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2009
(Continued)

	<u>Ref.</u>	<u>Budget After Modification</u>	<u>Analysis of Paid or Charged</u>
Adopted Budget		\$ 715,592.00	
Appropriation by NJSA 40A:4-87		65,000.00	
Special Emergency Authorization		17,150.00	
		<u>\$ 797,742.00</u>	
Reserve for Uncollected Taxes			\$ 103,000.00
Cash Disbursed			462,566.72
Deferred Charges - Special Emergency Authorization			9,200.00
Due to Federal and State Grant Fund			69,000.00
Encumbrances	A		<u>67,872.12</u>
			711,638.84
Less: Refunds			<u>1,540.00</u>
			<u>\$ 710,098.84</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
COUNTY OF HUNTERDON
2009
TRUST FUNDS

BOROUGH OF BLOOMSBURY
COMPARATIVE BALANCE SHEET - TRUST FUNDS

	Ref.	December 31,	
		2009	2008
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-1	\$ 798.27	\$ 143.32
Other Trust Funds:			
Cash and Cash Equivalents	B-1	39,105.21	42,264.58
<u>TOTAL ASSETS</u>		<u>\$ 39,903.48</u>	<u>\$ 42,407.90</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-2	\$ 794.07	\$ 139.12
Due to State of New Jersey		4.20	4.20
		<u>798.27</u>	<u>143.32</u>
Other Trust Funds:			
Reserve for:			
Unemployment Compensation Insurance		3,943.27	4,933.94
Recreation Deposits		1,646.58	1,829.28
Park Donation Trust		364.00	364.00
Escrow Deposits		31,551.36	33,537.36
Fire Code Violation Penalties		1,600.00	1,600.00
		<u>39,105.21</u>	<u>42,264.58</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 39,903.48</u>	<u>\$ 42,407.90</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
COUNTY OF HUNTERDON
2009
GENERAL CAPITAL FUND

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

		December 31,	
<u>ASSETS</u>	<u>Ref.</u>	2009	2008
Cash and Cash Equivalents	C-2	\$ 25,823.04	\$ 25,320.36
<u>TOTAL ASSETS</u>		\$ 25,823.04	\$ 25,320.36
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Due to Current Fund	A	\$ 3.24	\$ 0.56
Capital Improvement Fund	C-6	22,075.61	21,575.61
Fund Balance	C-1	3,744.19	3,744.19
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		\$ 25,823.04	\$ 25,320.36

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2008	C	\$ 3,744.19
Balance December 31, 2009	C	<u>\$ 3,744.19</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
COUNTY OF HUNTERDON
2009
WATER UTILITY FUND

BOROUGH OF BLOOMSBURY
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		<u>2009</u>	<u>2008</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-5	\$ 141,880.41	\$ 153,461.01
Due from:			
Water Utility Capital Fund	D	4.18	4.04
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	26,184.04	14,824.09
Total Operating Fund		<u>168,068.63</u>	<u>168,289.14</u>
Capital Fund:			
Cash and Cash Equivalents	D-5	33,694.23	32,694.09
Fixed Capital	D-8	428,447.29	428,447.29
Fixed Capital Authorized but Not Completed	D-9	<u>200,000.00</u>	<u>200,000.00</u>
Total Capital Fund		<u>662,141.52</u>	<u>661,141.38</u>
<u>TOTAL ASSETS</u>		<u>\$ 830,210.15</u>	<u>\$ 829,430.52</u>

BOROUGH OF BLOOMSBURY
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET
(Continued)

	Ref.	December 31,	
		<u>2009</u>	<u>2008</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-4;D-10	\$ 53,016.51	\$ 42,477.22
Encumbered	D-4;D-10	3,141.46	6,378.72
Total Appropriation Reserves		<u>56,157.97</u>	<u>48,855.94</u>
Water Rent Overpayments		1,036.90	928.39
		<u>57,194.87</u>	<u>49,784.33</u>
Reserve for Receivables	D	26,184.04	14,824.09
Fund Balance	D-1	84,689.72	103,680.72
Total Operating Fund		<u>168,068.63</u>	<u>168,289.14</u>
Capital Fund:			
Capital Improvement Fund	D-12	23,500.00	22,500.00
Due to Water Utility Operating Fund	D	4.18	4.04
Reserve for Amortization		428,447.29	428,447.29
Improvement Authorizations - Unfunded	D-11	190,000.00	190,000.00
Improvement Authorizations - Funded	D-11	10,000.00	10,000.00
Reserve for Deferred Amortization	D-13	10,000.00	10,000.00
Fund Balance	D-2	190.05	190.05
Total Capital Fund		<u>662,141.52</u>	<u>661,141.38</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 830,210.15</u>	<u>\$ 829,430.52</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN OPERATING FUND BALANCE

	Ref.	Year Ended December 31,	
		2009	2008
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 59,000.00	\$ 52,000.00
Water Rents		120,780.06	113,080.21
Miscellaneous		477.54	2,438.63
Other Credits to Income:			
Appropriation Reserves Lapsed		31,751.40	43,872.53
Total Income		<u>212,009.00</u>	<u>211,391.37</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		166,600.00	166,600.00
Capital		1,000.00	1,000.00
Statutory Expenditures		4,400.00	4,400.00
Total Expenditures		<u>172,000.00</u>	<u>172,000.00</u>
Excess in Revenue		40,009.00	39,391.37
<u>Fund Balance</u>			
Balance January 1		<u>103,680.72</u>	<u>116,289.35</u>
		143,689.72	155,680.72
Decreased by:			
Utilization as Anticipated Revenue		<u>59,000.00</u>	<u>52,000.00</u>
Balance December 31	D	<u>\$ 84,689.72</u>	<u>\$ 103,680.72</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
WATER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2008	D	<u>\$ 190.05</u>
Balance December 31, 2009	D	<u>\$ 190.05</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2009

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Anticipated	\$ 59,000.00	\$ 59,000.00	
Water Rents	113,000.00	120,780.06	\$ 7,780.06
	<u>172,000.00</u>	<u>179,780.06</u>	<u>7,780.06</u>
Nonbudget Revenue		477.54	477.54
	<u>\$ 172,000.00</u>	<u>\$ 180,257.60</u>	<u>\$ 8,257.60</u>

Analysis of Water Rents:

Collections	\$ 119,851.67
Overpayments Applied	928.39
	<u>120,780.06</u>

Analysis of Nonbudget Revenue

Interest on Water Utility Operating Fund and Other	
Miscellaneous Deposits	\$ 428.45
Due from Water Utility Capital Fund - Interest Earned	49.09
	<u>\$ 477.54</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2009

	<u>Appropriations</u>		<u>Expended by</u>	
	<u>Budget</u>	<u>Budget After Modi- fication</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:				
Salaries and Wages	\$ 52,400.00	\$ 52,400.00	\$ 36,801.32	\$ 15,598.68
Other Expenses	114,200.00	114,200.00	78,266.89	35,933.11
Capital Improvements:				
Capital Improvement Fund	1,000.00	1,000.00	1,000.00	
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	4,000.00	4,000.00	2,815.28	1,184.72
Unemployment Compensation Insurance	100.00	100.00	100.00	
Disability Insurance	300.00	300.00		300.00
	<u>\$ 172,000.00</u>	<u>\$ 172,000.00</u>	<u>\$ 118,983.49</u>	<u>\$ 53,016.51</u>
		<u>Ref.</u>		D
Cash Disbursed			\$ 115,842.03	
Encumbrances Payable		D	3,141.46	
			<u>\$ 118,983.49</u>	

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMSBURY
COUNTY OF HUNTERDON
2009
GENERAL FIXED ASSETS ACCOUNT GROUP

BLOOMSBURY BOROUGH
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET

	December 31,	
	2009	2008
<u>ASSETS</u>		
Buildings	\$ 853,000.00	\$ 843,000.00
Machinery and Equipment	191,833.64	195,383.64
<u>TOTAL ASSETS</u>	<u>\$ 1,044,833.64</u>	<u>\$ 1,038,383.64</u>
 <u>RESERVES</u>		
Reserve for General Fixed Assets	\$ 1,044,833.64	\$ 1,038,383.64
<u>TOTAL RESERVES</u>	<u>\$ 1,044,833.64</u>	<u>\$ 1,038,383.64</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

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

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Bloomsbury include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Bloomsbury, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Bloomsbury do not include the operations of the Municipal Library, Volunteer Fire and First Aid Squads.

Governmental Accounting Standards Board ("GASB") *Codification of Government Accounting and Financial Reporting Standards*, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources, and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough of Bloomsbury conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). 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 Bloomsbury accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

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

Water Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned water utility.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009
(Continued)

Note 1 - Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

General Fixed Asset Account Group – estimated values of land, buildings and certain fixed assets of the Borough as discussed in Note 1E – “Basis of Accounting”.

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounting policies of the Borough of Bloomsbury conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The following is a summary of the significant policies.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the operating funds when it is budgeted and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations generally based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009
(Continued)

Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Borough's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded; inventories would not be reflected as expenditures at the time of purchase; and fixed assets purchased by the Water Utility Capital Fund would be depreciated.

The cash basis of accounting is followed in the Trust and Capital Funds.

- D. Deferred Charges to Future Taxation - The Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt have been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds or by loans or by capital lease purchases agreement.

- E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments - Investments are stated at cost or amortized cost, which approximates market.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009
(Continued)

Note 1 - Summary of Significant Accounting Policies (Cont'd)

E. Other Significant Accounting Policies: (Cont'd)

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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

Grants Receivable - Grants receivable represent the total grant awards less amounts collected to date. Because the amount of grant funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

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

Property and equipment purchased by the Water Utility Fund is recorded in the Water Capital Fund at cost and are not adjusted for disposition or abandonment. The amounts shown do not purport to represent replacement costs or current value. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. Utility Funds do not record depreciation on fixed assets.

General Fixed Assets - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, the Borough has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost, except for land and buildings, which are recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009
(Continued)

Note 1 - Summary of Significant Accounting Policies (Cont'd)

E. Other Significant Accounting Policies: (Cont'd)

disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the general fixed assets account group may also be recorded in the current fund, general capital fund, and water utility fund. The values recorded in the general fixed asset account group and the current and capital funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Capital assets are reviewed for impairment.

- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current Operating and Utility Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

Note 2 - Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds. The Borough's full faith and credit taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2009	2008	2007
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes			\$ 22,734.15
Water Utility:			
Bonds and Notes	\$ 190,000.00	\$ 190,000.00	
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 190,000.00</u>	<u>\$ 190,000.00</u>	<u>\$ 22,734.15</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0%.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009
(Continued)

Note 2 - Long-Term Debt (Cont'd)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	-0-	-0-	-0-
Water Utility	\$ 190,000.00	\$ 190,000.00	-
	\$ 190,000.00	\$ 190,000.00	-0-

Net Debt: \$-0- divided by Average Equalized Valuations of \$116,674,571.00 of Real Property = -0-%.

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

3.5% Average Equalized Valuation of Real Property	\$ 4,083,609.98
Net Debt	-0-
Remaining Borrowing Power	\$ 4,083,609.98

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 212,009.00
Deductions:	
Operating and Maintenance Costs	171,000.00
Excess in Revenue	\$ 41,009.00

Note: If there is a deficit in revenue, water utility debt is not deductible to the extent of 20 times of said deficit or total debt service, whichever is smaller (40A:2-48).

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

Analysis of Outstanding Debt at December 31, 2009

The Borough of Bloomsbury has no outstanding debt issued as of December 31, 2009.

Note 3 - Fund Balances Appropriated

Fund balance at December 31, 2009, which was appropriated and included as anticipated revenue in its own respective fund in the introduced budget for the year ending December 31, 2010 is as follows:

Current Fund	\$99,000
Water Utility Fund	\$59,000

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009
(Continued)

Note 4 - Pension Plans

Borough employees are enrolled in a cost sharing multiple-employer public employee retirement system: the Public Employees' Retirement System (PERS) of New Jersey. The State of New Jersey sponsors and administers this plan which covers substantially all Borough employees. As a general rule, all full-time employees are eligible to join the public employees' retirement system.

Employees who are members of PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55 of the average annual compensation for the highest three fiscal year's compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above system. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contributions are based on 5.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

Borough contributions to the plan amounted to \$5,352, \$4,240.00, and \$1,190.00 for 2009, 2008 and 2007, respectively. These contributions represented 100% of the Borough's annual pension costs (APC).

Three-Year Trend of PERS			
Year Funding December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 5,352.00	100.00%	\$ 5,352.00
2008	5,300.00	80.00%	4,240.00
2007	1,983.33	60.00%	1,190.00

Effective July 1, 2004, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

- 20% for payments due in State fiscal year 2005
- Not more than 40% for payments due in State fiscal year 2006
- Not more than 60% for payments due in State fiscal year 2007
- Not more than 80% for payments due in State fiscal year 2008

Note 5 - Accrued Sick, Vacation, and Compensatory Time Off

The Borough of Bloomsbury does not permit the accrual of unused vacation, sick, and compensatory time off.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009
(Continued)

Note 6 - Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in a lien at a tax sale held after December 10.

	2009	2008	2007
<u>Tax Rate</u>	\$ 1.84	\$ 1.87	\$ 1.82
<u>Apportionment of Tax Rate</u>			
Municipal	.27	.27	.22
County	.32	.33	.33
Local School	1.25	1.27	1.27
<u>Assessed Valuations</u>			
2009	\$ 121,737,400.00		
2008		\$ 122,103,513.00	
2007			\$ 122,071,027.00

Comparison of Tax Levies and Collections Currently

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

		Currently	
<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2009	\$ 2,242,088.13	\$ 2,108,874.99	94.06%
2008	2,275,337.05	2,173,020.24	95.50%
2007	2,222,852.78	2,154,958.49	96.95%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009
(Continued)

Note 7 - Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Borough classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40 Governmental Accounting Standards Board Deposit and Investment Risk Disclosures requires disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered.

Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Borough ensures that any deposit or investments matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed on the following page.

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit.

In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009
(Continued)

Note 7 – Cash and Cash Equivalents (Cont'd)

Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

(Continued)

Note 7 – Cash and Cash Equivalents (Cont'd)

As of December 31, 2009, cash and cash equivalents of the Borough of Bloomsbury consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Totals</u>
Current	\$ 35.00	\$ 338,428.16	\$ 338,463.16
Trust		39,903.48	39,903.48
General Capital		25,823.04	25,823.04
Water Utility Operating		141,880.41	141,880.41
Water Utility Capital		33,694.23	33,694.23
	<u>\$ 35.00</u>	<u>\$ 579,729.32</u>	<u>\$ 579,764.32</u>

During the period ending December 31, 2009, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2009, was \$579,764.32, and the bank balance was \$580,712.12.

Note 8 - Local District School Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

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

	<u>Local District School Tax</u>	
	<u>Balance Dec. 31, 2009</u>	<u>Balance Dec. 31, 2008</u>
Balance of Tax	\$ 763,386.50	\$ 773,614.50
Amount Deferred	<u>763,386.50</u>	<u>773,614.50</u>
	<u>\$ -0-</u>	<u>\$ -0-</u>

Note 9 - Risk Management

The Borough of Bloomsbury is currently a member of the Public Alliance Insurance Coverage Fund and the Community Alliance Pool/Fund (the "Funds"). The Funds are risk-sharing public entity risk pools that are both an insured and self administered group of governmental entities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Funds are elected.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009
(Continued)

Note 9 - Risk Management (Cont'd)

The following coverages are offered by this fund to its members:

- a.) Worker's Compensation and Employers' Liability
- b.) Liability Other than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicles
- e.) Environmental

As a member of the Funds, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Funds were to be exhausted, members would become responsible for their respective shares of the Funds' liabilities.

The Funds can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

Selected, summarized financial information for the Funds are as follows:

	<u>Fund</u>
	Public Alliance Insurance Coverage Dec. 31, 2008
Total Assets	\$ 12,992,335
Net Assets	\$ 5,748,301
Total Revenue	\$ 8,986,409
Total Expenses	\$ 8,610,066
Change in Net Assets	\$ 376,343
Net Assets Distribution to Participating Members	\$ -0-

Financial statements for the Funds are available at the offices of the Funds' Executive Directors:

Public Alliance Insurance Coverage Fund
Public Entity Group Administrative Services
51 Everett Drive
Suite B-40
West Windsor, NJ 08550
(609) 275-1155

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009
(Continued)

Note 9 - Risk Management (Cont'd)

Community Alliance Pool

Brown and Brown
222 Cameron Drive
Suite 140
Phillipsburg, NJ 08865
(908) 689-1092

The Borough is also a member of Statewide Excess Liability Fund ("SELF"). SELF is an insurance purchasing pool in which participants seek to lower insurance costs through their combined joint purchasing power. Each participant receives their own insurance policies. SELF provides the Borough with commercial excess liability insurance. Risk transfers through the pool to the insurance company from which the commercial excess liability insurance policy is purchased.

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the state.

The following is a summary of the Borough and employee contributions, interest earned and reimbursements to the state for benefits paid and the ending balance of the Borough's trust fund for the current and previous two years:

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009	\$ 2,302.19	\$ -0-	\$ 12.93	\$ 3,305.79	\$ 3,943.27
2008	365.16	-0-	43.03	125.30	4,933.94
2007	350.00	-0-	62.06	-0-	4,651.05

Note 10: Contingent Liabilities

Claims and Other Legal Proceedings

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Borough vigorously contests these lawsuits and believes the ultimate resolution would not have a material adverse effect on their financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Borough as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Borough officials expect such amounts, if any, to be immaterial.

BOROUGH OF BLOOMSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009
(Continued)

Note 11: Interfund Receivables and Payables

The interfund between the Current Fund and the General Capital Fund represents interest earned in December 2009 in the General Capital Fund and due to the Current Fund. The interfund between the Water Utility Operating Fund and the Water Utility Capital Fund represents interest earned in December 2009 in the Water Utility Capital Fund and due to the Water Utility Operating Fund. The interfund between Current Fund and the Federal and State Grant Fund represents the amount for the Clean Communities grant that was received during the year in Current Fund that is due to the Federal and State Grant Fund.

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfunds Payables</u>
Current Fund	\$ 3.24	\$ 4,000.00
General Capital Fund		3.24
Water Utility Capital Fund	4.18	
Water Utility Operating Fund		4.18
Federal and State Grant Fund	<u>4,000.00</u>	
	<u>\$ 4,007.42</u>	<u>\$ 4,007.42</u>

Note 12: Economic Dependency

The Borough receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Borough's programs and activities.

Note 13: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2009, the following deferred charge is shown on the balance sheet of the Current Fund:

	<u>Balance Dec. 31, 2009</u>	<u>2010 Budget Appropriation</u>	<u>Balance Deferred to Succeeding Years' Budgets</u>
Current Fund:			
Special Emergency Appropriation	<u>\$ 26,350.00</u>	<u>\$ 12,630.00</u>	<u>\$ 13,720.00</u>
	<u>\$ 26,350.00</u>	<u>\$ 12,630.00</u>	<u>\$ 13,720.00</u>

The amount appropriated in the 2010 budget is not less than the amount required by statute.

BOROUGH OF BLOOMSBURY
SUPPLEMENTARY DATA

BOROUGH OF BLOOMSBURY
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2009

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
Mark R. Peck	Mayor		
Carol Flink	Council Member		
Eric Weger	Council Member		
Marc Scheffel	Council Member		
Martha Tersigni	Council Member		
Steve Shelton	Council Member		
Vicky Papics	Council Member		
Kim Francisco	Chief Financial Officer	\$1,000,000	MELJIF
Lisa A. Burd	Clerk/Administrator, Dog Licensing Official, Registrar, Water Utility Collector	1,000,000	MELJIF
Jane Heater	Tax Collector, Tax Search Officer	1,000,000	MELJIF
Eloise Haggaman	Assessor		
William Edleston	Borough Attorney		

BOROUGH OF BLOOMSBURY
COUNTY OF HUNTERDON
2009
CURRENT FUND

BOROUGH OF BLOOMSBURY
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2008	A	\$ 433,444.09
Increased by Receipts:		
Tax Collector	\$ 2,305,468.86	
Revenue Accounts Receivable	91,770.30	
Miscellaneous Revenue Not Anticipated	25,584.42	
Garden State Trust Preservation	224.28	
2009 Appropriation Refunds	1,540.00	
Federal and State Grants Receivable	15,315.60	
Due from State of N.J. - Veterans' and Senior Citizens' Deductions	9,000.00	
Due to State of New Jersey:		
Marriage License Fees	125.00	
Due from General Capital Fund	0.56	
	<hr/>	2,449,029.02
		<hr/>
		2,882,473.11
Decreased by Disbursements:		
2009 Appropriation Expenditures	462,566.72	
2008 Appropriation Reserve Expenditures	25,942.20	
Federal and State Grant Expenditures	11,315.60	
Third Party Liens Returned	107,069.21	
Tax Sale Premium Returned	7,000.00	
Tax Overpayments	1,804.73	
Local School District Taxes	1,537,001.00	
County Taxes	389,011.29	
Refund of Prior Year Revenue	2,134.20	
Due State of New Jersey:		
Marriage License Fees	200.00	
	<hr/>	2,544,044.95
		<hr/>
Balance December 31, 2009	A	<u>\$ 338,428.16</u>

BOROUGH OF BLOOMSBURY
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2009

Increased by Receipts:

Taxes Receivable	\$ 2,166,576.97
Tax Overpayments	2,053.85
2010 Prepaid Taxes	12,433.67
Outside Liens	107,069.21
Interest and Costs on Taxes	<u>17,335.16</u>

\$ 2,305,468.86

Decreased by:

Payments to Treasurer

\$ 2,305,468.86

BOROUGH OF BLOOMSBURY
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2009 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Transferred to Tax Title Liens	Cancelled	Balance
	Dec. 31, 2008		2008	2009				Dec. 31, 2009
2008	\$ 99,867.54			\$ 73,012.04		\$ 26,210.99	\$ 644.51	
2009		\$ 2,242,088.13	\$ 6,310.06	2,093,564.93	\$ 9,000.00	31,862.52	3,374.86	\$ 97,975.76
	<u>\$ 99,867.54</u>	<u>\$ 2,242,088.13</u>	<u>\$ 6,310.06</u>	<u>\$ 2,166,576.97</u>	<u>\$ 9,000.00</u>	<u>\$ 58,073.51</u>	<u>\$ 4,019.37</u>	<u>\$ 97,975.76</u>
Ref.	A							A

Analysis of 2009 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 2,241,186.39
Added Taxes (54:4-63.1 et seq.)	901.74
	<u>\$ 2,242,088.13</u>

Tax Levy:

Local School District Taxes	1,526,773.00
County Taxes:	
County Taxes	388,475.09
Due County for Added and Omitted Taxes	157.14
	<u>388,632.23</u>
	1,915,405.23
Local Tax for Municipal Purposes Levied	325,098.00
Add: Additional Tax Levied	1,584.90
	<u>326,682.90</u>
	<u>\$ 2,242,088.13</u>

BOROUGH OF BLOOMSBURY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>		
Balance December 31, 2008	A	\$	4,130.41
Increased by:			
Transferred from Taxes Receivable		\$	58,073.51
Interest and Costs - 2009 Tax Sale			<u>5,825.60</u>
			<u>63,899.11</u>
Balance December 31, 2009	A	\$	<u>68,029.52</u>

BOROUGH OF BLOOMSBURY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2009

	<u>Accrued in 2009</u>	<u>Collected By:</u>	
		<u>Collector</u>	<u>Treasurer</u>
Interest and Costs on Taxes	\$ 17,335.16	\$ 17,335.16	
Energy Receipts Tax	51,708.00		\$ 51,708.00
Municipal Court:			
Fines and Costs	19,065.30		19,065.30
Consolidated Municipal Property Tax Relief Aid	20,997.00		20,997.00
	<u>\$ 109,105.46</u>	<u>\$ 17,335.16</u>	<u>\$ 91,770.30</u>

BOROUGH OF BLOOMSBURY
CURRENT FUND
SCHEDULE OF 2008 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2009

	Balance Dec. 31, 2008	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Administrative and Executive:				
Salaries and Wages	\$ 252.47	\$ 252.47	\$ 15.24	\$ 237.23
Other Expenses	4,993.75	4,993.75	96.04	4,897.71
Elections:				
Other Expenses	198.90	198.90		198.90
Financial Administration:				
Other Expenses	335.00	335.00		335.00
Assessment of Taxes:				
Salaries and Wages	171.21	171.21		171.21
Other Expenses	626.57	626.57	308.78	317.79
Collection of Taxes:				
Salaries and Wages	200.00	200.00		200.00
Other Expenses	1,199.47	1,199.47		1,199.47
Legal Services and Costs:				
Other Expenses	686.21	686.21	392.00	294.21
Audit	16,000.00	16,000.00	16,000.00	
Engineering Services:				
Other Expenses	3,758.21	3,758.21	432.00	3,326.21
Master Plan	10,000.00	10,000.00		10,000.00
Buildings and Grounds:				
Salaries and Wages	7,560.20	7,560.20		7,560.20
Other Expenses	2,163.27	2,163.27	35.45	2,127.82
Planning Board:				
Salaries and Wages	83.54	83.54		83.54
Other Expenses	6,498.00	6,498.00		6,498.00
Other Insurance Premiums:				
Liability Insurance	2,552.50	2,552.50	491.25	2,061.25
Workers Compensation	4,990.50	4,990.50		4,990.50
Fire:				
Fire Police	400.00	400.00		400.00
Physical Fireman	1,000.00	1,000.00		1,000.00
Emergency Services:				
Salaries and Wages	1,840.00	1,840.00		1,840.00
Other Expenses	912.43	912.43		912.43
Hepatitis B Vaccines	1,000.00	1,000.00		1,000.00
Streets and Roads:				
Salaries and Wages	3,729.47	3,729.47		3,729.47
Other Expenses	12,237.67	12,237.67	35.61	12,202.06

BOROUGH OF BLOOMSBURY
CURRENT FUND
SCHEDULE OF 2008 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2009
(Continued)

	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Board of Health:				
Other Expenses	\$ 600.00	\$ 600.00		\$ 600.00
Garbage and Trash Removal:				
Other Expenses	11,222.97	11,222.97	\$ 4,949.22	6,273.75
Recycling:				
Salaries and Wages	126.35	126.35		126.35
Dog Regulation:				
Other Expenses	1,400.00	1,400.00	656.19	743.81
Environmental Commission:				
Other Expenses	290.55	290.55		290.55
Code Enforcement:				
Salaries and Wages	2,572.53	2,572.53		2,572.53
Shade Tree Commission:				
Other Expenses	195.00	195.00		195.00
Crossing Guard:				
Salaries and Wages	657.18	657.18		657.18
Recreation:				
Other Expenses	2,187.98	2,187.98		2,187.98
Utilities:				
Electricity	1,582.49	1,582.49	1,263.08	319.41
Street Lighting	1,037.04	1,037.04	962.65	74.39
Telephone	1,073.47	1,073.47	19.01	1,054.46
Fuel Oil	591.37	591.37	285.68	305.69
Gasoline	842.98	842.98		842.98
Municipal Court:				
Other Expenses	4,300.00	4,300.00		4,300.00
Social Security	1,570.24	1,570.24		1,570.24
Disability Insurance	396.21	396.21		396.21
Group Health Insurance Plan for Employees	4,009.04	4,009.04		4,009.04
Local Match Grants	500.00	500.00		500.00
Clean Communities	1,645.39	1,645.39		1,645.39
Contingent	100.00	100.00		100.00
	<u>\$ 120,290.16</u>	<u>\$ 120,290.16</u>	<u>\$ 25,942.20</u>	<u>\$ 94,347.96</u>
<u>Ref.</u>				
<u>Balance December 31, 2008</u>				
Unencumbered	A \$ 95,491.39			
Encumbered	A 24,798.77			
	<u>\$ 120,290.16</u>			

BOROUGH OF BLOOMSBURY
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

Balance December 31, 2008:	
School Tax Deferred	\$ 773,614.50
Increased by:	
Levy - School Year July 1, 2009 through June 30, 2010	<u>1,526,773.00</u>
	2,300,387.50
Decreased by:	
Payments to Local School District	<u>1,537,001.00</u>
Balance December 31, 2009:	
School Tax Deferred	<u>\$ 763,386.50</u>

BOROUGH OF BLOOMSBURY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE

	2009 Budget Revenue Realized	Cash Received	Balance Dec. 31, 2009
	<u> </u>	<u> </u>	<u> </u>
Clean Communities Program	\$ 4,000.00	\$ 4,000.00	
Highlands Initial Assessment	15,000.00	7,252.50	\$ 7,747.50
Highlands Conformance	<u>50,000.00</u>	<u>4,063.10</u>	<u>45,936.90</u>
	<u>\$ 69,000.00</u>	<u>\$ 15,315.60</u>	<u>\$ 53,684.40</u>

Ref.

A

BOROUGH OF BLOOMSBURY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
YEAR ENDING DECEMBER 31, 2009

	Transferred from <u>2009 Budget</u>	Cash Disbursed <u> </u>	Balance Dec. 31, 2009 <u> </u>
Clean Communities Program	\$ 4,000.00		\$ 4,000.00
Highlands Initial Assessment	15,000.00	\$ 7,252.50	7,747.50
Highlands Conformance	<u>50,000.00</u>	<u>4,063.10</u>	<u>45,936.90</u>
	<u>\$ 69,000.00</u>	<u>\$ 11,315.60</u>	<u>\$ 57,684.40</u>
<u>Ref.</u>			A

BOROUGH OF BLOOMSBURY
COUNTY OF HUNTERDON
2009
TRUST FUNDS

BOROUGH OF BLOOMSBURY
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2008	B	\$ 143.32	\$ 42,264.58
Increased by Receipts:			
Animal Control License Fees		\$ 1,261.00	
State Registration Fees		237.00	
Late Fees		790.00	
Unemployment Contributions and Interest			\$ 2,315.12
Recreation Trust Deposits			4,182.75
Escrow Deposits			2,769.00
		2,288.00	9,266.87
		2,431.32	51,531.45
Decreased by Disbursements:			
Expenditures under R.S. 4:19 - 15.11		1,396.05	
State Board of Health		237.00	
Recreation Disbursements			4,365.45
Unemployment Compensation Reserve Expenditures			3,305.79
Return of Escrow Deposits			4,755.00
		1,633.05	12,426.24
Balance December 31, 2009	B	\$ 798.27	\$ 39,105.21

BOROUGH OF BLOOMSBURY
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2008	B	\$ 139.12
Increased by:		
Animal Control License Fees Collected		\$ 1,261.00
Late Fees		790.00
		2,051.00
Decreased by:		2,190.12
Expenditures under R.S. 4:19-15.11:		
Cash Disbursements		1,396.05
		794.07
Balance December 31, 2009	B	\$ 794.07

License Fees Collected

<u>Year</u>	<u>Amount</u>
2007	\$ 764.00
2008	734.00
	\$ 1,498.00
Maximum Allowable Reserve	

BOROUGH OF BLOOMSBURY
COUNTY OF HUNTERDON
2009
GENERAL CAPITAL FUND

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2008	C	\$ 25,320.36
Increased by Receipts:		
Budget Appropriations:		
Capital Improvement Fund		\$ 500.00
Interest on Deposits		38.01
		<hr style="width: 100%; border: 0.5px solid black;"/>
		538.01
		<hr style="width: 100%; border: 0.5px solid black;"/>
		25,858.37
Decreased by Disbursements:		
Due to Current Fund		35.33
		<hr style="width: 100%; border: 0.5px solid black;"/>
Balance December 31, 2009	C	<u>\$ 25,823.04</u>

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2008	Receipts		Cash Disbursements	Balance Dec. 31, 2009
		Interest on Deposits	2009 Budget Appropriation		
Fund Balance	\$ 3,744.19				\$ 3,744.19
Capital Improvement Fund	21,575.61		\$ 500.00		22,075.61
Due Current Fund	0.56	\$ 38.01		\$ 35.33	3.24
	<u>\$ 25,320.36</u>	<u>\$ 38.01</u>	<u>\$ 500.00</u>	<u>\$ 35.33</u>	<u>\$ 25,823.04</u>

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2009

NOT APPLICABLE

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2009

NOT APPLICABLE

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2008	C	\$ 21,575.61
Increased by:		
Current Fund Budget Appropriation		<u>500.00</u>
Balance December 31, 2009	C	<u>\$ 22,075.61</u>

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2009

NOT APPLICABLE

BOROUGH OF BLOOMSBURY
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2009

NOT APPLICABLE

BOROUGH OF BLOOMSBURY
COUNTY OF HUNTERDON
2009
WATER UTILITY FUND

BOROUGH OF BLOOMSBURY
WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2008	D	\$ 153,461.01	\$ 32,694.09
Increased by Receipts:			
Consumer Accounts Receivable		\$ 119,851.67	
Water Rent Overpayments		1,036.90	
Interest on Deposits and Other			
Miscellaneous Receipts		428.45	
Budget Appropriation:			
Capital Improvement Fund			\$ 1,000.00
Due to Water Utility Operating Fund - Interest Income			49.09
Due from Water Utility Capital Fund		48.95	
		<u>121,365.97</u>	<u>1,049.09</u>
		274,826.98	33,743.18
Decreased by Disbursements:			
2009 Appropriation Expenditures		115,842.03	
2008 Appropriation Reserves		17,104.54	
Due to Water Utility Operating Fund			48.95
		<u>132,946.57</u>	<u>48.95</u>
Balance December 31, 2009	D	<u>\$ 141,880.41</u>	<u>\$ 33,694.23</u>

BOROUGH OF BLOOMSBURY
WATER UTILITY CAPITAL FUND
ANALYSIS OF CASH

	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Receipts</u>		<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2009</u>	
		<u>2009</u> <u>Budget</u> <u>Appropriations</u>	<u>Miscellaneous</u>	<u>Miscellaneous</u>		
Fund Balance	\$ 190.05				\$ 190.05	
Capital Improvement Fund	22,500.00	\$ 1,000.00			23,500.00	
Due Water Utility Operating Fund	4.04		\$ 49.09	\$ 48.95	4.18	
<u>Ord.</u> <u>Number</u>	<u>Ordinance Description</u>					
105-08A	Water Meter Replacement Program	10,000.00			10,000.00	
		<u>\$ 32,694.09</u>	<u>\$ 1,000.00</u>	<u>\$ 49.09</u>	<u>\$ 48.95</u>	<u>\$ 33,694.23</u>

BOROUGH OF BLOOMSBURY
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2008	D	\$ 14,824.09
Increased by:		
Water Rents Levied		132,140.01
		<u>146,964.10</u>
Decreased by:		
Collections	\$ 119,851.67	
Water Rent Overpayments Applied	<u>928.39</u>	
		<u>120,780.06</u>
Balance December 31, 2009	D	<u><u>\$ 26,184.04</u></u>

BOROUGH OF BLOOMSBURY
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Purification System Land	\$ 150.00	\$ 150.00
Storage Reservoir Land	200.00	200.00
Miscellaneous Land	10.00	10.00
Impounding Reservoirs	31,277.98	31,277.98
Collecting Reservoirs	500.00	500.00
Well and Installations of Pumps	30,178.40	30,178.40
Electric and Power Pumping Equipment	2,572.32	2,572.32
Intake and Supply Mains	8,000.00	8,000.00
Chemical Treatment Plant	29,242.41	29,242.41
Other Power Pumping Equipment	60.00	60.00
Transmission Mains and Accessories	14,500.00	14,500.00
Meters, Pumps, Valves	29,138.47	29,138.47
Distribution Mains and Accessories	20,676.54	20,676.54
Fire Hydrants	5,854.03	5,854.03
General Equipment	7,018.84	7,018.84
Engineering and Superintendent	500.00	500.00
Legal Expenditures During Construction	340.68	340.68
Miscellaneous	125.00	125.00
Construction of Settlement Pond	20,000.00	20,000.00
Tractor	13,825.00	13,825.00
Dump Truck Plow	2,904.00	2,904.00
Improvements to Water Supply System	162,106.98	162,106.98
Generator	18,740.64	18,740.64
Dump Truck	30,526.00	30,526.00
	<u>\$ 428,447.29</u>	<u>\$ 428,447.29</u>

Ref.

D

D

BOROUGH OF BLOOMSBURY
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>	<u>Balance</u>
	<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2009</u>
Water Meter Replacement Program	07/22/2008	200,000.00	<u>200,000.00</u>	<u>200,000.00</u>
			<u>\$ 200,000.00</u>	<u>\$ 200,000.00</u>
		<u>Ref.</u>	<u>D</u>	<u>D</u>

BOROUGH OF BLOOMSBURY
WATER UTILITY OPERATING FUND
SCHEDULE OF 2008 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2009

1

	Balance Dec. 31, 2008	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 13,576.53	\$ 13,576.53		\$ 13,576.53
Other Expenses	34,114.33	34,114.33	\$ 17,104.54	17,009.79
Contribution to:				
Social Security System (O.A.S.I.)	1,045.36	1,045.36		1,045.36
Disability Insurance	119.72	119.72		119.72
	<u>\$ 48,855.94</u>	<u>\$ 48,855.94</u>	<u>\$ 17,104.54</u>	<u>\$ 31,751.40</u>

Ref.

Balance December 31, 2008				
Unencumbered	D	\$ 42,477.22		
Encumbered	D	<u>6,378.72</u>		
		<u>\$ 48,855.94</u>		

BOROUGH OF BLOOMSBURY
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2008		Balance Dec. 31, 2009	
		Date	Amount	Funded	Unfunded	Funded	Unfunded
105-08A	Water Meter Replacement Program	7/22/2008	\$ 200,000.00	\$ 10,000.00	\$ 190,000.00	\$ 10,000.00	\$ 190,000.00
				<u>\$ 10,000.00</u>	<u>\$ 190,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 190,000.00</u>
				D	D	D	D

BOROUGH OF BLOOMSBURY
WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2008	D	\$ 22,500.00
Increased by:		
Budget Appropriation		<u>1,000.00</u>
Balance December 31, 2009	D	<u>\$ 23,500.00</u>

BOROUGH OF BLOOMSBURY
WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Balance Dec. 31, 2008</u>	<u>Balance Dec. 31, 2009</u>
105-08A	Water Meter Replacement Program	7/22/2008	\$ 10,000.00	\$ 10,000.00
			<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>
		<u>Ref.</u>	D	D

BOROUGH OF BLOOMSBURY
WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2009

NOT APPLICABLE

BOROUGH OF BLOOMSBURY
WATER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2009

NOT APPLICABLE

BOROUGH OF BLOOMSBURY
WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2008</u>	<u>Balance Dec. 31, 2009</u>
105-08A	Water Meter Replacement Program	<u>\$ 190,000.00</u>	<u>\$ 190,000.00</u>
		<u><u>\$ 190,000.00</u></u>	<u><u>\$ 190,000.00</u></u>

BOROUGH OF BLOOMSBURY

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2009

BOROUGH OF BLOOMSBURY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2009

NOT APPLICABLE

BOROUGH OF BLOOMSBURY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2009

Name of State Agency or Department/Grant Name	State Grant Account #	Grant Award Amount	Grant Period		Received	Current Year Grant Expenditures	Cumulative Expenditures
			From	To			
Department of Environmental Protection:							
Clean Communities Program	100-022-8070-	\$ 4,000.00	1/1/2008	12/31/2008	\$ 3,000.00	\$ 1,645.39	\$ 4,000.00
	039-6120	4,000.00	1/1/2009	12/31/2009	4,000.00	4,000.00	4,000.00
					<u>7,000.00</u>	<u>5,645.39</u>	<u>8,000.00</u>
Total Department of Environmental Protection					<u>7,000.00</u>	<u>5,645.39</u>	<u>8,000.00</u>
New Jersey Highlands Council							
Initial Assessment Grant	09-033-010-1438	15,000.00	1/1/09	12/31/09	7,252.50	7,252.50	7,252.50
Plan Conformance Grant	09-033-011-1438	50,000.00	1/1/09	12/31/09	4,063.10	4,063.10	4,063.10
Total New Jersey Highlands Council					<u>11,315.60</u>	<u>11,315.60</u>	<u>11,315.60</u>
Total Grant Expenditures					<u>\$ 18,315.60</u>	<u>\$ 16,960.99</u>	<u>\$ 19,315.60</u>

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF BLOOMSBURY
NOTES TO SCHEDULES OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2009

Note 1. GENERAL

The accompanying Schedule of Expenditures of State Awards presents the activity of all state programs of the Borough of Bloomsbury. The Borough of Bloomsbury is defined in Note 1 to the Borough's financial statements. All state financial awards received directly from state agencies, as well as state financial awards passed through other government agencies are included on the Schedule of Expenditures of State Awards.

Note 2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of State Awards is presented using the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.



Mount Arlington Corporate Center
 200 Valley Road Suite 300
 Mount Arlington, NJ 07856-1320
 Phone: 973-328-1825
 Fax: 973-328-0507

Lawrence Business Park
 11 Lawrence Road
 Newton, NJ 07860
 Phone: 973-383-6699
 Fax: 973-383-6555

Independent Auditors' Report on Internal Control Over
 Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial
 Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor and Members
 of the Borough Council
 Borough of Bloomsbury
 Bloomsbury, New Jersey

We have audited the financial statements of the Borough of Bloomsbury, in the County of Hunterdon (the "Borough") as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 3, 2010, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis.

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 consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2009-01 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Honorable Mayor and Members
of the Borough Council
Borough of Bloomsbury
Page 2

Compliance and Other Matters

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

The Borough's response to the finding noted in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Borough's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Mayor and Members of the Borough Council, and to meet the requirements for filing with the Division of Local Government Services, and 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.

Mount Arlington, New Jersey
May 3, 2010

NISIVOCIA & COMPANY LLP



William F. Schroeder
Certified Public Accountant
Registered Municipal Accountant No. 452

BOROUGH OF BLOOMSBURY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2009

Summary of Auditors' Results:

- An unqualified report was issued on the Borough's financial statements prepared on an other comprehensive basis of accounting.
- The audit did not disclose any material weaknesses in the internal controls of the Borough.
- The audit did not disclose any noncompliance that is material to the financial statements of the Borough.
- The Borough was not subject to the single audit provisions of Federal OMB Circular A-133 (the "Circular") and New Jersey OMB Circular NJOMB 04-04 for 2009 as grant expenditures were less than the single audit thresholds of \$500,000 identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards, except as follows:

Finding 2009-1

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permit and license fees; and recording of collections. Also, the CFO disburses funds and reconciles the bank accounts for their respective funds or accounts. This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures. Accordingly, management and the Borough Council should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response:

The finding was evaluated, however due to budgetary constraints no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

- Not Applicable.

Findings and Questioned Costs for State Awards:

- Not Applicable.

BOROUGH OF BLOOMSBURY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

The prior year finding with respect to the Borough not maintaining an adequate segregation of duties has not been resolved and is included on the Schedule of Findings and Questioned Costs.

BOROUGH OF BLOOMSBURY
COMMENTS AND RECOMMENDATIONS

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

N.J.S. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1071, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 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. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

The bid threshold in accordance with N.J.S.40A:11-3(c) is \$21,000 and with a qualified purchasing agent the threshold may be up to \$29,000.

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

BOROUGH OF BLOOMSBURY
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" and "Extraordinary Unspecifiable Services" per N.J.S.A. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes and Assessments

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

The following resolution was adopted in 2009:

BE IT RESOLVED by the Mayor and Council of the Borough of Bloomsbury, Hunterdon County, New Jersey, that the rate of interest charges on delinquent taxes in this Borough shall be as follows:

On all delinquents to and including December 31, 2009, at the rate or rates heretofore governing, and on all delinquents on and after January 1, 2009 at the rate of 8% per annum for and upon the first \$1,500 of the delinquency, the rate of 18% per annum for and upon any amount of the delinquency in excess of \$1,500, and the rate of 6% per annum for and upon any amount in excess of \$10,000; and that a grace period of 10 days will be allowed on taxes due February 1, May 1, August 1, and November 1. If taxes are not paid by the 10th, interest shall be charged from the due date.

BE IT RESOLVED, that the collector of the Borough be and hereby directed to collect interest on all taxes accordingly.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 2, 2009, and was complete with respect to all items eligible for sale.

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

<u>Year</u>	<u>Number of Liens</u>
2009	3
2008	1
2007	1

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

BOROUGH OF BLOOMSBURY
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2009 Taxes	20
Payment of 2010 Taxes	20
Delinquent Taxes	10
Payments of Water Utility Charges	20
Delinquent Water Utility Charges	10
Tax Title Liens	1

Verification notices were mailed to confirm balances as of December 31, 2009. The items that were returned were compared to and are in agreement with the Borough's records. For receivable items not returned, the receivable balance was agreed to the subsequent receipt. For other items not returned, alternative procedures were performed.

Municipal Court

The Borough of Bloomsbury is affiliated with Bethlehem Municipal Court. The Borough's share of municipal court fines and costs is anticipated in the current year budget. Budget appropriations are expended to reflect the Borough's share of costs. For the year ended December 31, 2009, realized revenue for the municipal court was \$19,065.30 while budget expenditures amounted to \$30,700.00.

Technical Accounting Directives

The Division of Local Government Services has established three (3) technical accounting directives which are prescribed by the revision of 1987 draft "Requirements of Audit and Accounting". They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting system.

The Borough currently maintains a general ledger, fixed assets records and an encumbrance accounting system.

Status of Prior Year Recommendations

The Borough's prior year audit finding regarding segregation of duties has not been resolved and is included as 2009-01.

BOROUGH OF BLOOMSBURY
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The Borough examine its policies and procedures in order to mitigate its segregation of duties finding.
