

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

**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**AND**  
**INDEPENDENT AUDITOR'S REPORTS**

**YEAR ENDED**

**DECEMBER 31, 2010**

***Oliwa & Company***  
Certified Public Accountants

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

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

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

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

**PART I**

**INDEPENDENT AUDITOR'S REPORTS**

**FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2010**

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and  
Members of the Borough Commission  
Borough of Monmouth Beach  
County of Monmouth  
Monmouth Beach, New Jersey

We have audited the accompanying regulatory basis financial statements of the Borough of Monmouth Beach, County of Monmouth, State of New Jersey (the "Borough") as of December 31, 2010 and 2009, and for the year ended December 31, 2010, which collectively comprise the Borough's basic financial statements listed as financial statement exhibits in the table of contents. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 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, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In addition, the financial statements of the Length of Service Award Program ("LOSAP") have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 6.70% and 5.67% of the assets and liabilities, respectively, of the Borough's Trust Fund, as of December 31, 2010 and 2009.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2010 and 2009, and changes in its financial position for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the various funds of the Borough as of December 31, 2010 and 2009, the regulatory basis results of operations and changes in fund balance of such funds for the years then ended, and the regulatory basis statement of revenues and the regulatory basis statement of expenditures for the year ended December 31, 2010 on the basis of accounting described in Note 1.

As discussed in note 19 to the financial statements, in 2010 the Borough instituted the recording of a federal and state grant fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2011, on our consideration of the Borough's internal control over financial reporting and on 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 conducted for the purpose of forming an opinion on the regulatory basis financial statements taken as a whole. The accompanying supplementary schedules and comments section listed in the table of contents is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a required part of the regulatory basis financial statements. Except for the LOSAP Fund supplementary schedules, such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.



Robert S. Oliwa  
Certified Public Accountant  
Registered Municipal Accountant #414

*Oliwa & Company*

Freehold, New Jersey  
September 16, 2011

**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**

To the Honorable Mayor and  
Members of the Borough Commission  
Borough of Monmouth Beach  
County of Monmouth  
Monmouth Beach, New Jersey

We have audited the regulatory basis financial statements of the Borough of Monmouth Beach, County of Monmouth, State of New Jersey (the "Borough"), as of and for the year ended December 31, 2010, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated September 16, 2011, in which we expressed an adverse opinion on the conformity of the regulatory basis financial 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, and we expressed a qualified opinion on the regulatory basis financial statements since the Division of Local Government Services, Department of Community Affairs, State of New Jersey does not require the Length of Service Award Program to be audited. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

## **Internal Control Over Financial Reporting (continued)**

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we have reported to the Borough in a separate letter dated September 16, 2011.

This report is intended solely for the information and use of the Borough's management, Commissioners, others within the Borough 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.



Robert S. Oliwa  
Certified Public Accountant  
Registered Municipal Accountant #414

*Oliwa & Company*

Freehold, New Jersey  
September 16, 2011

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

**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2010 and 2009**

	<b><u>Ref.</u></b>	<b><u>2010</u></b>	<b><u>(as restated)</u></b> <b><u>2009</u></b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$4,374,490	\$4,011,056
Cash - Change Funds		500	500
Due from State of New Jersey (P.L. 1971, Ch. 20)			250
		<u>4,374,990</u>	<u>4,011,806</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	208,008	254,720
Tax Title Liens Receivable	A-7	18,150	15,442
Property Acquired for Taxes - Assessed Valuation		60,750	60,750
Revenue Accounts Receivable	A-8	5,569	2,838
Due from Federal and State Grant Fund		8,500	136,647
	A	<u>300,977</u>	<u>470,397</u>
Deferred Charges:			
Emergency Authorization (40A:4-47)			26,000
		<u>4,675,967</u>	<u>4,508,203</u>
Federal and State Grant Fund:			
Grants Receivable	A-13	338,669	240,069
		<u>\$5,014,636</u>	<u>\$4,748,272</u>

See Accompanying Notes

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

**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2010 and 2009**

	<u>Ref.</u>	<u>2010</u>	<u>(as restated) 2009</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Appropriation Reserves	A-3:A-9	\$320,542	\$262,708
Accounts Payable	A-12	17,322	31,769
Local School District Tax Payable	A-10	1,270,169	1,191,907
Prepaid Taxes		141,503	122,894
Tax Overpayments		25,942	18,003
Due State - Marriage Licenses		275	200
Due to State of New Jersey (P.L. 1971, Ch. 20)		250	
Regional High School Tax Payable	A-11	1,126,297	1,071,517
Reserve for P.E.O.S.H.A.		3,037	3,037
Due County for Added and Omitted Taxes		21,206	15,907
Reserve for Tax Appeals		33,216	40,837
Reserve for Fire Prevention			42
Reserve for Revaluation		5,622	5,622
Reserve for Outside Liens		1,703	
Reserve for Monmouth Beach Bathing Pavilion Bathhouse/Locker		8,750	
Reserve for Monmouth Beach Bathing Pavilion Concession		2,500	2,500
		2,978,334	2,766,943
Reserves for Receivables and Other Assets	A	300,977	470,397
Fund Balance	A-1	1,396,656	1,270,863
		4,675,967	4,508,203
 <b>Federal and State Grant Fund:</b>			
Due to Current Fund		8,500	136,647
Appropriated Reserves	A-14	318,789	100,561
Unappropriated Reserves	A-15	11,380	2,861
		338,669	240,069
		\$5,014,636	\$4,748,272

See Accompanying Notes

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

**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS**  
**AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2010 and 2009**

	<u>Ref.</u>	<u>2010</u>	<u>(as restated)</u> <u>2009</u>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Anticipated	A-2	\$1,080,000	\$738,500
Miscellaneous Revenue Anticipated	A-2	1,665,047	1,656,682
Receipts from Delinquent Taxes	A-2	254,675	247,351
Receipts from Current Taxes	A-2	15,453,679	14,904,931
Non-Budget Revenues	A-2	102,161	107,693
Unexpended Balance of Appropriation Reserves	A-9	149,437	189,294
Other Credits to Income:			
Prior Year Payables Canceled	A-12	2,366	1,061
Cancellation of Appropriated Reserves	A-14	952	
Interfunds Returned		128,147	
Tax Sale Premium and Overpayments Canceled		15	37
Total Revenue		<u>18,836,479</u>	<u>17,845,549</u>
 <b><u>Expenditures</u></b>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	2,187,700	2,135,060
Other Expenses	A-3	2,137,825	1,964,865
Statutory Expenditures	A-3	506,340	491,621
Budget Appropriations Excluded From "CAPS"	A-3	1,161,629	1,151,615
County Taxes		3,860,900	3,767,052
Local District School Tax	A-10	4,251,265	4,094,741
Regional High School Tax	A-11	3,508,075	3,398,514
Interfunds Advanced			51,847
Cancellation of Grants Receivable	A-13	16,952	
Other			2,500
Total Expenditures		<u>17,630,686</u>	<u>17,057,815</u>

See Accompanying Notes

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

**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS**  
**AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2010 and 2009**

	<u>Ref.</u>	<u>2010</u>	<u>(as restated) 2009</u>
Excess in Revenue		1,205,793	787,734
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			26,000
Statutory Excess to Fund Balance		1,205,793	813,734
Fund Balance January 1	A	1,270,863	1,195,629
		2,476,656	2,009,363
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	1,080,000	738,500
Fund Balance December 31	A	<u>\$1,396,656</u>	<u>\$1,270,863</u>

See Accompanying Notes

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

**CURRENT FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2010**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Fund Balance Anticipated	A-1	<u>\$1,080,000</u>	<u>\$1,080,000</u>	
Miscellaneous Revenues:				
Alcoholic Beverage Licenses	A-8	800	1,020	\$220
Municipal Court Fines and Costs	A-8	55,000	80,518	25,518
Interest and Costs on Taxes	A-8	45,000	52,736	7,736
Bathing Pavilion	A-8	800,000	993,732	193,732
Energy Receipts Tax	A-8	291,039	291,039	
NJ Transportation Trust Fund Authority Act	A-13	225,000	225,000	
Drunk Driving Enforcement Fund	A-13	1,170	1,170	
Clean Communities Program	A-13	1,644	1,644	
State of NJ Pedestrian Safety Project Grant	A-13	18,188	18,188	
	A-1	<u>1,437,841</u>	<u>1,665,047</u>	<u>227,206</u>
Receipts from Delinquent Taxes	A-1:A-2	<u>236,029</u>	<u>254,675</u>	<u>18,646</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	A-2:A-6	<u>4,004,170</u>	<u>4,579,352</u>	<u>575,182</u>
Budget Totals		<u>6,758,040</u>	<u>7,579,074</u>	<u>\$821,034</u>
Non-Budget Revenues	A-2		<u>102,161</u>	
		<u>\$6,758,040</u>	<u>\$7,681,235</u>	
	<u>Ref.</u>	A-3		

See Accompanying Notes

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

**CURRENT FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2010**

	<u>Ref.</u>	
<b><u>Analysis of Realized Revenues</u></b>		
Allocation of Current Tax Collections:		
Revenue from Collections -		
By Cash	A-6	\$15,413,679
Senior Citizens and Veterans		<u>40,000</u>
	A-1	15,453,679
Allocated to School and County Taxes		<u>11,620,240</u>
Balance for Support of Municipal Budget Appropriations		3,833,439
Add:		
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>745,913</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$4,579,352</u>
<b><u>Receipts from Delinquent Taxes:</u></b>		
Delinquent Tax Collections	A-2:A-6	<u>\$254,675</u>

See Accompanying Notes

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

**CURRENT FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2010**

**Analysis of Non-Budget Revenues**

Sewerage Authority Contribution	\$25,080
Cable TV	18,990
Code Enforcement	8,230
Zoning Permits	8,210
Planning Board	6,080
Fire Prevention Fees	5,485
Administrative Costs - Police Traffic Duty	5,100
Sale of Assets	4,462
Board of Health Fees	3,800
Land Disturbance Permits	3,275
Miscellaneous	2,548
Street Opening Permits	2,350
Vital Statistics	1,622
Monmouth County Reimbursement	1,199
Donations	900
Other State Revenue	900
Administrative Fee	810
Verizon Franchise Fees	711
Boat Launch Fees	690
Raffle Licenses	660
Police Reports and Fees	634
Insurance Refunds	265
Tax Search Fees	160
	<hr/>
	<u>\$102,161</u>

**Ref.**

A-1:A-2:A-4

See Accompanying Notes

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

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2010**

	<b><u>APPROPRIATIONS</u></b>		<b><u>EXPENDED</u></b>		<b><u>Unexpended Balance Canceled</u></b>
	<b><u>Budget</u></b>	<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	
<b><u>Operations Within "CAPS"</u></b>					
<b>GENERAL GOVERNMENT</b>					
<b>DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY</b>					
<b>Director's Office:</b>					
Salaries and Wages	\$3,000	\$3,000	\$3,000		
Other Expenses	10,400	10,400	9,403	\$997	
<b>Administrative and Executive:</b>					
Salaries and Wages	98,600	98,600	96,160	2,440	
Other Expenses	16,200	16,200	15,427	773	
<b>Borough Administrator:</b>					
Salaries and Wages	51,900	51,900	51,875	25	
Other Expenses	1,350	1,350	1,171	179	
<b>Municipal Clerk:</b>					
Salaries and Wages	31,200	31,450	31,389	61	
Other Expenses	22,000	22,000	6,777	15,223	
<b>Public Buildings, Parks and Grounds:</b>					
Salaries and Wages	51,900	51,900	49,405	2,495	
Other Expenses	50,000	42,500	36,269	6,231	
<b>Sand Reclamation</b>					
Other Expenses	23,000	23,000	13,500	9,500	

See Accompanying Notes

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

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2010**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY (continued)					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and Wages	\$6,500	\$6,500	\$5,382	\$1,118	
Other Expenses	31,500	31,500	23,601	7,899	
Bathing Pavilion:					
Salaries and Wages	200,000	200,000	198,195	1,805	
Other Expenses	75,000	75,000	74,485	515	
Bathing Pavilion Repairs:					
Salaries and Wages	7,500	7,500	6,559	941	
Other Expenses	25,000	25,000	24,285	715	
Police:					
Salaries and Wages	990,000	1,008,000	1,002,787	5,213	
Other Expenses	36,000	36,000	32,325	3,675	
Consulting Services	54,900	54,900	54,900		
Maintenance of Police Computer:					
Other Expenses	6,000	6,000	5,935	65	
Lease/Purchase Police Car	25,000	25,000	24,492	508	

See Accompanying Notes

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

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2010**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY (continued)					
Municipal Prosecutor:					
Salaries and Wages	\$11,500	\$11,500	\$10,707	\$793	
Other Expenses	250	250		250	
Board of Health:					
Salaries and Wages	15,600	15,600	15,393	207	
Other Expenses	35,500	25,550	23,619	1,931	
Animal Control Services Expense	6,000	8,000	4,543	3,457	
Municipal Court:					
Salaries and Wages	69,000	66,500	65,223	1,277	
Other Expenses	10,000	10,000	8,064	1,936	
Public Defender (P.L. 1997, Chapter 256)					
Salaries and Wages	1,500	1,500	1,500		
Emergency Management Services:					
Salaries and Wages	4,000	4,000	4,000		
Other Expenses	9,000	9,000	8,000	1,000	
Recreation Commission:					
Salaries and Wages	2,500	2,500	2,198	302	
Other Expenses	9,000	9,000	6,394	2,606	
Shade Tree Commission:					
Other Expenses	5,400	5,400	5,400		
Environmental Commission (R.S. 40:56A-1 et seq.):					
Salaries and Wages	1,500	1,500	1,298	202	
Other Expenses	2,700	2,700	831	1,869	

See Accompanying Notes

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

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2010**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY (continued)</b>					
Housing Officer:					
Salaries and Wages	\$9,500	\$9,500	\$8,732	\$768	
Other Expenses	500	500		500	
Zoning Officer:					
Salaries and Wages	24,000	24,000	20,950	3,050	
Other Expenses	500	500		500	
<b>DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY</b>					
Director's Office:					
Salaries and Wages	1,500	1,500	1,500		
Other Expenses	500	1,000	952	48	
Fire:					
Other Expenses:					
Fire Hydrant Service	37,000	39,000	35,375	3,625	
Miscellaneous Other Expenses	38,700	39,200	38,688	512	
Municipal Services Act (P.L. 1989, Ch. 299)					
Other Expenses	10,000	2,500	1,092	1,408	
Fire Safety LEA Rebate (P.L. 1983, Ch. 383):					
Salaries and Wages	7,000	7,000	5,638	1,362	
Other Expenses	2,250	2,250	300	1,950	

See Accompanying Notes

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

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2010**

	<b><u>APPROPRIATIONS</u></b>		<b><u>EXPENDED</u></b>		<b><u>Unexpended Balance Canceled</u></b>
	<b><u>Budget</u></b>	<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	
DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY (continued)					
First Aid Organization - Contribution	\$13,500	\$13,500	\$13,500		
Road Repairs and Maintenance:					
Salaries and Wages	348,000	339,000	330,589	\$8,411	
Other Expenses:	37,800	37,800	31,049	6,751	
Garbage and Trash Removal:					
Salaries and Wages	118,000	127,750	126,833	917	
Other Expenses	4,500	4,500	57	4,443	
Sanitary Landfill:					
Other Expenses	250,000	248,000	174,849	73,151	
Repair to Public Access Beach Stairways					
Other Expenses	20,000	20,000	16,694	3,306	
Vehicle Maintenance	60,000	70,000	69,192	808	
Senior Citizen's Transportation:					
Salaries and Wages	7,000	8,200	8,038	162	
Other Expenses	250	250		250	
Drainage:					
Salaries and Wages	300	300		300	
Other Expenses	10,800	2,050	919	1,131	
Street Lighting:					
Other Expenses	60,000	60,000	53,832	6,168	
Engineering Services and Costs:					
Other Expenses	76,500	76,500	66,792	9,708	

See Accompanying Notes

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

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Sheet 6 of 11

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2010**

	<b><u>APPROPRIATIONS</u></b>		<b><u>EXPENDED</u></b>		<b><u>Unexpended Balance Canceled</u></b>
	<b><u>Budget</u></b>	<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	
DEPARTMENT OF REVENUE AND FINANCE					
Director's Office:					
Salaries and Wages	\$1,500	\$1,500	\$1,500		
Financial Administration:					
Salaries and Wages	63,500	63,500	62,424	\$1,076	
Other Expenses	1,125	1,125	995	130	
Auditing Fees	24,000	24,000	23,000	1,000	
Assessment of Taxes:					
Salaries and Wages	28,000	28,000	27,972	28	
Other Expenses	5,000	6,500	6,152	348	
Collection of Taxes:					
Salaries and Wages	15,500	15,500	15,481	19	
Other Expenses	2,700	3,700	3,342	358	
Legal Services and Costs:					
Other Expenses:					
Miscellaneous	60,000	60,000	59,057	943	
Affordable Housing (COAH) Expenses	10,000	10,000	7,089	2,911	
Insurance:					
General Liability	80,000	80,000	79,781	219	
Workers Compensation	112,000	112,000	111,889	111	
Employee Group Health	525,000	525,000	491,660	33,340	
Accumulated Leave Compensation	15,500	15,500	15,500		
Computerized Data Processing	11,700	11,700	11,267	433	
Celebration of Public Event - Community Day	13,000	13,000	11,442	1,558	

See Accompanying Notes

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

A-3  
Sheet 7 of 11

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2010**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
UNCLASSIFIED					
Utilities:					
Gasoline	\$35,000	\$35,000	\$30,214	\$4,786	
Fuel Oil	25,000	25,000	21,793	3,207	
Electricity	56,000	58,500	54,856	3,644	
Telephone and Telegraph	30,000	30,000	29,622	378	
Natural Gas	30,000	30,000	23,273	6,727	
Water	14,500	15,500	13,810	1,690	
Sewer	7,500	4,500	3,600	900	
Monmouth County Improvement Authority Administrative Expense	1,500	1,500	300	1,200	
Total Operations - Within "CAPS"	4,306,525	4,306,525	4,036,082	270,443	
Contingent	19,000	19,000	8,256	10,744	
Total Operations Including Contingent Within "CAPS"	4,325,525	4,325,525	4,044,338	281,187	
Detail:					
Salaries and Wages	2,170,000	2,187,700	2,154,728	32,972	
Other Expenses (including Contingent)	2,155,525	2,137,825	1,889,610	248,215	

See Accompanying Notes

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

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2010**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>STATUTORY EXPENDITURES</b>					
Contribution To:					
Public Employees' Retirement System of NJ	\$81,955	\$81,955	\$81,955		
Social Security System (O.A.S.I.)	190,000	185,000	177,954	\$7,046	
Police and Firemen's Retirement System of NJ	224,385	224,385	224,385		
NJ Unemployment Trust Fund	10,000	15,000	15,000		
	<u>506,340</u>	<u>506,340</u>	<u>499,294</u>	<u>7,046</u>	
Total General Appropriations for Municipal Purposes - Within "CAPS"	<u>4,831,865</u>	<u>4,831,865</u>	<u>4,543,632</u>	<u>288,233</u>	
<b><u>OPERATIONS EXCLUDED FROM "CAPS"</u></b>					
Aid to Privately Owned Libraries (N.J.S.A. 40:54-35):					
Length of Service Awards Program	55,000	55,000	35,807	19,193	
State Recycling Tax	13,002	13,002	13,002		
Insurance:	8,500	8,500	8,500		
Group Health	64,080	64,080	64,080		
Public Employees' Retirement System of NJ	6,278	6,278	6,278		
	<u>146,860</u>	<u>146,860</u>	<u>127,667</u>	<u>19,193</u>	
Total Other Operations - Excluded from "CAPS"					
Interlocal Municipal Services Agreement - County of Monmouth:					
911	4,300	4,300	4,281	19	
Dispatcher Services	28,000	28,000	27,903	97	
	<u>32,300</u>	<u>32,300</u>	<u>32,184</u>	<u>116</u>	
Total Interlocal Municipal Service Agreements					

See Accompanying Notes

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

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2010**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Public and Private Programs Offset by Revenues:					
Drunk Driving Enforcement Fund	\$1,170	\$1,170	\$1,170		
State of NJ Pedestrian Safety Project	18,188	18,188	18,188		
Clean Communities	1,644	1,644	1,644		
Matching Funds for Grants	13,000	13,000		\$13,000	
<b>Total Public and Private Programs Offset by Revenues</b>	<b>34,002</b>	<b>34,002</b>	<b>21,002</b>	<b>13,000</b>	
<b>Total Operations - Excluded from "CAPS"</b>	<b>213,162</b>	<b>213,162</b>	<b>180,853</b>	<b>32,309</b>	
Detail:					
Other Expenses	213,162	213,162	180,853	19,309	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	75,000	75,000	75,000		
Improvements to Computer System	15,000	15,000	15,000		
Improvements to Park Lights	8,000	8,000	8,000		
Improvements to Roads	25,000	25,000	25,000		
Purchase of Gator Utility Vehicle	10,000	10,000	10,000		
Sand Replenishment Program	35,000	35,000	35,000		
Improvements to Bathing Pavilion	330,000	330,000	330,000		
NJ Transportation Trust Fund Authority Act	225,000	225,000	225,000		
<b>Total Capital Improvements - Excluded from "CAPS"</b>	<b>723,000</b>	<b>723,000</b>	<b>723,000</b>		

See Accompanying Notes

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

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2010**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Anticipation and Capital Notes	\$100,000	\$100,000	\$100,000		
Interest on Notes	75,000	75,000	56,891		\$18,109
Capital Lease Obligations					
Principal	36,100	36,100	36,100		
Interest	7,000	7,000	6,476		524
Total Municipal Debt Service - Excluded from "CAPS"	<u>218,100</u>	<u>218,100</u>	<u>199,467</u>		<u>18,633</u>
Deferred Charges - Excluded from "CAPS"					
Emergency Authorization (40A:4-47)	<u>26,000</u>	<u>26,000</u>	<u>26,000</u>		

See Accompanying Notes

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

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2010**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>\$1,180,262</u>	<u>\$1,180,262</u>	<u>\$1,129,320</u>	<u>\$32,309</u>	<u>\$18,633</u>
Subtotal General Appropriations	6,012,127	6,012,127	5,672,952	320,542	18,633
Reserve for Uncollected Taxes	745,913	745,913	745,913		
Total General Appropriations	<u><u>\$6,758,040</u></u>	<u><u>\$6,758,040</u></u>	<u><u>\$6,418,865</u></u>	<u><u>\$320,542</u></u>	<u><u>\$18,633</u></u>
<b><u>Ref.</u></b>	A-2		A-1	A:A-1	
	<b><u>Ref.</u></b>				
Reserve for Uncollected Taxes	A-2		\$745,913		
Deferred Charge - Emergency Authorization (40A:4-47)			26,000		
Reserve for Grants	A-14		246,002		
Accounts Payable	A-12		17,322		
Cash Disbursements	A-4		5,383,628		
			<u><u>\$6,418,865</u></u>		

See Accompanying Notes

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

**TRUST FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2010 and 2009**

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Unemployment Trust Fund:			
Cash and Cash Equivalents	B-2	<u>\$9,234</u>	<u>\$4,143</u>
Animal Control Trust Fund:			
Cash and Cash Equivalents	B-2	<u>694</u>	<u>2,943</u>
Other Trust Fund:			
Cash and Cash Equivalents	B-2	<u>590,727</u>	<u>452,458</u>
Length of Service Award Program Fund (LOSAP) - Unaudited:			
Investments	B-6	<u>43,141</u>	<u>27,630</u>
		<u><u>\$643,796</u></u>	<u><u>\$487,174</u></u>

See Accompanying Notes

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

**TRUST FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2010 and 2009**

<b><u>Liabilities, Reserves and Fund Balance</u></b>	<b><u>Ref.</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
Unemployment Trust Fund:			
Reserve for Unemployment Expenditures	B-5	<u>\$9,234</u>	<u>\$4,143</u>
Animal Control Trust Fund:			
Reserve for Animal Control Trust Fund Expenditures	B-4	<u>694</u>	<u>2,943</u>
Other Trust Fund:			
Reserve for Other Trust Fund Deposits	B-3	585,425	447,156
Fund Balance	B-1	<u>5,302</u>	<u>5,302</u>
		<u>590,727</u>	<u>452,458</u>
Length of Service Award Program Fund (LOSAP) - Unaudited:			
Reserve for Length of Service Award Program Fund	B-7	<u>43,141</u>	<u>27,630</u>
		<u>\$643,796</u>	<u>\$487,174</u>

See Accompanying Notes

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

B-1

**TRUST FUND**  
**COMPARATIVE STATEMENT OF OTHER TRUST FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2010 and 2009**

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Balance, January 1	B	<u>\$5,302</u>	<u>\$0</u>
Increased by:			
Canceled Reserves			3,787
Canceled Checks			<u>1,515</u>
			<u>5,302</u>
Balance, December 31	B	<u><u>\$5,302</u></u>	<u><u>\$5,302</u></u>

See Accompanying Notes

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

C

**GENERAL CAPITAL FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2010 and 2009**

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	C-2	\$1,818,588	\$1,080,076
Deferred Charges to Future Taxation:			
Unfunded	C-8	4,269,250	3,657,250
Leased Assets under Capital Lease	C-4	117,500	153,600
		<u>\$6,205,338</u>	<u>\$4,890,926</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Bond Anticipation Notes	C-7	\$4,269,000	\$1,992,000
Improvement Authorizations:			
Funded	C-6	83,735	137,585
Unfunded	C-6	938,486	1,767,401
Reserve for Improvements to Bathing Pavilion		66	125,513
Reserve for Computer System Upgrades		1,006	10,461
Reserve for Sand Replenishment		480,068	445,068
Reserve for Road Program		35,229	22,297
Reserve for Municipal Generator		646	646
Reserve for Dump Truck		20	20
Reserve for Telephone System for Police Department		1,642	1,642
Reserve for Preliminary Costs for Drainage Improvements at Drew Court		8,150	8,150
Reserve for Purchase of Bleachers for Park		7,000	7,000
Reserve for Renovation/Purchase of Ladder Truck		60,000	60,000
Reserve for Purchase of Wood Chipper		8,309	8,309
Reserve for Improvements to Park Lights		10,800	8,000
Reserve for Purchase of Equipment for Bathing Pavilion Concession		466	466
Reserve for Preliminary Engineering Costs for Various Road Improvements			1,181
Reserve for Purchase of Utility Vehicle		696	
Reserve for Debt Service for Seawall		108,724	108,724
Lease Obligation Payable	C-4	117,500	153,600
Capital Improvement Fund	C-5	26,128	6,128
Fund Balance	C-1	47,667	26,735
		<u>\$6,205,338</u>	<u>\$4,890,926</u>

There were bonds and notes authorized but not issued on December 31, 2010 and 2009 of \$250 and \$1,665,250, respectively.

See Accompanying Notes

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

C-1

**GENERAL CAPITAL FUND**  
**COMPARATIVE STATEMENT OF FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2010 and 2009**

	<b><u>Ref.</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
Balance, January 1	C	\$26,735	\$24,942
Increased by:			
Premium on Sale of Notes	C-2	<u>20,932</u>	<u>1,793</u>
Balance, December 31	C	<u><u>\$47,667</u></u>	<u><u>\$26,735</u></u>

See Accompanying Notes

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

**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2010 and 2009**

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<b><u>Assets</u></b>			
General Fixed Assets:			
Land, Buildings and Improvements		\$3,787,322	\$2,365,209
Equipment		2,997,494	2,887,918
Construction in Progress			724,487
		<u>                    </u>	<u>                    </u>
Total General Fixed Assets		<u><u>\$6,784,816</u></u>	<u><u>\$5,977,614</u></u>
<b><u>Reserves</u></b>			
Investment in General Fixed Assets	D-1	<u><u>\$6,784,816</u></u>	<u><u>\$5,977,614</u></u>

See Accompanying Notes

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The financial statements of the Borough of Monmouth Beach, County of Monmouth, State of New Jersey (the "Borough"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough as required by N.J.S. 40A: 5-5. The financial statements of the Borough do not include the operations of the Board of Education, first aid squad or volunteer fire department, which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") established criteria to be used to determine if component units should be included in the financial statements of the oversight entity. These criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The Borough had no component units during 2010.

**B. Description of Funds**

The GASB is the recognized standard-setting body for establishing governmental accounting and financial reporting principles generally accepted in the United States of America. The GASB codification establishes certain fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The accounting policies of the Borough conform to the accounting principles and practices prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

**Current Fund** - used to record revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **B. Description of Funds (continued)**

**Animal Control Trust Fund** - used to record animal license revenues and expenditures.

**Unemployment Trust Fund** - used to record unemployment revenues and expenditures.

**Other Trust Fund** - used to record assets held by the Borough in a trustee capacity or as an agent for individuals and other governmental agencies.

**Length of Service Award Program Fund** - used to record Borough contributions, changes in market value and administrative charges for program-eligible volunteers.

**General Capital Fund** - used to record resources, including federal and state grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

**General Fixed Assets Account Group** - used to record fixed assets used in general government operations.

### **C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

**Property Taxes and Other Revenues** - Property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**Grant Revenues** - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

**Expenditures** - Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriations reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **C. Basis of Accounting (continued)**

**Encumbrances** - Contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

**Appropriation Reserves** - Until lapsed at the close of the succeeding year, appropriation reserves are available to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

**Deferred Charges** - The regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

**Compensated Absences** - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation.

**Property Acquired for Taxes** - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at its market value.

**Sale of Municipal Assets** - Cash proceeds from the sale of Borough owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period when the terms of the sales contract become legally enforceable.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **C. Basis of Accounting (continued)**

**Interfunds** - Advances in the Current Fund are reported as interfund receivables with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

**Inventories of Supplies** - The costs of inventories of supplies for all funds are recorded as expenditures at the time of purchase. The costs of inventories are not included on the various balance sheets.

**General Fixed Assets** - In accordance with N.J.A.C. 5:30-5.6, issued by the Local Finance Board, Department of Community Affairs, State of New Jersey, which differs in certain respects from GAAP, the Borough is required to develop a fixed assets accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are required to be 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. For fixed assets acquired through December 31, 1985, valuation is required at historical cost or estimated historical cost if actual historical cost is not available. For assets acquired beginning on January 1, 1986, the required basis for valuation is historical cost. Depreciation is not required. GAAP requires fixed assets to be valued at cost and be depreciated.

### **D. Financial Statements**

The GASB Codification also defines the financial statements of a governmental unit to be presented in general purpose financial statements in accordance with GAAP. The Borough presents its financial statements, as listed in the table of contents, as required by the Division, which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

### **E. Budgets and Budgetary Accounting**

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division in accordance with applicable statutes.

### **F. Reclassification**

Certain prior period amounts have been reclassified to conform to the current year financial statements presentation.

## **2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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

### **Deposits**

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The Governmental Unit Deposit Protection Act ("GUDPA") requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

-the market value of the collateral must equal five percent of the average daily balance of public funds; or

-if the public funds deposited exceed seventy five percent of the capital funds of the depository, the depository must provide collateral having a market value equal to one hundred percent of the amount exceeding seventy five percent.

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

Custodial Credit Risk - The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover custodial securities that are in the possession of an outside party. The Borough does not have a formal deposit policy for custodial credit risk.

The carrying amount of the Borough's cash and cash equivalents at December 31, 2010 and 2009 was \$6,794,233 and \$5,551,176, respectively. As of December 31, 2010 and 2009 the Borough had funds on deposit in accounts at various financial institutions, insured or collateralized as follows:

<u>Depository Accounts</u>	<u>December 31, 2010 Bank Balance Amount</u>	<u>December 31, 2009 Bank Balance Amount</u>
Insured:		
FDIC	\$250,000	\$250,000
Collateralized:		
GUDPA	5,308,870	4,065,145
	<u>\$5,558,870</u>	<u>\$4,315,145</u>

At December 31, 2010 and 2009, Borough bank balance deposit amounts of \$5,308,870 and \$4,065,145, respectively, were exposed to custodial credit risk.

## **2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

### **Deposits (continued)**

In addition, as of December 31, 2010 and 2009, the Borough had \$1,266,189 and \$1,262,986, respectively, on deposit in the New Jersey Cash Management Fund (the "Fund"). These deposits are subject to custodial credit risk as described in this section. The operations of this Fund are governed by the provisions of the State Investment Council Regulations for the purpose of determining authorized investments for the Fund.

### **Investments**

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A: 5-14, the Borough may use available funds for the purchase of the following types of securities, which, if suitable for registry, may be registered, in the name of the Borough:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Local Government investment pools, subject to certain requirements.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P. L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a GUDPA bank;
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

## **2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

### **Investments (continued)**

b. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

### **Custodial Credit Risk**

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Borough does not have a formal investment policy for custodial credit risk. Length of Service Award Program investments were exposed to custodial credit risk and are invested at the discretion of each individual participant and not the Borough. The fair value and book value of the Borough's Length of Service Award Program investments as reported on December 31, 2010 and 2009 were \$43,141 and \$27,630, respectively.

### **Credit Risk**

State law limits investments as described in prior sections of this note to the financial statements. During the year, the Borough had none of its idle funds invested in repurchase agreements collateralized by eligible securities. As of December 31, 2010 and 2009 no such investments were held by the Borough.

### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal investment policy for interest rate risk.

### 3. DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes (the "notes") are issued to temporarily finance capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. No notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which the notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

#### Long-Term Debt

The Borough had no outstanding long-term debt at December 31, 2010 and 2009.

#### Short-Term Debt

At December 31, 2010 and 2009 the Borough's outstanding bond anticipation notes were as follows:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance Dec.31, 2010</u>	<u>Interest Rate</u>
General Capital Fund	10/21/10	10/21/11	\$4,269,000	1.50%
	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance Dec.31, 2009</u>	<u>Interest Rate</u>
General Capital Fund	10/22/09	10/22/10	\$1,992,000	2.25%

Bond anticipation note transactions for the years ended December 31, 2010 and 2009 are summarized as follows:

	<u>Balance Dec. 31, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2010</u>
General Capital Fund	<u>\$1,992,000</u>	<u>\$5,934,000</u>	<u>\$3,657,000</u>	<u>\$4,269,000</u>
	<u>Balance Dec. 31, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2009</u>
General Capital Fund	<u>\$1,567,000</u>	<u>\$1,992,000</u>	<u>\$1,567,000</u>	<u>\$1,992,000</u>

### **3. DEBT (continued)**

#### **Bonds and Notes Authorized but not Issued**

At December 31, 2010 and 2009 the Borough had authorized but not issued bonds and notes as follows:

	Balance Dec. 31, 2010	Balance Dec. 31, 2009
General Capital Fund	\$250	\$1,665,250

### **4. FUND BALANCE APPROPRIATED**

Fund balances at December 31, 2010 and 2009, which were appropriated and included as anticipated revenue in the current fund budget for the years ended December 31, 2011 and 2010 were as follows:

For the year ended December 31, 2011,

Current Fund	\$1,040,000
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For the year ended December 31, 2010,

Current Fund	\$1,080,000
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### **5. LEASE OBLIGATION PAYABLE**

The Borough participates in the Capital Equipment Lease Program of the Monmouth County Improvement Authority (the "Authority"). The Authority has issued revenue bonds in which the Borough pays the debt service as part of the lease agreement. The minimum lease payments are raised annually in the Borough's current fund budget.

In 2003 the Borough executed a capital lease agreement for capital equipment in the amount of \$337,900. The balance at December 31, 2010 was \$117,500.

Minimum future lease payments due to the Authority are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$37,800	\$4,761	\$42,561
2012	39,100	3,457	42,557
2013	40,600	2,030	42,630
	<u>\$117,500</u>	<u>\$10,248</u>	<u>\$127,748</u>

## **6. TAXES COLLECTED IN ADVANCE**

Taxes collected in advance and set forth as cash liabilities in the financial statements were as follows:

	<u>Balance December 31,</u>	
	<u>2010</u>	<u>2009</u>
Prepaid Taxes	\$141,503	\$122,894

## **7. 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, School Districts and County 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 3, with a completed duplicate of the tax rolls to be delivered to the Borough tax collector on or before May 13. 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.

Taxes are levied on an annual basis and are due quarterly on February 1, May 1, August 1, and November 1. Any taxes not paid as of December 31 are subject to tax sale and lien in the subsequent year, with the exception of bankruptcies. The date of tax sale is at the discretion of the tax collector.

## **8. SCHOOL TAXES**

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

The Borough raises its share of local and regional school taxes on a school year basis and has elected to defer these taxes at December 31, 2010 and 2009 as follows:

	<u>Local District School Tax</u>		<u>Regional High School Tax</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Balance of Tax	\$2,125,633	\$2,047,371	\$1,754,880	\$1,700,100
Deferred	855,464	855,464	628,583	628,583
Tax Payable	<u>\$1,270,169</u>	<u>\$1,191,907</u>	<u>\$1,126,297</u>	<u>\$1,071,517</u>

## **9. PENSION PLANS**

### **Description of Systems**

The Borough contributes to the Public Employees' Retirement System ("PERS"), and the Police and Firemen's Retirement System ("PFRS"), cost-sharing multiple employer defined benefit pension plans administered by the Division of Pensions in the Department of the Treasury, State of New Jersey. The plans provide retirement, death, disability benefits and medical benefits to certain qualifying members and beneficiaries. PERS was established on January 1, 1955 under the provisions of N.J.S.A. 43:15A. PFRS was established on July 1, 1944, under the provisions of N.J.S.A. 43:16A. PERS and PFRS issue publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to the State of New Jersey, Division of Pensions.

### **Funding Policy**

In 2010 PERS employee contributions were five and one-half percent (5.50%) of base wages and PFRS employee contributions were eight and one-half percent (8.50%) of base wages. The Division of Pensions actuarially determines employer's contributions annually. Contributions to the plans for the past three years are as follows:

<u>PERS</u>		<u>PFRS</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2010	\$88,233	2010	\$224,385
2009	79,184	2009	222,937
2008	54,242	2008	214,173

All contributions by the Borough were equal to the required contributions for each of the three years.

## **10. ACCRUED UNPAID SICK PAY BENEFITS - UNAUDITED**

As discussed in Note 1 and in accordance with accounting principles prescribed by the Division, the cash basis of accounting is followed for recording the Borough's liability related to unused sick pay. The Borough permits its employees to accumulate unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current costs of such unpaid compensation at December 31, 2010 and 2009 were \$196,229 and \$186,565, respectively. In accordance with accounting principles and practices prescribed by the Division, this amount is not reported as an expenditure or liability in the accompanying financial statements.

## **11. POSTEMPLOYMENT RETIREMENT BENEFITS**

In addition to the pension benefits described in Note 9, the Borough provides post-employment health and dental care for all employees who meet certain service requirements. Benefits consist of full medical and dental coverage and costs are reported as they are paid.

### **Plan Description**

The Borough contributes to the State Health Benefits Program (“SHBP”), a cost sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey, Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et. seq., to provide health benefits to employees of the State of New Jersey, retirees, and their dependents. Rules governing the operation and administration of the SHBP are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. In 1994 the Borough authorized participation in the SHBP through resolution 16-94.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey, Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. The financial report of the SHBP may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits.

### **Funding Policy**

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

Contributions to pay health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough’s postemployment retirement health benefits contributions to the SHBP for the years ended December 31, 2010, 2009, and 2008 were \$203,885, \$171,133 and \$185,940 respectively, which equaled the required contributions for each year.

## **12. UNEMPLOYMENT COMPENSATION INSURANCE**

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et. seq.). The Borough has elected to fund a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. The reserves for unemployment compensation insurance at December 31, 2010 and 2009 were \$9,234 and \$4,143, respectively.

### 13. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts, theft and damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough is a member of the Monmouth Municipal Joint Insurance Fund (the "Fund"). The Fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation, and is sustained through member premiums. In addition, the Fund participates in the Municipal Excess Liability Joint Insurance Fund which has a contract for excess liability insurance.

### 14. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Borough establishes deferred charges for the cost 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. In accordance with New Jersey Statutes 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 the particular year in the current budget. As funds are raised, the deferred charges are reduced.

### 15. FIXED ASSETS

Fixed assets activity for the years ended December 31, 2010 and 2009 was as follows:

	Balance Dec. 31, 2009	Additions	Dispositions	Transfers	Balance Dec. 31, 2010
Land, Buildings and Improvements	\$2,365,209		\$188,900	\$1,611,013	\$3,787,322
Equipment	2,887,918	\$124,537	14,961		2,997,494
Construction in Progress	724,487	886,526		(1,611,013)	-
	<u>\$5,977,614</u>	<u>\$1,011,063</u>	<u>\$203,861</u>	<u>-</u>	<u>\$6,784,816</u>
	Balance Dec. 31, 2008	Additions	Dispositions	Transfers	Balance Dec. 31, 2009
Land, Buildings and Improvements	\$2,365,209				\$2,365,209
Equipment	2,851,227	\$36,691			2,887,918
Construction in Progress	571,705	152,782			724,487
	<u>\$5,788,141</u>	<u>\$189,473</u>	<u>-</u>	<u>-</u>	<u>\$5,977,614</u>

**16. LENGTH OF SERVICE AWARD PROGRAM**

The Borough has established a Length of Service Award Program for retention and recruitment of volunteer first aid personnel. The Length of Service Award Program has been established under the laws of the State of New Jersey with the intent that it meets requirements under Section 457(e)(11)(B) of the Internal Revenue Code.

Annual Contributions - The annual contribution to be made by the Borough for each eligible volunteer member is \$1,150 per year of active emergency service.

Appropriations - Appropriations for the purpose of funding the Borough's Length of Service Award Program are included as a separate line item in the Borough's budget.

Periodic Increases - The annual contribution to be made by the Borough for each active member shall be increased by adding a "cost of living adjustment" as published by the New Jersey Department of Community Affairs.

**17. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

At December 31, 2010 there were no deferred charges. At December 31, 2009, the following deferred charge was reflected on the balance sheet of the current fund:

	Balance Dec. 31, 2009	2010 Budget Appropriation
Emergency Authorization (40A:4-47)	\$26,000	\$26,000

The 2010 budget appropriation to fund the deferred charge at December 31, 2009 was not less than required by statute.

**18. INTERFUND BALANCES**

The balances of interfund receivables and payables at December 31, 2010 and 2009 are presented below:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<u>Receivables</u>		
Current Fund	<u>\$8,500</u>	<u>\$136,647</u>
 <u>Payables</u>		
Federal and State Grant Fund	<u>\$8,500</u>	<u>\$136,647</u>

## **19. RESTATEMENT**

In 2010 the Borough changed its method of financial reporting by instituting the recording of a federal and state grant fund within the current fund. Due to the change in the financial statements presentation, the January 1, 2009 current fund balance was adjusted from \$1,280,429 to \$1,195,629, and adjustments were made to the December 31, 2009 current fund financial statements presentation as follows:

	<u>From</u>	<u>To</u>
Current Fund:		
Fund Balance	\$1,407,510	\$1,270,863
Reserves for Receivables and Other Assets	333,750	470,397
Due from Federal and State Grant Fund	-	136,647
Federal and State Grant Fund:		
Due to Current Fund	-	136,647

In addition, certain prior period grant-related amounts were reclassified to conform to the current year financial statements presentation.

## **20. CONTINGENT LIABILITIES**

### **Grant Financial Assistance**

The Borough receives certain financial assistance in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance 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 December 31, 2010, the Borough anticipates that no material liabilities will result from such audits.

## **21. DEFERRED COMPENSATION**

The Borough has adopted a Deferred Compensation Plan (the "Plan") in accordance with Section 457 of the Internal Revenue Code and P.L. 1977, C.381; P.L. 1978, C.39; P.L. 1980, C.78; and P.L. 1997, C.116 of the statutes of the State of New Jersey.

The Plan enables the Borough's employees to voluntarily authorize a portion of their salary to be withheld and invested in certain investments permitted under applicable regulations.

**22. SUBSEQUENT EVENT**

In August 2011 the Borough adopted an ordinance authorizing the issuance of bonds and notes of \$714,000 for a sand replenishment project.

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

**PART II**

**SUPPLEMENTARY SCHEDULES**

**YEAR ENDED DECEMBER 31, 2010**

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

**CURRENT FUND**  
**SCHEDULE OF CASH - TREASURER**  
**Year Ended December 31, 2010**

	<u>Ref.</u>		
Balance, December 31, 2009	A		\$4,011,056
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$102,161	
Due from State of New Jersey for Senior Citizens and Veterans Deductions		40,500	
Collector	A-5	15,762,595	
Revenue Accounts Receivable	A-8	1,366,309	
Grants Receivable	A-13	127,636	
Unappropriated Reserves	A-15	11,333	
Petty Cash Funds		800	
Reserve for Monmouth Beach Bathing Pavilion Concession		17,700	
State Library Aid		161	
Reserve for Outside Liens		88,997	
Due to State of New Jersey - Marriage Licenses Exchange		450	
		<u>27,913</u>	
			<u>17,546,555</u>
			21,557,611
Decreased by Disbursements:			
Appropriations	A-3	5,383,628	
Petty Cash Funds		800	
Appropriated Reserves	A-14	26,822	
Appropriation Reserves	A-9	113,271	
Reserve for Tax Appeals		7,621	
Reserve for Fire Prevention		42	
Refund of Tax Overpayments		14,942	
County Taxes		3,855,601	
Regional High School Tax	A-11	3,453,295	
Local District School Tax	A-10	4,173,003	
Due to State of New Jersey - Marriage Licenses		375	
Reserve for Outside Liens		87,294	
Reserve for Monmouth Beach Bathing Pavilion Concession		8,950	
State Library Aid		161	
Accounts Payable	A-12	29,403	
Exchange		<u>27,913</u>	
			<u>17,183,121</u>
Balance, December 31, 2010	A		<u>\$4,374,490</u>

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

**CURRENT FUND**  
**SCHEDULE OF CURRENT FUND CASH - COLLECTOR**  
**Year Ended December 31, 2010**

	<b><u>Ref.</u></b>		
<b>Increased by Receipts:</b>			
Taxes Receivable	A-6	\$15,541,413	
Taxes Prepaid		141,503	
Revenue Accounts Receivable-			
Interest and Costs on Taxes	A-8	52,736	
Tax Overpayments		<u>26,943</u>	
			<u><u>\$15,762,595</u></u>
<b>Decreased by Disbursements:</b>			
Payment to Treasurer - Current Fund	A-4		<u><u>\$15,762,595</u></u>

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

**CURRENT FUND**  
**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**  
**Year Ended December 31, 2010**

Year	Balance	2010 Levy	Collections by Cash		Senior Citizens and Veterans	Canceled and Overpayments	Applied	Transferred to Tax Title Liens	Balance
	Dec. 31, 2009		2009	2010	Deductions Allowed				Adjustments
2008	\$4,829			\$4,829					
2009	249,891			249,846		\$45			
	254,720			254,675		45			
2010		\$15,699,963	\$122,894	15,286,738	\$40,000	35,568	\$4,047	\$2,708	\$208,008
	<u>\$254,720</u>	<u>\$15,699,963</u>	<u>\$122,894</u>	<u>\$15,541,413</u>	<u>\$40,000</u>	<u>\$35,613</u>	<u>\$4,047</u>	<u>\$2,708</u>	<u>\$208,008</u>
<b>Ref.</b>	A			A-5				A-7	A

**Analysis of 2010 Property Tax Levy**

Tax Yield:

General Purpose Tax	\$15,613,748
Added Taxes (54:4-63.1 Et Seq.)	<u>86,215</u>
	<u>\$15,699,963</u>

Tax Levy:

Regional High School Tax	<u>Ref.</u>	
Local District School Tax	A-11	\$3,508,075
County Taxes:	A-10	4,251,265
County Tax		3,429,394
County Library Tax		196,425
County Open Space Tax		213,875
Amount Due County for Added Taxes		<u>21,206</u>
Total County Taxes		3,860,900
Local Tax for Municipal Purposes	A-2	4,004,170
Add: Additional Tax Levied		<u>75,553</u>
Local Tax for Municipal Purposes Levied		<u>4,079,723</u>
		<u>\$15,699,963</u>

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

**CURRENT FUND**  
**SCHEDULE OF TAX TITLE LIENS**  
**Year Ended December 31, 2010**

	<b><u>Ref.</u></b>	
Balance, December 31, 2009	A	\$15,442
Increased by:		
Transfers from Taxes Receivable	A-6	<u>2,708</u>
Balance, December 31, 2010	A	<u><u>\$18,150</u></u>

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

**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**  
**Year Ended December 31, 2010**

	<u>Ref.</u>	<u>Balance Dec. 31, 2009</u>	<u>Accrued in 2010</u>	<u>Collected</u>	<u>Balance Dec. 31, 2010</u>
Alcoholic Beverage Licenses	A-2		\$1,020	\$1,020	
Municipal Court Fines and Costs	A-2	\$2,838	83,249	80,518	\$5,569
Interest and Costs on Taxes	A-2		52,736	52,736	
Bathing Pavilion	A-2		993,732	993,732	
Energy Receipts Tax	A-2		291,039	291,039	
		<u>\$2,838</u>	<u>\$1,421,776</u>	<u>\$1,419,045</u>	<u>\$5,569</u>
	<u>Ref.</u>	A			A

	<u>Ref.</u>	
Collected By:		
Treasurer	A-4	\$1,366,309
Tax Collector:		
Interest and Costs on Taxes	A-5	52,736
		<u>\$1,419,045</u>

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

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2010**

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid</u>	<u>Balance</u> <u>Lapsed</u>
Director:				
Other Expenses	\$330	\$330	\$43	\$287
Administrative and Executive:				
Salaries and Wages	2,132	2,132		2,132
Other Expenses	3,732	3,732	461	3,271
Borough Administrator:				
Salaries and Wages	865	865		865
Other Expenses	167	167	41	126
Municipal Clerk:				
Salaries and Wages	193	193		193
Other Expenses	1,083	1,083	800	283
Public Buildings and Grounds:				
Salaries and Wages	227	227	153	74
Other Expenses	4,937	1,437		1,437
Municipal Land Use Law:				
Planning Board:				
Salaries and Wages	22	22		22
Other Expenses	1,962	3,962	3,759	203
Bathing Pavilion:				
Salaries and Wages	731	731		731
Other Expenses	1,375	1,375		1,375
Bathing Pavilion Repairs:				
Salaries and Wages	10	10		10
Other Expenses	7	7		7
Police:				
Salaries and Wages	4,317	6,017	5,898	119
Other Expenses	2,316	2,316	902	1,414
Maintenance of Police Computer	697	697		697
Municipal Prosecutor:				
Salaries and Wages	400	400		400
Other Expenses	250	250		250
Board of Health:				
Salaries and Wages	164	164		
Other Expenses	3,021	521		521
Animal Control Services Expense	1,000	1,000		1,000

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

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2010**

	<u>Balance Dec. 31, 2009</u>	<u>Balance After Transfers</u>	<u>Paid</u>	<u>Balance Lapsed</u>
Municipal Court:				
Salaries and Wages	\$565	\$565	\$330	\$235
Other Expenses	872	872	365	507
Emergency Managing Services:				
Other Expenses	3,667	1,167		1,167
Recreation Commission:				
Salaries and Wages	355	355		355
Other Expenses	2,533	2,533	2,000	533
Environmental Commission:				
Salaries and Wages	255	255		255
Other Expenses	2,032	2,032	1,945	87
Housing Officer:				
Salaries and Wages	584	584		584
Other Expenses	500	500		500
Zoning Officer:				
Salaries and Wages	815	1,315	1,063	252
Other Expenses	430	430		430
Director's Office:				
Other Expenses	429	429		429
Fire:				
Other Expenses:				
Fire Hydrant Service	3,325	3,325	3,216	109
Miscellaneous Other Expenses	719	719		719
Municipal Services Act (P.L. 1989, Ch. 299):				
Other Expenses	10,000	10,000	2,184	7,816
Fire Safety LEA Rebate (P.L. 1983, Ch. 383):				
Salaries and Wages	258	258		258
Other Expenses	3,403	3,403	2,195	1,208
Road Repairs and Maintenance:				
Salaries and Wages	1,430	930	698	232
Other Expenses	1,286	1,786	1,393	393
Garbage and Trash Removal:				
Salaries and Wages	1,617	1,617		1,617
Other Expenses	4,119	4,119		4,119
Sanitary Landfill:				
Other Expenses	38,300	30,100	12,630	17,470
Vehicle Maintenance	151	12,651	11,946	705

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

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2010**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2009</u></b>	<b><u>Balance</u></b> <b><u>After</u></b> <b><u>Transfers</u></b>	<b><u>Paid</u></b>	<b><u>Balance</u></b> <b><u>Lapsed</u></b>
Senior Citizens Transportation:				
Salaries and Wages	\$600	\$600	\$248	\$352
Other Expenses	250	250		250
Drainage:				
Salaries and Wages	300	300		300
Other Expenses	695	695		695
Street Lighting:				
Other Expenses	8,924	8,924	5,429	3,495
Engineering Services and Costs:				
Other Expenses	15,609	15,609	9,734	5,875
Financial Administration:				
Salaries and Wages	832	832		832
Other Expenses	240	240	55	185
Auditing Fees	89	89		89
Assessment of Taxes:				
Salaries and Wages	442	442		442
Other Expenses	83	83		83
Collection of Taxes:				
Salaries and Wages	579	579		579
Other Expenses	71	71		71
Legal Services and Costs:				
Miscellaneous Other Expenses	8,537	8,537	7,813	724
Affordable Housing (COAH) Expenses	1,721	1,721	1,721	
Insurance:				
General Liability	104	104		104
Worker's Compensation	55	55		55
Employee Group Health	42,809	42,809	24,269	18,540
Computerized Data Processing	74	74		74
Utilities:				
Gasoline	15,908	15,908	2,556	13,352
Fuel Oil	5,645	5,645	1,987	3,658
Electricity	17,710	17,710	4,841	12,869
Telephone and Telegraph	2,889	2,889	553	2,336
Natural Gas	971	971		971
Water	3,481	3,481	240	3,241
Sewer	3,900	3,900		3,900

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

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2010**

	<u>Balance Dec. 31, 2009</u>	<u>Balance After Transfers</u>	<u>Paid</u>	<u>Balance Lapsed</u>
MCIA Administrative Expense	\$1,200	\$1,200		\$1,200
Contingent	642	642	\$600	42
Contribution to Social Security System	6,497	6,497	678	5,819
Aid to Privately Owned Libraries (N.J.S.A. 40:54-35)	14,134	14,134	525	13,609
911 Service	13	13		13
Dispatcher Services	121	121		121
	<u>\$262,708</u>	<u>\$262,708</u>	<u>\$113,271</u>	<u>\$149,437</u>
<b><u>Ref.</u></b>	A		A-4	A-1

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

**CURRENT FUND**  
**SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE**  
**Year Ended December 31, 2010**

	<u>Ref.</u>		
Balance, December 31, 2009:			
School Tax Payable	A	\$1,191,907	
School Tax Deferred		<u>855,464</u>	\$2,047,371
Increased by:			
Levy - School Year July 1, 2010 to June 30, 2011	A-6		<u>4,251,265</u>
			6,298,636
Decreased by:			
Payments	A-4		<u>4,173,003</u>
Balance, December 31, 2010:			
School Tax Payable	A	1,270,169	
School Tax Deferred		<u>855,464</u>	<u>\$2,125,633</u>
 <u>2010 Liability for Local District School Tax:</u>			
Tax Paid	A-10		\$4,173,003
School Tax Payable, December 31, 2010	A-10		<u>1,270,169</u>
			5,443,172
Less: School Tax Payable, December 31, 2009	A-10		<u>1,191,907</u>
Amount Charged to 2010 Operations	A-1		<u>\$4,251,265</u>

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

**CURRENT FUND**  
**SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE**  
**Year Ended December 31, 2010**

	<u>Ref.</u>		
Balance, December 31, 2009:			
School Tax Payable	A	\$1,071,517	
School Tax Deferred		<u>628,583</u>	\$1,700,100
Increased by:			
Levy - School Year July 1, 2010 to June 30, 2011	A-6		<u>3,508,075</u>
			5,208,175
Decreased by:			
Payments	A-4		<u>3,453,295</u>
Balance, December 31, 2010:			
School Tax Payable	A	1,126,297	
School Tax Deferred		<u>628,583</u>	<u>\$1,754,880</u>
 <u>2010 Liability for Regional High School Tax:</u>			
Tax Paid	A-11		\$3,453,295
School Tax Payable, December 31, 2010	A-11		<u>1,126,297</u>
			4,579,592
Less: School Tax Payable, December 31, 2009	A-11		<u>1,071,517</u>
Amount Charged to 2010 Operations	A-1		<u>\$3,508,075</u>

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

**CURRENT FUND**  
**SCHEDULE OF ACCOUNTS PAYABLE**  
**Year Ended December 31, 2010**

	<u>Ref.</u>		
Balance, December 31, 2009	A		\$31,769
Add:			
Transferred from 2010 Appropriations	A-3		<u>17,322</u>
			49,091
Less:			
Canceled to Operations	A-1	\$2,366	
Cash Disbursed	A-4	<u>29,403</u>	
			<u>31,769</u>
Balance, December 31, 2010	A		<u><u>\$17,322</u></u>

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

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF GRANTS RECEIVABLE**  
**Year Ended December 31, 2010**

<b>Grant</b>	<b>Balance Dec. 31, 2009</b>	<b>2010 Appropriated Revenue</b>	<b>Received</b>	<b>Unappropriated Reserves Realized</b>	<b>Canceled</b>	<b>Balance Dec. 31, 2010</b>
County of Monmouth Open Space NJ Transportation Trust Fund Authority Act	\$100,000		\$84,000		\$16,000	
Clean Communities Program	140,069	\$225,000	26,400	\$1,644		\$338,669
Drunk Driving Enforcement Fund		1,644		1,170		
State of NJ Pedestrian Safety Project Grant		1,170	17,236		952	
	<u>\$240,069</u>	<u>\$246,002</u>	<u>\$127,636</u>	<u>\$2,814</u>	<u>\$16,952</u>	<u>\$338,669</u>
<b><u>Ref.</u></b>	A	A-2	A-4	A-15	A-1	A

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

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF APPROPRIATED RESERVES**  
**Year Ended December 31, 2010**

<b>Grant</b>	<b>Balance Dec. 31, 2009</b>	<b>Transfer From 2010 Budget Appropriation</b>	<b>Expended</b>	<b>Canceled</b>	<b>Balance Dec. 31, 2010</b>
Alcohol Education	\$317				\$317
Drunk Driving Enforcement Fund	2,783	\$1,170	\$901		3,052
Body Armor Replacement Fund	6,238		3,250		2,988
Clean Communities Program	9,136	1,644	4,760		6,020
NJ Transportation Trust Fund Authority Act	80,415	225,000	675		304,740
Stormwater Regulation	1,672				1,672
State of NJ Pedestrian Safety Project Grant		18,188	17,236	\$952	
	<u>\$100,561</u>	<u>\$246,002</u>	<u>\$26,822</u>	<u>\$952</u>	<u>\$318,789</u>
<b><u>Ref.</u></b>	A	A-3	A-4	A-1	A

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

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF UNAPPROPRIATED RESERVES**  
**Year Ended December 31, 2010**

<b>Grant</b>	<b>Balance Dec. 31, 2009</b>	<b>Received</b>	<b>Appropriated</b>	<b>Balance Dec. 31, 2010</b>
Clean Communities Program	\$1,644	\$7,913	\$1,644	\$7,913
Drunk Driving Enforcement Fund	1,170	1,466	1,170	1,466
Body Armor Replacement Fund		1,954		1,954
Alcohol Education	47			47
	<u>\$2,861</u>	<u>\$11,333</u>	<u>\$2,814</u>	<u>\$11,380</u>
<b><u>Ref.</u></b>	A	A-4	A-13	A

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

**TRUST FUND**  
**SCHEDULE OF CASH**  
**Year Ended December 31, 2010**

	<u>Ref.</u>	<u>Unemployment</u>	<u>Animal Control</u>	<u>Other</u>
Balance, December 31, 2009	B	<u>\$4,143</u>	<u>\$2,943</u>	<u>\$452,458</u>
Increased by Receipts:				
Cat License Fees	B-4		180	
Dog License Fees	B-4		1,674	
State Dog License Fees			194	
Other Trust Fund Deposits	B-3			452,330
Refunds	B-5	9,626		
Budget Appropriation	B-5	<u>10,000</u>		
		<u>19,626</u>	<u>2,048</u>	<u>452,330</u>
Decreased by Disbursements:				
Unemployment Expenditures	B-5	14,535		
Other Trust Fund Expenditures	B-3			314,061
State Dog License Fees			194	
Expenditures Under R.S. 4:19-15.11	B-4		<u>4,103</u>	
		<u>14,535</u>	<u>4,297</u>	<u>314,061</u>
Balance, December 31, 2010	B	<u><u>\$9,234</u></u>	<u><u>\$694</u></u>	<u><u>\$590,727</u></u>

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

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR OTHER TRUST FUND DEPOSITS**  
**Year Ended December 31, 2010**

	<b>Balance</b> <b>Dec. 31, 2009</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b> <b>Dec. 31, 2010</b>
<b><u>Reserves For:</u></b>				
Developers Escrow	\$51,773	\$56,044	\$38,238	\$69,579
Premium Received at Tax Sale	39,900	33,800	35,300	38,400
Uniform Fire Safety Penalties		450		450
Police Traffic	4,933	51,842	50,818	5,957
Recycling	49,275	10,488	3,060	56,703
Construction Code Official Fees	173,211	102,422	123,906	151,727
Recreation	25,624	65,796	58,048	33,372
Kids Day	500			500
Dune Grass	3,433		1,325	2,108
Shade Tree	4,056	5,841	3,366	6,531
Parking Adjudication	347	158		505
Accumulated Absences	55,971	15,500		71,471
Payroll Deductions Payable		13,860		13,860
Affordable Housing	38,133	96,129		134,262
	<u>\$447,156</u>	<u>\$452,330</u>	<u>\$314,061</u>	<u>\$585,425</u>
<b><u>Ref.</u></b>	B	B-2	B-2	B

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

**ANIMAL CONTROL TRUST FUND**  
**SCHEDULE OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES**  
**Year Ended December 31, 2010**

	<u>Ref.</u>	
Balance, December 31, 2009	B	\$2,943
Increased by:		
Dog License Fees Collected	B-2	\$1,674
Cat License Fees Collected	B-2	<u>180</u>
		<u>1,854</u>
		4,797
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Animal Control Expenses	B-2	<u>4,103</u>
Balance, December 31, 2010	B	<u><u>\$694</u></u>

License Fees Collected:

<u>Year</u>	<u>Amount</u>
2009	<u>\$1,437</u>
2008	<u>1,491</u>
	<u><u>\$2,928</u></u>

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

**UNEMPLOYMENT TRUST FUND**  
**SCHEDULE OF RESERVE FOR UNEMPLOYMENT TRUST FUND EXPENDITURES**  
**Year Ended December 31, 2010**

	<u>Ref.</u>	
Balance, December 31, 2009	B	\$4,143
Increased by:		
Budget Appropriations	B-2	\$10,000
Refunds	B-2	<u>9,626</u>
		<u>19,626</u>
		<u>23,769</u>
Decreased by:		
Unemployment Expenditures	B-2	<u>14,535</u>
Balance, December 31, 2010	B	<u><u>\$9,234</u></u>

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

**TRUST FUND**  
**SCHEDULE OF LENGTH OF SERVICE AWARD**  
**PROGRAM FUND INVESTMENTS**  
**Year Ended December 31, 2010**

	<u>Ref.</u>		
Balance, December 31, 2009	B		\$27,630
Increased By:			
Borough Contributions	B-7	\$13,002	
Change in Market Value	B-7	<u>2,834</u>	
			<u>15,836</u>
			43,466
Decreased By:			
Administrative Charges	B-7		<u>325</u>
Balance, December 31, 2010	B		<u><u>\$43,141</u></u>

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

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR LENGTH OF SERVICE AWARD**  
**PROGRAM FUND**  
**Year Ended December 31, 2010**

Balance, December 31, 2009	<u>Ref.</u> B		\$27,630
Increased By:			
Borough Contributions	B-6	\$13,002	
Change in Market Value	B-6	<u>2,834</u>	
			<u>15,836</u>
			43,466
Decreased By:			
Administrative Charges	B-6		<u>325</u>
Balance, December 31, 2010	B		<u><u>\$43,141</u></u>

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

**GENERAL CAPITAL FUND**  
**SCHEDULE OF CASH**  
**Year Ended December 31, 2010**

	<b><u>Ref.</u></b>		
Balance, December 31, 2009	C		\$1,080,076
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-5	\$75,000	
Deferred Charges to Future Taxation - Unfunded	C-8	100,000	
Reserve for Computer System Upgrades		15,000	
Reserve for Sand Replenishment		35,000	
Reserve for Improvements to Bathing Pavilion		330,000	
Reserve for Road Program		25,000	
Reserve for Purchase of Utility Vehicle		10,000	
Reserve for Improvements to Park Lights		8,000	
Bond Anticipation Notes	C-7	5,934,000	
Premium on Sale of Notes	C-1	20,932	
		<hr/>	
			6,552,932
			<hr/>
			7,633,008
Decreased by Disbursements:			
Reserve for Improvements to Bathing Pavilion		455,447	
Reserve for Road Program		12,068	
Reserve for Computer System Upgrades		24,455	
Reserve for Improvements to Park Lights		5,200	
Reserve for Purchase of Utility Vehicle		9,304	
Reserve for Preliminary Engineering Costs for Various Road Improvements		1,181	
Bond Anticipation Notes	C-7	3,657,000	
Improvement Authorizations	C-6	1,649,765	
		<hr/>	
			5,814,420
			<hr/>
Balance, December 31, 2010	C		<u>\$1,818,588</u>

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

**GENERAL CAPITAL FUND**  
**ANALYSIS OF GENERAL CAPITAL FUND CASH**  
**December 31, 2010**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2010</u></b>
Capital Improvement Fund	\$26,128
Reserve for Computer System Upgrade	1,006
Reserve for Sand Replenishment	480,068
Reserve for Municipal Generator	646
Reserve for Dump Truck	20
Reserve for Road Program	35,229
Reserve for Telephone System for Police Department	1,642
Reserve for Preliminary Costs for Drainage Improvements at Drew Court	8,150
Reserve for Improvements to Bathing Pavilion	66
Reserve for Purchase of Bleachers for Park	7,000
Reserve for Renovation/Purchase of Ladder Truck	60,000
Reserve for Purchase of Wood Chipper	8,309
Reserve for Improvements to Park Lights	10,800
Reserve for Purchase of Equipment for Bathing Pavilion Concession	466
Reserve for Purchase of Utility Vehicle	696
Reserve for Debt Service for Seawall	108,724
Fund Balance	47,667

Improvement Authorizations:

<u>Ordinance Date</u>	<u>Improvement Description</u>	
06/12/01	Various Capital Improvements	1,270
10/18/02	Beach Replenishment	7,000
03/31/03	Various Capital Improvements	511
10/11/05	Replacement of the Municipal Building Roof	5,330
03/14/06	Improvements to the Municipal Building	1,275
06/13/06	Purchase of Breath Alcohol System	90
08/08/06	Various Capital Improvements	8,115
08/02/07	Improvements to Center Road	9,417
08/02/07	Sidewalk Improvement Program	20,000
06/24/08	Various Capital Improvements	9,991
11/23/09	Various Capital Improvements	208,130
08/03/10	Purchase of Recording Equipment for the Police Department and Municipal Court	842
08/03/10	Various Capital Improvements	750,000
		<u>\$1,818,588</u>

**Ref.**

C

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

**GENERAL CAPITAL FUND**  
**SCHEDULE OF LEASE OBLIGATION PAYABLE**  
**Year Ended December 31, 2010**

<b><u>Description</u></b>	<b><u>Balance</u></b> <b><u>Dec. 31, 2009</u></b>	<b><u>Decreased by</u></b> <b><u>Budget</u></b> <b><u>Appropriation</u></b>	<b><u>Balance</u></b> <b><u>Dec. 31, 2010</u></b>
Fire Truck	<u>\$153,600</u>	<u>\$36,100</u>	<u>\$117,500</u>
<b><u>Ref.</u></b>	C		C

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**  
**Year Ended December 31, 2010**

	<b><u>Ref.</u></b>	
Balance, December 31, 2009	C	\$6,128
Increased by:		
2010 Budget Appropriation	C-2	<u>75,000</u>
		81,128
Decreased by:		
Appropriated to Finance Improvement Authorization	C-6	<u>55,000</u>
Balance, December 31, 2010	C	<u>\$26,128</u>

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

**GENERAL CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**  
**Year Ended December 31, 2010**

<b><u>Improvement Authorizations</u></b>	<b><u>Ordinance Amount</u></b>	<b><u>Balance Dec. 31, 2009</u></b>		<b><u>2010 Authorizations</u></b>	<b><u>Paid</u></b>	<b><u>Balance Dec. 31, 2010</u></b>	
		<b><u>Funded</u></b>	<b><u>Unfunded</u></b>			<b><u>Funded</u></b>	<b><u>Unfunded</u></b>
Various Capital Improvements	\$46,300	\$1,270				\$1,270	
Beach Replenishment	360,000	7,000				7,000	
Various Capital Improvements	38,000	511				511	
Replacement of the Municipal Building Roof	87,000	5,330				5,330	
Improvements to the Municipal Building	20,000	2,004			\$729	1,275	
Purchase of Breath Alcohol System	14,000	90				90	
Various Capital Improvements	775,000		\$8,115				\$8,115
Improvements to Center Road	23,000	9,417				9,417	
Sidewalk Improvement Program	20,000	20,000				20,000	
Various Capital Improvements	1,375,000		94,286		84,045		10,241
Improvements to Monmouth Beach Bathing Pavilion	35,000	6,963			6,963		
Various Capital Improvements	1,750,000	85,000	1,665,000		1,541,870		208,130
Purchase of Recording Equipment for the Police Department and Municipal Court	17,000			\$17,000	16,158	842	
Various Capital Improvements	750,000			750,000		38,000	712,000
		<u>\$137,585</u>	<u>\$1,767,401</u>	<u>\$767,000</u>	<u>\$1,649,765</u>	<u>\$83,735</u>	<u>\$938,486</u>
	<b><u>Ref.</u></b>	C	C		C-2	C	C

	<b><u>Ref.</u></b>	
Capital Improvement Fund	C-5	\$55,000
Deferred Charges to Future Taxation - Unfunded	C-8	712,000
		<u>\$767,000</u>

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

**GENERAL CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES**  
**Year Ended December 31, 2010**

<b>Ordinance Number</b>	<b>Improvement Description</b>	<b>Date of Issue of Original Note</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Interest Rate</b>	<b>Balance Dec. 31, 2009</b>	<b>Increased</b>	<b>Decreased</b>	<b>Balance Dec. 31, 2010</b>
86-06	Various Capital Improvements	10/26/06	10/22/09	10/22/10	2.25%	\$686,000		\$686,000	
80-08	Various Capital Improvements	10/23/08	10/22/09	10/22/10	2.25%	831,000		831,000	
80-08	Various Capital Improvements	10/22/09	10/22/09	10/22/10	2.25%	475,000		475,000	
118-09	Various Capital Improvements	4/28/10	4/28/10	10/22/10	1.50%		\$1,665,000	1,665,000	
86-06	Various Capital Improvements	10/26/06	10/21/10	10/21/11	1.50%		586,000		\$586,000
80-08	Various Capital Improvements	10/23/08	10/21/10	10/21/11	1.50%		831,000		831,000
80-08	Various Capital Improvements	10/22/09	10/21/10	10/21/11	1.50%		475,000		475,000
118-09	Various Capital Improvements	4/28/10	10/21/10	10/21/11	1.50%		1,665,000		1,665,000
100-10	Various Capital Improvements	10/21/10	10/21/10	10/21/11	1.50%		712,000		712,000
						<u>\$1,992,000</u>	<u>\$5,934,000</u>	<u>\$3,657,000</u>	<u>\$4,269,000</u>
					<b>Ref.</b>	C	C-2	C-2	C:C-8

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

**GENERAL CAPITAL FUND**  
**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**  
**Year Ended December 31, 2010**

<b>Ordinance Number</b>	<b>Improvement Description</b>	<b>Balance Dec. 31, 2009</b>	<b>2010 Authorizations</b>	<b>Budget Appropriations</b>	<b>Balance Dec. 31, 2010</b>	<b>Analysis of Balance Dec. 31, 2010</b>	
						<b>Financed by Bond Anticipation Notes</b>	<b>Unexpended Improvement Authorizations</b>
86-06	Various Capital Improvements	\$686,000		\$100,000	\$586,000	\$586,000	
80-08	Various Capital Improvements	1,306,250			1,306,250	1,306,000	\$250
118-09	Various Capital Improvements	1,665,000			1,665,000	1,665,000	
100-10	Various Capital Improvements		\$712,000		712,000	712,000	
		<u>\$3,657,250</u>	<u>\$712,000</u>	<u>\$100,000</u>	<u>\$4,269,250</u>	<u>\$4,269,000</u>	<u>\$250</u>
<b>Ref.</b>		C	C-6	C-2	C	C-7	

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

**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**SCHEDULE OF INVESTMENT IN GENERAL FIXED ASSETS**  
**Year Ended December 31, 2010**

	<b>Balance Dec. 31, 2009</b>	<b>Additions</b>	<b>Dispositions</b>	<b>Transfers</b>	<b>Balance Dec. 31, 2010</b>
General Fixed Assets:					
Land, Buildings and Improvements	\$2,365,209		\$188,900	\$1,611,013	\$3,787,322
Equipment	2,887,918	\$124,537	14,961		2,997,494
Construction in Progress	724,487	886,526		(1,611,013)	-
	<u>\$5,977,614</u>	<u>\$1,011,063</u>	<u>\$203,861</u>	<u>-</u>	<u>\$6,784,816</u>
<b><u>Ref.</u></b>	D				D

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

**PART III**

**COMMENTS**

**YEAR ENDED DECEMBER 31, 2010**

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

**COMMENTS**

**YEAR ENDED DECEMBER 31, 2010**

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

N.J.S. 40A:11-4 states “Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law.”

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory limit within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the municipal attorney’s opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising for the following items:

Acquisition of a Tower Ladder Truck  
2009-2010 Capital Improvement Program  
Monmouth Beach Bathing Pavilion – Furnish Erect and Install New Lockers  
on First and Second Floors

The minutes indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for “Professional Services” per N.J.S. 40A:11-5.

Our audit of expenditures did not reveal any individual payments in excess of the statutory limit for the performance of any work or the furnishing of any goods or services 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, “For all contracts that in the aggregate are less than the bid threshold but exceed 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.”

**Collection of Interest on Delinquent Taxes and Assessments**

N.J.S.A 40A:54:4-67 provides the method for authorizing interest and the maximum rates to be charged for nonpayment of taxes or assessments on or before the date when they would become delinquent.

On January 10, 1995 the governing body adopted the following resolution authorizing interest to be charged for nonpayment of taxes or assessments:

WHEREAS, N.J.S.A. 54:5-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS, N.J.S.A. 54:40-67 has been amended to permit the fixing of said rate of 8% per annum of the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000.00 on properties that fail to pay the delinquency prior to the end of the calendar year;

NOW, THEREFORE, BE IT RESOLVED that the Governing Body of the Borough of Monmouth Beach, County of Monmouth and State of New Jersey, that it does hereby fix the maximum allowed under N.J.S.A. 54:4-67 to be charged against all properties who become delinquent as defined under N.J.S.A. 54:4-67 and such charges on account of delinquent properties as set forth herein remain in effect from year to year until such time as the Governing Body adopts a new resolution setting forth new or different rates; and

BE IT FURTHER RESOLVED that effective January 1, 1995, there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order, said grace period as set forth herein to remain in effect from year to year until such time as the Governing Body adopts a new resolution setting forth a new or different grace period.

Based upon our audit of the tax collector's records, interest on delinquent taxes was charged in accordance with the foregoing resolution.

**Tax Title Liens**

The last tax sale was held on July 9, 2010 and was complete.

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

2010	4
2009	4
2008	4

**SUMMARY OF MUNICIPAL DEBT**

<b><u>Issued</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
General Bonds and Notes	\$4,269,000	\$1,992,000	\$1,606,000
<b><u>Authorized but not issued</u></b>			
General Bonds and Notes	<u>250</u>	<u>1,665,250</u>	<u>475,250</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$4,269,250</u>	<u>\$3,657,250</u>	<u>\$2,081,250</u>

**SUMMARY OF STATUTORY DEBT CONDITION – ANNUAL DEBT STATEMENT**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 0.303%.

	<b><u>GROSS DEBT</u></b>	<b><u>DEDUCTIONS</u></b>	<b><u>NET DEBT</u></b>
Local School	\$6,543,141	\$6,543,141	
General Debt	<u>4,387,538</u>	<u>118,288</u>	<u>\$4,269,250</u>
	<u>\$10,930,679</u>	<u>\$6,661,429</u>	<u>\$4,269,250</u>

Net Debt \$4,269,250 divided by Equalized Valuation basis per N.J.S. 40A:2-2 as amended, \$1,410,480,089 equals 0.303%.

**BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED**

3 ½% of Equalized Valuation Basis	\$49,366,803
Net Debt	<u>4,269,250</u>
Remaining Borrowing Power	<u>\$45,097,553</u>

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION AND APPORTIONMENT**

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Municipal	\$ .318	\$ .307	\$ .297
Local School	.338	.325	.319
Regional School	.279	.270	.253
County	.305	.297	.296
Total Tax Rate	<u>\$1.240</u>	<u>\$1.199</u>	<u>\$1.165</u>

**ASSESSED VALUATIONS**

2010	\$1,259,173,241
2009	1,261,321,368
2008	1,247,666,739

**COMPARISON OF TAXES 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 Collections</u>
2010	\$15,699,963	\$15,453,679	98.43%
2009	15,183,342	14,904,931	98.17%
2008	14,618,056	14,363,813	98.26%

**DELINQUENT TAXES AND TAX TITLE LIENS**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens on December 31, in relation to the tax levies of the last three years.

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Title Liens	\$18,150	\$15,442	\$12,815
Delinquent Taxes	<u>208,008</u>	<u>254,720</u>	<u>248,169</u>
Total Delinquent	<u>\$226,158</u>	<u>\$270,162</u>	<u>\$260,984</u>
% of Tax Levy	1.44%	1.78%	1.79%

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

<u>Year</u>	<u>Amount</u>
2010	\$60,750
2009	60,750
2008	60,750

**COMPARATIVE SCHEDULE OF FUND BALANCE AT DECEMBER 31**

<u>Year</u>	<u>Current Fund Balance</u>	<u>Utilized in Succeeding Budget</u>
2010	\$1,396,656	\$1,040,000
2009	1,270,863	1,080,000
2008	1,195,629	738,500

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

**PART IV**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2010**

**OFFICIALS IN OFFICE AND SURETY BONDS**

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

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Amount</u></b>
Susan Howard	Mayor	
James F. Cunniff	Commissioner	
William J. McBride, Jr.	Commissioner	
Joyce Escalante	Borough Clerk and Registrar of Vital Statistics	*
James C. Fuller	Borough Tax Collector and Chief Financial Officer	*
Elizabeth A. Heath	Payroll and Payables Clerk	*
Antonetta Heinzinger	Assistant to Borough Tax Collector and Assistant to Chief Financial Officer	*
John G. Colannino	Judge	*
Jennifer Ingenito	Court Clerk and Violations Clerk	*

\*Borough employees are covered by faithful performance and employee dishonesty bonds totaling \$1,050,000. This insurance is provided to the Borough through its participation in the Monmouth Municipal Joint Insurance Fund.

## **COMMENTS AND RECOMMENDATIONS**

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. In addition, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, we noted certain matters that we have reported to the Borough's administration in a separate letter dated September 16, 2011.