

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH
STATE OF NEW JERSEY**

AUDIT REPORT

SFY - 2007

O'NEILL AND LANG
Certified Public Accountants
Registered Municipal Accountants

BOROUGH OF HIGHLANDS
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**BOROUGH OF HIGHLANDS
MONMOUTH COUNTY, NEW JERSEY**

**INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA**

O'NEILL AND LANG
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REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Governing Body
Borough of Highlands
County of Monmouth
Highlands, New Jersey

We have audited the accompanying statutory-basis financial statements of the individual funds of the Borough of Highlands, Monmouth County, State of New Jersey, as of and for the year ended June 30, 2007, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Borough of Highlands, Monmouth County, State of New Jersey. Our responsibility is to express an opinion on these financial statements based on our audits. The statutory-basis financial statements of the Borough as of and for the year ended June 30, 2006 were audited by other auditors whose report, thereon dated December 4, 2006, expressed an unqualified opinion on those statements in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

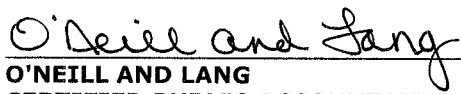
As described in Note 1, the Borough of Highlands prepares its financial statements in conformity with the statutory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America.

In our opinion, because of the Borough of Highlands' policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting practices generally accepted in the United States of America, the financial position of the various funds of Borough of Highlands, Monmouth County, State of New Jersey, as of June 30, 2007 or the results of its operations and changes in its fund balances for the year then ended.


However, in our opinion, the financial statements present fairly, in all material respects, the financial position of the various funds of the City of Highlands, Monmouth County, State of New Jersey at June 30, 2007, and the results of its operations and the changes in fund balance of the individual funds for the year then ended and the revenues, expenditures and fund balance for the year ended June 30, 2007, in conformity with the accounting practices described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2007 on our consideration of the Borough of Highlands' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the statutory-basis financial statements taken as a whole. The supplementary financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such information has been subjected to the auditing procedures applied in the audit of the statutory-basis financial statements and, in our opinion, is fairly presented in all material respects in relation to the statutory-basis financial statements taken as a whole.



O'NEILL AND LANG
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS



TERANCE O'NEILL, CPA, RMA
RMA NO. 399

Woodbridge, New Jersey
November 30, 2007

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

The Honorable Mayor and
Members of the Governing Body
Borough of Highlands
County of Monmouth
Highlands, New Jersey

We have audited the statutory-basis financial statements of the Borough of Highlands, Monmouth County, State of New Jersey, as of and for the year ended June 30, 2007, and have issued our report thereon dated November 30, 2007. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Highlands prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Highlands' 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 of Highlands' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Highlands' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

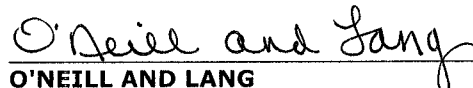
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted certain matters involving internal control that we have reported to the management of the Borough of Highlands in the General Comments section.

Compliance and Other Matters

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

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



O'NEILL AND LANG
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

Woodbridge, New Jersey
November 30, 2007

CURRENT FUND
COMPARATIVE BALANCE SHEET

ASSETS	Ref.	Balance June 30, 2007	Balance June 30, 2006
Cash and Cash Equivalents	A-4	\$2,456,240.31	\$2,762,198.56
Cash - Change Fund		<u>245.00</u>	<u>245.00</u>
		<u>\$2,456,485.31</u>	<u>\$2,762,443.56</u>
Due from the State of New Jersey Chapter 20, P.L. 1971	A-9	<u>\$ 55,049.09</u>	<u>\$ 55,778.06</u>
Receivables and with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	\$ 458,469.82	\$ 542,487.50
Tax Title Liens Receivable	A-6	19,947.70	22,230.69
Property Acquired for Taxes	A-7	215,100.00	227,400.00
Revenue Accounts Receivable	A-8	<u>12,055.06</u>	<u>12,094.47</u>
		<u>\$ 705,572.58</u>	<u>\$ 804,212.66</u>
Deferred Charges:			
Emergency Authorizations (40A: 4-46)	A-10	\$ 10,000.00	\$ -
Special Emergency (40A: 4-53)	A-11	<u>90,000.00</u>	<u>256,000.00</u>
		<u>\$ 100,000.00</u>	<u>\$ 256,000.00</u>
Total Assets - Current Fund		<u>\$3,317,106.98</u>	<u>\$3,878,434.28</u>
Grant Fund:			
Cash	A-4	\$ 94,518.87	\$ 90,152.17
Grants Receivable	A-25	<u>33,913.50</u>	<u>36,943.77</u>
		<u>\$ 128,432.37</u>	<u>\$ 127,095.94</u>
TOTAL ASSETS		<u><u>\$3,445,539.35</u></u>	<u><u>\$4,005,530.22</u></u>

The accompanying notes to financial statements are an integral part of the financial statements.

CURRENT FUND
 COMPARATIVE BALANCE SHEET
 (CONTINUED FROM PRIOR PAGE)

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance <u>June 30, 2007</u>	Balance <u>June 30, 2006</u>
Liabilities:			
Appropriation Reserves	A-3, A-12	\$ 324,012.08	\$ 612,716.62
Reserve for Encumbrances	A-13	176,320.05	199,888.91
Accounts Payable	A-14	151,959.21	266,174.03
Prepaid Taxes	A-16	14,853.96	19,226.14
Tax Overpayments	A-15	101,683.92	131,032.90
Business Improvement Tax Payable	A-20	2,619.03	2,619.03
Special Emergency Notes Payable	A-21	90,000.00	256,000.00
Due to State of New Jersey - Marriage License Fees	A-22	425.00	300.00
Due to State of New Jersey - DCA Training Fees	A-23	671.00	710.00
Various Reserves	A-24	<u>95,128.57</u>	<u>97,000.16</u>
		\$ 957,672.82	\$1,585,667.79
Reserve for Receivables and Other Assets	A	705,572.58	804,212.66
Fund Balance	A-1	<u>1,653,861.58</u>	<u>1,488,553.83</u>
		<u>\$3,317,106.98</u>	<u>\$3,878,434.28</u>
Grant Fund:			
Appropriated Reserves	A-26	\$ 91,297.37	\$ 87,060.33
Unappropriated Reserves	A-27	21,002.42	18,186.09
Reserve for Encumbrances	A-28	15,010.70	20,727.64
Due to State of New Jersey	A-29	<u>1,121.88</u>	<u>1,121.88</u>
Total Grants		<u>\$ 128,432.37</u>	<u>\$ 127,095.94</u>
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE		 <u>\$3,445,539.35</u>	 <u>\$4,005,530.22</u>

The accompanying notes to financial statements are an integral part of the financial statements.

Concluded

CURRENT FUND
 STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

Revenue and Other Income Realized	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
Fund Balance Utilized	A-2	\$ 1,278,000.00	\$ 1,125,000.00
Miscellaneous Revenues Anticipated	A-2	1,312,705.02	1,446,605.32
Receipts from Delinquent Taxes	A-2	552,845.87	526,778.16
Receipts from Current Taxes	A-2	13,393,034.79	12,586,406.68
Non-Budget Revenues	A-2	120,786.87	70,740.66
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	293,813.08	215,304.61
Canceled - Tax Overpayments	A-15	8,729.42	22,712.15
Canceled - Accounts Payable	A-14	105,999.39	-
Canceled - Reserve for Storm Drainage		-	211,313.46
Grants Appropriated Canceled	A-27	<u>22,829.48</u>	<u>10,367.14</u>
		<u>\$17,088,743.92</u>	<u>\$16,215,228.18</u>
Expenditures			
Budget Appropriations:			
Appropriations Within "CAP":			
Operations:			
Salaries and Wages	A-3	\$ 2,870,736.33	\$ 2,869,795.00
Other Expenses	A-3	2,902,814.20	1,507,805.00
Deferred Charges and Statutory Expenditures	A-3	152,665.00	134,400.00
Appropriations Excluded from "CAP":			
Operations:			
Other Expenses	A-3	295,255.20	1,549,296.30
Capital Improvements	A-3	60,000.00	47,000.00
Municipal Debt Service	A-3	429,808.48	403,887.86
Deferred Charges	A-3	187,000.61	202,700.00
County Taxes	A-18	1,950,195.80	1,876,289.07
Local District School Tax	A-19	3,042,159.00	2,965,266.00
Regional High School Tax	A-17	3,658,960.97	3,310,637.19
Business Improvement District Tax	A-20	93,000.00	90,000.00
Grants Receivable Canceled	A-26	12,675.58	6,831.24
Refund Prior Year Revenue	A-4	<u>165.00</u>	<u>1,484.66</u>
		<u>\$15,655,436.17</u>	<u>\$14,965,392.32</u>

The accompanying notes to financial statements are an integral part of the financial statements.

CURRENT FUND
 STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
 (CONTINUED FROM PRIOR PAGE)

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
Excess (Deficit) in Revenue		\$ 1,433,307.75	\$ 1,249,835.86
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	A-10	10,000.00	-
Statutory Excess to Fund Balance		\$ 1,443,307.75	\$ 1,249,835.86
Fund Balance, July 1	A	1,488,553.83	1,363,717.97
		\$ 2,931,861.58	\$ 2,613,553.83
Decreased by:			
Utilized as Anticipated Revenue	A-1, A-2	1,278,000.00	1,125,000.00
Fund Balance, June 30	A	\$ 1,653,861.58	\$ 1,488,553.83

The accompanying notes to financial statements are an integral part of the financial statements.

Concluded

CURRENT FUND
STATEMENT OF REVENUES

Ref.	Anticipated		Realized	Excess or (Deficit)	2006 Actual	
	Budget	Special N.J.S. 40A:4-87				
Fund Balance Appropriated	A-8	\$ 1,278,000.00	\$ -	\$ 1,278,000.00	\$ -	\$ 1,125,000.00
Alcoholic Beverage Licenses	A-8	\$ 13,500.00	\$ -	\$ 15,572.00	\$ 2,072.00	\$ 14,132.00
Other Licenses	A-8	18,000.00	-	19,569.00	1,569.00	18,956.00
Fees and Permits	A-8	99,500.00	-	85,161.50	(14,338.50)	136,858.50
Municipal Court	A-8	160,000.00	-	153,313.50	(6,686.50)	204,226.32
Interest and Cost on Taxes	A-8	87,000.00	-	107,540.87	20,540.87	98,891.82
Interest on Investments and Deposits	A-8	125,000.00	-	191,048.23	66,048.23	162,672.14
Cable T.V. Franchise Fees	A-8	20,000.00	-	23,086.59	3,086.59	22,231.48
Legislative Initiative Municipal Block Grant	A-8	21,218.00	-	21,218.00	-	21,218.00
Consolidated Municipal Property Tax Relief Aid	A-8	201,596.00	-	201,596.00	-	214,386.00
Energy Receipts Tax (P.L. 1997, Chap. 162 and 167)	A-8	283,839.00	-	283,839.00	-	271,050.00
Supplemental Energy Receipts Tax	A-8	13,157.00	-	13,157.00	-	13,157.00
Municipal Homeland Security Assistance Aid	A-8	50,000.00	-	50,000.00	-	50,000.00
Garden State Trust Fund	A-8	1,841.00	-	1,434.02	(406.98)	1,840.53
Uniform Construction Code Fees	A-8	61,000.00	-	59,994.00	(1,006.00)	61,970.00
Recycling Tonnage Grant	A-8	1,009.69	-	1,009.69	-	723.14
Drunk Driving Enforcement Fund	A-8	9,335.78	-	9,335.78	-	6,635.35
Alcohol Education and Rehabilitation Fund	A-8	7,840.62	-	7,840.62	-	5,564.76
Municipal Alliance on Alcoholism and Drug Abuse	A-8	29,300.00	-	29,300.00	-	29,300.00
Summer Food Program	A-8	13,161.72	-	13,161.72	-	11,866.24
Municipal Alliance on Alcoholism and Drug Abuse	A-8	2,000.00	-	2,000.00	-	-
Clean Communities	A-8	-	6,602.16	6,602.16	-	5,971.25
Municipal Stormwater Regulation Program	A-8	8,468.00	-	8,468.00	-	-
Reserve for Sale of Property	A-8	8,457.34	-	8,457.34	-	22,000.00
Children After School Enhancement Program	A-8	-	-	-	-	44,672.00
Body Armor Grant	A-8	-	-	-	-	2,625.19
Smart Future Grant	A-8	-	-	-	-	10,000.00
Click It or Ticket	A-8	-	-	-	-	4,000.00
Bayshore Saturation Grant	A-8	-	-	-	-	3,200.00
Reserve for BAN Interest - General Capital	A-8	-	-	-	-	8,457.60
Total Miscellaneous Revenues		\$ 1,235,224.15	\$ 6,602.16	\$ 1,312,705.02	\$ 70,878.71	\$ 1,446,605.32

The accompanying notes to financial statements are an integral part of the financial statements.

CURRENT FUND
 STATEMENT OF REVENUES
 (CONTINUED FROM PRIOR PAGE)

Ref.	Anticipated		Realized	Excess or (Deficit)	2006 Actual
	Budget	Special N.J.S. 40A:4-87			
Receipts from Delinquent Taxes	\$ 400,000.00	\$ -	\$ 552,845.87	\$ 152,845.87	\$ 526,778.16
Amount to be Raised by Taxes for Support of Municipal Budget	\$ 4,835,155.11	\$ -	\$ 5,125,310.46	\$ 290,155.35	\$ 4,864,013.06
Budget Totals	<u>\$ 7,748,379.26</u>	<u>\$ 6,602.16</u>	\$ 8,268,861.35	<u>\$ 513,879.93</u>	\$ 7,962,396.54
Non-Budget Revenues			120,786.87		70,740.66
			<u>\$ 8,389,648.22</u>		<u>\$ 8,033,137.20</u>

The accompanying notes to financial statements are an integral part of the financial statements.

Continued

CURRENT FUND
 STATEMENT OF REVENUES
 (CONTINUED FROM PRIOR PAGE)

	<u>Ref.</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Analysis of Realized Revenues:			
Current Tax Collections	A-1, A-5	\$ 13,393,034.79	\$ 12,586,406.68
Allocated to:			
School, County Taxes and Business Improvement	A-17, A-18, A-19, A-20	<u>8,956,924.17</u>	<u>8,371,133.96</u>
Balance for Support of Municipal Budget Appropriations		\$ 4,436,110.62	\$ 4,215,272.72
Add: Reserve for Uncollected Taxes	A-3	<u>689,199.84</u>	<u>648,740.34</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 5,125,310.46</u>	<u>\$ 4,864,013.06</u>
Receipts from Delinquent Taxes:			
Delinquent Tax Collections	A-5	\$ 547,734.27	\$ 520,174.06
Tax Title Liens	A-6	<u>5,111.60</u>	<u>6,604.10</u>
	A-2	<u>\$ 552,845.87</u>	<u>\$ 526,778.16</u>
Analysis of Miscellaneous Revenues Not Anticipated:			
Motor Vehicle Inspection Fees		\$ 1,707.00	\$ 2,375.00
Administrative Fee - Off Duty Police		6,426.00	9,955.00
State of NJ - Senior Citizen Administration Fee		1,465.49	1,559.55
Tax Premiums		100.00	3,900.00
Tax Penalties		749.61	1,724.70
Copies		1,748.50	1,697.25
Trust Fund Reserves Canceled		-	260.85
Rental of Property		49,108.70	42,112.00
Fire Safety - LEA Rebate		9,040.52	7,155.56
Pilot - Housing Authority		2,885.69	0.75
Sale of Scrap		28,734.00	-
NJ DOT Rt. 36 Bridge Reimbursements		12,475.00	-
Prior Year Reimbursements		4,126.77	-
Other Miscellaneous Revenue		<u>2,219.59</u>	<u>-</u>
	A-2, A-4	<u>\$ 120,786.87</u>	<u>\$ 70,740.66</u>

The accompanying notes to financial statements are an integral part of the financial statements.

Concluded

CURRENT FUND
 STATEMENT OF EXPENDITURES

	Appropriations		Expended		Unexpended Balance Canceled	2006 Actual
	Budget	Budget After Modifications	Paid or Charged	Reserved		
Operations - within "CAPS"						
GENERAL GOVERNMENT						
Borough Administrator						
Salaries and Wages	\$ 59,288.00	\$ 64,038.00	\$ 63,083.52	\$ 954.48	\$ -	\$ 83,500.08
Other Expenses	14,000.00	9,250.00	1,289.45	3,960.55	4,000.00	4,559.82
Central Services						
Salaries and Wages	25,250.00	25,250.00	21,982.09	1,200.00	2,067.91	19,537.16
Other Expenses	36,000.00	45,000.00	42,764.45	2,235.55	-	30,639.82
Borough Council						
Salaries and Wages	13,000.00	13,000.00	12,687.50	-	312.50	13,000.00
Other Expenses	13,000.00	13,000.00	9,095.18	2,904.82	1,000.00	8,815.55
Borough Clerk						
Salaries and Wages	117,346.00	117,346.00	115,661.16	-	1,684.84	101,768.72
Other Expenses	31,000.00	31,000.00	28,171.50	1,828.50	1,000.00	25,614.25
Financial Administration						
Salaries and Wages	98,190.00	98,190.00	96,597.10	1,592.90	-	81,716.77
Other Expenses	22,400.00	20,400.00	17,127.02	3,272.98	-	23,316.77
Audit Services	31,000.00	31,000.00	30,537.00	463.00	-	33,700.00
Collection of Taxes						
Salaries and Wages	78,000.00	78,000.00	77,662.99	337.01	-	66,620.72
Other Expenses	8,000.00	8,000.00	4,074.23	2,925.77	1,000.00	5,325.72
Assessment of Taxes						
Salaries and Wages	21,300.00	21,300.00	21,231.12	68.88	-	18,063.12
Other Expenses	10,150.00	10,150.00	2,144.15	2,005.85	6,000.00	2,828.06
Legal Services and Costs						
Salaries and Wages	56,550.00	51,550.00	51,034.96	515.04	-	49,548.72
Other Expenses	78,000.00	161,000.00	139,442.85	21,557.15	-	62,581.58
Engineering Services and Costs						
Other Expenses	85,000.00	70,000.00	53,285.62	10,714.38	6,000.00	89,530.18
CODE ENFORCEMENT						
Code Enforcement Officer						
Salaries and Wages	66,280.00	61,280.00	54,420.81	6,859.19	-	56,641.02
Other Expenses	31,000.00	24,000.00	16,030.43	2,969.57	5,000.00	7,626.65

The accompanying notes to financial statements are an integral part of the financial statements.

CURRENT FUND
 STATEMENT OF EXPENDITURES
 (CONTINUED FROM PRIOR PAGE)

Operations - within "CAPS" (Continued)	Appropriations		Expended		Unexpended Balance Canceled	2006 Actual
	Budget	Budget After Modifications	Paid or Charged	Reserved		
MUNICIPAL LAND USE LAW (N.J.S.A. 40A:55D-1)						
Planning Board						
Salaries and Wages	\$ 6,800.00	\$ 6,800.00	\$ 5,500.08	\$ 1,299.92	\$ -	\$ 5,500.08
Other Expenses	25,125.00	25,125.00	20,349.77	4,775.23	-	15,663.52
Zoning Board of Adjustment						
Salaries and Wages	15,850.00	15,850.00	14,338.59	1,511.41	-	14,110.08
Other Expenses	18,400.00	18,400.00	14,108.20	4,291.80	-	11,231.56
Affordable Housing						
Salaries and Wages	1.00	1.00	-	-	1.00	-
Other Expenses	1.00	1.00	-	-	1.00	-
INSURANCE						
Surety Bond Premiums	2,000.00	2,000.00	681.00	1,319.00	-	1,457.00
Unemployment Insurance	10,000.00	10,000.00	10,000.00	-	-	15,000.00
General Liability	100,000.00	92,000.00	90,705.11	1,294.89	-	-
Workers Compensation	140,000.00	138,752.30	136,102.17	2,650.13	-	-
Employee Group Insurance	1,005,000.00	965,000.00	951,717.32	3,282.68	10,000.00	-
PUBLIC SAFETY FUNCTIONS						
Fire						
Other Expenses	60,735.00	70,735.00	70,139.93	595.07	-	55,847.04
Police						
Salaries and Wages	1,293,000.00	1,271,500.00	1,253,794.56	4,705.44	13,000.00	1,110,647.70
Other Expenses	78,920.00	78,920.00	65,346.41	13,573.59	-	76,805.93
Dispatch						
Salaries and Wages	162,000.00	173,500.00	154,250.63	3,249.37	16,000.00	128,994.56
Other Expenses	1,500.00	1,500.00	1,014.69	485.31	-	-
Municipal Court						
Salaries and Wages	100,600.00	92,600.00	90,884.82	1,715.18	-	70,340.30
Other Expenses	8,000.00	8,000.00	4,602.52	3,397.48	-	6,193.21
First Aid Organization Contribution	28,000.00	28,000.00	19,433.83	8,566.17	-	17,860.36
Emergency Management Services						
Salaries and Wages	4,390.00	4,390.00	3,649.92	740.08	-	3,649.92
Other Expenses	28,150.00	28,150.00	28,073.35	76.65	-	11,714.14
Public Defender						
Salaries and Wages	2,925.00	1,425.00	874.98	550.02	-	-

The accompanying notes to financial statements are an integral part of the financial statements.

Continued

CURRENT FUND
 STATEMENT OF EXPENDITURES
 (CONTINUED FROM PRIOR PAGE)

	Appropriations		Expended		Unexpended Balance Canceled	2006 Actual
	Budget	Budget After Modifications	Paid or Charged	Reserved		
Operations - within "CAPS" (Continued)						
PUBLIC SAFETY FUNCTIONS (Continued)						
Fire Hydrant Fees	\$ 53,400.00	\$ 53,400.00	\$ 43,376.26	\$ 10,023.74	\$ -	\$ 44,489.70
Uniform Fire Safety Act						
Salaries and Wages	30,000.00	28,000.00	23,400.00	4,600.00	-	28,392.00
Other Expenses	8,115.00	8,115.00	8,063.35	51.65	-	4,843.68
Municipal Prosecutor						
Salaries and Wages	19,085.00	17,085.00	16,850.90	234.10	-	14,589.60
PUBLIC WORKS FUNCTIONS						
Road Repair and Maintenance						
Salaries and Wages	215,100.00	204,100.00	199,838.08	4,261.92	-	168,620.36
Other Expenses	43,500.00	48,500.00	45,307.14	3,192.86	-	26,594.34
Snow Removal						
Salaries and Wages	18,000.00	11,000.00	9,637.58	-	1,362.42	5,796.86
Other Expenses	23,000.00	23,000.00	22,694.20	-	305.80	17,579.10
Sanitation						
Salaries and Wages	287,100.00	287,100.00	271,436.36	5,663.64	10,000.00	234,756.67
Other Expenses	17,000.00	17,000.00	2,271.17	4,728.83	10,000.00	6,867.46
Mechanical Garage						
Salaries and Wages	71,660.00	63,660.00	61,568.30	2,091.70	-	60,281.87
Other Expenses	83,000.00	113,000.00	103,511.15	9,488.85	-	76,950.86
Public Buildings and Grounds						
Salaries and Wages	1.00	1.00	-	-	1.00	-
Other Expenses	64,000.00	84,000.00	51,126.22	7,873.78	25,000.00	59,186.98
Shade Tree Commission						
Other Expenses	1,000.00	1,000.00	-	500.00	500.00	-
Condominium Services						
Other Expenses	15,000.00	15,000.00	4,272.50	10,727.50	-	8,484.75

The accompanying notes to financial statements are an integral part of the financial statements.

Continued

CURRENT FUND
STATEMENT OF EXPENDITURES
(CONTINUED FROM PRIOR PAGE)

Operations - within "CAPS" (Continued)	Appropriations		Expended		Unexpended Balance Canceled	2006 Actual
	Budget	Budget After Modifications	Paid or Charged	Reserved		
HEALTH AND HUMAN SERVICES						
Services of Monmouth County Regional Health Commission Contract (R.S. 40:13)	\$ 45,500.00	\$ 45,747.70	\$ 45,747.70	\$ -	\$ -	\$ 43,825.00
Environmental Commission						
Other Expenses	1,000.00	1,000.00	-	1,000.00	-	-
Dog Control						
Other Expenses	18,000.00	14,000.00	6,848.00	7,152.00	-	10,913.00
Community - School Substance Abuse Program	4,500.00	4,500.00	415.00	4,085.00	-	342.00
N.J. Public Employees Occupational Safety and Health Act						
Other Expenses	2,000.00	2,000.00	-	1,000.00	1,000.00	-
PARK AND RECREATION FUNCTIONS						
Beachfront Maintenance						
Salaries and Wages	21,400.00	21,400.00	14,368.00	7,032.00	-	15,443.75
Other Expenses	7,725.00	10,725.00	8,937.00	1,788.00	-	3,452.05
Parks and Playgrounds						
Other Expenses	10,475.00	10,475.00	9,311.71	1,163.29	-	3,076.62
Celebration of Public Events, Anniversary or Holiday						
Other Expenses	3,000.00	3,000.00	-	1,000.00	2,000.00	-
Community Center						
Salaries and Wages	146,700.00	128,700.00	117,354.49	11,345.51	-	97,938.67
Other Expenses	23,025.00	24,525.00	24,155.45	369.55	-	15,083.45
EDUCATION FUNCTIONS						
Expenses of Participation in Free County Library						
Salaries and Wages	1.00	1.00	-	-	1.00	-
Other Expenses	1.00	1.00	-	-	1.00	-

The accompanying notes to financial statements are an integral part of the financial statements.

Continued

CURRENT FUND
 STATEMENT OF EXPENDITURES
 (CONTINUED FROM PRIOR PAGE)

Operations - within "CAPS" (Continued)	Appropriations		Expended		Unexpended Balance Canceled	2006 Actual
	Budget	Budget After Modifications	Paid or Charged	Reserved		
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)						
Construction Code Official						
Salaries and Wages	\$ 61,100.00	\$ 58,100.00	\$ 54,631.21	\$ 3,468.79	\$ -	\$ 51,619.28
Other Expenses	5,000.00	5,000.00	2,548.79	2,451.21	-	3,946.27
UNCLASSIFIED:						
Accumulated Sick Leave	36,000.00	59,000.00	59,000.00	-	-	20,000.00
Utility Expenses and Bulk Purchases:						
Electricity	41,610.00	41,610.00	37,521.72	4,088.28	-	33,277.47
Street Lighting	58,000.00	58,000.00	49,341.50	8,658.50	-	44,879.70
Telephone	26,040.00	26,040.00	21,473.25	4,566.75	-	19,125.94
Water	7,100.00	7,100.00	5,334.11	1,765.89	-	3,227.35
Natural Gas	16,000.00	19,000.00	16,514.17	2,485.83	-	12,031.56
Telecommunication Costs	20,500.00	20,500.00	16,575.91	3,924.09	-	12,392.52
Gasoline and Diesel Fuel	78,000.00	68,000.00	55,072.68	12,927.32	-	56,291.86
Landfill/Solid Waste Disposal Costs:						
Monmouth County Reclamation Center						
Other Expenses	363,000.00	353,000.00	297,697.10	5,302.90	50,000.00	287,372.16
Total Operations within "CAPS"	\$ 5,930,789.00	\$ 5,940,789.00	\$ 5,500,092.01	\$ 273,458.52	\$ 167,238.47	\$ 3,821,622.99
Total Operations Including Contingent-within "CAPS"	\$ 5,930,789.00	\$ 5,940,789.00	\$ 5,500,092.01	\$ 273,458.52	\$ 167,238.47	\$ 3,821,622.99
Detail:						
Salaries and Wages	\$ 2,990,917.00	\$ 2,915,167.00	\$ 2,806,739.75	\$ 63,996.58	\$ 44,430.67	\$ 2,501,078.01
Other Expenses (Including Contingent)	\$ 2,939,872.00	\$ 3,025,622.00	\$ 2,693,352.26	\$ 209,461.94	\$ 122,807.80	\$ 1,320,544.98

The accompanying notes to financial statements are an integral part of the financial statements.

Continued

CURRENT FUND
 STATEMENT OF EXPENDITURES
 (CONTINUED FROM PRIOR PAGE)

	Appropriations		Expended		Unexpended Balance Canceled	2006 Actual
	Budget	Budget After Modifications	Paid or Charged	Reserved		
Operations - within "CAPS" (Continued)						
Deferred Charges and Statutory Expenditures- Municipal within "CAPS"						
STATUTORY EXPENDITURES:						
Contribution to:						
Social Security System (O.A.S.I)	\$ 152,665.00	\$ 152,665.00	\$ 142,186.93	\$ 10,478.07	\$ -	\$ 122,570.30
Total Deferred Charged and Statutory Expenditures- Municipal within "CAPS"	\$ 152,665.00	\$ 152,665.00	\$ 142,186.93	\$ 10,478.07	\$ -	\$ 122,570.30
Total General Appropriations for Municipal Purposes within "CAPS"	\$ 6,083,454.00	\$ 6,093,454.00	\$ 5,642,278.94	\$ 283,936.59	\$ 167,238.47	\$ 3,944,193.29
Operations - Excluded from "CAPS"						
Insurance (N.J.S.A. 40A:4-45.3(00))						
General Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,159.49
Workers Compensation	-	-	-	-	-	124,335.54
Employee Group Insurance	-	-	-	-	-	1,014,391.06
Length of Service Awards Program	40,000.00	40,000.00	-	40,000.00	-	-
9-1-1	9,000.00	9,000.00	6,285.03	-	2,714.97	6,134.37
Contribution to:						
Police and Firemen's Retirement System of N.J.	128,500.00	128,500.00	128,460.00	-	40.00	114,890.40
Public Employees' Retirement System	39,000.00	39,000.00	38,629.20	-	370.80	21,763.60
Total Other Operations - Excluded from "CAPS"	\$ 216,500.00	\$ 216,500.00	\$ 173,374.23	\$ 40,000.00	\$ 3,125.77	\$ 1,366,674.46

The accompanying notes to financial statements are an integral part of the financial statements.

Continued

CURRENT FUND
 STATEMENT OF EXPENDITURES
 (CONTINUED FROM PRIOR PAGE)

	Appropriations		Expended		Unexpended Balance Canceled	2006 Actual
	Budget	Budget After Modifications	Paid or Charged	Reserved		
Operations - Excluded from "CAPS" (Continued)						
Public and Private Programs Offset by Revenues						
Children's After School Enhancement Program						
State Share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,672.00
Municipal Share	-	-	-	-	-	9,491.00
Summer Food Service for Children	13,161.72	13,161.72	13,161.72	-	-	11,866.24
Municipal Alliance on Alcohol and Drug Abuse:						
County Share	29,300.00	29,300.00	29,300.00	-	-	29,300.00
Municipal Share	3,663.00	3,663.00	3,663.00	-	-	3,663.00
Drunk Driving Enforcement Fund	9,335.78	9,335.78	9,335.78	-	-	6,635.35
Clean Communities Grant	-	6,602.16	6,602.16	-	-	5,971.25
Body Armor	-	-	-	-	-	2,625.19
Municipal Court Alcohol Education and Rehabilitation Fund	7,840.62	7,840.62	7,840.62	-	-	5,564.76
Recycling Tonnage Grant	1,009.69	1,009.69	1,009.69	-	-	723.14
Smart Future Grant	-	-	-	-	-	10,000.00
Bayshore DWI Saturation	-	-	-	-	-	3,200.00
Click It or Ticket	-	-	-	-	-	4,000.00
Municipal Alliance on Alcohol and Drug Abuse:						
County Share	2,000.00	2,000.00	2,000.00	-	-	-
Municipal Share	500.00	500.00	500.00	-	-	-
Municipal Stormwater Regulation Program	8,468.00	8,468.00	8,468.00	-	-	-
Total Public and Private Programs Offset by Revenues	\$ 75,278.81	\$ 81,880.97	\$ 81,880.97	\$ -	\$ -	\$ 137,711.93
Total Operations - Excluded from "CAPS"	\$ 291,778.81	\$ 298,380.97	\$ 255,255.20	\$ 40,000.00	\$ 3,125.77	\$ 1,504,386.39
Detail:						
Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses	\$ 291,778.81	\$ 298,380.97	\$ 255,255.20	\$ 40,000.00	\$ 3,125.77	\$ 1,504,386.39

The accompanying notes to financial statements are an integral part of the financial statements.

Continued

CURRENT FUND
 STATEMENT OF EXPENDITURES
 (CONTINUED FROM PRIOR PAGE)

	Appropriations		Expended		Unexpended Balance Canceled	2006 Actual
	Budget	Budget After Modifications	Paid or Charged	Reserved		
Operations - Excluded from "CAPS" (Continued)						
Capital Improvements-Excluded from "CAPS"						
Capital Improvement Fund	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ -	\$ -	\$ 47,000.00
Purchase of Equipment - Community Center	10,000.00	10,000.00	9,924.51	75.49	-	-
Total Capital Improvements Excluded from "CAPS"	\$ 60,000.00	\$ 60,000.00	\$ 59,924.51	\$ 75.49	\$ -	\$ 47,000.00
Municipal Debt Service-Excluded from "CAPS"						
Payment of Bond Principal	\$ 46,000.00	\$ 46,000.00	\$ 46,000.00	\$ -	\$ -	\$ 80,000.00
Payment of Bond Anticipation Notes and Capital Notes	39,436.00	39,436.00	39,436.00	-	-	87,575.00
Interest on Bonds	27,850.00	27,850.00	21,996.11	-	5,853.89	14,963.75
Interest on Notes	92,000.00	92,000.00	91,434.04	-	565.96	75,797.58
Capital Lease Program	231,660.00	231,660.00	230,942.33	-	717.67	145,551.53
Total Municipal Debt Service-Excluded from "CAPS"	\$ 436,946.00	\$ 436,946.00	\$ 429,808.48	\$ -	\$ 7,137.52	\$ 403,887.86
Deferred Charges-Municipal-Excluded from "CAPS"						
DEFERRED CHARGES:						
Emergency Authorizations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,200.00
Special Emergency Authorizations - 5 Years (N.J.S. 40A:44-55)	166,000.00	166,000.00	166,000.00	-	-	166,000.00
Deferred Charges to Future Taxation Unfunded:						
Ord. 03-13, 2003 Road Program	-	-	-	-	-	23,500.00
Ord. 02-08, Various Road Improvements	21,000.00	21,000.00	21,000.00	-	-	-
Ord. 96-06, Bulkhead Improvements and Road Construction	0.61	0.61	0.61	-	-	-
Total Deferred Charges-Municipal-Excluded from "CAPS"	\$ 187,000.61	\$ 187,000.61	\$ 187,000.61	\$ -	\$ -	\$ 202,700.00

The accompanying notes to financial statements are an integral part of the financial statements.

Continued

CURRENT FUND
 STATEMENT OF EXPENDITURES
 (CONTINUED FROM PRIOR PAGE)

	Appropriations		Expended		Unexpended Balance Canceled	2006 Actual
	Budget	Budget After Modifications	Paid or Charged	Reserved		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>\$ 975,725.42</u>	<u>\$ 982,327.58</u>	<u>\$ 931,988.80</u>	<u>\$ 40,075.49</u>	<u>\$ 10,263.29</u>	<u>\$ 2,157,974.25</u>
Total General Appropriations - Excluded from "CAPS"	<u>\$ 975,725.42</u>	<u>\$ 982,327.58</u>	<u>\$ 931,988.80</u>	<u>\$ 40,075.49</u>	<u>\$ 10,263.29</u>	<u>\$ 2,157,974.25</u>
Subtotal General Appropriations	\$ 7,059,179.42	\$ 7,075,781.58	\$ 6,574,267.74	\$ 324,012.08	\$ 177,501.76	\$ 6,102,167.54
Reserve for Uncollected Taxes	<u>689,199.84</u>	<u>689,199.84</u>	<u>689,199.84</u>	<u>-</u>	<u>-</u>	<u>648,740.34</u>
Total General Appropriations	<u>\$ 7,748,379.26</u>	<u>\$ 7,764,981.42</u>	<u>\$ 7,263,467.58</u>	<u>\$ 324,012.08</u>	<u>\$ 177,501.76</u>	<u>\$ 6,750,907.88</u>
				A		
	<u>Ref.</u>					
Added by N.J.S. 40A:4-87		\$ 6,602.16				
Appropriations - Adopted Budget	A-2	7,748,379.26				
Emergency Appropriations	A-10	<u>10,000.00</u>				
		<u>\$ 7,764,981.42</u>				
Reserve for Encumbrances	A-13		\$ 176,320.05			
Reserve for Uncollected Taxes	A-3		689,199.84			
Emergency Authorization	A-11		166,000.00			
Accounts Payable	A-14		36,261.87			
Disbursed	A-4		<u>6,195,685.82</u>			
			<u>\$ 7,263,467.58</u>			

The accompanying notes to financial statements are an integral part of the financial statements.

Concluded

TRUST FUND
 COMPARATIVE BALANCE SHEET

	<u>Ref.</u>	<u>Balance June 30, 2007</u>	<u>Balance June 30, 2006</u>
ASSETS			
Animal Control Fund:			
Cash	B-1	\$ 3,725.44	\$ 2,381.73
Change Fund		<u>40.00</u>	<u>40.00</u>
		<u>\$ 3,765.44</u>	<u>\$ 2,421.73</u>
Other Trust Fund:			
Cash	B-1	<u>\$566,392.89</u>	<u>\$565,853.46</u>
TOTAL ASSETS		<u><u>\$570,158.33</u></u>	<u><u>\$568,275.19</u></u>
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Fund:			
Due to State of New Jersey	B-3	\$ 13.80	\$ 36.60
Reserve for Animal Control Expenditures	B-2	<u>3,751.64</u>	<u>2,385.13</u>
Total Animal Control Fund		<u>\$ 3,765.44</u>	<u>\$ 2,421.73</u>
Other Trust Fund:			
Reserve for Encumbrances	B-4	\$ 1,467.00	\$ -
Various Reserves	B-5	564,620.77	565,853.46
Accounts Payable	B-6	<u>305.12</u>	<u>-</u>
		<u>\$566,392.89</u>	<u>\$565,853.46</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u><u>\$570,158.33</u></u>	<u><u>\$568,275.19</u></u>

The accompanying notes to financial statements are an integral part of the financial statements.

GENERAL CAPITAL FUND
 COMPARATIVE BALANCE SHEET

	<u>Ref.</u>	<u>Balance June 30, 2007</u>	<u>Balance June 30, 2006</u>
ASSETS			
Cash	C-2	\$ 1,116,350.32	\$ 1,047,632.24
N.J. Department of Transportation Grants Receivable	C-6	82,962.63	-
Community Development Block Grant Receivable	C-7	-	182,894.00
Monmouth County Open Space Grant Receivable	C-8	58,000.00	-
Due from Monmouth County Improvement Authority	C-9	7,350.00	18,500.00
Deferred Charges to Future Taxation:			
Funded	C-4	837,000.00	409,000.00
Unfunded	C-5	<u>3,888,330.00</u>	<u>4,056,047.00</u>
TOTAL ASSETS		<u><u>\$ 5,989,992.95</u></u>	<u><u>\$ 5,714,073.24</u></u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-10	\$ 837,000.00	\$ 409,000.00
Bond Anticipation Notes	C-11	3,555,264.00	2,324,000.00
Improvement Authorizations:			
Funded	C-12	42,211.97	51,319.53
Unfunded	C-12	770,152.40	944,039.11
Reserve for Encumbrances	C-13	681,755.53	1,942,098.81
Accounts Payable		2,315.25	-
Capital Improvement Fund	C-14	23,072.05	5,072.05
Miscellaneous Reserves	C-15	53,569.82	38,543.74
Fund Balance	C-1	<u>24,651.93</u>	<u>-</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u><u>\$ 5,989,992.95</u></u>	<u><u>\$ 5,714,073.24</u></u>

There were bonds and notes authorized but not issued on June 30, 2007 of \$333,066.00 and June 30, 2006 of \$1,809,947.00 (C-16).

The accompanying notes to financial statements are an integral part of the financial statements.

GENERAL CAPITAL FUND
 ANALYSIS OF FUND BALANCE

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
Balance, June 30	C	\$ -	\$ -
Increased by:			
Excess on 2007 MCIA Bonds	C-2	11,888.62	-
Canceled Improvement Authorizations	C-12	<u>12,763.31</u>	<u>-</u>
Balance, June 30	C	<u>\$ 24,651.93</u>	<u>\$ -</u>

The accompanying notes to financial statements are an integral part of the financial statements.

WATER-SEWER UTILITY FUND
 COMPARATIVE BALANCE SHEET

ASSETS	Ref.	Balance <u>June 30, 2007</u>	Balance <u>June 30, 2006</u>
Operating Fund:			
Cash	D-5	\$ 898,462.35	\$ 990,777.64
Change Fund		<u>100.00</u>	<u>100.00</u>
		<u>\$ 898,562.35</u>	<u>\$ 990,877.64</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-7	\$ 105,949.97	\$ 101,543.17
Water-Sewer Liens	D-8	<u>-</u>	<u>1,009.25</u>
		<u>\$ 105,949.97</u>	<u>\$ 102,552.42</u>
 Total Operating Fund		 <u>\$1,004,512.32</u>	 <u>\$1,093,430.06</u>
Capital Fund:			
Cash	D-5	\$ 221,473.57	\$ 319,206.37
Fixed Capital	D-13	741,522.31	741,522.31
Fixed Capital Authorized and Uncompleted	D-14	<u>650,000.00</u>	<u>650,000.00</u>
 Total Capital Fund		 <u>\$1,612,995.88</u>	 <u>\$1,710,728.68</u>
 Total Assets		 <u>\$2,617,508.20</u>	 <u>\$2,804,158.74</u>

The accompanying notes to financial statements are an integral part of the financial statements.

WATER-SEWER UTILITY FUND
 COMPARATIVE BALANCE SHEET
 (CONTINUED FROM PRIOR PAGE)

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance <u>June 30, 2007</u>	Balance <u>June 30, 2006</u>
Operating Fund:			
Liabilities:			
Accounts Payable	D-12	\$ 50,978.63	\$ 80,022.51
Appropriation Reserves	D-4, D-9	165,016.32	148,916.58
Customer Overpayments	D-11	4,240.45	4,275.16
Encumbrances Payable	D-10	<u>80,281.98</u>	<u>39,808.59</u>
		\$ 300,517.38	\$ 273,022.84
Reserve for Receivables	D	105,949.97	102,552.42
Fund Balance	D-1	<u>598,044.97</u>	<u>717,854.80</u>
Total Operating Fund		<u>\$1,004,512.32</u>	<u>\$1,093,430.06</u>
Capital Fund:			
Capital Improvement Fund	D-15	\$ 6,750.00	\$ 6,750.00
Reserve for Capital Outlay	D-17	-	62,034.01
Down Payments on Capital Improvements	D-16	100.00	100.00
Reserve for Amortization	D-18	741,522.31	741,522.31
Deferred Reserve for Amortization	D-19	250,000.00	250,000.00
Improvement Authorizations:			
Funded	D-20	-	250,000.00
Unfunded	D-20	121,872.96	400,000.00
Encumbrances Payable	D-21	492,428.25	-
Fund Balance	D-2	<u>322.36</u>	<u>322.36</u>
Total Capital Fund		<u>\$1,612,995.88</u>	<u>\$1,710,728.68</u>
Total Liabilities, Reserves and Fund Balance		<u>\$2,617,508.20</u>	<u>\$2,804,158.74</u>

There were bonds and notes authorized but not issued on June 30, 2006 and 2007 of \$400,000.00 (Exhibit D-22)

The accompanying notes to financial statements are an integral part of the financial statements.

Concluded

WATER-SEWER UTILITY FUND
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN OPERATING FUND BALANCE

	<u>Ref.</u>	<u>2007</u>	<u>2006</u>
Revenue and Other Income			
Fund Balance Utilized	D-3	\$ 413,000.00	\$ 475,000.00
Sewer Rents	D-3	1,170,047.50	1,152,840.33
Reserve for Capital Outlay	D-3	62,034.01	-
Other Credits to Income:			
Non-Budget Revenues	D-3	68,740.22	66,209.70
Unexpended Balance of Appropriation Reserves	D-9	153,837.40	139,706.26
Cancel Accounts Payable	D-12	22,149.04	523.21
		<u>\$1,889,808.17</u>	<u>\$1,834,279.50</u>
Total Revenue			
Expenditures			
Operating	D-4	\$1,578,713.00	\$1,334,077.00
Capital Improvements	D-4	-	91,000.00
Statutory Expenditures	D-4	17,905.00	15,572.00
		<u>\$1,596,618.00</u>	<u>\$1,440,649.00</u>
Total Expenditures			
Excess (Deficit) in Revenue		\$ 293,190.17	\$ 393,630.50
Fund Balance, July 1	D	<u>717,854.80</u>	<u>799,224.30</u>
		\$1,011,044.97	\$1,192,854.80
Decreased by:			
Utilization as Anticipated Revenue	D-1, D-3	<u>413,000.00</u>	<u>475,000.00</u>
Fund Balance, June 30	D	<u>\$ 598,044.97</u>	<u>\$ 717,854.80</u>

The accompanying notes to financial statements are an integral part of the financial statements.

WATER-SEWER UTILITY FUND
STATEMENT OF FUND BALANCE - STATUTORY BASIS

	<u>Ref.</u>	
Balance, June 30, 2006 and 2007	D	<u>\$ 322.36</u>

The accompanying notes to financial statements are an integral part of the financial statements.

WATER-SEWER UTILITY FUND
 STATEMENT OF REVENUES

	Ref.	Anticipated Budget	Realized	Excess (Deficit)
Surplus Anticipated	D-1	\$ 413,000.00	\$ 413,000.00	\$ -
Rents	D-1, D-3	1,121,583.99	1,170,047.50	48,463.51
Reserve for Capital Outlay	D-1	<u>62,034.01</u>	<u>62,034.01</u>	<u>-</u>
		\$1,596,618.00	\$1,645,081.51	\$ 48,463.51
Non-Budget Revenues	D-1, D-5	<u>-</u>	<u>68,740.22</u>	<u>68,740.22</u>
		<u>\$1,596,618.00</u>	<u>\$1,713,821.73</u>	<u>\$117,203.73</u>
	D-4			

Analysis of Sewer Rents:

Consumer Rents	D-7	\$1,169,003.54
Water-Sewer Liens	D-8	1,009.25
Overpayments Applied	D-7	<u>34.71</u>
	D-1, D-3	<u>\$1,170,047.50</u>

Analysis of Non-Budget Revenues:

Interest Earned on Delinquent Accounts		\$ 13,113.78
Street Opening Permits		1,050.00
Interest on Investments and Deposits		<u>54,576.44</u>
	D-1, D-3	<u>\$ 68,740.22</u>

The accompanying notes to financial statements are an integral part of the financial statements.

WATER-SEWER UTILITY OPERATING FUND
 STATEMENT OF EXPENDITURES

	Appropriations		Expended			Unexpended Balance Canceled	2006 Actual
	Budget	Budget After Modification	Paid or Charged	Encumbrances	Reserved		
Operating:							
Salaries and Wages	\$ 155,000.00	\$ 155,000.00	\$ 138,171.51	\$ -	\$ 16,828.49	\$ -	\$ 115,136.48
Other Expenses	1,293,713.00	1,293,713.00	1,109,553.13	80,281.98	103,877.89	-	996,230.23
Group Insurance	50,000.00	50,000.00	41,384.50	-	8,615.50	-	43,908.76
Worker's Compensation Insurance	40,000.00	40,000.00	28,464.96	-	11,535.04	-	22,477.08
Other Insurance Premiums	40,000.00	40,000.00	18,834.48	-	21,165.52	-	21,537.62
Capital Improvements:							
Improvements to Sewer System	-	-	-	-	-	-	80,022.30
Statutory Expenditures:							
Contribution to:							
Public Employees Retirement System	4,845.00	4,845.00	3,561.00	-	1,284.00	-	2,532.00
Social Security System (O.A.S.I.)	11,860.00	11,860.00	10,150.12	-	1,709.88	-	8,807.95
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	1,200.00	1,200.00	1,200.00	-	-	-	1,080.00
	<u>\$1,596,618.00</u>	<u>\$1,596,618.00</u>	<u>\$1,351,319.70</u>	<u>\$ 80,281.98</u>	<u>\$165,016.32</u>	<u>\$ -</u>	<u>\$1,291,732.42</u>
	D-3	D-3		D-10	D		

Analysis of Paid or Charged:

	Ref.	
Cash Disbursements	D-5	\$1,351,193.70
Accounts Payable	D-12	126.00
		<u>\$1,351,319.70</u>

The accompanying notes to financial statements are an integral part of the financial statements.

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS -
STATUTORY BASIS

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
General Fixed Assets:		
Land	\$1,097,800.00	\$1,097,800.00
Buildings and Improvements	2,576,434.59	2,576,434.59
Machinery and Equipment	2,059,578.24	1,868,554.43
Construction in Progress	<u>2,184,506.81</u>	<u>-</u>
Total General Fixed Assets	<u><u>\$7,918,319.64</u></u>	<u><u>\$5,542,789.02</u></u>
Investment in General Fixed Assets	<u><u>\$7,918,319.64</u></u>	<u><u>\$5,542,789.02</u></u>

The accompanying notes to financial statements are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2007

1. SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria to be used to determine which component units should be included in the financial statements of an oversight entity. The primary criterion for including activities within the reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the entity. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The State of New Jersey Division of Local Government Services requires the financial statements of the Borough to be reported separately.

The financial statements of the Borough of Highlands include every board, body, officer or Commission supported and maintained wholly or in part by funds appropriated by the Borough of Highlands, as required by N.J.S. 40A:5-5.

The financial statements of the municipal library are not included inasmuch as their activities are administered by separate boards.

B. Description of Funds

The accounting policies of the Borough of Highlands 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. 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 Highlands 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 - receipts, 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 and Sewer Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally-owned Water Sewer Utility.

General Fixed Asset Account Group - is used to account for fixed assets used in general government operations.

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2007

1. SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow:

The modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at June 30, are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at June 30th of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitment or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Grants

Current Fund - State and federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs.

Trust Fund - State and federal grants and assistance awards are dedicated by rider in the Trust Fund. A receivable and corresponding spending reserve are recorded when the grant is awarded.

Capital Fund - State and federal grants and assistance awards are recorded as a funding source for improvement authorizations.

Continued

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

1. SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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.

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually the Borough raises the debt requirements for that particular year in the current fund budget. As funds are raised, the deferred charges are reduced.

Inventories of Supplies - The costs 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.

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, which differs in certain respects from generally accepted accounting principles, the Borough is required to develop fixed asset accounting and reporting system based on an inspection.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

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

No depreciation has been provided for in the financial statements.

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

Continued

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

1. SUMMARY OR SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

Property and equipment purchased by the Water-Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

2. LONG-TERM DEBT

A. Summary of Municipal Debt

	<u>Year 2007</u>	<u>Year 2006</u>	<u>Year 2005</u>
Issued:			
General:			
Bonds and Notes	<u>\$ 4,392,264.00</u>	<u>\$ 2,733,000.00</u>	<u>\$ 2,977,000.00</u>
Total Issued	\$ 4,392,264.00	\$ 2,733,000.00	\$ 2,977,000.00
Less:			
Reserve for Debt Service	<u>8,090.82</u>	<u>-</u>	<u>8,457.60</u>
Net Debt Issued	<u>\$ 4,384,173.18</u>	<u>\$ 2,733,000.00</u>	<u>\$ 2,968,542.40</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	<u>\$ 333,066.00</u>	<u>\$ 1,809,947.00</u>	<u>\$ 667,600.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued After Adjustments	<u><u>\$ 4,717,239.18</u></u>	<u><u>\$ 4,542,947.00</u></u>	<u><u>\$ 3,636,142.40</u></u>

Continued

BOROUGH OF HIGHLANDS
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2007

2. LONG-TERM DEBT (Continued)

B. 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 0.74%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 4,717,059.83	\$ 4,717,059.83	\$ -
Self-Liquidating Purposes	400,000.00	400,000.00	-
General Debt	<u>4,725,330.00</u>	<u>8,090.82</u>	<u>4,717,239.18</u>
	<u>\$ 9,842,389.83</u>	<u>\$ 5,125,150.65</u>	<u>\$ 4,717,239.18</u>

Net Debt \$4,717,239.18 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$638,692,327.00 equals 0.74%.

Equalized Valuation Basis

2004 Equalized Valuation of Real Property	\$544,232,050
2005 Equalized Valuation of Real Property	\$636,023,567
2006 Equalized Valuation of Real Property	\$735,821,365
	<u>\$638,692,327</u>

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

3 1/2% Equalized Valuation Basis (Municipal)	\$22,354,231.44
Net Debt	<u>4,717,239.18</u>
Remaining Borrowing Power	<u>\$17,636,992.26</u>

Continued

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

2. LONG-TERM DEBT (Continued)

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

Water-Sewer Utility

Cash Receipts from fees, rents or other charges for year	\$1,712,812.48
Deductions:	
Operating and Maintenance Cost	<u>1,596,618.00</u>
Excess in Revenue	<u><u>\$ 116,194.48</u></u>

The calculation is used for the following purpose:

If there is an "excess in revenue" all such utility debt is deductible.

If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>General Interest</u>	<u>Total</u>
2008	\$ 87,000.00	\$ 31,240.00	\$118,240.00
2009	90,000.00	28,180.00	118,180.00
2010	92,000.00	25,035.00	117,035.00
2011	96,000.00	21,655.00	117,655.00
2012	99,000.00	18,083.75	117,083.75
2013-2017	<u>373,000.00</u>	<u>37,131.25</u>	<u>410,131.25</u>
	<u><u>\$837,000.00</u></u>	<u><u>\$161,325.00</u></u>	<u><u>\$998,325.00</u></u>

The December 2003 and December 2006 Bonds were issued at variable rates through the Monmouth County Improvement Authority.

Continued

BOROUGH OF HIGHLANDS
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2007

2. LONG-TERM DEBT (Continued)

D. Outstanding Debt

At June 30, 2007, bonds payable consisted of the following issues:

	<u>General</u>
2003 General Improvement Bonds, dated December 18, 2003, due in annual installments through December 1, 2013 bearing interest rates of 3.00% to 4.00%	\$ 363,000.00
2006 General Improvement Bonds, dated December 5, 2006, due in annual installments through December 1, 2016 bearing interest rates of 4.00% to 5.00%	<u>474,000.00</u>
	<u><u>\$ 837,000.00</u></u>

At June 30, 2007, bond anticipation notes payable consisted of the following:

	<u>General</u>
Bond Anticipation Note issued January 31, 2007, due January 30, 2008, bearing interest rate of 4.00%	\$ 3,288,950.00
Bond Anticipation Note issued May 2, 2007, due May 31, 2008, bearing interest rate of 3.74%	<u>266,314.00</u>
	<u><u>\$ 3,555,264.00</u></u>

3. FUND BALANCES APPROPRIATED

Fund Balance at June 30, 2007, which were appropriated and included as anticipated revenue for the year ending June 30, 2008 was as follows:

	<u>Balance June 30, 2007</u>	<u>SFY 2008 Budget Appropriation</u>
Current Fund	\$1,653,861.58	\$1,278,000.00
Water-Sewer Utility Operating Fund	\$ 598,044.97	\$ 400,000.00

Continued

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

4. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At June 30, 2007, the following deferred charges are shown on the balance sheet of the Current Fund:

	<u>June 30, 2007</u>	<u>FY 2008 Appropriation</u>	<u>Balance to Succeeding Budget</u>
Emergency Authorization (NJSA 40A:4-46):			
Mechanical Garage - Other Expenses	\$ 10,000.00	\$ 10,000.00	\$ -
Special Emergency Authorization (NJSA 40A:4-53):			
Revaluation - Real Property	\$ 36,000.00	\$ 36,000.00	\$ -
Master Plan	18,000.00	18,000.00	-
Master Plan - Storm Water Improvements	36,000.00	12,000.00	24,000.00
	<u>\$ 90,000.00</u>	<u>\$ 66,000.00</u>	<u>\$ 24,000.00</u>

5. SCHOOL TAXES

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

	Local District School Tax Balance, June 30,		Regional High School Tax Balance, June 30,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Payable	\$ -	\$ -	\$ -	\$ -
Deferred	\$ 1,521,079.50	1,482,633.00	\$ 1,829,480.49	\$ 1,655,318.59

Continued

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

6. PENSION PLANS

Those municipal employees who are eligible for pension coverage are enrolled in either the State of New Jersey Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). The systems are cost-sharing multiple-employer contributory defined benefit pension plans, and are included along with other State administered pension trust and agency funds in the basic financial statements of the State of New Jersey. Each retirement system has a Board of Trustees that is responsible for its organization and administration. The plans are described as follows:

Public Employees' Retirement System

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

According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

Police and Firemen's Retirement System

The Police and Firemen's Retirement System (PFRS) was established July 1, 1944 under the provisions of N.J.S.A. 43:16A. The System's designated purpose is to provide retirement, death, disability benefits to its members. Membership in the System is mandatory for substantially all full-time county and municipal police or firemen, and state firemen or officer employees with police powers appointed after June 30, 1944. The System's Board of Trustees is primarily responsible for its administration.

According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

Continued

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

6. PENSION PLANS (Continued)

Vesting and Benefit Provisions

Public Employees Retirement System

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

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% per annum of related interest earned on their contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement.

Police and Firemen's Retirement System

The vesting and benefit provisions are set by statute (N.J.S.A. 43:16A and 43:3B). The System provides retirement, death and disability benefits. All benefits vest after ten years of service except disability benefits which vest after four years of service. Retirement benefits for age and service are available beginning at the age of 55 and are generally determined to be 2% of final average compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Members may seek special retirement after achieving 25 years of creditable service or they

Continued

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

6. PENSION PLANS (Continued)

Vesting and Benefit Provisions (Continued)

Police and Firemen's Retirement System (Continued)

may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service. The maximum annual benefit under special retirement is 70 percent of final compensation.

Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions providing no survivor death benefits are payable.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in the dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement. The cost-of-living increases are funded by the retirement system and are included in the annual actuarial calculations of the required state and state-related employer contributions.

Legislation passed during the year (Chapter 4, P.L. 2001) provides increased benefits to certain members who retired prior to December 29, 1989 with at least 25 years of creditable service. The maximum amount of the increase is 5% of the retiree's final compensation. For those with 30 or more years of service, the total pension would increase from 65% to 70% of final compensation.

Contributions

Public Employees Retirement System

The contribution policy is set by statute and requires contributions from active members and contributing employers. Plan members and employer contribution rates may be amended by State of New Jersey legislation. Members contribute at a uniform rate. The full normal employee contribution rate is 5% of base salary; however, as a result of legislation (Ch. 415, P.L. 1999), the employee rate was reduced to 3% of base salary effective January 1, 2000. The rate for state employees returned to the normal rate of 5% effective July 1, 2004 per statute since there was no longer surplus assets available in the system. The rate for local employees returned to the normal rate of 5% effective January 1, 2005. The annual employer contribution is based upon an actuarially determined rate. Such

Continued

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

6. PENSION PLANS (Continued)

Contributions (Continued)

contributions include funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Local employers were not required to make normal contribution between 1997 and 2004. The normal contributions for 2004 and 2003 were funded by excess valuation assets as permitted by Ch. 115, P.L. 1997. The Borough's contribution for state fiscal year 2007 was \$42,190. Ch. 108, P.L. 2003 provides that the State Treasurer will require the local employer PERS normal and accrued liability contributions to be a percentage of the amount certified annually by PERS as follows: 20% for payments due in State fiscal year 2006; 40% for payments due in State fiscal year 2006; not more than 60% for payments due in State fiscal year 2007; and not more than 80% for payments due in State fiscal year 2008.

Police and Firemen's Retirement System

The contribution policy is set by statute (NJSA 43:16A) and requires contributions from active members and contributing employers. Plan members and employer contribution rates may be amended by State of New Jersey legislation. Members contribute at a uniform rate of 8.5% of base salary. The annual employer contribution is based upon an actuarially determined rate. Such contributions include funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. The Borough's contribution was \$128,460 for state fiscal year 2007. The normal contributions for 2004 and 2003 were funded by excess valuation assets as permitted by Ch. 115, P.L. 1997. Ch. 108, P.L. 2003 provides that the State Treasurer will require the local employer PFRS normal and accrued liability contributions to be a percentage of the amount certified annually by PFRS as follows: 20% for payments due in State fiscal year 2004 and thereafter a percentage of the amount certified by the retirement system as the State Treasurer will determine, but not more than 40% for payments due in State fiscal year 2005, not more than 60% for payment due in State fiscal year 2006; and not more than 80% due in State fiscal year 2007.

Post-Retirement Medical Benefits

P.L. 1990, c. 6 required the Public Employees Retirement System (PERS) to fund post-retirement medical benefits for those employees who retire after accumulating 25 years of retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994 with an additional contribution beginning in Fiscal Year 1996 to maintain a medical reserve that increases by one half of one percent of the active State payroll each year.

Continued

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

6. PENSION PLANS (Continued)

Post-Retirement Medical Benefits (Continued)

The State made post-retirement medical (PRM) contributions of \$211.5 million for PERS in Fiscal Year 2006.

In addition to the pension benefits described above, the Borough provides full family post employment health care benefits, in accordance with the contractual agreement with the Police Department. The Borough also provides full family health care benefits to several other retired employees. Currently, sixteen former employees are receiving these benefits. The Borough's expenditures were approximately \$260,000 for the year ended June 30, 2007.

Financial Statements

The PERS and PFRS are included along with other State-administered pension trust and agency funds in the basic financial statements of the State of New Jersey. Complete financial statements of the PERS and PFRS may be obtained from the State of New Jersey, Department of Treasury, Division of Pensions, P. O. Box 295, Trenton, NJ 08625.

7. ACCRUED SICK AND VACATION BENEFITS - UNAUDITED

The Borough has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate.

It is estimated that the current cost of such unpaid compensation would approximate \$915,794.00. This amount is not reported either as an expenditure or liability.

8. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District, County and Special Districts, the tax rate is struck by the County Tax Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 20 with a completed duplicate of the tax rolls to be delivered to the Borough tax collector on or before June 3. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

Continued

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

9. CASH AND INVESTMENTS

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

Bank balances are insured up to \$100,000 in the aggregate by the FDIC for each bank. At June 30, 2007, the book value of the Borough's deposits was \$5,357,548.75 and the bank balance of the Borough's deposits was \$5,582,437.45. Of the bank balances \$350,852.63 was covered by FDIC and \$5,231,584.82 was covered by GUDPA.

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

The Borough has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposit and Investment Risk Disclosures" ("GASB 40") and accordingly the Borough has assessed the Custodial Risk, the Concentration of Credit Risk, Credit Risk and Interest Rate Risk of its cash and investments.

- (a) Custodial Credit Risk – The Borough's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the Borough will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Borough's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Borough and are held by either: the counterparty or the counterparty's trust department or agent but not in the Borough's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Borough will not be able to recover the value of the investment or collateral securities that are in possession of an outside party.

Continued

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

9. CASH AND INVESTMENTS (Continued)

As of June 30, 2007, the Borough's bank balance was not exposed to custodial credit risk since the full amount was covered by either FDIC insurance or GUDPA. The Borough does not have a formal policy for deposit custodial credit risk other than to maintain sufficient funds in the checking account to cover checks that have not cleared the account as of a specific date.

- (b) Concentration of Credit Risk – This is the risk associated with the amount of investments the Borough has with any one issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.
- (c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Borough does not have an investment policy regarding Credit Risk except to the extent previously outlined under the Borough's investment policy.
- (d) Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

10. CAPITAL LEASE PROGRAM

The Borough has entered into several capital lease agreements with the Middlesex County Improvement Authority. The maturity schedule is presented below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$148,000.00	\$ 15,504.38	\$163,504.38
2009	153,300.00	9,921.00	163,221.00
2010	91,300.00	5,377.75	96,677.75
2011	94,500.00	1,890.00	96,390.00
	<u>\$487,100.00</u>	<u>\$ 32,693.13</u>	<u>\$519,793.13</u>

Continued

BOROUGH OF HIGHLANDS
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2007

11. DEFERRED COMPENSATION

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is administered by the entity listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrator is as follows:

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12. RISK MANAGEMENT

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

Property and Liability Insurance – The Borough maintains commercial insurance coverage for property, liability and surety bonds through the Monmouth County Joint Insurance Fund. There were no settlements in excess of insurance coverage during the year.

New Jersey Unemployment Compensation Insurance – The Borough has elected to fund New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough’s trust fund for the current year:

<u>Fiscal Year</u>	<u>Borough Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2007	\$ 11,200.00	\$ 5,459.60	\$ 24,099.52	\$ 17,096.63	\$ 102,291.00

Continued

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

13. CONTINGENT LIABILITIES

Litigation:

As of the date of this report, in the opinion of the Borough Attorney, there is no litigation pending which if decided adversely to the Borough would have a material financial impact on the Borough.

State and Federal Grants - The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of June 30, 2007, the Borough estimates that no material liabilities will result from such audits.

Concluded

SUPPLEMENTARY SCHEDULES

CURRENT FUND
SCHEDULE OF CASH AND CASH EQUIVALENTS

	Ref.	Regular	Grant Fund
Balance, June 30, 2006	A	\$ 2,762,198.56	\$ 90,152.17
Increased by Receipts:			
State of New Jersey (Ch. 20, P.L. 1971)	A-9	\$ 73,274.52	\$ -
Taxes Receivable	A-5	13,819,255.26	-
Tax Title Liens Receivable	A-6	5,111.60	-
Revenue Accounts Receivable	A-8	1,304,247.68	-
Federal and State Grants Receivable	A-25	-	49,886.57
Unappropriated Grant Reserves	A-27	-	21,002.42
NJ DCA Training Fees	A-23	2,903.00	-
Marriage License Fees	A-22	1,100.00	-
Non-Budget Revenues	A-2	120,786.87	-
Tax Overpayments	A-15	53,941.30	-
Prepaid Taxes	A-16	14,853.96	-
Various Reserves	A-24	12,300.00	-
Special Emergency Notes Payable	A-21	90,000.00	-
Matching Funds	A-26	-	4,163.00
Grants Receivable Canceled	A-25	-	12,675.58
Grant Reserves Canceled	A-26	22,829.48	-
		<u>15,520,603.67</u>	<u>87,727.57</u>
		\$ 18,282,802.23	\$ 177,879.74
Decreased by Disbursements:			
2007 Budget Appropriations	A-3	\$ 6,195,685.82	\$ -
2006 Appropriation Reserves	A-12	439,676.76	-
County Taxes Payable	A-18	1,950,195.80	-
Regional High School Tax	A-17	3,658,960.97	-
Local District School Tax	A-19	3,042,159.00	-
Business Improvement District Tax	A-20	93,000.00	-
Special Emergency Notes Payable	A-21	256,000.00	-
Tax Overpayments Refunded	A-15	44,568.75	-
Marriage License Fees	A-22	975.00	-
NJ DCA Training Fees	A-23	2,942.00	-
Accounts Payable	A-14	123,592.99	-
Various Reserves	A-24	5,714.25	-
Refund Prior Year Revenue	A-1	165.00	-
Reserve for Encumbrances	A-28	-	60,531.39
Appropriated Reserves Canceled	A-26	-	22,829.48
Grants Receivable Canceled	A-25	12,675.58	-
Prior Year Veteran's Deductoin	A-9	250.00	-
		<u>15,826,561.92</u>	<u>83,360.87</u>
Balance, June 30, 2007	A	<u>\$ 2,456,240.31</u>	<u>\$ 94,518.87</u>

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

Year	Balance	Levy	Added Taxes	Collections		Chapter 20 P.L. 1971 Senior Citizens and Veterans	Overpayments Applied	Transferred To Tax Title Liens	Canceled, Remitted or Abated	Balance
	June 30, 2006			2006	2007					June 30, 2007
FY 2006	\$542,487.50	\$ -	\$ 8,199.11	\$ -	\$ 547,734.27	\$ -	\$ -	\$ -	\$ 1,231.74	\$ 1,720.60
FY 2007	-	13,878,752.18	-	19,226.14	13,271,520.99	72,295.55	29,992.11	2,828.61	26,139.56	456,749.22
	<u>\$542,487.50</u>	<u>\$ 13,878,752.18</u>	<u>\$ 8,199.11</u>	<u>\$ 19,226.14</u>	<u>\$ 13,819,255.26</u>	<u>\$ 72,295.55</u>	<u>\$ 29,992.11</u>	<u>\$ 2,828.61</u>	<u>\$ 27,371.30</u>	<u>\$ 458,469.82</u>
	A			A-16	A-4	A-9	A-15	A-6		A

Analysis of Tax Levy: Ref.

Tax Yield:

General Property Tax	\$ 13,729,609.29
Business Improvement District	93,000.00
Added Taxes	<u>56,142.89</u>

\$ 13,878,752.18

Tax Levy:

Local School Taxes	A-19	\$ 3,080,605.50
Regional School Taxes	A-17	3,833,122.87
County Taxes:		
County	A-18	\$ 1,741,199.25
Open Spaces	A-18	98,511.79
Library	A-18	101,402.24
Due County for Added and Omitted Taxes	A-18	<u>9,082.52</u>
		1,950,195.80
Business Improvement District	A-20	93,000.00
Local Tax for Municipal Purposes	A-2	\$ 4,835,155.11
Add: Additional Tax Levied		<u>86,672.90</u>
		<u>4,921,828.01</u>

\$ 13,878,752.18

CURRENT FUND
 SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance, June 30, 2006	A	\$ 22,230.69
Increased by:		
Transferred from Taxes Receivable	A-5	<u>2,828.61</u>
		\$ 25,059.30
Decreased by:		
Cash Receipts	A-2, A-4	<u>5,111.60</u>
Balance, June 30, 2007	A	<u><u>\$ 19,947.70</u></u>

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SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
 (AT ASSESSED VALUATION)

Balance, June 30, 2006	A	\$227,400.00
Decreased by:		
Sale of Property	A-24	<u>12,300.00</u>
Balance, June 30, 2007	A	<u><u>\$215,100.00</u></u>

CURRENT FUND
 SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Accrued</u> <u>in 2007</u>	<u>Realized</u>	<u>Balance</u> <u>June 30, 2007</u>	
Alcoholic Beverage Licenses	A-2	\$ -	\$ 15,572.00	\$ 15,572.00	\$ -	
Other Licenses	A-2	-	19,569.00	19,569.00	-	
Fees and Permits	A-2	-	85,161.50	85,161.50	-	
Municipal Court	A-2	12,094.47	153,274.09	153,313.50	12,055.06	June 2007
Interest and Cost on Taxes	A-2	-	107,540.87	107,540.87	-	
Interest on Investments and Deposits	A-2	-	191,048.23	191,048.23	-	
Cable T.V. Franchise Fees	A-2	-	23,086.59	23,086.59	-	
Legislative Block Grant	A-2	-	21,218.00	21,218.00	-	
Consolidated Municipal Property Tax Relief Aid	A-2	-	201,596.00	201,596.00	-	
Energy Receipts Tax	A-2	-	283,839.00	283,839.00	-	
Supplemental Energy Receipts Tax	A-2	-	13,157.00	13,157.00	-	
Municipal Homeland Security Assistance Aid	A-2	-	50,000.00	50,000.00	-	
Garden State Trust Fund	A-2	-	1,434.02	1,434.02	-	
Uniform Construction Code Fees	A-2	-	59,994.00	59,994.00	-	
Reserve for Sale of Property	A-2	-	8,457.34	8,457.34	-	
Recycling Tonnage Grant	A-2	-	1,009.69	1,009.69	-	
Drunk Driving Enforcement Fund	A-2	-	9,335.78	9,335.78	-	
Alcohol Education and Rehabilitation Fund	A-2	-	7,840.62	7,840.62	-	
Municipal Alliance on Alcoholism and Drug Abuse	A-2	-	29,300.00	29,300.00	-	
Summer Food Program	A-2	-	13,161.72	13,161.72	-	
Municipal Alliance on Alcoholism and Drug Abuse	A-2	-	2,000.00	2,000.00	-	
Municipal Stormwater Regulation Program	A-2	-	8,468.00	8,468.00	-	
Clean Communities	A-2	-	6,602.16	6,602.16	-	
		<u>\$ 12,094.47</u>	<u>\$ 1,312,665.61</u>	<u>\$ 1,312,705.02</u>	<u>\$ 12,055.06</u>	
		A			A	

	<u>Ref.</u>	
Cash Receipts	A-4	\$ 1,304,247.68
Reserve for Sale of Property	A-24	<u>8,457.34</u>
		<u>\$ 1,312,705.02</u>

CURRENT FUND
 SCHEDULE OF DUE FROM STATE OF NEW JERSEY
 PER CHAPTER 20, P.L. 1971

	<u>Ref.</u>	
Balance, June 30, 2006	A	\$ 55,778.06
Increased by:		
Senior Citizens Deductions Per Tax Billings	A-9	\$ 23,875.00
Veterans Deductions Per Tax Billings	A-9	46,000.00
Senior Citizens Deductions Allowed by Tax Collector	A-9	2,500.00
Veterans Deductions Allowed by Tax Collector	A-9	500.00
Veterans Deductions Allowed by Tax Collector - 2006	A-4	<u>250.00</u>
		<u>73,125.00</u>
		\$128,903.06
Decreased by:		
Cash Received	A-4	\$ 73,274.52
Senior Citizen Deductions Disallowed by Tax Collector	A-9	<u>579.45</u>
		<u>73,853.97</u>
Balance, June 30, 2007	A	<u><u>\$ 55,049.09</u></u>

Calculation of Amount for SFY 2007 Senior Citizens and Veterans Deductions Allowed

Senior Citizens Deductions Per Tax Billings	A-9	\$ 23,875.00
Veterans Deductions Per Tax Billings	A-9	46,000.00
Senior Citizens Deductions Allowed by Tax Collector	A-9	<u>3,000.00</u>
		\$ 72,875.00
Less: Senior Citizens Deductions Disallowed	A-9	<u>579.45</u>
Balance to Taxes Receivable	A-5	<u><u>\$ 72,295.55</u></u>

CURRENT FUND
SCHEDULE OF EMERGENCY AUTHORIZATIONS

	<u>Ref.</u>	
Balance, June 30, 2006	A	\$ -
Increased by: Added in 2007	A-3	<u>10,000.00</u>
Balance, June 30, 2007	A	<u>\$ 10,000.00</u>

CURRENT FUND
 SCHEDULE OF DEFERRED CHARGES
 SPECIAL EMERGENCY AUTHORIZATIONS

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance June 30, 2006</u>	<u>Raised In 2007</u>	<u>Balance June 30, 2007</u>
06/19/02	Flood Damage	\$500,000.00	\$100,000.00	\$ 100,000.00	\$100,000.00	\$ -
07/17/02	Revaluation of Real Property	180,000.00	36,000.00	72,000.00	36,000.00	36,000.00
11/14/02	Master Plan	90,000.00	18,000.00	36,000.00	18,000.00	18,000.00
12/15/04	Master Plan for Stormwater Improvements	60,000.00	12,000.00	<u>48,000.00</u>	<u>12,000.00</u>	<u>36,000.00</u>
				<u>\$ 256,000.00</u>	<u>\$166,000.00</u>	<u>\$ 90,000.00</u>
				A	A-3	A

CURRENT FUND
SCHEDULE OF 2006 APPROPRIATION RESERVES

	<u>Balance June 30, 2006</u>	<u>Balance After Transfers and Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
GENERAL GOVERNMENT:				
Borough Administrator				
Salaries and Wages	\$ 11,769.92	\$ 11,769.92	\$ 7,269.91	\$ 4,500.01
Other Expenses	3,440.18	3,464.34	15.80	3,448.54
Central Services				
Salaries and Wages	7,462.84	7,462.84	1,334.30	6,128.54
Other Expenses	8,360.18	16,334.57	8,552.31	7,782.26
Borough Council				
Other Expenses	2,184.45	2,234.45	54.00	2,180.45
Borough Clerk				
Salaries and Wages	10,866.28	10,866.28	8,710.16	2,156.12
Other Expenses	6,385.75	12,511.37	6,100.06	6,411.31
Financial Administration				
Salaries and Wages	11,473.23	11,473.23	7,058.54	4,414.69
Other Expenses	1,853.23	10,364.72	1,445.49	8,919.23
Audit Services	200.00	33,900.00	33,700.00	200.00
Collection of Taxes				
Salaries and Wages	8,294.28	8,294.28	6,886.78	1,407.50
Other Expenses	1,474.28	1,520.74	46.46	1,474.28
Assessment of Taxes				
Salaries and Wages	1,666.88	2,666.88	2,253.62	413.26
Other Expenses	2,021.94	2,021.94	-	2,021.94
Legal Services and Costs				
Salaries and Wages	4,566.28	4,566.28	-	4,566.28
Other Expenses	20,018.42	34,104.17	28,777.17	5,327.00
Engineering Services and Costs				
Other Expenses	4,469.82	44,535.45	14,714.91	29,820.54
Code Enforcement Officer				
Salaries and Wages	12,233.98	12,233.98	12,233.98	-
Other Expenses	1,188.35	6,842.00	4,653.65	2,188.35
Municipal Land Use Law (N.J.S.A. 40A:55D-1)				
Planning Board				
Salaries and Wages	1,509.92	1,509.92	-	1,509.92
Other Expenses	3,046.48	5,834.77	571.29	5,263.48
Zoning Board of Adjustment				
Salaries and Wages	1,509.92	1,509.92	-	1,509.92
Other Expenses	1,653.44	6,358.58	3,495.00	2,863.58
Insurance				
Surety Bond Premiums	543.00	543.00	-	543.00

CURRENT FUND
 SCHEDULE OF 2006 APPROPRIATION RESERVES
 (CONTINUED FROM PRIOR PAGE)

	<u>Balance</u> <u>June 30, 2006</u>	<u>Balance After</u> <u>Transfers and</u> <u>Encumbrances</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
PUBLIC SAFETY:				
Fire				
Other Expenses	\$ 2,737.96	\$ 20,401.65	\$ 16,357.63	\$ 4,044.02
Police				
Salaries and Wages	128,552.30	128,552.30	105,565.91	22,986.39
Other Expenses	114.07	24,346.09	22,261.39	2,084.70
Dispatch				
Salaries and Wages	36,005.44	36,005.44	11,599.72	24,405.72
Other Expenses	500.00	500.00	-	500.00
Municipal Court				
Salaries and Wages	9,659.70	9,659.70	4,976.20	4,683.50
Other Expenses	1,156.79	1,156.79	-	1,156.79
First Aid Organization				
Contribution	10,139.64	15,208.25	5,734.19	9,474.06
Emergency Management				
Services				
Salaries and Wages	340.08	340.08	340.08	-
Other Expenses	10,235.86	18,020.27	8,033.17	9,987.10
Public Defender				
Salaries and Wages	530.00	530.00	-	530.00
Fire Hydrant Fees	5,610.30	5,610.30	3,862.70	1,747.60
Uniform Fire Safety Act				
Salaries and Wages	9,338.00	9,338.00	9,338.00	-
Other Expenses	1,271.32	3,103.11	2,015.93	1,087.18
Municipal Prosecutor				
Salaries and Wages	1,345.40	1,345.40	-	1,345.40
PUBLIC WORKS FUNCTIONS:				
Road Repair and Maintenance				
Salaries and Wages	48,604.64	30,604.64	19,609.21	10,995.43
Other Expenses	7,020.66	9,750.91	2,894.95	6,855.96
Snow Removal				
Salaries and Wages	203.14	203.14	-	203.14
Other Expenses	420.90	420.90	-	420.90
Sanitation				
Salaries and Wages	21,243.33	28,243.33	24,945.19	3,298.14
Other Expenses	4,132.54	4,132.54	32.50	4,100.04

Continued

CURRENT FUND
 SCHEDULE OF 2006 APPROPRIATION RESERVES
 (CONTINUED FROM PRIOR PAGE)

	<u>Balance</u> <u>June 30, 2006</u>	<u>Balance After</u> <u>Transfers and</u> <u>Encumbrances</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
PUBLIC WORKS FUNCTIONS:				
(Continued)				
Mechanical Garage				
Salaries and Wages	\$ 7,718.13	\$ 7,718.13	\$ 6,546.61	\$ 1,171.52
Other Expenses	4,049.14	4,674.55	925.96	3,748.59
Public Buildings and Grounds				
Other Expenses	7,813.02	18,557.33	11,062.64	7,494.69
Shade Tree Commission				
Other Expenses	500.00	500.00	-	500.00
Condominium Services				
Other Expenses	4,515.25	9,515.25	9,515.25	-
HEALTH AND HUMAN SERVICES				
Environmental Commission				
Other Expenses	250.00	250.00	-	250.00
Dog Control				
Other Expenses	87.00	2,087.00	-	2,087.00
Community - School Substance Abuse Program				
	4,158.00	4,158.00	4,004.50	153.50
N.J. Public Employees Occupational Safety and Health Act				
Other Expenses	1,000.00	1,000.00	-	1,000.00
PARK AND RECREATION FUNCTIONS:				
Beachfront Maintenance				
Salaries and Wages	2,556.25	2,556.25	630.26	1,925.99
Other Expenses	2,172.95	2,962.95	790.00	2,172.95
Parks and Playgrounds				
Other Expenses	6,213.38	7,524.68	1,297.23	6,227.45
Celebration of Public Events, Anniversary or Holiday				
Other Expenses	1,500.00	1,500.00	-	1,500.00
Community Center				
Salaries and Wages	26,061.33	26,061.33	10,316.47	15,744.86
Other Expenses	6,206.55	8,919.09	3,257.62	5,661.47
Construction Code Official				
Salaries and Wages	5,205.72	5,205.72	5,205.72	-
Other Expenses	1,053.73	4,717.73	3,664.00	1,053.73

Continued

CURRENT FUND
 SCHEDULE OF 2006 APPROPRIATION RESERVES
 (CONTINUED FROM PRIOR PAGE)

	<u>Balance</u> <u>June 30, 2006</u>	<u>Balance After</u> <u>Transfers and</u> <u>Encumbrances</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	\$ 2,222.53	\$ 2,222.53	\$ 3.58	\$ 2,218.95
Street Lighting	4,620.30	4,620.30	4,370.71	249.59
Telephone	2,914.06	2,914.06	2,528.13	385.93
Water	1,272.65	1,272.65	339.14	933.51
Natural Gas	2,968.44	2,968.44	-	2,968.44
Telecommunication Costs	1,227.48	1,227.48	101.08	1,126.40
Gasoline and Diesel Fuel	8,708.14	8,708.14	-	8,708.14
LANDFILL/SOLID WASTE DISPOSAL COSTS:				
Monmouth County Reclamation Center				
Other Expenses	23,627.84	23,627.84	14,637.54	8,990.30
Contribution to:				
Social Security System (O.A.S.I.)	11,829.70	11,829.70	11,103.84	725.86
Insurance (N.J.S.A. 40A:4-45.3(00))				
General Liability	840.51	840.51	-	840.51
Workers Compensation	664.46	664.46	-	664.46
Employee Group Insurance	7,404.94	7,404.94	7,051.97	352.97
Length of Service Awards Program	36,000.00	36,000.00	36,000.00	-
Total	<u>\$612,716.62</u>	<u>\$812,605.53</u>	<u>\$518,792.45</u>	<u>\$293,813.08</u>
Encumbrances	<u>199,888.91</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$812,605.53</u></u>	<u><u>\$812,605.53</u></u>	<u><u>\$518,792.45</u></u>	<u><u>\$293,813.08</u></u>
				A-1
Disbursed		A-4	\$439,676.76	
Accounts Payable		A-14	<u>79,115.69</u>	
			<u><u>\$518,792.45</u></u>	

Concluded

CURRENT FUND
 SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, June 30, 2006	A	\$199,888.91
Increased by:		
Current Appropriations Charged	A-3	<u>176,320.05</u>
		\$376,208.96
Decreased by:		
Applied to Appropriation Reserves	A-12	<u>199,888.91</u>
Balance, June 30, 2007	A	<u><u>\$176,320.05</u></u>

A-14

SCHEDULE OF ACCOUNTS PAYABLE

Balance, June 30, 2006	A		\$266,174.03
Increased by:			
Charged to Appropriation Reserves	A-12	\$ 79,115.69	
Charged to 2007 Budget	A-3	<u>36,261.87</u>	
			<u>115,377.56</u>
			\$381,551.59
Decreased by:			
Cash Disbursed	A-4	\$123,592.99	
Canceled	A-1	<u>105,999.39</u>	
			<u>229,592.38</u>
Balance, June 30, 2007	A		<u><u>\$151,959.21</u></u>

CURRENT FUND
 SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>	
Balance, June 30, 2006	A	\$131,032.90
Increased by:		
Cash Receipts	A-4	<u>53,941.30</u>
		\$184,974.20
Decreased by:		
Refunded	A-4	\$ 44,568.75
Applied to Taxes Receivable	A-5	29,992.11
Canceled	A-1	<u>8,729.42</u>
		<u>83,290.28</u>
Balance, June 30, 2007	A	<u><u>\$101,683.92</u></u>

SCHEDULE OF PREPAID TAXES

Balance, June 30, 2006	A	\$ 19,226.14
Increased by:		
Collections, 2008 Taxes	A-4	<u>14,853.96</u>
		\$ 34,080.10
Decreased by:		
Applied to Taxes Receivable	A-5	<u>19,226.14</u>
Balance, June 30, 2007	A	<u><u>\$ 14,853.96</u></u>

CURRENT FUND
 SCHEDULE OF REGIONAL SCHOOL TAXES PAYABLE

	<u>Ref.</u>		
Balance, June 30, 2006:			
School Tax Payable		\$ -	
School Tax Deferred		<u>1,655,318.59</u>	
			\$1,655,318.59
Increased by:			
Levy - School Year	A-5		<u>3,833,122.87</u>
			\$5,488,441.46
Decreased by:			
Payments	A-1, A-4		<u>3,658,960.97</u>
Balance, June 30, 2007:			
School Tax Payable		\$ -	
School Tax Deferred		<u>1,829,480.49</u>	
			<u><u>\$1,829,480.49</u></u>
 2007 Liability for Regional School Tax:			
Taxes Paid			\$3,658,960.97
Balance Payable, June 30, 2007			<u>-</u>
			\$3,658,960.97
Less Payable, June 30, 2006			<u>-</u>
Amount Charged to Operations	A-1		<u><u>\$3,658,960.97</u></u>

CURRENT FUND
 SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Ref.</u>		
Balance, June 30, 2006			\$ -
Increased by Levy:			
County Tax	A-5	\$1,741,199.25	
County Library Tax	A-5	101,402.24	
County Open Space Tax	A-5	98,511.79	
Due County for Added and Omitted Taxes	A-5	<u>9,082.52</u>	
	A-1		<u>1,950,195.80</u>
			\$1,950,195.80
Decreased by:			
Payments	A-4		<u>1,950,195.80</u>
Balance, June 30, 2007	A		<u><u>\$ -</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, June 30, 2006:			
School Tax Payable		\$ -	
School Tax Deferred		<u>1,482,633.00</u>	
			\$1,482,633.00
Increased by:			
Levy - School Year	A-5		<u>3,080,605.50</u>
			\$4,563,238.50
Decreased by:			
Payments	A-1, A-4		<u>3,042,159.00</u>
Balance, June 30, 2007:			
School Tax Payable		\$ -	
School Tax Deferred		<u>1,521,079.50</u>	
			<u><u>\$1,521,079.50</u></u>

CURRENT FUND
SCHEDULE OF BUSINESS IMPROVEMENT TAXES

	<u>Ref.</u>	
Balance, June 30, 2006	A	\$ 2,619.03
Increased by:		
Business Improvement Tax	A-1, A-5	<u>93,000.00</u>
		\$ 95,619.03
Decreased by:		
Cash Disbursed	A-4	<u>93,000.00</u>
Balance, June 30, 2007	A	<u>\$ 2,619.03</u>

CURRENT FUND
 SCHEDULE OF SPECIAL EMERGENCY NOTES PAYABLE

<u>Date Authorized</u>		<u>Amount Authorized</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance June 30, 2006</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2007</u>
06/19/02	Flood Damage	\$500,000	05/03/06	05/02/07	3.75%	\$100,000.00	\$ -	\$100,000.00	\$ -
07/17/02	Revaluation of Real Property	180,000	05/02/07	05/01/08	3.74%	72,000.00	36,000.00	72,000.00	36,000.00
11/14/02	Master Plan	90,000	05/02/07	05/01/08	3.74%	36,000.00	18,000.00	36,000.00	18,000.00
12/15/04	Master Plan - Storm Water Improvements	60,000	05/02/07	05/01/08	3.74%	<u>48,000.00</u>	<u>36,000.00</u>	<u>48,000.00</u>	<u>36,000.00</u>
						<u>\$256,000.00</u>	<u>\$ 90,000.00</u>	<u>\$256,000.00</u>	<u>\$ 90,000.00</u>
						A	A-4	A-4	A

CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
MARRIAGE LICENSE FEES

	<u>Ref.</u>	
Balance, June 30, 2006	A	\$ 300.00
Increased by:		
Cash Receipts	A-4	<u>1,100.00</u>
		\$ 1,400.00
Decreased by:		
Cash Disbursed	A-4	<u>975.00</u>
Balance, June 30, 2007	A	<u><u>\$ 425.00</u></u>

SCHEDULE OF DUE TO STATE OF NEW JERSEY - DCA TRAINING FEES

Balance, June 30, 2006	A	\$ 710.00
Increased by:		
Cash Receipts	A-4	<u>2,903.00</u>
		\$ 3,613.00
Decreased by:		
Cash Disbursed	A-4	<u>2,942.00</u>
Balance, June 30, 2007	A	<u><u>\$ 671.00</u></u>

CURRENT FUND
 SCHEDULE OF VARIOUS RESERVES

	Balance <u>June 30, 2006</u>	Increased by:		Decreased by:		Balance <u>June 30, 2007</u>
		Cash <u>Receipts</u>	Anticipated <u>As Revenue</u>	Cash <u>Disbursed</u>		
Master Plan	\$ 22,061.25	\$ -	\$ -	\$ 3,527.00		\$ 18,534.25
Stormwater Management	21,896.06	-	-	2,187.25		19,708.81
Sale of Assets	8,457.34	12,300.00	8,457.34	-		12,300.00
Insurance Claims	21,090.51	-	-	-		21,090.51
Revaluation	<u>23,495.00</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>23,495.00</u>
	<u>\$ 97,000.16</u>	<u>\$ 12,300.00</u>	<u>\$ 8,457.34</u>	<u>\$ 5,714.25</u>		<u>\$ 95,128.57</u>
	A	A-4	A-8	A-4		A

FEDERAL AND STATE GRANT FUND
 SCHEDULE OF GRANTS RECEIVABLE

	Balance <u>June 30, 2006</u>	2007 Anticipated <u>Revenue</u>	Grant <u>Received</u>	<u>Canceled</u>	Balance <u>June 30, 2007</u>
Alcohol Alliance	\$ 22,626.77	\$ 31,300.00	\$ 29,247.27	\$ -	\$ 24,679.50
Summer Food Program	-	13,161.72	7,277.37	5,884.35	-
Drunk Driving Enforcement Fund	-	9,335.78	9,335.78	-	-
Smart Future Grant	5,000.00	-	-	-	5,000.00
Recycling Tonnage Grant	-	1,009.69	1,009.69	-	-
Clean Communities	-	6,602.16	6,602.16	-	-
Alcohol Education	-	7,840.62	7,840.62	-	-
Municipal Stormwater Regulation Program	2,117.00	-	-	-	2,117.00
Municipal Stormwater Regulation Program	-	8,468.00	6,351.00	-	2,117.00
Click It or Ticket	4,000.00	-	-	4,000.00	-
Bayshore Saturation Grant	3,200.00	-	408.77	2,791.23	-
	<u>\$ 36,943.77</u>	<u>\$ 77,717.97</u>	<u>\$ 68,072.66</u>	<u>\$ 12,675.58</u>	<u>\$ 33,913.50</u>
	A	A-26	A-4	A-1, A-4	A
		<u>Ref.</u>			
Cash Received		A-4	\$ 49,886.57		
Unappropriated Reserves		A-27	<u>18,186.09</u>		
			<u>\$ 68,072.66</u>		

FEDERAL AND STATE GRANT FUND
 SCHEDULE OF APPROPRIATED RESERVES

<u>Grant</u>	<u>Balance June 30, 2006</u>	<u>Transfer from 2007 Budget Appropriation</u>	<u>Paid or Charged</u>	<u>Canceled</u>	<u>Balance June 30, 2007</u>
Drunk Driving Enforcement Fund	\$ 12,790.14	\$ 9,335.78	\$ 743.60	\$ -	\$ 21,382.32
Alcohol Education Rehabilitation Fund	6,486.20	7,840.62	2,408.20	-	11,918.62
Recycling Tonnage Grant	17,502.37	1,009.69	-	-	18,512.06
Monmouth Municipal Joint Insurance Safety Incentive Program	326.50	-	-	-	326.50
Alcohol Alliance 2007	-	35,463.00	10,283.50	-	25,179.50
Alcohol Alliance 2006	22,627.27	-	22,626.77	0.50	-
Summer Food Program	-	13,161.72	7,431.11	5,730.61	-
Children's After School Enhancement Program	13,804.61	-	3,497.47	10,307.14	-
Body Armor Grant	1,630.76	-	1,377.55	-	253.21
Clean Communities Program	5,101.25	-	5,101.25	-	-
Click It or Ticket	4,000.00	-	-	4,000.00	-
Bayshore Saturation Grant	2,791.23	-	-	2,791.23	-
Municipal Stormwater Regulations	-	8,468.00	-	-	8,468.00
Clean Communities Program - 2007	-	6,602.16	1,345.00	-	5,257.16
	<u>\$ 87,060.33</u>	<u>\$ 81,880.97</u>	<u>\$ 54,814.45</u>	<u>\$ 22,829.48</u>	<u>\$ 91,297.37</u>
	A		A-28	A-1, A-4	A

	<u>Ref.</u>	
Accrued in 2007	A-25	\$ 77,717.97
Matching Funds	A-4	<u>4,163.00</u>
		<u>\$ 81,880.97</u>

GRANT FUND
 SCHEDULE OF GRANTS UNAPPROPRIATED

<u>Grant</u>	<u>Balance June 30,2006</u>	<u>Funding Received</u>	<u>Realized As Received</u>	<u>Balance June 30,2007</u>
Drunk Driving Enforcement Fund	\$ 9,335.78	\$ 13,693.95	\$ 9,335.78	\$ 13,693.95
Alcohol Education	7,840.62	3,044.55	7,840.62	3,044.55
Recycling Tonnage Grant	1,009.69	1,262.82	1,009.69	1,262.82
Body Armor Grant	-	1,337.14	-	1,337.14
Clean Communities	-	663.96	-	663.96
National Recreation and Park Assoc. - Take Me Fishing	-	1,000.00	-	1,000.00
	<u>\$ 18,186.09</u>	<u>\$ 21,002.42</u>	<u>\$ 18,186.09</u>	<u>\$ 21,002.42</u>
	A	A-4	A-25	A

FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, June 30, 2006	A	\$ 20,727.64
Increased by:		
Appropriated Reserves Charged	A-26	<u>54,814.45</u>
		\$ 75,542.09
Decreased by:		
Disbursed	A-4	<u>60,531.39</u>
Balance, June 30, 2007	A	<u><u>\$ 15,010.70</u></u>

A-29

SCHEDULE OF DUE TO STATE OF NEW JERSEY

Balance, June 30, 2006 and 2007	A	<u><u>\$ 1,121.88</u></u>
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TRUST FUND
 SCHEDULE OF TRUST CASH

	<u>Ref.</u>	<u>Animal Control</u>	<u>Other Trust</u>
Balance, June 30, 2006	B	<u>\$ 2,381.73</u>	<u>\$ 565,853.46</u>
Increased by Receipts:			
Reserve for Animal Control Trust Fund Expenditures	B-2	\$ 2,373.51	\$ -
Various Reserves	B-5	-	595,545.71
Due to State of New Jersey	B-3	<u>637.80</u>	<u>-</u>
Total Receipts		<u>\$ 3,011.31</u>	<u>\$ 595,545.71</u>
Subtotal		<u>\$ 5,393.04</u>	<u>\$1,161,399.17</u>
Decreased by Disbursements:			
Due to State of New Jersey	B-3	\$ 660.60	\$ -
Animal Control Trust Fund Expenditures (R.S. 4:19-15.11)	B-2	1,007.00	-
Various Reserves	B-5	<u>-</u>	<u>595,006.28</u>
Total Disbursements		<u>\$ 1,667.60</u>	<u>\$ 595,006.28</u>
Balance, June 30, 2007	B	<u><u>\$ 3,725.44</u></u>	<u><u>\$ 566,392.89</u></u>

ANIMAL CONTROL TRUST FUND
 SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance, June 30, 2006	B	\$ 2,385.13
Increased by:		
Dog License Fees Collected		\$ 2,067.20
Miscellaneous Receipts		180.00
Interest Earned		<u>126.31</u>
	B-1	<u>2,373.51</u>
		\$ 4,758.64
Decreased by:		
Expenditures Under R.S. 4:19-15.11	B-1	<u>1,007.00</u>
Balance, June 30, 2007	B	<u><u>\$ 3,751.64</u></u>
License Fees Received:		
SFY 2005		\$ 2,448.00
SFY 2006		<u>2,325.37</u>
		<u><u>\$ 4,773.37</u></u>

ANIMAL CONTROL TRUST FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY

	<u>Ref.</u>	
Balance, June 30, 2006	B	\$ 36.60
Increased by:		
Receipts	B-1	<u>637.80</u>
		\$ 674.40
Decreased by:		
Disbursed	B-1	<u>660.60</u>
Balance, June 30, 2007	B	<u><u>\$ 13.80</u></u>

TRUST OTHER FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

Balance, June 30, 2006	B	\$ -
Increased by:		
Various Reserves	B-5	<u>1,467.00</u>
Balance, June 30, 2007	B	<u><u>\$ 1,467.00</u></u>

TRUST OTHER FUND
 SCHEDULE OF VARIOUS RESERVES

	<u>Balance</u> <u>June 30, 2006</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>June 30, 2007</u>
Street Opening Permits	\$ 6,000.00	\$ 1,000.00	\$ 500.00	\$ 6,500.00
Escrows	40,777.38	55,368.62	56,783.90	39,362.10
Third Party Lien Redemptions	6,828.40	210,572.07	216,166.62	1,233.85
Tax Sale Premiums	181,100.00	105,500.00	142,900.00	143,700.00
Parking Offense Adjudications Act (Per N.J.S.A. 40A: 4-39)	2,265.00	418.00	-	2,683.00
Public Defender	3,023.27	2,248.00	3,220.44	2,050.83
Recycling	17,019.67	15,064.50	16,055.08	16,029.09
Deposits - Baymens Assoc.	5,000.00	-	-	5,000.00
Pelekanous Engineer Fees	1,817.72	-	-	1,817.72
Legal Escrow	500.00	-	-	500.00
Police Off Duty	14,726.60	22,715.50	33,011.50	4,430.60
Uniform Fire Penalties	356.67	500.00	-	856.67
Fire Penalties (Fire Dept.)	1,879.76	500.00	-	2,379.76
Unemployment	78,628.51	40,759.12	17,096.63	102,291.00
Engineering Inspection Fees	53,360.54	16,699.80	18,960.99	51,099.35
Performance Bonds	114,618.27	15,240.17	19,249.67	110,608.77
Maintenance Bonds	10,631.72	3,598.93	5,540.07	8,690.58
Accumulated Leave	27,319.95	59,000.00	46,948.50	39,371.45
Police Explorers	-	3,666.00	-	3,666.00
Sale of Property	-	25,425.00	3,075.00	22,350.00
Bid Deposits	-	17,270.00	17,270.00	-
	<u>\$565,853.46</u>	<u>\$595,545.71</u>	<u>\$596,778.40</u>	<u>\$564,620.77</u>
	B	B-1		B

	<u>Ref.</u>	
Accounts Payable	B-6	\$ 305.12
Reserve for Encumbrances	B-4	1,467.00
Cash Disbursements	B-1	<u>595,006.28</u>
		<u>\$596,778.40</u>

TRUST OTHER FUND
SCHEDULE OF ACCOUNTS PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2006	B	\$ -
Increased by:		
Charged to Various Reserves	B-5	<u>305.12</u>
Balance, June 30, 2007	B	<u>\$ 305.12</u>

GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance, June 30, 2006	C		\$1,047,632.24
Increased by Receipts:			
N.J. Dept. of Transportation Grants Receivable	C-6	\$ 67,037.37	
Community Development Block Grant Receivable	C-7	182,894.00	
Due from Monmouth County Improvement Authority	C-9	61,352.72	
Budget Appropriations:			
Capital Improvement Fund	C-14	50,000.00	
Deferred Charges to Future Taxation - Unfunded	C-5	60,436.61	
Premium on Bond Sale	C-1	11,888.62	
Bond Anticipatin Notes	C-11	3,555,264.00	
Grant Received	C-5	67,106.00	
Serial Bonds Issued	C-5	485,000.00	
Accounts Payable		2,315.25	
Miscellaneous Reserves	C-15	<u>15,026.08</u>	
			<u>4,558,320.65</u>
			\$5,605,952.89
Decreased by Disbursements:			
Due from Monmouth County Improvement Authority	C-9	\$ 50,202.72	
Bond Anticipation Notes	C-11	2,324,000.00	
Reserve for Encumbrances	C-13	<u>2,115,399.85</u>	
			<u>4,489,602.57</u>
Balance, June 30, 2007	C		<u><u>\$1,116,350.32</u></u>

GENERAL CAPITAL FUND
 ANALYSIS OF GENERAL CAPITAL CASH

	Balance June 30, 2006	Receipts		Improvement Authorizations	Disbursements	Transfers		Balance June 30, 2007	
		Budget Appropriation	Miscellaneous			From	To		
Capital Improvement Fund	\$ 5,072.05	\$ 50,000.00	\$ -	\$ -	\$ -	\$ 32,000.00	\$ -	\$ 23,072.05	
Fund Balance	-	-	11,888.62	-	-	-	12,763.31	24,651.93	
N.J. Dept. of Transportation Grants Receivable	-	-	67,037.37	-	-	150,000.00	-	(82,962.63)	
Community Development Block Grant Receivable	(182,894.00)	-	182,894.00	-	-	-	-	-	
Due from Monmouth County Improvement Authority	(18,500.00)	-	61,352.72	-	50,202.72	-	-	(7,350.00)	
Reserve for Encumbrances	1,942,098.81	-	-	855,056.57	2,115,399.85	-	-	681,755.53	
Miscellaneous Reserves for:									
RCA Interest - Middletown	32,423.74	-	4,460.26	-	-	-	-	36,884.00	
Parking Improvements	200.00	-	-	-	-	-	-	200.00	
Sidewalk Fund	5,920.00	-	2,475.00	-	-	-	-	8,395.00	
Bond Anticipation Note	-	-	8,090.82	-	-	-	-	8,090.82	
Excess Note Financing - Ord. 98-11/02-22/04-10	77,900.00	-	-	-	-	77,900.00	-	-	
Accounts Payable	-	-	2,315.25	-	-	-	-	2,315.25	
<u>Improvement Authorizations:</u>									
<u>Ord. No.</u>	<u>Improvement</u>								
94-18	Rehab. of Low-Mod Income Housing - RCA Middletown	41,900.00	-	-	-	-	-	41,900.00	
96-06	Bulkhead Improvements and Road Construction	0.61	0.61	-	-	1.22	-	-	
98-10	Acquisition of Public Works Equipment	3,534.30	-	194,750.00	(172,700.00)	-	-	25,584.30	
98-11/02-22/04-10	Construction of Firehouse - Emergency Management Facility	159,488.58	-	1,684,100.00	(68,995.39)	1,762,000.00	77,900.00	90,493.19	
01-01/02-15/ 02-20	Various Improvements	100,913.23	37,000.00	340,000.00	(11,428.33)	467,000.00	-	(515.10)	
02-08	Various Road Improvements	2,000.00	23,436.00	71,564.00	-	95,000.00	-	2,000.00	
02-23	Various Road and Drainage Improvements	5,572.65	-	-	-	-	5,572.65	-	
03-13	2003 Road Program	311.97	-	-	-	-	-	311.97	
04-02/04-07	Various Improvements - Ocean Street	(132,936.71)	-	145,000.00	(4,873.85)	-	7,189.44	-	
05-11	Various Drainage Improvements	(119,921.33)	-	166,250.00	-	-	-	46,328.67	
05-20	Improvements to Community Center	(512,309.87)	-	624,106.00	(36,350.10)	-	-	75,446.03	
06-02	Improvements to Valley Street Pump Station	(337,600.00)	-	359,100.00	(40.34)	-	-	21,459.66	
06-07	Improvements to Valley Street Pump Station	(25,541.79)	-	95,000.00	-	-	-	69,458.21	
06-13	Various Road Improvements	-	-	427,500.00	(343,193.56)	-	172,500.00	256,806.44	
07-04	Various Improvements to Community Center Park and Playground	-	-	-	(217,475.00)	-	9,500.00	(207,975.00)	
		<u>\$ 1,047,632.24</u>	<u>\$ 110,436.61</u>	<u>\$ 4,447,884.04</u>	<u>\$ -</u>	<u>\$ 4,489,602.57</u>	<u>\$ 272,663.31</u>	<u>\$ 272,663.31</u>	<u>\$ 1,116,350.32</u>
		C	C-2			C-2		C	

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION
FUNDED

	<u>Ref.</u>	
Balance, June 30, 2006	C	\$ 409,000.00
Increased by:		
Serial Bonds Issued	C-10	<u>474,000.00</u>
		\$ 883,000.00
Decreased by:		
Budget Appropriation to Pay Bonds	C-10	<u>46,000.00</u>
Balance, June 30, 2007	C	<u><u>\$ 837,000.00</u></u>

GENERAL CAPITAL FUND
 SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance June 30, 2006	Authorized 2007	Grant Receipts	Budget Appropriations	Serial Bonds Issued	Canceled	Balance June 30, 2007	Analysis of Balance, June 30, 2007		
									Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
96-06	Bulkhead Improvements and Road Constructions	\$ 72,425.00	\$ -	\$ -	\$ 0.61	\$ -	\$ 72,424.39	\$ -	\$ -	\$ -	\$ -
98-10	Acquisition of Public Works Equipment	194,750.00	-	-	-	-	-	194,750.00	194,750.00	-	-
98-11/02-22	Construction of Firehouse - Emergency Management Facility	1,684,100.00	-	-	-	-	-	1,684,100.00	1,684,100.00	-	-
01-01/02-15/02-20	Various Improvements	467,172.00	-	-	37,000.00	340,000.00	-	90,172.00	-	515.10	89,656.90
02-08	Road Improvements	95,000.00	-	-	23,436.00	-	-	71,564.00	71,564.00	-	-
03-13	2003 Road Program	65,250.00	-	-	-	-	-	65,250.00	-	-	65,250.00
04-02/04-07	Various Road Improvements (Ocean Street)	232,750.00	-	-	-	145,000.00	87,750.00	-	-	-	-
05-11	Various Drainage Improvements	166,250.00	-	-	-	-	-	166,250.00	166,250.00	-	-
05-20	Improvements to Community Center	624,250.00	-	67,106.00	-	-	-	557,144.00	557,000.00	-	144.00
06-02	Improvements to Valley Street Pump Station	359,100.00	-	-	-	-	-	359,100.00	359,100.00	-	-
06-07	Improvements to Valley Street Pump Station	95,000.00	-	-	-	-	-	95,000.00	95,000.00	-	-
06-13	Various Road Improvements	-	427,500.00	-	-	-	-	427,500.00	427,500.00	-	-
07-04	Various Improvements to Community Center Park and Playground	-	177,500.00	-	-	-	-	177,500.00	-	149,975.00	27,525.00
		<u>\$ 4,056,047.00</u>	<u>\$605,000.00</u>	<u>\$ 67,106.00</u>	<u>\$ 60,436.61</u>	<u>\$485,000.00</u>	<u>\$160,174.39</u>	<u>\$ 3,888,330.00</u>	<u>\$ 3,555,264.00</u>	<u>\$150,490.10</u>	<u>\$182,575.90</u>
		C	C-12	C-2	C-2	C-2	C-12	C	C-11		

	Ref.	
Improvement Authorization - Unfunded	C-12	\$770,152.40
Less: Unexpended Proceeds of Bond Anticipation Notes Issued -		
Ordinance No. 98-11		\$ 90,493.19
Ordinance No. 06-13		256,806.44
Ordinance No. 02-08		2,000.00
Ordinance No. 98-10		25,584.30
Ordinance No. 05-11		46,328.67
Ordinance No. 05-20		75,446.03
Ordinance No. 06-02		21,459.66
Ordinance No. 06-07		<u>69,458.21</u>
		587,576.50
		<u>\$182,575.90</u>

GENERAL CAPITAL FUND
 SCHEDULE OF N.J. DEPARTMENT OF TRANSPORTATION GRANT RECEIVABLE

	<u>Ref.</u>	
Balance, June 30, 2006	C	\$ -
Increased by:		
Grant Award (Ordinance 06-13)	C-12	<u>150,000.00</u>
		\$150,000.00
Decreased by:		
Cash Receipts	C-2	<u>67,037.37</u>
Balance, June 30, 2007	C	<u><u>\$ 82,962.63</u></u>

Detail:

<u>Ord. No.</u>	<u>Description</u>	
06-13	Various Road Improvements	<u><u>\$ 82,962.63</u></u>

C-7

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE

Balance, June 30, 2006	C	\$182,894.00
Decreased by:		
Cash Receipts	C-2	<u>182,894.00</u>
Balance, June 30, 2007	C	<u><u>\$ -</u></u>

GENERAL CAPITAL FUND
 SCHEDULE OF MONMOUTH COUNTY OPEN SPACE GRANT RECEIVABLE

	<u>Ref.</u>	
Balance, June 30, 2006	C	\$ -
Increased by:		
Grant Award (Ordinance 07-04)	C-12	<u>58,000.00</u>
Balance, June 30, 2007	C	<u><u>\$ 58,000.00</u></u>

Detail:

<u>Ord. No.</u>	<u>Description</u>	
07-04	Various Road Improvements	<u><u>\$ 58,000.00</u></u>

GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM MONMOUTH COUNTY IMPROVEMENT AUTHORITY

	<u>Ref.</u>	
Balance, June 30, 2006	C	\$ 18,500.00
Increased by:		
Cash Disbursements	C-2	<u>50,202.72</u>
		\$ 68,702.72
Decreased by:		
Cash Receipts	C-2	<u>61,352.72</u>
Balance, June 30, 2007	C	<u><u>\$ 7,350.00</u></u>

GENERAL CAPITAL FUND
 SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2006	Increased	Decreased	Balance June 30, 2007
			Date	Amount					
General Improvements	12-18-03	\$ 498,000	12-01-07	\$ 47,000	3.000%	\$ 409,000.00	\$ -	\$ 46,000.00	\$ 363,000.00
			12-01-08	49,000	3.000%				
			12-01-09	50,000	3.000%				
			12-01-10	52,000	3.500%				
			12-01-11	53,000	3.250%				
			12-01-12	55,000	3.550%				
			12-01-13	57,000	4.000%				
General Improvements	12-05-06	474,000	12-01-07	40,000	4.000%	-	474,000.00	-	474,000.00
			12-01-08	41,000	4.000%				
			12-01-09	42,000	4.000%				
			12-01-10	44,000	4.000%				
			12-01-11	46,000	4.000%				
			12-01-12	48,000	4.000%				
			12-01-13	50,000	4.000%				
			12-01-14	52,000	5.000%				
			12-01-15	54,000	5.000%				
			12-01-16	57,000	5.000%				
						<u>\$ 409,000.00</u>	<u>\$ 474,000.00</u>	<u>\$ 46,000.00</u>	<u>\$ 837,000.00</u>
						C	C-4	C	

GENERAL CAPITAL FUND
 SCHEDULE OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance June 30, 2006	Increased	Decreased	Balance June 30, 2007
01-01/ 02-15/ 02-20	Various Improvements	11-08-01	08-09-05	08-08-06	2.87%	\$ 467,000.00	\$ -	\$ 467,000.00	\$ -
98-11/ 02-22/ 04-10	Construction of Firehouse - Emergency Management Facility	04-01-05	01-31-07	01-30-08	3.35%	1,762,000.00	1,684,100.00	1,762,000.00	1,684,100.00
02-08	Road Improvements	05-07-04	05-02-07	05-01-08	3.75%	95,000.00	71,564.00	95,000.00	71,564.00
98-10	Acquisition of Public Works Equipment	05-02-07	05-02-07	05-01-08	3.74%	-	194,750.00	-	194,750.00
05-11	Drainage Improvements	01-31-07	01-31-07	01-30-08	4.00%	-	166,250.00	-	166,250.00
05-20	Community Center	01-31-07	01-31-07	01-30-08	4.00%	-	557,000.00	-	557,000.00
06-02	Valley St. Stormwater P.S.	01-31-07	01-31-07	01-30-08	4.00%	-	359,100.00	-	359,100.00
06-07	Valley St. Stormwater P.S.	01-31-07	01-31-07	01-30-08	4.00%	-	95,000.00	-	95,000.00
06-13	Various Road Improvements	01-31-07	01-31-07	01-30-08	4.00%	-	427,500.00	-	427,500.00
						<u>\$ 2,324,000.00</u>	<u>\$ 3,555,264.00</u>	<u>\$ 2,324,000.00</u>	<u>\$ 3,555,264.00</u>
						C	C-2	C-2	C

GENERAL CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Authorizations	Date	Amount	Balance, June 30, 2006		2007 Authorizations	Paid or Charged	Authorizations Cancelled	Balance, June 30, 2007	
				Funded	Unfunded				Funded	Unfunded
94-18	Rehabilitation of Low - Mod Income Housing - RCA - Middletown	09-14-94	\$ 925,000.00	\$ 41,900.00	\$ -	\$ -	\$ -	\$ -	\$ 41,900.00	\$ -
96-06	Bulkhead Improvements and Road Construction	06-19-96	650,000.00	0.61	72,425.00	-	-	72,425.61	-	-
98-10	Acquisition of Public Works Equipment	12-16-98	205,000.00	3,534.30	194,750.00	-	172,700.00	-	-	25,584.30
98-11/02-22/04-10	Construction of Firehouse - Emergency Management Facility	12-16-98 11-06-02 08-18-04	1,375,000.00	-	159,488.58	-	68,995.39	-	-	90,493.19
01-01/02-15/02-20	Various Improvements	04-18-01 07-17-02 10-16-02	1,233,000.00	-	101,085.23	-	11,428.33	-	-	89,656.90
02-08	Various Road Improvements	04-17-02	100,000.00	-	2,000.00	-	-	-	-	2,000.00
02-23	Various Road and Drainage Improvements	12-18-02	250,000.00	5,572.65	-	-	-	5,572.65	-	-
03-13	2003 Road Program	10-01-03	255,000.00	311.97	65,250.00	-	-	-	311.97	65,250.00
04-02/04-07	Various Road Improvements - (Ocean Street)	04-21-04 09-01-04	270,000.00	-	99,813.29	-	4,873.85	94,939.44	-	-
05-11	Various Drainage Improvements	08-17-05	175,000.00	-	46,328.67	-	-	-	-	46,328.67
05-20	Improvements to Community Center	10-05-05	840,000.00	-	111,940.13	-	36,350.10	-	-	75,590.03
06-02	Improvements to Valley Street Pump Station	03-15-06	378,000.00	-	21,500.00	-	40.34	-	-	21,459.66
06-07	Improvements to Valley Street Pump Station	06-07-06	100,000.00	-	69,458.21	-	-	-	-	69,458.21
06-13	Various Road Improvements	09-20-06	600,000.00	-	-	600,000.00	343,193.56	-	-	256,806.44
07-04	Various Improvements to Community Center and Park and Playground	03-21-07	245,000.00	-	-	245,000.00	217,475.00	-	-	27,525.00
				<u>\$ 51,319.53</u>	<u>\$ 944,039.11</u>	<u>\$ 845,000.00</u>	<u>\$ 855,056.57</u>	<u>\$ 172,937.70</u>	<u>\$ 42,211.97</u>	<u>\$ 770,152.40</u>
				C	C		C-13		C	C
				<u>Ref.</u>						
Deferred Charges to Future Taxation				C-5		\$ 605,000.00				
Capital Improvement Fund				C-14		32,000.00				
Department of Transportation Grant Receivable				C-6		150,000.00				
Monmouth County Open Space Grant Receivable				C-8		<u>58,000.00</u>				
						<u>\$ 845,000.00</u>				
Fund Balance				C-1				\$ 12,763.31		
Deferred Charges to Future Taxation - Unfunded				C-5				<u>160,174.39</u>		
								<u>\$ 172,937.70</u>		

GENERAL CAPITAL FUND
 SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, June 30, 2006	C	\$ 1,942,098.81
Increased by:		
Charged to Improvement Authorizations	C-12	<u>855,056.57</u>
		\$ 2,797,155.38
Decreased by:		
Cash Disbursements	C-2	<u>2,115,399.85</u>
Balance, June 30, 2007	C	<u><u>\$ 681,755.53</u></u>

C-14

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance, June 30, 2006	C	\$ 5,072.05
Increased by:		
SFY 2007 Budget Appropriation	C-2	<u>50,000.00</u>
		\$ 55,072.05
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-12	<u>32,000.00</u>
Balance, June 30, 2007	C	<u><u>\$ 23,072.05</u></u>

GENERAL CAPITAL FUND
 SCHEDULE OF MISCELLANEOUS RESERVES

<u>Description</u>	<u>Balance June 30,2006</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance June 30,2007</u>
Reserve for RCA Interest - Middletown	\$ 32,423.74	\$ 4,460.26	\$ -	\$ 36,884.00
Reserve for Parking Improvements	200.00	-	-	200.00
Reserve for Sidewalk Fund	5,920.00	2,475.00	-	8,395.00
Reserve for Bond Anticipation Notes	-	8,090.82	-	8,090.82
	<u>\$ 38,543.74</u>	<u>\$ 15,026.08</u>	<u>\$ -</u>	<u>\$ 53,569.82</u>
	C	C-2	C-2	C

GENERAL CAPITAL FUND
 SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. No.</u>	<u>Description</u>	<u>Balance June 30, 2006</u>	<u>2006 Authorizations</u>	<u>Bond Anticipation Notes Paid</u>	<u>Bonds Issued</u>	<u>Funded by Budget Appropriations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Canceled</u>	<u>Grant Receipts</u>	<u>Bond Anticipation Notes Excess Funding</u>	<u>Balance June 30, 2007</u>
96-06	Bulkhead Improvements and Road Construction	\$ 72,425.00	\$ -	\$ -	\$ -	\$ 0.61	\$ -	\$ 72,424.39	\$ -	\$ -	\$ -
98-10	Acquisition of Public Works Equipment	194,750.00	-	-	-	-	194,750.00	-	-	-	-
98-11/ 02-22/ 04-10	Construction of Firehouse - Emergency Management Facility	-	-	1,762,000.00	-	-	1,684,100.00	-	-	77,900.00	-
01-01/02-15/ 02-20	Various Improvements	172.00	-	467,000.00	340,000.00	37,000.00	-	-	-	-	90,172.00
02-08	Various Road Improvements	-	-	95,000.00	-	23,436.00	71,564.00	-	-	-	-
03-13	2003 Road Program	65,250.00	-	-	-	-	-	-	-	-	65,250.00
04-02/04-07	Varoius Improvements (Ocean Street)	232,750.00	-	-	145,000.00	-	-	87,750.00	-	-	-
05-11	Various Drainage Improvements	166,250.00	-	-	-	-	166,250.00	-	-	-	-
05-20	Improvements to Community Center	624,250.00	-	-	-	-	557,000.00	-	67,106.00	-	144.00
06-02	Improvements to Valley Street Pump Station	359,100.00	-	-	-	-	359,100.00	-	-	-	-
06-07	Improvements to Valley Street Pump Station	95,000.00	-	-	-	-	95,000.00	-	-	-	-
06-13	Various Road Improvements	-	427,500.00	-	-	-	427,500.00	-	-	-	-
07-04	Various Improvements to Community Center Play and Playground	-	177,500.00	-	-	-	-	-	-	-	177,500.00
		<u>\$1,809,947.00</u>	<u>\$ 605,000.00</u>	<u>\$2,324,000.00</u>	<u>\$485,000.00</u>	<u>\$ 60,436.61</u>	<u>\$3,555,264.00</u>	<u>\$160,174.39</u>	<u>\$ 67,106.00</u>	<u>\$ 77,900.00</u>	<u>\$ 333,066.00</u>
		C	C-5		C-5	C-2		C-12			C

WATER-SEWER UTILITY OPERATING FUND
 SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, June 30, 2006	D	\$ 990,777.64	\$319,206.37
Increased by Receipts:			
Consumer Accounts Receivable	D-7	\$1,169,003.54	\$ -
Water-Sewer Liens Receivable	D-8	1,009.25	-
Reserve for Capital Outlay		62,034.01	-
Non-Budget Revenues	D-3	68,740.22	-
Accounts Payable	D-12	<u>574.12</u>	<u>-</u>
Total Receipts		<u>1,301,361.14</u>	<u>-</u>
Total Receipts and Balance		\$2,292,138.78	\$319,206.37
Decreased by Disbursements:			
2007 Appropriations	D-4	\$1,351,193.70	\$ -
2006 Appropriation Reserves	D-9	34,887.77	-
Encumbrances Payable	D-21	-	35,698.79
Reserve for Capital Outlay	D-17	-	62,034.01
Accounts Payable	D-12	<u>7,594.96</u>	<u>-</u>
Total Disbursements		<u>1,393,676.43</u>	<u>97,732.80</u>
Balance, June 30, 2007	D	<u>\$ 898,462.35</u>	<u>\$221,473.57</u>

WATER-SEWER UTILITY CAPITAL FUND
 ANALYSIS OF CASH

	Balance <u>June 30, 2006</u>	Improvement <u>Authorization</u>	<u>Disbursements</u>	<u>Transfers</u>		Balance <u>June 30, 2007</u>
				<u>From</u>	<u>To</u>	
Capital Improvement Fund	\$ 6,750.00	\$ -	\$ -	\$ -	\$ -	\$ 6,750.00
Down Payments on Capital Improvements	100.00	-	-	-	-	100.00
Reserve for Capital Outlay	62,034.01	-	62,034.01	-	-	-
Fund Balance	322.36	-	-	-	-	322.36
Encumbrances	-	528,127.04	35,698.79	-	-	492,428.25
<u>Ord. No.</u>	<u>Improvement Authorization</u>					
06-06 Rehab. Of Sanitary Sewer	<u>250,000.00</u>	<u>(528,127.04)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(278,127.04)</u>
	<u>\$319,206.37</u>	<u>\$ -</u>	<u>\$ 97,732.80</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$221,473.57</u>

WATER-SEWER UTILITY OPERATING FUND
 SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance, June 30, 2006	D	\$ 101,543.17
Increased by:		
Sewer Rents Levied		<u>1,173,445.05</u>
		\$1,274,988.22
Decreased by:		
Collection	D-3, D-5	\$1,169,003.54
Overpayments Applied	D-3, D-11	<u>34.71</u>
		<u>1,169,038.25</u>
Balance, June 30, 2007	D	<u><u>\$ 105,949.97</u></u>

SCHEDULE OF WATER-SEWER LIENS RECEIVABLE

Balance, June 30, 2006	D	\$ 1,009.25
Decreased by:		
Collections	D-3, D-5	<u>1,009.25</u>
Balance, June 30, 2007	D	<u><u>\$ -</u></u>

WATER-SEWER UTILITY OPERATING FUND
 SCHEDULE OF APPROPRIATION RESERVES

	<u>Ref.</u>	<u>Balance June 30, 2006</u>	<u>Balance After Transfers and Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages		\$ 41,863.52	\$ 41,863.52	\$ 11,329.33	\$ 30,534.19
Other Expenses		80,326.77	120,135.36	22,083.10	98,052.26
Group Insurance for Employees		6,611.24	6,611.24	27.64	6,583.60
Worker's Compensation		2,522.92	2,522.92	-	2,522.92
Other Insurance Premiums		3,462.38	3,462.38	-	3,462.38
Statutory Expenditures:					
Social Security System		3,152.05	3,152.05	1,447.70	1,704.35
Capital Improvements		<u>10,977.70</u>	<u>10,977.70</u>	<u>-</u>	<u>10,977.70</u>
Total Appropriation Reserves	D	\$ 148,916.58	\$ 188,725.17	\$ 34,887.77	\$ 153,837.40
Encumbrances	D-10	<u>39,808.59</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total		<u>\$ 188,725.17</u>	<u>\$ 188,725.17</u>	<u>\$ 34,887.77</u>	<u>\$ 153,837.40</u>
				D-5	D-1

WATER-SEWER UTILITY OPERATING FUND
 SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, June 30, 2006	D	\$ 39,808.59
Increased by:		
Transferred from Budget Appropriations	D-4	<u>80,281.98</u>
		\$120,090.57
Decreased by:		
Transferred to Appropriations Reserves	D-9	<u>39,808.59</u>
Balance, June 30, 2007	D	<u><u>\$ 80,281.98</u></u>

D-11

SCHEDULE OF CUSTOMER OVERPAYMENTS

Balance, June 30, 2006	D	\$ 4,275.16
Decreased by:		
Applied to Consumer Accounts Receivable	D-7	<u>34.71</u>
Balance, June 30, 2007	D	<u><u>\$ 4,240.45</u></u>

WATER-SEWER UTILITY OPERATING FUND
 SCHEDULE OF ACCOUNTS PAYABLE

	<u>Ref.</u>		
Balance, June 30, 2006	D		\$ 80,022.51
Increased by:			
Cash Receipts	D-5	\$ 574.12	
Charged to 2007 Budget Appropriations	D-9	<u>126.00</u>	
			<u>700.12</u>
			\$ 80,722.63
Decreased by:			
Cash Disbursements	D-5	\$ 7,594.96	
Canceled	D-1	<u>22,149.04</u>	
			<u>29,744.00</u>
Balance, June 30, 2007	D		<u><u>\$ 50,978.63</u></u>

WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance, June 30, 2006 and 2007	D	<u>\$741,522.31</u>
Springs and Wells		\$ 40,716.85
Distribution Mains and Accessories		153,471.61
General Equipment		62,579.40
Sewerage Treatment Plant and Lines		278,088.19
Reconstruction of Sewer Lift Station		75,000.00
Construction of Back Wash		116,666.26
Repair to Pumping Station		<u>15,000.00</u>
		<u>\$741,522.31</u>

WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ord. No.	<u>Improvement Description</u>	<u>Ordinance</u>		Balance June 30, <u>2006 and 2007</u>
		<u>Date</u>	<u>Amount</u>	
06-06	Rehabilitation of Sanitary Sewer System	06/07/06	\$ 650,000.00	<u>\$ 650,000.00</u>

D

WATER-SEWER UTILITY CAPITAL FUND
 SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance, June 30, 2006 and 2007	D	<u>\$ 6,750.00</u>

D-16

SCHEDULE OF RESERVE FOR DOWN PAYMENTS ON CAPITAL IMPROVEMENTS

Balance, June 30, 2006 and 2007	D	<u>\$ 100.00</u>
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D-17

SCHEDULE OF RESERVE FOR CAPITAL OUTLAY

Balance, June 30, 2006	D	\$ 62,034.01
Decreased by:		
Anticipated as Operating Fund Revenue	D-5	<u>62,034.01</u>
Balance, June 30, 2007	D	<u>\$ -</u>

WATER-SEWER UTILITY CAPITAL FUND
 SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance, June 30, 2006 and 2007	D	<u>\$ 741,522.31</u>

D-19

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Ord. Date</u>	<u>Balance June 30, 2006 and 2007</u>
06-06	Rehabilitation of Sanitary Sewer System	06/07/06	<u>\$ 250,000.00</u>

D

WATER-SEWER UTILITY CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance June 30, 2006</u>		<u>Paid or Charged</u>	<u>Balance June 30, 2007</u>	
		<u>Date</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>		<u>Funded</u>	<u>Unfunded</u>
06-06	Rehabilitation of Sanitary Sewer System	06/07/06	\$650,000.00	<u>\$250,000.00</u>	<u>\$400,000.00</u>	<u>\$528,127.04</u>	<u>\$ -</u>	<u>\$121,872.96</u>
				D	D	D-21	D	D

WATER-SEWER UTILITY CAPITAL FUND
 SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2006	D	\$ -
Increased by:		
Improvement Authorizations	D-20	<u>528,127.04</u>
		\$ 528,127.04
Decreased by:		
Cash Disbursed	D-5	<u>35,698.79</u>
Balance, June 30, 2007	D	<u><u>\$ 492,428.25</u></u>

D-22

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. No.</u>	<u>Improvement Description</u>	Balance June 30, <u>2006 and 2007</u>
06-06	Rehabilitation of Sanitary Sewer System	<u>\$ 400,000.00</u>
		D

GENERAL FIXED ASSET ACCOUNT GROUP
 SCHEDULE OF INVESTMENTS IN GENERAL FIXED ASSETS

	<u>Balance</u> <u>June 30,2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,2007</u>
General Fixed Assets:				
Land	\$ 1,097,800.00	\$ -	\$ -	\$ 1,097,800.00
Buildings and Improvements	2,576,434.59	-	-	2,576,434.59
Machinery and Equipment	1,868,554.43	224,903.52	33,879.71	2,059,578.24
Construction in Progress	-	2,184,506.81	-	2,184,506.81
	<u>\$ 5,542,789.02</u>	<u>\$ 2,409,410.33</u>	<u>\$ 33,879.71</u>	<u>\$ 7,918,319.64</u>

COMMENTS

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-3

Bid Threshold; Period of Contracts

- 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 \$21,000, 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. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971, c. 198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$29,000. 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.40A:11-2) (pending before the Legislature as section 6 of this bill), 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.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 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.

My examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Purchases, Contracts or Agreements Not Required to be Advertised by N.J.S. 40A:11-6.1

N.J.S. 40A:11-6.1 states:

"Award of purchases, contracts, or agreements.

- a. For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L. 1971, c. 198 (C.40A:11-5), except for paragraph (a) of that subsection concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The contracting agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor.
- b. When in excess of the bid threshold, and after documented effort by the contracting agent to secure competitive quotations, a contract for extraordinary unspecifiable services may be awarded upon a determination in writing by the contracting agent that the solicitation of competitive quotations is impracticable. Any such contract shall be awarded by resolution of the governing body.
- c. If authorized by the governing body by resolution or ordinance, all contracts that are in the aggregate less than 15 percent of the bid threshold may be awarded by the contracting agent without soliciting competitive quotations.
- d. Whenever two or more responses to a request of a contracting agent offer equal prices and are the lowest responsible bids or proposals, the contracting unit may award the contract to the vendor whose response, in the discretion of the contracting unit, is the most advantageous, price and other factors considered. In such a case, the award resolution or purchase order documentation shall explain why the vendor selected is the most advantageous.

A test of expenditures indicated compliance with the aforementioned statute.

Collection of Interest on Delinquent Taxes and Assessments

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

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

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

WHEREAS, NJSA 54:4-67 permits the fixing of said rate of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500 and allows an additional penalty of 6% to be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Highlands, County of Monmouth, State of New Jersey as follows:

(1) The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500 becoming delinquent after due date and if delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency.

(2) "Delinquency" shall mean the sum of all taxes and municipal charges due on a given parcel of property covering any numbers of quarters or years.

(3) Effective July 1, 2006, there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.

(4) Any payments not made in accordance with paragraph three of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

SO, RESOLVED. as aforesaid.

Delinquent Taxes and Tax Title Liens

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>
2007	5
2006	6
2005	8

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

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. The result of the test, which was made as of June 30, 2007 revealed no irregularities.

SUPPLEMENTARY DATA
ADDITIONAL INFORMATION

**COMBINED BALANCE SHEET ALL FUNDS FOR THE STATE FISCAL YEAR ENDED JUNE 30, 2007
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2006)**

ASSETS	Current Fund	Grant Fund	Trust Fund	General Capital Fund	Water/Sewer Operating Fund	Water/Sewer Capital Fund	Fixed Asset Account Group	Memorandum Only	
								Totals	
								Balance June 30, 2007	Balance June 30, 2006
Cash and Investments	\$ 2,456,485.31	\$ 94,518.87	\$ 570,158.33	\$ 1,116,350.32	\$ 898,562.35	\$ 221,473.57	\$ -	\$ 5,357,548.75	\$ 5,778,587.17
Accounts Receivable:									
State and Federal Grants	-	33,913.50	-	82,962.63	-	-	-	116,876.13	219,837.77
Due from State of N.J.	55,049.09	-	-	-	-	-	-	55,049.09	55,778.06
Taxes, Assessments, Liens and Utility Charges Receivable	478,417.52	-	-	-	105,949.97	-	-	584,367.49	667,270.61
Accounts Receivable	12,055.06	-	-	65,350.00	-	-	-	77,405.06	30,594.47
Foreclosed Property	215,100.00	-	-	-	-	-	-	215,100.00	227,400.00
Fixed Capital - Utility	-	-	-	-	-	1,391,522.31	-	1,391,522.31	1,391,522.31
Deferred Charges	100,000.00	-	-	-	-	-	-	100,000.00	256,000.00
Deferred Charges to Future Taxation - General Capital	-	-	-	4,725,330.00	-	-	-	4,725,330.00	4,465,047.00
Fixed Assets	-	-	-	-	-	-	7,918,319.64	7,918,319.64	5,542,789.02
Total Assets	\$ 3,317,106.98	\$ 128,432.37	\$ 570,158.33	\$ 5,989,992.95	\$ 1,004,512.32	\$ 1,612,995.88	\$ 7,918,319.64	\$ 20,541,518.47	\$ 18,634,826.41
LIABILITIES, RESERVES AND FUND BALANCE									
Bonds and Notes Payable	\$ 90,000.00	\$ -	\$ -	\$ 4,392,264.00	\$ -	\$ -	\$ -	\$ 4,482,264.00	\$ 2,989,000.00
Tax, Utility Charge and Other Overpayments	101,683.92	-	-	-	4,240.45	-	-	105,924.37	135,308.06
Appropriation Reserves	324,012.08	-	-	-	165,016.32	-	-	489,028.40	761,633.20
Reserve for Encumbrances	176,320.05	15,010.70	1,467.00	681,755.53	80,281.98	492,428.25	-	1,447,263.51	2,202,523.95
Improvement Authorizations	-	-	-	812,364.37	-	121,872.96	-	934,237.33	1,645,358.64
Other Liabilities and Special Funds	265,656.77	113,421.67	568,691.33	78,957.12	50,978.63	6,850.00	-	1,084,555.52	1,253,195.16
Reserve for Certain Assets Receivable	705,572.58	-	-	-	105,949.97	-	-	811,522.55	906,765.08
Reserve for Amortization of Costs of Fixed-Capital-Acquired or Authorized	-	-	-	-	-	991,522.31	-	991,522.31	991,522.31
Investment in General Fixed Assets Fund Balance	-	-	-	-	-	-	7,918,319.64	7,918,319.64	5,542,789.02
	1,653,861.58	-	-	24,651.93	598,044.97	322.36	-	2,276,880.84	2,206,730.99
Total Liabilities, Reserves and Fund Balance	\$ 3,317,106.98	\$ 128,432.37	\$ 570,158.33	\$ 5,989,992.95	\$ 1,004,512.32	\$ 1,612,995.88	\$ 7,918,319.64	\$ 20,541,518.47	\$ 18,634,826.41

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
CURRENT FUND**

Revenue and Other Income Realized	SFY 2007		SFY 2006	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Surplus Anticipated	\$ 1,278,000.00	7.48	\$ 1,125,000.00	6.94
Miscellaneous-From Other Than Local Property Tax Levies	1,864,863.26	10.91	1,977,043.34	12.19
Collection of Delinquent Taxes and Tax Title Liens	552,845.87	3.24	526,778.16	3.25
Collection of Current Tax Levy	<u>13,393,034.79</u>	<u>78.37</u>	<u>12,586,406.68</u>	<u>77.62</u>
Total Income	<u>\$17,088,743.92</u>	<u>100.00</u>	<u>\$16,215,228.18</u>	<u>100.00</u>
Expenditures				
Budget Expenditures:				
Municipal Purposes	\$ 6,898,279.82	44.07	\$ 6,714,884.16	44.86
Local and Regional School Taxes	6,701,119.97	42.80	6,275,903.19	41.94
County Taxes	1,950,195.80	12.46	1,876,289.07	12.54
Business Improvement District	93,000.00	0.59	90,000.00	0.60
Other Expenditures	<u>12,840.58</u>	<u>0.08</u>	<u>8,315.90</u>	<u>0.06</u>
Total Expenditures	<u>\$15,655,436.17</u>	<u>100.00</u>	<u>\$14,965,392.32</u>	<u>100.00</u>
Excess (Deficit) in Revenue	\$ 1,433,307.75		\$ 1,249,835.86	
Adjustments to Income before Surplus:				
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>10,000.00</u>		<u>-</u>	
Statutory Excess to Surplus	\$ 1,443,307.75		\$ 1,249,835.86	
Fund Balance, July 1	<u>1,488,553.83</u>		<u>1,363,717.97</u>	
Subtotal	\$ 2,931,861.58		\$ 2,613,553.83	
Less: Surplus Anticipated	<u>1,278,000.00</u>		<u>1,125,000.00</u>	
Fund Balance, June 30	<u>\$ 1,653,861.58</u>		<u>\$ 1,488,553.83</u>	

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
WATER-SEWER UTILITY FUND**

Revenue and Other Income Realized	SFY 2007		SFY 2006	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Surplus Anticipated	\$ 413,000.00	21.85	\$ 475,000.00	25.90
Water-Sewer Rents	1,170,047.50	61.92	1,152,840.33	62.84
Reserve for Capital Outlay	62,034.01	3.28	-	-
Other Credits to Income:				
Unexpended Balance of				
Appropriation Reserves	153,837.40	8.14	139,706.26	7.62
Non-Budget Revenues	68,740.22	3.64	66,209.70	3.61
Canceled Accounts Payable	22,149.04	1.17	523.21	0.03
Total Income	<u>\$ 1,889,808.17</u>	<u>100.00</u>	<u>\$ 1,834,279.50</u>	<u>100.00</u>
Expenditures				
Operating	\$ 1,578,713.00	98.88	\$ 1,334,077.00	92.60
Capital Improvements	-	-	91,000.00	6.32
Deferred Charges and Statutory Expenditures	<u>17,905.00</u>	<u>1.12</u>	<u>15,572.00</u>	<u>1.08</u>
Total Expenditures	<u>\$ 1,596,618.00</u>	<u>100.00</u>	<u>\$ 1,440,649.00</u>	<u>100.00</u>
Excess in Revenue	\$ 293,190.17		\$ 393,630.50	
Fund Balance, July 1	<u>717,854.80</u>		<u>799,224.30</u>	
Subtotal	\$ 1,011,044.97		\$ 1,192,854.80	
Less: Surplus Anticipated	<u>413,000.00</u>		<u>475,000.00</u>	
Fund Balance, June 30	<u>\$ 598,044.97</u>		<u>\$ 717,854.80</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Tax Rate	<u>\$ 2.601</u>	<u>\$ 2.517</u>	<u>\$ 2.382</u>
<u>Apportionment of Tax Rate</u>			
Municipal	\$ 0.912	\$ 0.907	\$ 0.863
County	0.372	0.355	0.340
Local School	0.581	0.570	0.557
Regional School	0.736	0.685	0.622

Source: Monmouth County Abstract of Ratables

Assessed Valuation

2007	\$ 536,206,909	
2006		\$ 534,172,472
2005		\$ 532,068,848

Source: Monmouth County Abstract of Ratables

COMPARISON OF TAX LEVIES AND COLLECTION 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.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2007	\$13,878,752.18	\$13,393,034.79	96.50%
2006	13,163,959.94	12,586,406.68	95.61%
2005	12,525,213.11	11,939,431.84	95.32%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>June 30 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2007	\$ 19,947.70	\$ 458,469.82	\$ 478,417.52	3.45%
2006	22,230.69	542,487.50	564,718.19	4.29%
2005	29,487.42	522,553.45	552,040.87	4.40%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on June 30, on the basis of the last assessed valuation of such properties in the year of acquisition, is summarized as follows:

<u>Year</u>	<u>Amount</u>
2007	\$ 215,100.00
2006	227,400.00
2005	215,100.00

COMPARISON OF WATER SEWER UTILITY RENTS LEVIED

<u>Year</u>	<u>Levy</u>	<u>Prior Year Delinquent</u>	<u>Cash Collection</u>
2007	\$1,173,445.05	\$ 101,543.17	\$1,169,003.54
2006	1,170,643.37	84,749.38	1,152,840.33
2005	1,188,658.42	84,716.07	1,188,533.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance June 30</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2007	\$1,653,861.58	\$1,278,000.00
	2006	1,488,553.83	1,278,000.00
	2005	1,363,717.97	1,125,000.00
Water/Sewer Utility Fund	2007	\$ 598,044.97	\$ 400,000.00
	2006	717,854.80	413,000.00
	2005	799,224.30	475,000.00

OTHER COMMENTS AND RECOMMENDATIONS

COMMENTS AND RECOMMENDATIONS

Municipal Court

*07-01 Finding – Monthly bank reconciliations for the Municipal Court accounts are not being performed and reconciling items are not being cleared on a timely basis.

Criteria – Proper internal controls require that bank reconciliation be performed on a timely basis.

Recommendation – That monthly bank reconciliation be performed and reconciling items be cleared on a timely basis.

Management's Response – Monthly bank reconciliations will be performed and reconciling items will be cleared on a timely basis.

07-02 Finding – The Municipal Court ticket error reports contain numerous items that have not been cleared on a timely basis.

Criteria – The New Jersey Judiciary requires that ticket error reports be cleared on a timely basis.

Recommendation – That proper steps be taken to ensure that ticket error reports are cleared on a timely basis.

Management's Response – Ticket error reports will be cleared on a timely basis, utilizing the Judiciary's "Help Desk" when needed.

* Repeated from prior year

STATUS OF PRIOR YEAR AUDIT RECOMMENDATIONS

Of the two prior year recommendations, one has been repeated and one has been corrected.