

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

**REPORT OF AUDIT
YEAR ENDED JUNE 30, 2009**

BOROUGH OF HIGHLANDS

COUNTY OF MONMOUTH

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BOROUGH OF HIGHLANDS

COUNTY OF MONMOUTH

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COUNTY OF MONMOUTH
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BOROUGH OF HIGHLANDS

COUNTY OF MONMOUTH

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

FOR THE YEAR ENDED JUNE 30, 2009

FALLON & LARSEN LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Borough Council
Borough of Highlands
County of Monmouth
Highlands, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Borough of (the "Borough"), as of June 30, 2009, and the related statements of operations and changes in fund balance - regulatory basis for the year then ended and the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis for the year ended June 30, 2009. These financial statements - regulatory basis are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements - regulatory basis of the Borough of Highlands, as of June 30, 2008, and for the year then ended, were audited by other auditors whose report, dated December 8, 2008 expressed an adverse opinion as to conformity with accounting principles generally accepted in the United States of America and an unqualified opinion as to conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Except as discussed in the following paragraph, 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.

The financial statements of the Length of Service Award Program Fund ("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. The LOSAP Fund financial activities are included in the Borough's Trust Fund and represent 17% of the assets and liabilities as of June 30, 2009 of the Borough's Trust Funds.

As described more fully in Note 2, the Borough has prepared these financial statements using accounting practices prescribed or permitted 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 our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough, as of June 30, 2009 or the results of its operations or cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended.

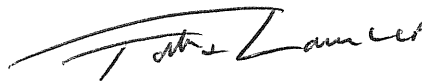
In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the financial statements - regulatory basis present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the Borough, as of June 30, 2009, and the results of its operations and the changes in fund balance - regulatory basis of the individual funds for the year then ended and the statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended June 30, 2009, on the basis of accounting described in Note 2 to the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated January 19, 2010 on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements - regulatory basis of the Borough. The accompanying financial information listed as supplementary schedules in the table of contents is not a required part of the financial statements and is presented for purposes of additional analysis as required by New Jersey State Division of Local Government Services. Except for the LOSAP Fund supplementary schedules, such information has been subjected to the auditing procedures applied in the audit of the financial statements - regulatory basis and, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund supplementary information been audited, in our opinion, is fairly presented in all material respects in relation to the financial statements - regulatory basis taken as a whole.



Thomas P. Fallon
Certified Public Accountant
Registered Municipal Accountant #465



Fallon & Larsen LLP

January 19, 2010

FALLON & LARSEN LLP

Certified Public Accountants

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

To the Honorable Mayor and Members
of the Borough Council
Borough of Highlands
County of Monmouth
Highlands, New Jersey

We have audited the financial statements - regulatory basis of the Borough of Highlands (the "Borough") as of and for the year ended June 30, 2009, and have issued our report thereon dated January 19, 2010 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America. As described in Note 2 to the financial statements, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion was also qualified because the Division of Local Government Services does not require the Length of Service Award Program to be audited, only reviewed. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Borough's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting prescribed by the Division of Local

Government Services, Department of Community Affairs, State of New Jersey such that there is more than a remote likelihood that a misstatement of the Borough's financial statements - regulatory basis that is more than inconsequential will not be prevented or detected by the Borough's internal control.

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

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

Compliance and Other Matters

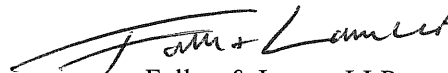
As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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 management of the Borough in the Comments and Recommendations section of this report.

This report is intended solely for the information and use of the governing body, management, others within the Borough, the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Thomas P. Fallon
Certified Public Accountant
Registered Municipal Accountant #465



Fallon & Larsen LLP

January 19, 2010

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of June 30,

ASSETS	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
Cash	A-4	\$ 1,947,520.20	\$ 2,186,118.47
Cash - Change Fund	A	445.00	445.00
		<u>1,947,965.20</u>	<u>2,186,563.47</u>
Due from State of New Jersey-Ch.20, P.L. 1971	A-9	<u>46,125.25</u>	<u>48,821.14</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	468,505.21	473,468.27
Tax Title Liens Receivable	A-6	25,952.76	22,890.68
Property Acquired for Taxes	A-7	215,100.00	215,100.00
Revenue Accounts Receivable	A-8	13,304.22	10,729.41
Interfund - Animal Control Trust Fund	A-10	4,210.92	1,519.91
		<u>727,073.11</u>	<u>723,708.27</u>
Deferred Charges:			
Special Emergency Authorizations	A-11		7,114.69
			<u>7,114.69</u>
		<u>2,721,163.56</u>	<u>2,966,207.57</u>
Federal and State Grant Fund:			
Cash	A-4	114,511.00	97,537.28
Grants Receivable	A-26	20,780.98	66,690.48
		<u>135,291.98</u>	<u>164,227.76</u>
Total Assets		<u>\$ 2,856,455.54</u>	<u>\$ 3,130,435.33</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of June 30,

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3/A-12	\$ 347,494.79	\$ 277,380.39
Reserve for Encumbrances	A-13	178,425.55	254,719.27
Accounts Payable	A-14	75,962.47	130,947.10
Prepaid Taxes	A-16	44,366.65	25,142.48
Tax Overpayments	A-15	51,281.34	123,304.18
Regional High School Tax Payable	A-17	0.02	0.01
Business Improvement Tax Payable	A-20	10,119.03	2,619.03
Special Emergency Notes Payable	A-21		24,000.00
Due to State of New Jersey - Marriage License	A-22	125.00	450.00
Due to State of New Jersey - DCA Training Fees	A-23	146.00	781.00
Reserve for Insurance Claims	A-4	851.63	
Interfund - Trust Other Fund	A-24		725.00
		<u>708,772.48</u>	<u>840,068.46</u>
Reserve for Receivables and Other Assets	A	727,073.11	723,708.27
Fund Balance	A-1	<u>1,285,317.97</u>	<u>1,402,430.84</u>
		<u>2,721,163.56</u>	<u>2,966,207.57</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-27	116,391.03	98,092.31
Unappropriated Reserves	A-28	6,857.23	11,493.45
Reserve for Encumbrances	A-29	10,921.84	53,520.12
Due to State of New Jersey	A-30	<u>1,121.88</u>	<u>1,121.88</u>
		<u>135,291.98</u>	<u>164,227.76</u>
Total Liabilities, Reserves and Fund Balance		\$ <u>2,856,455.54</u>	\$ <u>3,130,435.33</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS

For the Years Ended June 30,

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 1,278,000.00	\$ 1,278,000.00
Miscellaneous Revenue Anticipated	A-2	1,152,197.82	1,248,157.86
Receipts from Delinquent Taxes	A-2	473,428.27	452,885.05
Receipts from Current Taxes	A-2	14,745,583.61	14,068,224.70
Non-Budget Revenues	A-2	113,945.98	130,024.17
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	208,283.39	230,283.97
Canceled - Tax Overpayments	A-15	71,376.42	
Canceled - Accounts Payable	A-14	76,591.40	5,103.24
Prior Year Interfunds Returned	A-10	1,519.91	
Statutory Dog Excess	A-10	4,210.92	
Canceled - Various Reserves			63,119.76
Adjustment to Change Fund			50.00
Grants Appropriated Canceled			3,678.55
Total Revenue		<u>18,125,137.72</u>	<u>17,479,527.30</u>
Expenditures:			
Budget Appropriations Within Caps:			
Operations:			
Salaries and Wages	A-3	3,078,571.00	2,993,572.53
Other Expenses	A-3	3,080,507.00	3,033,348.78
Deferred Charges and Statutory Expenditures	A-3	380,361.00	150,000.00
Budget Appropriations Excluded from Caps:			
Operations:			
Other Expenses	A-3	269,544.44	453,634.41
Capital Improvements	A-3	80,000.00	55,000.00
Municipal Debt Service	A-3	537,575.53	450,170.74
Deferred Charges	A-3	28,114.69	97,515.10
		<u>7,454,673.66</u>	<u>7,233,241.56</u>
County Taxes	A-18	2,096,329.65	2,053,175.86
Local District School Tax	A-19	3,218,273.00	3,117,497.00
Regional High School Tax	A-17	4,095,763.36	3,945,117.47
Business Improvement District Tax	A-20	95,000.00	96,500.00
Grants Receivable Canceled			3,682.15
Interfunds Advanced	A-10	4,210.92	
Refund Prior Year Revenue			3,744.00
Total Expenditures		<u>16,964,250.59</u>	<u>16,452,958.04</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS

For the Years Ended June 30,

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
Statutory Excess to Fund Balance		\$ 1,160,887.13	\$ 1,026,569.26
Fund Balance, July 1	A	<u>1,402,430.84</u>	<u>1,653,861.58</u>
		2,563,317.97	2,680,430.84
Decreased by:			
Utilized as Anticipated Revenue	A-1/A-2	<u>1,278,000.00</u>	<u>1,278,000.00</u>
Fund Balance June 30	A	<u>\$ 1,285,317.97</u>	<u>\$ 1,402,430.84</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended June 30, 2009

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Special N.J.S.A. 40A:4-87		
Fund Balance Anticipated	A-1	\$ 1,278,000.00		\$ 1,278,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-8	14,400.00		22,984.00	\$ 8,584.00
Other	A-8	18,000.00		21,206.00	3,206.00
Fees and Permits	A-8	96,000.00		134,647.75	38,647.75
Fines and Costs:					
Municipal Court	A-8	117,000.00		116,719.89	(280.11)
Interest and Costs on Taxes	A-8	100,000.00		97,005.73	(2,994.27)
Interest on Investments and Deposits	A-8	70,000.00		58,569.66	(11,430.34)
Cable T.V. Franchise Fees	A-8	23,000.00		22,655.43	(344.57)
Consolidated Municipal Property Tax Relief Aid	A-8	124,370.00		124,370.00	
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)	A-8	319,609.00		319,609.00	
Supplemental Energy Receipts Tax	A-8	13,157.00		13,157.00	
Garden State Trust Fund	A-8	1,027.51		609.74	(417.77)
Uniform Construction Code Fees	A-8	42,000.00		32,703.00	(9,297.00)
Recycling Tonnage Grant	A-26	2,644.84		2,644.84	
Drunk Driving Enforcement Fund	A-26	7,280.27		7,280.27	
Alcohol Education and Rehabilitation Fund	A-26	1,713.46		1,713.46	

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended June 30, 2009

	Ref.	Budget	Anticipated Special N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Municipal Alliance on Alcoholism and Drug Abuse	A-26	\$ 1,385.00	\$ 27,281.00	\$ 28,666.00	
Summer Food Program	A-26	9,480.85		9,480.85	
Body Armor Grant	A-26	2,848.49		2,848.49	
Clean Communities Program	A-26		9,489.28	9,489.28	
D.O.T. - Speed Monitoring Sign	A-26		5,705.00	5,705.00	
Comcast Cable Technology Grant	A-26		20,500.00	20,500.00	
Reserve for BAN Interest - General Capital	A-8	15,187.34		15,187.34	
Capital Surplus	A-8	10,000.00		10,000.00	
Reserve for Accrued Interest on Bonds	A-8	74,445.09		74,445.09	
Total Miscellaneous Revenues	A-1	1,063,548.85	62,975.28	1,152,197.82	\$ 25,673.69
Receipts from Delinquent Taxes	A-1/A-2	435,000.00		473,428.27	38,428.27
Amount to be Raised by Taxes for Support of Municipal Budget		2,776,548.85	62,975.28	2,903,626.09	64,101.96
Non-Budget Revenues	A-2	5,549,625.41		5,719,381.98	169,756.57
	A-1/A-2	8,326,174.26	62,975.28	8,623,008.07	233,858.53
				113,945.98	113,945.98
Total		\$ 8,326,174.26	\$ 62,975.28	\$ 8,736,954.05	\$ 347,804.51
	Ref.	A-3	A-3		

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended June 30, 2009

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	A-1/A-5	\$ 14,745,583.61
Allocated to School, County and Business Improvement District Taxes	A-5	<u>9,631,076.95</u>
Balance for Support of Municipal Budget Appropriations		5,114,506.66
Add:		
Reserve for Uncollected Taxes	A-3	<u>604,875.32</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 5,719,381.98</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-5	<u>\$ 473,428.27</u>
	A-2	<u>\$ 473,428.27</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended June 30, 2009

Analysis of Non-Budget Revenues:

Motor Vehicle Inspection Fees	\$	657.00
Restitution		535.21
Administrative Fee - Off Duty Police		14,035.00
Employee Health Insurance Contribution		5,387.88
State of NJ - Senior Citizen Administration Fee		1,273.04
Prior Year Reimbursements		1,225.54
Tax Penalties		3,350.39
Copies		1,748.00
Rental of Property		55,883.87
Fire Safety - LEA Rebate		8,006.37
Pilot - Housing Authority		20,403.00
Other Miscellaneous Revenue		<u>1,440.68</u>

A-2/A-4 \$ 113,945.98

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended June 30, 2009

	<u>Appropriated</u>		<u>Paid or</u>	<u>Expended</u>	<u>Reserved</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Charged</u>			<u>Balance</u> <u>Canceled</u>
<u>Operations Within CAPS</u>						
General Government Functions						
Borough Administrator						
Salaries and Wages	\$ 87,365.00	\$ 87,365.00	\$ 83,599.92	\$ 3,765.08		
Other Expenses	11,900.00	11,900.00	1,182.15	2,717.85	\$ 8,000.00	
Central Services						
Salaries and Wages	25,650.00	25,650.00	22,884.12	1,265.88	1,500.00	
Other Expenses	38,100.00	38,100.00	27,937.85	3,162.15	7,000.00	
Borough Council						
Salaries and Wages	13,000.00	13,000.00	13,000.00			
Other Expenses	17,920.00	17,920.00	10,617.92	2,000.08	5,302.00	
Borough Clerk						
Salaries and Wages	126,800.00	126,800.00	124,937.14	462.86	1,400.00	
Other Expenses	30,040.00	30,040.00	28,152.09	1,887.91		
Financial Administration						
Salaries and Wages	107,100.00	107,100.00	102,653.51	2,746.49	1,700.00	
Other Expenses	19,755.00	19,755.00	11,368.85	3,386.15	5,000.00	
Audit Services	33,900.00	33,900.00		33,900.00		
Collection of Taxes						
Salaries and Wages	58,465.00	58,465.00	54,585.79	2,379.21	1,500.00	
Other Expenses	7,975.00	7,975.00	6,240.93	1,734.07		
Assessment of Taxes						
Salaries and Wages	22,540.00	23,551.00	22,187.04	1,363.96		
Other Expenses	8,825.00	7,814.00	2,355.83	1,458.17	4,000.00	

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended June 30, 2009

	<u>Appropriated</u>		<u>Paid or</u>	<u>Expended</u>	<u>Reserved</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Charged</u>			<u>Balance</u> <u>Canceled</u>
Legal Services and Costs						
Other Expenses	\$ 176,415.00	\$ 191,415.00	\$ 180,438.62	\$ 10,976.38		
Engineering Services and Costs						
Other Expenses	104,000.00	128,000.00	125,494.07	2,505.93		
<u>Code Enforcement</u>						
Code Enforcement Officer						
Salaries and Wages	73,415.00	73,415.00	58,008.66	3,406.34	\$ 12,000.00	
Other Expenses	15,835.00	15,835.00	7,907.49	3,927.51	4,000.00	
<u>Municipal Land Use Law (N.J.S.A.55D-1)</u>						
Planning Board						
Salaries and Wages	6,500.00	6,500.00	5,625.08	374.92	500.00	
Other Expenses	24,675.00	24,675.00	21,256.55	3,418.45		
Zoning Board of Adjustment						
Salaries and Wages	6,250.00	6,250.00	5,625.08	224.92	400.00	
Other Expenses	27,920.00	27,920.00	18,696.80	3,223.20	6,000.00	
Affordable Housing						
Salaries and Wages	1.00	1.00			1.00	
Other Expenses	1.00	1.00			1.00	
<u>Insurance</u>						
Unemployment Insurance	10,000.00	10,000.00	10,000.00			
General Liability	102,450.00	102,450.00	100,882.19	67.81	1,500.00	
Workers Compensation	152,150.00	152,150.00	152,013.44	136.56		
Employee Group Insurance	1,095,400.00	1,095,400.00	1,091,880.84	3,519.16		

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended June 30, 2009

	<u>Appropriated</u>		<u>Expended</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Balance Canceled</u>
<u>Public Safety Functions</u>				
Fire				
Other Expenses	\$ 77,857.00	\$ 77,857.00	\$ 76,192.95	\$ 1,664.05
Police				
Salaries and Wages	1,523,969.00	1,523,969.00	1,477,808.03	\$ 35,000.00
Other Expenses	75,392.00	75,392.00	51,632.62	12,759.38
Dispatch				11,000.00
Salaries and Wages	180,500.00	180,500.00	163,776.33	2,723.67
Other Expenses	1,500.00	1,500.00		14,000.00
Municipal Court				1,500.00
Salaries and Wages	81,000.00	81,000.00	66,582.80	2,417.20
Other Expenses	12,450.00	12,450.00	9,887.85	2,562.15
First Aid Contribution	28,000.00	40,000.00	37,409.04	2,590.96
Emergency Management Services				
Salaries and Wages	4,485.00	4,485.00	3,649.92	835.08
Other Expenses	17,600.00	17,600.00	17,449.28	150.72
Public Defender				
Salaries and Wages	5,270.00	5,270.00	1,569.22	2,700.78
Fire Hydrant Fees	55,000.00	54,000.00	48,927.43	5,072.57
Uniform Fire Safety Act				1,000.00
Salaries and Wages	26,005.00	26,005.00	23,400.00	2,605.00
Other Expenses	7,385.00	7,385.00	4,243.86	3,141.14
Municipal Prosecutor				
Salaries and Wages	19,425.00	19,425.00	15,246.00	1,000.00
				3,179.00
<u>Public Works Functions</u>				
Road Repair and Maintenance				
Salaries and Wages	221,090.00	221,090.00	179,886.51	9,203.49
Other Expenses	43,400.00	43,400.00	32,552.77	5,847.23
				32,000.00
				5,000.00

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended June 30, 2009

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Canceled</u>
Snow Removal					
Salaries and Wages	\$ 18,000.00	\$ 11,000.00	\$ 9,542.75	1,457.25	
Other Expenses	23,000.00	23,000.00	22,326.65	173.35	\$ 500.00
Sanitation					
Salaries and Wages	307,335.00	307,335.00	288,305.49	6,029.51	13,000.00
Other Expenses	13,750.00	13,750.00	4,220.82	4,529.18	5,000.00
Mechanical Garage					
Salaries and Wages	74,140.00	74,140.00	71,544.05	895.95	1,700.00
Other Expenses	90,000.00	90,000.00	56,929.76	18,070.24	15,000.00
Public Buildings and Grounds					
Salaries and Wages	1.00	1.00			1.00
Other Expenses	109,450.00	109,450.00	86,388.03	10,061.97	13,000.00
Shade Tree Commission					
Other Expenses	1,000.00	1,000.00	19.80	230.20	750.00
Condominium Services					
Other Expenses	20,000.00	20,000.00	5,522.83	14,477.17	
Health and Human Services					
Services of Monmouth County Regional Health					
Commission Contract (R.S. 40:13)	48,530.00	48,576.16	48,576.16		
Environmental Commission					
Other Expenses	1,000.00	1,000.00		100.00	900.00
Dog Control					
Other Expenses	12,000.00	12,000.00	7,990.86	4,009.14	
Community - School Substance Abuse Program	4,995.00	5,246.00	918.00	4,328.00	
N.J. Public Employees Occupational Safety and Health Act					
Other Expenses	2,000.00	2,000.00		1,000.00	1,000.00

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended June 30, 2009

	<u>Appropriated</u>		<u>Paid or</u>	<u>Expended</u>	<u>Reserved</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Charged</u>			<u>Balance</u> <u>Canceled</u>
Park and Recreation Functions						
Beachfront Maintenance						
Salaries and Wages	\$ 14,000.00	\$ 14,000.00	\$ 11,726.01	\$ 2,273.99		
Other Expenses	13,400.00	13,400.00	11,789.10	1,610.90		
Parks and Playgrounds						
Other Expenses	13,000.00	13,000.00	12,827.53	172.47		
Celebration of Public Events, Anniversary or Holiday						
Other Expenses	3,000.00	3,000.00	1,416.39	1,583.61		
Community Center						
Salaries and Wages	169,010.00	169,010.00	146,748.76	7,261.24	\$ 15,000.00	
Other Expenses	24,900.00	24,900.00	19,462.74	5,437.26		
Education Functions						
Expenses of Participation in Free County Library						
Salaries and Wages	1.00	1.00				1.00
Other Expenses	1.00	1.00				1.00
Uniform Construction Code - Appropriation Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)						
Construction Code Official						
Salaries and Wages	65,625.00	65,625.00	56,907.90	2,217.10	6,500.00	
Other Expenses	4,500.00	4,500.00	2,624.85	1,875.15		

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended June 30, 2009

	<u>Appropriated</u>		<u>Budget After</u>	<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>		<u>Modification</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
				<u>Charged</u>		<u>Canceled</u>
<u>Unclassified:</u>						
Accumulated Sick Leave	\$ 10,000.00	\$	10,000.00	\$ 10,000.00		
<u>Utility Expenses and Bulk Purchases</u>						
Electricity	61,225.00		71,225.00	61,208.49	\$ 10,016.51	
Street Lighting	66,000.00		66,000.00	54,598.20	11,401.80	
Telephone	28,800.00		28,800.00	24,705.10	4,094.90	
Water	7,100.00		8,100.00	6,769.00	1,331.00	
Natural Gas	27,000.00		27,000.00	16,718.51	2,281.49	\$ 8,000.00
Telecommunication Costs	26,000.00		26,000.00	23,336.94	2,663.06	
Gasoline and Diesel Fuel	98,100.00		78,100.00	63,069.80	5,030.20	10,000.00
<u>Landfill/Solid Waste Disposal Costs</u>						
Monmouth County Reclamation Center						
Other Expenses	310,000.00		273,152.84	218,922.97	29,155.87	25,074.00
<u>Total Operations Within CAPS</u>	6,451,538.00		6,448,988.00	5,844,864.06	314,213.94	289,910.00
<u>Detail:</u>						
Salaries and Wages	3,236,942.00		3,230,953.00	3,009,800.11	68,770.89	152,382.00
Other Expenses	3,214,596.00		3,218,035.00	2,835,063.95	245,443.05	137,528.00

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended June 30, 2009

Deferred Charges and Statutory Expenditures Within CAPS

Statutory Expenditures:

Contributions to:

Social Security System (O.A.S.I.)

Police and Firemen's System of N.J.

Defined Contribution Retirement Program

Total Deferred Charges and Statutory Expenditures
Within CAPS

Total Appropriations Within CAPS

Operations Excluded from CAPS

Length of Service Awards Program
9-1-1

Contribution to:

Public Employees' Retirement System

Stormwater Management

Recycling Tax (N.J.S.A. 13:1E-96.5):

Other Expenses

	Budget	Appropriated Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
\$	152,000.00	\$	139,018.87	\$	4,981.13	\$ 8,000.00
	232,861.00	232,861.00	232,861.00			
	3,500.00	3,500.00			3,500.00	
	388,361.00	388,361.00	371,879.87		8,481.13	8,000.00
	6,839,899.00	6,837,349.00	6,216,743.93		322,695.07	297,910.00
	40,000.00	42,550.00	36,800.00		5,750.00	
	9,400.00	9,400.00			9,400.00	
	103,010.00	103,010.00	103,010.00			
	24,000.00	24,000.00	3,735.00		7,265.00	13,000.00
	13,000.00	13,000.00	9,165.28		2,334.72	1,500.00

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended June 30, 2009

	Appropriated		Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification				
Public and Private Programs Offset by Revenues						
Summer Food Service for Children	\$ 9,480.85	\$ 9,480.85	\$ 9,480.85			
Municipal Alliance on Alcoholism and Drug Abuse						
County Share						
Municipal Share	1,385.00	28,666.00	28,666.00			
Drunk Driving Enforcement Fund	346.25	3,756.25	3,756.25			
Clean Communities Grant	7,280.27	7,280.27	7,280.27			
Body Armor Grant		9,489.28	9,489.28			
Municipal Court Alcohol Education and Rehabilitation Fund	2,848.49	2,848.49	2,848.49			
Recycling Tonnage Grant	1,713.46	1,713.46	1,713.46			
N.J.D.O.T Speed Monitoring Sign	2,644.84	2,644.84	2,644.84			
Comcast Cable Technology Grant		5,705.00	5,705.00			
Matching Funds for Grants	6,000.00	20,500.00	20,500.00			
		2,590.00				\$ 2,590.00
Total Operations - Excluded from CAPS	221,109.16	286,634.44	244,794.72	\$ 24,749.72		17,090.00
Detail:						
Other Expenses	221,109.16	286,634.44	244,794.72	24,749.72		17,090.00

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended June 30, 2009

	Appropriated		Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification				
<u>Capital Improvements Excluded from CAPS</u>						
Capital Improvement Fund	\$ 70,000.00	\$ 70,000.00	\$ 70,000.00			
Acquisition of Property	10,000.00	10,000.00	9,950.00	\$ 50.00		
Total Capital Improvements - Excluded from CAPS	80,000.00	80,000.00	79,950.00	50.00		
<u>Municipal Debt Service Excluded from CAPS</u>						
Payment of Bond Principal	90,000.00	90,000.00	90,000.00			
Payment of Bond Anticipation Notes and Capital Notes	32,301.00	32,301.00	25,128.00			\$ 7,173.00
Interest on Bonds	102,630.09	102,630.09	102,625.09			5.00
Interest on Notes	110,200.00	110,200.00	110,077.84			122.16
Capital Lease Obligations Approved Prior to 7/1/2007						
Principal	196,800.00	196,800.00	196,800.00			
Interest	20,245.00	20,245.00	12,944.60			7,300.40
Total Municipal Debt Service Excluded from CAPS	552,176.09	552,176.09	537,575.53			14,600.56

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended June 30, 2009

	Appropriated		Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification				
<u>Deferred Charges - Municipal - Excluded from CAPS</u>						
Special Emergency Authorizations	\$ 7,114.69	\$ 7,114.69	\$ 7,114.69			
Deferred Charges to Future Taxation Unfunded Ordinance 02-08	21,000.00	21,000.00	21,000.00			
Total Deferred Charges - Municipal - Excluded from CAPS	28,114.69	28,114.69	28,114.69			
Total General Appropriations Excluded from CAPS	881,399.94	946,925.22	890,434.94	\$ 24,799.72		\$ 31,690.56
Subtotal General Appropriations Reserve for Uncollected Taxes	7,721,298.94 604,875.32	7,784,274.22 604,875.32	7,107,178.87 604,875.32		347,494.79	329,600.56
Total General Appropriations	\$ 8,326,174.26	\$ 8,389,149.54	\$ 7,712,054.19	\$ 347,494.79		\$ 329,600.56
Ref.	A-2	A-3	A-3		A	

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended June 30, 2009

	<u>Ref.</u>	<u>Budget After Modification</u>
Budget	A-2	\$ 8,326,174.26
Added by N.J.S. 40A:4-87	A-2	<u>62,975.28</u>
	A-3	<u>\$ 8,389,149.54</u>
		<u>Paid or Charged</u>
Disbursements	A-4	\$ 6,829,554.19
Reserve for Encumbrances	A-13	178,425.55
Appropriated Reserves for		
Federal and State Grants	A-27	92,084.44
Reserve for Uncollected Taxes	A-2	604,875.32
Deferred Charge - Special Emergency	A-11	<u>7,114.69</u>
	A-3	<u>\$ 7,712,054.19</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of June 30,

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
ASSETS			
Animal Control Trust Fund:			
Cash	B-1	\$ 9,011.58	\$ 6,178.79
Change Fund		<u>40.00</u>	<u>40.00</u>
		<u>9,051.58</u>	<u>6,218.79</u>
Trust Other Fund:			
Cash	B-1	492,387.16	506,577.27
Interfund - Current Fund	B-1	<u>492,387.16</u>	<u>725.00</u>
		<u>492,387.16</u>	<u>507,302.27</u>
Length of Service Award Program			
Fund ("LOSAP") - Unaudited:			
Investments	B-6	<u>101,365.00</u>	<u> </u>
		<u>\$ 602,803.74</u>	<u>\$ 513,521.06</u>
LIABILITIES AND RESERVES			
Animal Control Trust Fund:			
Reserve for Animal Control Expenditures	B-2	\$ 4,840.66	\$ 4,698.88
Interfund - Current Fund	B-1/B-2	<u>4,210.92</u>	<u>1,519.91</u>
		<u>9,051.58</u>	<u>6,218.79</u>
Trust Other Fund:			
Reserve for Encumbrances	B-4	83.50	19,138.78
Various Reserves	B-5	<u>492,303.66</u>	<u>488,163.49</u>
		<u>492,387.16</u>	<u>507,302.27</u>
Length of Service Award Program			
Fund ("LOSAP") - Unaudited:			
Reserve for Length of Service Award Program	B-7	<u>101,365.00</u>	<u> </u>
		<u>\$ 602,803.74</u>	<u>\$ 513,521.06</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of June 30,

ASSETS	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
Cash	C-2	\$ 1,120,305.52	\$ 766,818.50
N.J. Department of Transportation Grants Receivable	C-6	374,846.67	323,656.96
Community Development Block Grant Receivable	C-7	185,200.00	185,200.00
Monmouth County Open Space Grant Receivable	C-8	58,000.00	58,000.00
Due from Monmouth County Improvement Authority	C-9		143,409.80
Deferred Charges to Future Taxation:			
Funded	C-4	3,838,000.00	750,000.00
Unfunded	C-5	<u>2,112,079.00</u>	<u>4,344,557.00</u>
		\$ <u>7,688,431.19</u>	\$ <u>6,571,642.26</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-10	\$ 3,838,000.00	\$ 750,000.00
Bond Anticipation Notes	C-11	825,300.00	3,709,863.00
Improvement Authorizations:			
Funded	C-12	346,333.68	490,563.15
Unfunded	C-12	1,940,130.57	1,196,259.91
Reserve for Encumbrances	C-13	507,778.32	296,229.79
Accounts Payable	C	2,315.25	2,315.25
Capital Improvement Fund	C-14	45,722.05	45,972.05
Miscellaneous Reserves	C-15	94,101.75	65,787.18
Reserve for N.J. Department of Transportation Grants			
Receivable	C-16	60,000.00	
Fund Balance	C-1	<u>28,749.57</u>	<u>14,651.93</u>
		\$ <u>7,688,431.19</u>	\$ <u>6,571,642.26</u>

There were bonds and notes authorized but not issued on June 30, 2009 of \$1,286,779.00
(Exhibit C-17)

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance, June 30, 2008	C	\$ 14,651.93
Increased by:		
Funded Improvement Authorizations Canceled	C-12	<u>24,097.64</u>
		38,749.57
Decreased by:		
Anticipated as Revenue in Current Fund Budget	C-2	<u>10,000.00</u>
Balance, June 30, 2009	C	\$ <u><u>28,749.57</u></u>

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of June 30,

ASSETS	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Operating Fund</u>			
Cash	D-5	\$ 604,880.71	\$ 839,904.14
Change Fund		<u>100.00</u>	<u>100.00</u>
		<u>604,980.71</u>	<u>840,004.14</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-7	<u>142,676.64</u>	<u>105,781.29</u>
Total Operating Fund		<u>747,657.35</u>	<u>945,785.43</u>
<u>Capital Fund</u>			
Cash	D-5	11,378.41	182,440.73
Fixed Capital	D-13	741,522.31	741,522.31
Fixed Capital Authorized and Uncompleted	D-14	<u>750,000.00</u>	<u>750,000.00</u>
Total Capital Fund		<u>1,502,900.72</u>	<u>1,673,963.04</u>
Total Assets		<u>\$ 2,250,558.07</u>	<u>\$ 2,619,748.47</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of June 30,

	Ref.	2009	2008
LIABILITIES, RESERVES AND FUND BALANCE			
<u>Operating Fund</u>			
Appropriation Reserves	D-4/D-8	\$ 36,051.48	\$ 82,910.41
Reserve for Encumbrances	D-9	25,263.19	60,660.51
Customer Overpayments	D-10	5,445.85	3,836.71
Accrued Interest on Bonds and Notes	D-11	1,904.11	
Accounts Payable	D-12	71,461.00	51,003.42
		<u>140,125.63</u>	<u>198,411.05</u>
Reserve for Receivables and Other Assets	D	142,676.64	105,781.29
Fund Balance	D-1	<u>464,855.08</u>	<u>641,593.09</u>
Total Operating Fund		<u>747,657.35</u>	<u>945,785.43</u>
<u>Capital Fund</u>			
Capital Improvement Fund	D-15	6,750.00	6,750.00
Reserve for Down Payments on Capital Improvements	D-16	100.00	100.00
Reserve for Amortization	D-17	741,522.31	741,522.31
Deferred Reserve for Amortization	D-18	270,000.00	260,000.00
Bond Anticipation Notes Payable	D-19	140,000.00	500,000.00
Serial Bonds Payable	D-20	195,000.00	
Improvement Authorizations:			
Unfunded	D-21	149,206.05	151,548.46
Reserve for Encumbrances	D-21		13,719.91
Fund Balance	D-2	<u>322.36</u>	<u>322.36</u>
Total Capital Fund		<u>1,502,900.72</u>	<u>1,673,963.04</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,250,558.07</u>	<u>\$ 2,619,748.47</u>

There were bonds and notes authorized but not issued on June 30, 2009 of \$145,000.00
(Exhibit D- 22)

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

For the Years Ended June 30,

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	D-3	\$ 503,136.00	\$ 400,000.00
Sewer Rents	D-3	1,135,795.47	1,172,141.08
Reserve for Accrued Interest on Bonds	D-3	4,563.28	
Other Credits to Income:			
Non-Budget Revenues	D-3	26,819.15	48,268.45
Unexpended Balance of Appropriation Reserves	D-8	<u>77,796.82</u>	<u>177,661.59</u>
Total Revenue		<u>1,748,110.72</u>	<u>1,798,071.12</u>
Expenditures:			
Operating	D-4	1,349,830.00	1,324,226.00
Capital Improvements	D-4	10,000.00	
Debt Service	D-4	27,741.73	
Deferred Charges and Statutory Expenditures	D-4	<u>34,141.00</u>	<u>30,297.00</u>
Total Expenditures		<u>1,421,712.73</u>	<u>1,354,523.00</u>
Statutory Excess to Fund Balance		326,397.99	443,548.12
Fund Balance July 1	D	<u>641,593.09</u>	<u>598,044.97</u>
		967,991.08	1,041,593.09
Decreased by:			
Utilization as Anticipated Revenue	D-1/D-3	<u>503,136.00</u>	<u>400,000.00</u>
Fund Balance June 30	D	<u>\$ 464,855.08</u>	<u>\$ 641,593.09</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

Ref.

Balance, June 30, 2008 and 2009

D

\$ 322.36

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended June 30, 2009

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	\$ 503,136.00	\$ 503,136.00	
Sewer Rents	D-1/D-7	1,100,000.00	1,135,795.47	\$ 35,795.47
Reserve for Accrued Interest on Bonds	D-1/D-5	4,563.28	4,563.28	
		<u>1,607,699.28</u>	<u>1,643,494.75</u>	<u>35,795.47</u>
Non-Budget Revenues	D-1/D-3/D-5		<u>26,819.15</u>	<u>26,819.15</u>
		<u>\$ 1,607,699.28</u>	<u>\$ 1,670,313.90</u>	<u>\$ 62,614.62</u>

Ref. D-4

Analysis of Non-Budget Revenues

Interest Earned on Delinquent Accounts	\$ 12,479.98
Street Opening Permits	900.00
Sewer Taps	88.00
Sewer Connection Fees	3,000.00
Interest on Investments and Deposits	<u>10,351.17</u>
	<u>\$ 26,819.15</u>

D-1/D-3

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended June 30, 2009

	Appropriated		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Canceled
Operating:					
Salaries and Wages	\$ 158,100.00	\$ 158,100.00	\$ 142,417.04	\$ 3,682.96	\$ 12,000.00
Other Expenses	1,239,575.00	1,239,575.00	1,078,919.73	30,310.27	130,345.00
Group Insurance	47,000.00	47,000.00	44,152.46	347.54	2,500.00
Workers Compensation Insurance	40,000.00	40,000.00	29,537.88	462.12	10,000.00
Other Insurances	40,000.00	40,000.00	19,952.53	47.47	20,000.00
Capital Improvements:					
Capital Outlay	10,000.00	10,000.00	10,000.00		
Debt Service:					
Interest on Bonds	5,340.00	5,340.00	5,336.72		3.28
Interest on Notes	33,388.28	33,388.28	22,405.01		10,983.27
Deferred Charges:					
Deferred Charge to Future Revenue:					
Ordinance 06-06 Rehabilitation of Sanitary Sewer System	10,000.00	10,000.00	10,000.00		
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	11,000.00	11,000.00	10,845.00		155.00
Social Security System (O.A.S.I.)	12,096.00	12,096.00	10,894.88	1,201.12	
Unemployment Compensation Insurance	1,200.00	1,200.00	1,200.00		
	<u>\$ 1,607,699.28</u>	<u>\$ 1,607,699.28</u>	<u>\$ 1,385,661.25</u>	<u>\$ 36,051.48</u>	<u>\$ 185,986.55</u>
Ref.	D-3	D-3	D-1	D/D-1	
Analysis of Paid or Charged:					
Cash Disbursements			\$ 1,332,656.33		
Accrued Interest on Bonds and Notes			27,741.73		
Reserve for Encumbrances			25,263.19		
			<u>\$ 1,385,661.25</u>		

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSET ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS

As of June 30,

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
General Fixed Assets:			
Land	E-1	\$ 1,097,800.00	\$ 1,097,800.00
Buildings and Improvements	E-1	5,772,197.90	5,567,715.52
Machinery and Equipment	E-1	2,328,290.37	2,205,406.12
Construction in Progress	E-1	<u> </u>	<u>204,482.38</u>
		\$ <u>9,198,288.27</u>	\$ <u>9,075,404.02</u>
Investments in General Fixed Assets		\$ <u>9,198,288.27</u>	\$ <u>9,075,404.02</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

PAYROLL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of June 30,

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
ASSETS			
Cash		\$ <u>34,898.22</u>	\$ <u> </u>
LIABILITIES			
Payroll Liabilities		\$ <u>34,898.22</u>	\$ <u> </u>

The accompanying notes are an integral part of this statement.

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

NOTE 1 REPORTING ENTITY

This report includes the financial statements of the Borough of Highlands (the "Borough"), within the County of Monmouth, in the State of New Jersey and reflects the activities of the Municipality which is under the control of the Mayor and Borough Council. The financial statements of the Boards of Education and First Aid Organization are reported separately since their activities are administered by separate boards.

The Borough's governing body is also responsible for appointing the members of the Highlands Housing Authority (the "Authority"), but the Borough's accountability for the Authority does not extend beyond making the appointments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Funds

The Governmental Accounting Standards Board ("GASB") is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles. The GASB Codification established seven major fund types and two account groups 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 of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial activities through the following separate funds which differ from the fund structure required by accounting principles generally accepted in the United States of America.

Current Fund - resources and expenditures for governmental operations of a general nature.

Grant Fund - accounts for receipts and disbursements of Federal and State Grants.

Trust Funds - receipts, custodianship, and disbursements of monies in accordance with the purpose for which each reserve was created.

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. General bonds and notes payable are recorded in this fund and are offset by deferred charges to future taxation.

**BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Description of Funds (continued)

Water-Sewer Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally-owned water-sewer utility. Bonds and notes payable of the Utility Fund are recorded in the Utility Capital Fund.

Payroll Fund - receipts and disbursements to account for the payroll and payroll tax liabilities of the Borough.

General Fixed Assets Account Group - reflects estimated valuations of land, buildings and certain moveable fixed assets of the Borough as discussed under the caption of "Basis of Accounting".

B. 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:

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

Budgets and Budgetary Accounting - the Borough of Highlands must adopt an annual budget in accordance with N.J.S.A. 40A:4-4 et al. N.J.S.A. 40A:4-5 which requires the governing body to introduce and approve the annual municipal budget no later than August 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulated in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9.

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

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

Cash, Cash Equivalents and Investments - New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

**BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents and Investments (continued)

The Borough of Highlands is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

Public funds are defined as the funds of any government unit. Public depositories include banks (both state and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

The Borough considers highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

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 revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts. Property taxes are payable quarterly on the first day of February, May, August, and November.

Grant Revenues and Expenditures - 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. GAAP requires such revenues to be recognized in the accounting period when they are earned and the expenditures to be recognized when the liability is incurred.

Expenditures - unexpended or uncommitted appropriations, at June 30, are reported as expenditures through the establishment of appropriation reserves unless canceled 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.

Encumbrances - contractual orders at June 30, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

**BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriation Reserves - are available, until lapsed at the close of the succeeding year, 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 sheet. 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. The status of deferred charges at June 30, 2009 is set forth in Note 9.

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 operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Asset Group at its market value.

Interfunds - interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset as reserves. 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 individual items are purchased. The inventories have offsetting reserve amounts.

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets - Utility - property and equipment purchased by the Utility Fund is recorded in the Utility Capital Fund at cost and is adjusted for dispositions and abandonments. The amount reported for reserve for amortization of fixed capital acquired on the balance sheet of the Utility Capital Fund represents the aggregate charges (capital outlay and debt service) to the operating budget for the costs of acquisitions of property and equipment and proceeds from grants-in-aid. The utilities do not record depreciation of property and equipment. GAAP does not require the establishment of a reserve for amortization of fixed capital, whereas it does require the recognition of depreciation of property and equipment by enterprise funds.

Reserve for Sale of Municipal Assets - the proceeds of the sale of municipal assets can be held until made available through a future budget appropriation. GAAP requires such proceeds to be recorded as revenue in the year of sale.

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

Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 2 as issued by the Division of Local Government Services, differs in certain respects from accounting principles generally accepted in the United States of America. The following is a brief description of the Directive.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value.

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

Fixed assets acquired through grants-in-aid or contributed capital are not accounted for separately.

Comparative Data - comparative total data for the various funds for the prior year has been presented in the accompanying Balance Sheets and Statements of Operations and Changes in Fund Balance in order to provide an understanding of changes in the Borough's financial position. However, Comparative Statements of Revenue and Statements of Expenditures have not been presented since this inclusion would make the statements unduly complex and difficult to read.

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basic 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 the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP.

In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

NOTE 3 CASH AND CASH EQUIVALENTS

1. Deposits

All bank deposits as of the balance sheet date are either insured or covered by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act (see Note 2 - Cash, Cash Equivalents and Investments).

At June 30, 2009, the Borough's deposits had a carrying amount of \$4,335,477.80 and a bank balance of \$4,452,878.28. Of the bank balance \$446,991.76 was covered by federal depository insurance, and the remainder was covered by the Governmental Unit Deposit Protection Act.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk.

Investments

As of June 30, 2009, the Borough had the following investments:

	<u>Book Value</u>	<u>Fair Value</u>
LOSAP	\$101,365.00	\$101,365.00

Interest Rate Risk

LOSAP investment options are at the discretion of each individual participant and not the Borough.

**BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

NOTE 3 CASH AND CASH EQUIVALENTS (continued)

Credit Risk

All investments are in financial institutions in accordance with New Jersey state statutes. The Borough does not have an investment policy that would further limit its investment choices and it places no limit on the amount that can be invested with any one issuer.

The fair value of investments was based on quoted market prices.

During the year, the Borough had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Borough.

NOTE 4 BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At June 30, 2009, the Borough of Highlands had authorized but not issued bonds and notes as follows:

General Capital Fund:	
Bonds and Notes	\$1,286,779.00
Water-Sewer Utility Capital Fund:	
Bonds and Notes	145,000.00

NOTE 5 LONG-TERM 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 are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The terms 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 such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. 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.

**BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

NOTE 5 LONG-TERM DEBT (continued)

As of June 30, 2009 the Borough's long-term debt is summarized as follows:

General Obligation Bonds

\$498,000.00 2003 Bonds due in annual installments
ranging from \$50,000.00 to \$57,000.00
through December, 2013, interest rates ranging from
3.00% to 4.00%. \$ 267,000.00

\$474,000.00 2006 Bonds due in annual installments
ranging from \$42,000.00 to \$57,000.00
through December, 2016, interest rates ranging from
4.00% to 5.00%. 393,000.00

\$3,178,000.00 2008 Bonds due in annual installments
ranging from \$110,000.00 to \$220,000.00
through December, 2028, interest rates ranging from
3.00% to 5.25%. 3,178,000.00

Total \$3,838,000.00

Water-Sewer Utility Capital Bonds

\$195,000.00 2008 Bonds due in annual installments
ranging from \$7,000.00 to \$14,000.00
through December, 2028, interest rates ranging from
3.00% to 5.25%. \$195,000.00

Schedule of Annual Debt Service for principal and interest over the next five years and five-year increments thereafter for bonded debt issued and outstanding are as follows:

Fiscal Year	General Capital Fund		Total
	Principal	Interest	
2010	\$ 202,000.00	\$ 174,798.76	\$ 376,798.76
2011	206,000.00	167,568.76	373,568.76
2012	209,000.00	159,597.51	368,597.51
2013	219,000.00	150,780.01	369,780.01
2014	226,000.00	140,828.76	366,828.76
2015-2019	848,000.00	573,276.30	1,421,276.30
2020-2024	859,000.00	381,062.55	1,240,062.55
2025-2029	<u>1,069,000.00</u>	<u>136,640.63</u>	<u>1,205,640.63</u>
Total	<u><u>\$3,838,000.00</u></u>	<u><u>\$1,884,553.28</u></u>	<u><u>\$5,722,553.28</u></u>

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

NOTE 5 **LONG-TERM DEBT (continued)**

Water-Sewer Utility Capital Bonds (continued)

<u>Fiscal Year</u>	<u>Water-Sewer Utility Capital Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2010	\$ 7,000.00	\$ 9,176.26	\$ 16,176.26
2011	7,000.00	8,931.26	15,931.26
2012	7,000.00	8,651.26	15,651.26
2013	7,000.00	8,336.26	15,336.26
2014	7,000.00	7,986.26	14,986.26
2015-2019	42,000.00	34,280.05	76,280.05
2020-2024	52,000.00	23,302.55	75,302.55
2025-2029	<u>66,000.00</u>	<u>8,531.89</u>	<u>74,531.89</u>
Total	<u>\$195,000.00</u>	<u>\$109,195.79</u>	<u>\$304,195.79</u>

Changes in Long-Term Outstanding Debt

Transactions for the year ended June 30, 2009 are summarized as follows:

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
<u>General Capital Fund</u>				
Serial Bonds	\$750,000.00	\$3,178,000.00	\$90,000.00	\$3,838,000.00
<u>Water-Sewer Utility Capital Fund</u>				
Serial Bonds	<u>-</u>	<u>195,000.00</u>	<u>-</u>	<u>195,000.00</u>
Total	<u>\$750,000.00</u>	<u>\$3,373,000.00</u>	<u>\$90,000.00</u>	<u>\$4,033,000.00</u>

Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.50% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at June 30, 2009 was 0.76%. The Borough's remaining borrowing power is 2.74%.

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Data section of this report.

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

NOTE 6 SHORT-TERM DEBT

Bond Anticipation Notes

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuing 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 such notes must be paid no later than the tenth anniversary of the date of the original note.

On June 30, 2009, the Borough's outstanding bond anticipation notes were as follows:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
<u>General Capital Fund</u>				
Various Improvements at Certain Pump Stations and Community Center	01-27-09	01-26-10	\$313,300.00	1.90%
Improvements to Shore Drive	01-27-09	01-26-10	256,000.00	1.90%
Various Road Improvements	01-27-09	01-26-10	<u>256,000.00</u>	1.90%
Total			<u>\$825,300.00</u>	
	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
<u>Water-Sewer Utility Capital Fund</u>				
Rehabilitation of Sanitary Sewer System	01-27-09	01-26-10	<u>\$140,000.00</u>	1.90%

Special Emergency Notes (40A:4-55)

The Borough issues special emergency notes to fund special emergency appropriations prior to the funds being raised in the budget. The term of the notes cannot exceed one year but the notes may be renewed from time to time, but at least 1/5 of all such notes, and the renewals thereof, shall mature and be paid in each year, so that all notes and renewals shall have matured and have been paid not later than the last day of the fifth year following the date of the emergency resolution.

On June 30, 2009, the Borough had no outstanding special emergency notes.

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

NOTE 6 SHORT-TERM DEBT (continued)

Changes in Short-Term Debt

Transactions for the year ended June 30, 2009 are summarized as follows:

	Balance June 30, <u>2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2009</u>
<u>Current Fund</u>				
Special Emergency Notes \$	24,000.00	\$ -	\$ 24,000.00	\$ -
<u>General Capital Fund</u>				
Bond Anticipation Notes	3,709,863.00	825,300.00	3,709,863.00	825,300.00
<u>Water-Sewer Utility Capital Fund</u>				
Bond Anticipation Notes	<u>500,000.00</u>	<u>480,000.00</u>	<u>840,000.00</u>	<u>140,000.00</u>
Total	<u>\$4,233,863.00</u>	<u>\$1,305,300.00</u>	<u>\$4,573,863.00</u>	<u>\$965,300.00</u>

NOTE 7 CAPITAL LEASE PROGRAM

In 2005 and 2007 the Borough closed on capital lease agreements with the Monmouth County Improvement Authority involving Capital Equipment Pooled Lease Revenue Bonds.

As of June 30, 2009, the Borough's capital lease obligations are as follows:

\$441,900 Series 2005 due in annual installments ranging from \$88,700.00 \$94,500.00 through September 2010, coupon rate, ranging from 3.50% to 4.00%.	\$185,800.00
\$240,400.00 Series 2007 due in annual installments ranging from \$43,500.00 to \$52,500.00 through September 2012, coupon rate, ranging from 4.00% to 5.00%.	<u>196,900.00</u>
Total	<u>\$382,700.00</u>

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

NOTE 7 CAPITAL LEASE PROGRAM (continued)

Schedule of Annual Debt Service for Principal and Interest for the Next Five (5) Years and Five-Year Increments Thereafter for Capital Leases

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$137,100.00	\$13,572.75	\$150,672.75
2011	142,600.00	7,737.50	150,337.50
2012	50,500.00	3,635.00	54,135.00
2013	<u>52,500.00</u>	<u>1,312.50</u>	<u>53,812.50</u>
Total	<u>\$382,700.00</u>	<u>\$26,257.75</u>	<u>\$408,957.75</u>

NOTE 8 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. According to the New Jersey Statutes Annotated 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

NOTE 9 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

As noted in Note 2, certain expenditures are required to be deferred to budgets of succeeding years. At June 30, 2009, the Borough has no deferred charges are shown on the balance sheets of the various funds.

NOTE 10 TAXES COLLECTED IN ADVANCE

Taxes collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance June 30</u>	
	<u>2009</u>	<u>2008</u>
Prepaid Taxes	\$44,366.65	\$25,142.48

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

NOTE 11 FIXED ASSETS

Changes in fixed assets for the year ended June 30, 2009 were as follows:

	Balance <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2009</u>
Land	\$1,097,800.00			\$1,097,800.00
Buildings and Improvements	5,567,715.52	\$204,482.38		5,772,197.90
Machine and Equipment	2,205,406.12	122,884.25		2,328,290.37
Construction in Progress	<u>204,482.38</u>	<u>-</u>	<u>\$204,482.38</u>	<u>-</u>
	<u>\$9,075,404.02</u>	<u>\$327,366.63</u>	<u>\$204,482.38</u>	<u>\$9,198,288.27</u>

NOTE 12 ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1st in each year and filed with the County Board of Taxation ("Board") by January 10th of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District, Regional School District and County, the tax rate is struck by the 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 20th with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector ("Collector") on or before June 3rd. In accordance with N.J.S.A. 54:4-66 tax bills are prepared and mailed by the Collector twice a year and are due quarterly on February 1st, May 1st, August 1st and November 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. Any taxes not paid as of June 30 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.

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

NOTE 13 LOCAL DISTRICT SCHOOL AND REGIONAL HIGH SCHOOL TAXES

Local District School and Regional High School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 provides that any municipality that levies school taxes on a school year basis may defer from the municipal purposes tax levy 50% (fifty percent) of the levy. The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. At year end taxes due consisted of the following:

	Local District School Tax Balance June 30,		Regional High School Tax Balance June 30,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Balance of Tax	\$1,609,136.50	\$1,558,748.50	\$2,047,881.69	\$1,972,558.74
Deferred	<u>1,609,136.50</u>	<u>1,558,748.50</u>	<u>2,047,881.67</u>	<u>1,972,558.73</u>
Taxes Payable	\$ <u>-</u>	\$ <u>-</u>	\$ <u>.02</u>	\$ <u>.01</u>

NOTE 14 FUND BALANCES APPROPRIATED

Fund balances at June 30, 2009 which were appropriated and included as anticipated revenue in the 2010 municipal budget, as introduced, for the year ending June 30, 2010 were as follows:

Current Fund:	
Fund Balance	\$1,240,000.00
Water-Sewer Utility Fund:	
Fund Balance	465,770.00

NOTE 15 PENSION PLANS

Plan Description

The Borough of Highlands 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 plan members and beneficiaries. The Public Employees' Retirement System was established January 1, 1955 under the provisions of N.J.S.A. 43:15A. The Police and Firemen's Retirement System was established July 1, 1944 under the provisions of N.J.S.A. 43:16A. The Public Employees' Retirement System and the Police and Firemen's Retirement System 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.

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

NOTE 15 PENSION PLANS (continued)

Funding Policy

Employee contributions are currently five and one-half percent (5 ½%) and eight and one-half percent (8 ½%) of their base wages for PERS and PFRS, respectively. Employer's contributions are actuarially determined annually by the Division of Pensions. Borough contributions to the plan for the past three (3) years are as follows:

<u>Year</u>	<u>PERS Borough</u>	<u>PFRS Borough</u>
2007	\$42,190.20	\$128,460.00
2008	75,568.00	186,934.00
2009	113,855.00	232,861.00

All contributions were equal to the required contributions.

Post Employment Retirement Benefits

The Public Employees' Retirement System and the Police and Firemen's Retirement System provide post employment retirement benefits.

NOTE 16 POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 15, the Borough provides full family post employment health care benefits, in accordance with the contractual agreement with the Police Department. The Borough also provides full family health care benefits to several other retired employees. Currently, sixteen former employees are receiving these benefits. The Borough's expenditures were approximately \$320,000 for the year ended June 30, 2009.

NOTE 17 DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not ordinarily available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with the amounts, and all income attributable to these amounts are for the exclusive benefit of the Plan participants and their beneficiaries and the assets cannot be diverted to any other purpose. The Borough serves as Trustee under the Plan.

**BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009**

NOTE 18 LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED

The Borough has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's volunteer Fire Companies and First Aid Squad. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "length of service award plan under Section 457(e)11 of the Internal Revenue Code".

Annual Contributions - The minimum and maximum annual contributions to be made by the Borough for each active volunteer member shall be in accordance with N.J.S.A. 40A:14-183 (from \$100.00 to \$1,150.00 per year of active emergency service), commencing with the fiscal year 2005-2006. There shall be no contributions made for prior years service.

Appropriations - Appropriations for the purpose of funding the Borough's LOSAP plan shall be included as a separate line item in the Borough's budget, commencing with the year 2005-2006.

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Borough for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Criteria for Eligibility; Contributions; Points - Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Borough, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

Determination as to Eligibility - Each emergency service organization shall provide to the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as of each January 1 thereafter. The Plan Administrator shall forward said certified list to the Borough Council for approval, in accordance with the provisions of N.J.A.C. 5:30-14.10. The decision of the Borough Council as to such active member's eligibility shall be binding upon the Plan Administrator, participant, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

Terms of Participation - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

NOTE 18 LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED (continued)

Vesting - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

Termination of Service - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

Reporting Requirements - N.J.A.C. 5:30-14.49 requires that the Borough perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

NOTE 19 INTERFUND BALANCES

The composition of interfund balances as of June 30, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Current Fund	Animal Control	
	Trust Fund	<u>\$4,210.92</u>

The balance resulted from the statutory excess in the Animal Control Trust Fund which is required to be turned over to the Current Fund.

NOTE 20 INTERFUND TRANSFERS

<u>Transfers In:</u>	<u>Transfers Out:</u>	<u>Total</u>
Animal Control Trust Fund	Current Fund	\$2,691.01
Current Fund	Trust Other Fund	725.00

Transfers are primarily used to move funds from the Current Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations or requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

NOTE 21 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Borough is a member of the Monmouth County Municipal Joint Insurance Fund. The public entity risk pool 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. The Joint Insurance Fund will be self-sustaining through member premiums. The Joint Insurance Fund contracts for excess liability insurance for property, general liability, auto liability, public official liability, law enforcement liability, and workmen's compensation. There were no settlements in excess of insurance coverage in 2009, 2008, and 2007.

NOTE 22 CONTINGENT LIABILITIES

A. Accrued Sick and Vacation - Unaudited

The Borough has a potential contingent liability for accrued unused sick and vacation days under the adopted policies and procedures of the Borough. The Borough has a potential liability of approximately \$1,069,157 at June 30, 2009. In accordance with New Jersey principles, these amounts are not reported as an expenditure or liability in the accompanying statements.

B. 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 provide 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 Reserve for Unemployment Compensation Insurance at June 30, 2009 and 2008 totaled \$124,242.16 and \$115,080.48, respectively.

C. Litigation

It is the opinion of the Borough officials that there is no litigation threatened or pending that would materially affect the financial position of the Borough or adversely affect the Borough's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

Negligence and other types of liability suits of which the Borough is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

BOROUGH OF HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

NOTE 22 CONTINGENT LIABILITIES (continued)

D. Federal and State Grants

The Borough receives financial assistance from the U.S. government and the State of New Jersey in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, cost previously reimbursed could be disallowed and require payments to the grantor agency. As of June 30, 2009, the Borough estimates that no material liabilities will result from such audits.

NOTE 23 SUBSEQUENT EVENTS

During fiscal year 2010 the Borough adopted bond ordinances as follows:

<u>Description</u>	<u>Total Appropriation</u>	<u>Debt Authorization</u>
Amend Ordinance 09-03		
Rehabilitation of Storm Sewer		
on Valley Avenue	\$113,500.00	\$51,500.00
Improvements to Waterwitch		
Avenue	300,000.00	102,500.00
Various Projects	446,000.00	423,700.00

During fiscal year 2010 the Borough adopted other ordinances for the following:

- (A) Increase sewer rates for the Water-Sewer Utility.
- (B) Dissolution of the Business Improvement District.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Regular</u>	<u>Grant Fund</u>
Balance, June 30, 2008	A	\$ 2,186,118.47	\$ 97,537.28
Increased by Receipts:			
State of New Jersey (Ch. 20, P.L. 1971)	A-9	\$ 63,652.05	
Taxes Receivable	A-5	15,113,177.38	
Revenue Accounts Receivable	A-8	1,063,869.63	
Federal and State Grants Receivable	A-26		\$ 122,744.24
Unappropriated Grant Reserves	A-28		6,857.23
Interfund - Federal and State Grant Fund	A-25		3,756.25
Interfund - Animal Control Trust Fund	A-10	1,519.91	
NJ DCA Training Fees	A-23	2,096.00	
Marriage License Fees	A-22	1,050.00	
Non-Budget Revenues	A-2	113,945.98	
Tax Overpayments	A-15	35,276.31	
Prepaid Taxes	A-16	44,366.65	
Reserve for Insurance Claims	A	851.63	
		<u>16,439,805.54</u>	<u>133,357.72</u>
		18,625,924.01	230,895.00
Decreased by Disbursements:			
2009 Budget Appropriations	A-3	6,829,554.19	
2008 Appropriation Reserves	A-12	302,134.50	
County Taxes Payable	A-18	2,096,329.65	
Regional High School Tax	A-17	4,095,763.35	
Local District School Tax	A-19	3,218,273.00	
Business Improvement District Tax	A-20	87,500.00	
Federal/State Grant Appropriations	A-27		116,384.00
Special Emergency Notes Payable	A-21	24,000.00	
Accounts Payable	A-14	75.00	
Tax Overpayments Refunded	A-15	16,186.87	
Marriage License Fees	A-22	1,375.00	
NJ DCA Training Fees	A-23	2,731.00	
Interfund - Trust Other Fund	A-24	725.00	
Interfund - Federal and State Grant Fund	A-25	3,756.25	
		<u>16,678,403.81</u>	<u>116,384.00</u>
Balance, June 30, 2009	A	\$ <u><u>1,947,520.20</u></u>	\$ <u><u>114,511.00</u></u>

BOROUGH OF HIGHLANDS

COUNTY OF MONMOUTH, NEW JERSEY

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

Year	Balance June 30, 2008	2009 Levy	Collections		Chapter 20, P.L. 1971 Senior Citizens and Veterans	Tax Overpayments Applied	Transfer to Tax Title Liens	Canceled, Remitted or Abated	Balance June 30, 2009
			2008	2009					
FY 2008	\$ 473,468.27			\$ 471,863.40		\$ 1,564.87		\$ 40.00	
	<u>473,468.27</u>			<u>471,863.40</u>		<u>1,564.87</u>		<u>40.00</u>	
FY 2009	\$ 15,233,056.50	\$ 15,233,056.50	\$ 25,142.48	\$ 14,641,313.98	\$ 60,956.16	\$ 18,170.99	\$ 3,062.08	\$ 15,905.60	\$ 468,505.21
	<u>\$ 473,468.27</u>	<u>\$ 15,233,056.50</u>	<u>\$ 25,142.48</u>	<u>\$ 15,113,177.38</u>	<u>\$ 60,956.16</u>	<u>\$ 19,735.86</u>	<u>\$ 3,062.08</u>	<u>\$ 15,945.60</u>	<u>\$ 468,505.21</u>
Ref.	A	A-5	A-16/A-2	A-4/A-2	A-2/A-9	A-2/A-15	A-6		A

Analysis of FY 2009 Property Tax Levy

Ref.

Tax Yield:

General Purpose Tax	\$ 15,078,225.95
Special District Tax	95,000.00
Added Taxes	<u>59,830.55</u>

\$ 15,233,056.50

Tax Levy:

Regional High School Tax	A-5	
Local District School Tax	A-17	\$ 4,171,086.30
County Taxes:	A-19	3,268,661.00
County Tax	A-18	
County Open Space Tax	A-18	\$ 1,847,226.17
County Library Tax	A-18	126,906.24
Due County for Added and Omitted Taxes	A-18	113,765.82
Total County Taxes		<u>8,431.42</u>
Business Improvement District Tax	A-20	2,096,329.65
Local Tax for Municipal Purposes	A-2	95,000.00
Add: Additional Tax Levied		<u>5,601,979.55</u>
	A-5	<u>\$ 15,233,056.50</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance, June 30, 2008	A	\$ 22,890.68
Increased by:		
Transfer from Taxes Receivable	A-5	<u>3,062.08</u>
Balance, June 30, 2009	A	\$ <u><u>25,952.76</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	<u>Ref.</u>	
Balance, June 30, 2008 and 2009	A	\$ <u><u>215,100.00</u></u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Accrued</u> <u>in 2009</u>	<u>Collected</u>	<u>Balance</u> <u>June 30, 2009</u>
Licenses:					
Alcoholic Beverages	A-2	\$	22,984.00	\$ 22,984.00	
Other	A-2		21,206.00	21,206.00	
Fees and Permits	A-2		134,647.75	134,647.75	
Municipal Court:					
Fines and Costs	A-2	\$ 10,729.41	119,294.70	116,719.89	\$ 13,304.22
Interest and Costs on Taxes	A-2		97,005.73	97,005.73	
Interest on Investments and Deposits	A-2		58,569.66	58,569.66	
Cable T. V. Franchise Fees	A-2		22,655.43	22,655.43	
Consolidated Municipal Property Tax Relief Aid	A-2		124,370.00	124,370.00	
Energy Receipts Tax (P.L. 1997, Ch 162 & 167)	A-2		319,609.00	319,609.00	
Supplemental Energy Receipts Tax	A-2		13,157.00	13,157.00	
Garden State Trust Fund	A-2		609.74	609.74	
Uniform Construction Code Fees	A-2		32,703.00	32,703.00	
Reserve for BAN Interest - General Capital	A-2		15,187.34	15,187.34	
Capital Surplus	A-2		10,000.00	10,000.00	
Reserve for Accrued Interest on Bonds	A-2		74,445.09	74,445.09	
		<u>\$ 10,729.41</u>	<u>\$ 1,066,444.44</u>	<u>\$ 1,063,869.63</u>	<u>\$ 13,304.22</u>
	<u>Ref.</u>	<u>A</u>		<u>A-4</u>	<u>A</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF DUE FROM STATE - Ch.20, P.L. 1971

	<u>Ref.</u>	
Balance, June 30, 2008	A	\$ 48,821.14
Increased by:		
Deductions per Tax Duplicate:		
Senior Citizens		\$ 22,500.00
Veterans		40,750.00
Senior Citizen Deductions Allowed by Collector -		
FY 2009 Taxes		1,000.00
Veteran's Deductions Allowed - FY 2009 Taxes		1,000.00
		<u>65,250.00</u>
Senior Citizen Deductions Disallowed by Collector -		
FY 2009 Taxes		4,293.84
	A-5	<u>60,956.16</u>
		109,777.30
Decreased by:		
Received from State of New Jersey	A-4	<u>63,652.05</u>
Balance, June 30, 2009	A	\$ <u><u>46,125.25</u></u>

Exhibit A-10

SCHEDULE INTERFUND - ANIMAL CONTROL TRUST FUND

	<u>Ref.</u>	
Balance, June 30, 2008	A	\$ 1,519.91
Increased by:		
Statutory Dog Excess	A-1	4,210.92
		<u>5,730.83</u>
Decreased by:		
Cash Receipts	A-1/A-4	<u>1,519.91</u>
Balance, June 30, 2009	A	\$ <u><u>4,210.92</u></u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
SPECIAL EMERGENCY AUTHORIZATIONS

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Net Amount</u> <u>Authorized</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Budget</u> <u>Appropriation</u>
12-15-04	Master Plan for Stormwater Improvements	60,000.00	\$ 12,000.00	\$ 7,114.69	\$ 7,114.69
				\$ 7,114.69	\$ 7,114.69
			<u>Ref.</u>	A	A-3

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	Balance June 30, 2008	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
<u>Operations Within CAPS</u>					
General Government:					
Borough Administrator					
Other Expenses	\$ 3,455.33	\$ 6,652.49	\$ 7,607.82	\$ 1,051.99	\$ 6,555.83
Central Services					
Other Expenses	5,133.97	1,135.57	6,269.54	1,050.65	5,218.89
Borough Council					
Other Expenses	2,151.67	566.36	2,718.03	566.36	2,151.67
Borough Clerk					
Other Expenses	1,388.29	6,799.02	8,187.31	6,383.02	1,804.29
Financial Administration					
Salaries and Wages					
Other Expenses	2,477.66	65.00	1,542.66	978.90	563.76
Audit Services		33,900.00	33,900.00	33,900.00	
Collection of Taxes					
Other Expenses	1,651.76	69.40	1,721.16	69.40	1,651.76
Assessment of Taxes					
Other Expenses	1,745.29		1,745.29		1,745.29
Legal Services and Costs					
Salaries and Wages	1,192.02		1,192.02		1,192.02
Other Expenses	22,665.04	37,094.38	59,759.42	35,215.87	24,543.55
Engineering Services and Costs					
Other Expenses	5,469.00	6,032.75	16,501.75	10,127.89	6,373.86
Code Enforcement Officer					
Salaries and Wages	1,329.17		1,329.17		1,329.17
Other Expenses	3,110.85	2,109.72	3,720.57	2,086.07	1,634.50

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

Municipal Land Use Law (N.J.S.A. 40A:55D-1):

	<u>Balance</u> <u>June 30, 2008</u>	<u>Reserve for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Planning Board					
Other Expenses	\$ 2,566.25	\$ 5,944.48	\$ 8,510.73	\$ 2,481.98	\$ 6,028.75
Zoning Board of Adjustment					
Other Expenses	2,033.18	4,528.80	6,561.98	2,211.30	4,350.68
Insurance:					
General Liability	2.76		2.76		2.76
Workers Compensation	1,092.83		92.83		92.83
Public Safety:					
Fire					
Other Expenses	1,354.43		1,354.43	1,354.43	
Police					
Salaries and Wages	10,512.62		10,512.62	7,902.35	2,610.27
Other Expenses	379.45	24,114.15	33,493.60	29,656.28	3,837.32
Dispatch					
Salaries and Wages	2,407.31		2,407.31		2,407.31
Other Expenses	500.00		500.00		500.00
Municipal Court					
Salaries and Wages	1,840.23		1,840.23	102.51	1,737.72
Other Expenses	1,014.64	476.97	1,491.61	476.97	1,014.64
First Aid Organization Contribution	3,393.63	10,876.35	14,269.98	9,507.69	4,762.29
Emergency Management Services					
Salaries and Wages	835.08		835.08		835.08
Other Expenses	1,311.57	2,641.44	3,953.01	342.95	3,610.06
Fire Hydrant Fees	6,160.74	18,408.43	24,569.17	24,569.17	
Uniform Fire Safety Act					
Salaries and Wages	10,400.00		10,400.00		10,400.00
Other Expenses	1,244.02	248.85	1,492.87	1,093.67	399.20

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	Balance June 30, 2008	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Streets and Roads:					
Road Repairs and Maintenance					
Salaries and Wages	\$ 10,894.76	\$	5,394.76	\$	5,394.76
Other Expenses	892.25	\$ 32,222.92	43,115.17	41,395.96	1,719.21
Sanitation					
Salaries and Wages	3,461.66		3,461.66	205.60	3,256.06
Other Expenses	7,006.19	134.50	3,140.69		3,140.69
Mechanical Garage					
Salaries and Wages	829.27		829.27		829.27
Other Expenses	10,768.30	12,108.79	22,877.09	11,387.75	11,489.34
Public Buildings and Grounds					
Other Expenses	5,156.31	33,735.59	38,891.90	28,436.69	10,455.21
Shade Tree Commission					
Other Expenses	500.00		500.00		500.00
Condominium Services					
Other Expenses	16,488.41		16,488.41	16,488.41	
Environmental Commission					
Other Expenses	1,000.00		1,000.00		1,000.00
Dog Control					
Other Expenses	5,292.60	570.40	2,863.00	597.90	2,265.10
N.J. Public Employees Occupational Safety and Health Act:					
Other Expenses	1,000.00		1,000.00		1,000.00
Community - School Substance Abuse Program	840.00		840.00	840.00	
Beachfront Maintenance					
Salaries and Wages	5,432.00		5,432.00	1,079.38	4,352.62
Other Expenses	6,341.90	2,178.10	8,520.00	2,120.10	6,399.90
Parks and Playgrounds					
Other Expenses	3,771.68	1,493.79	5,265.47	1,174.31	4,091.16

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	Balance June 30, 2008	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Celebration of Public Events. Anniversary and Holiday	\$ 1,118.00	\$	1,118.00	\$	1,118.00
Other Expenses	7,032.31		7,032.31	2,622.12	4,410.19
Community Center	4,653.27	\$ 1,792.43	6,445.70	2,959.70	3,486.00
Salaries and Wages					
Other Expenses					
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Salaries and Wages	2,066.08		2,066.08		2,066.08
Other Expenses	3,015.43	1,085.21	2,600.64	1,485.21	1,115.43
Utility Expense and Bulk Purchases					
Electricity	4,704.81		4,704.81	2,991.97	1,712.84
Street Lighting	11,655.19		11,655.19	5,032.79	6,622.40
Telephone	4,361.87		4,361.87	2,275.85	2,086.02
Water	1,546.94	6,160.74	7,707.68	4,733.14	2,974.54
Natural Gas	4,910.32		4,910.32	364.89	4,545.43
Telecommunication Costs	1,020.62	1,572.64	2,593.26	882.80	1,710.46
Gasoline and Diesel Fuel	4,220.15		4,220.15		4,220.15
Monmouth County Reclamation Center					
Other Expenses	25,681.56		21,681.56	19,440.93	2,240.63
Deferred Charges and Statutory Expenditures:					
Public Employees' Retirement System				421.32	4,218.18
Social Security System (O.A.S.I.)	4,639.50		4,639.50		

\$ 323,816.27

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, June 30, 2008	A	\$ 254,719.27
Increased by:		
Current Appropriations Charged	A-3	178,425.55
		<u>433,144.82</u>
Decreased by:		
Applied to Appropriation Reserves	A-12	254,719.27
		<u>254,719.27</u>
Balance, June 30, 2009	A	\$ <u>178,425.55</u>

SCHEDULE OF ACCOUNTS PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2008	A	\$ 130,947.10
Increased by:		
Transfer from Appropriation Reserves	A-12	21,681.77
		<u>152,628.87</u>
Decreased by:		
Cash Disbursed	A-4	\$ 75.00
Canceled	A-1	<u>76,591.40</u>
		<u>76,666.40</u>
Balance, June 30, 2009	A	\$ <u>75,962.47</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>	
Balance, June 30, 2008	A	\$ 123,304.18
Increased by:		
Cash Receipts	A-4	<u>35,276.31</u>
		158,580.49
Decreased by:		
Refunded	A-4	\$ 16,186.87
Applied to Taxes Receivable	A-5	19,735.86
Canceled	A-1	<u>71,376.42</u>
		<u>107,299.15</u>
Balance, June 30, 2009	A	<u><u>\$ 51,281.34</u></u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance, June 30, 2008	A	\$ 25,142.48
Increased by:		
Collections, FY 2010 Taxes	A-4	44,366.65
		<u>69,509.13</u>
Decreased by:		
Applied to Taxes Receivable	A-5	25,142.48
		<u>25,142.48</u>
Balance, June 30, 2009	A	\$ <u>44,366.65</u>

Exhibit A-17

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2008:		
School Tax Payable	A	\$ 0.01
School Tax Deferred	A-17	1,972,558.73
		<u>1,972,558.74</u>
Increased by:		
Levy - School Year July 1, 2008 to June 30, 2009	A-5	4,171,086.30
		<u>6,143,645.04</u>
Decreased by:		
Payments	A-4	4,095,763.35
		<u>4,095,763.35</u>
Balance, June 30, 2009:		
School Tax Payable	A	0.02
School Tax Deferred	A-17	2,047,881.67
		<u>2,047,881.69</u>
<u>FY 2009 Liability for Regional High School Tax</u>		
Tax Paid	A-4	\$ 4,095,763.35
Taxes Payable June 30, 2009	A	0.02
		<u>4,095,763.37</u>
Less Taxes Payable June 30, 2008	A	0.01
		<u>0.01</u>
Amount Charged to 2009 Operations	A-1	\$ <u>4,095,763.36</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Ref.</u>		
Increased by:			
County Tax	A-5	\$ 1,847,226.17	
County Library Tax	A-5	113,765.82	
County Open Space Tax	A-5	126,906.24	
Due County for Added and Omitted Taxes	A-5	<u>8,431.42</u>	
	A-1		\$ 2,096,329.65
Decreased by:			
Payments	A-4		<u>\$ 2,096,329.65</u>

Exhibit A-19

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>Ref.</u>		
Balance, June 30, 2008:			
School Tax Deferred		<u>\$ 1,558,748.50</u>	
			\$ 1,558,748.50
Increased by:			
Levy - School Year July 1, 2008 to June 30, 2009	A-5	<u>3,268,661.00</u>	
			4,827,409.50
Decreased by:			
Payments	A-1/A-4		<u>3,218,273.00</u>
Balance, June 30, 2009:			
School Tax Deferred		<u>1,609,136.50</u>	
			<u>\$ 1,609,136.50</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF BUSINESS IMPROVEMENT TAX PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2008	A	\$ 2,619.03
Increased by:		
Business Improvement Tax	A-1/A-5	<u>95,000.00</u>
		97,619.03
Decreased by:		
Cash Disbursed	A-4	<u>87,500.00</u>
Balance, June 30, 2009	A	\$ <u><u>10,119.03</u></u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF SPECIAL EMERGENCY NOTES PAYABLE

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance June 30, 2008</u>	<u>Cash Disbursed</u>
12-15-04	Master Plan - Storm Water Improvements	\$ 60,000.00	05-02-07	05-01-08	3.74%	\$ 24,000.00	\$ 24,000.00
						\$ 24,000.00	\$ 24,000.00
					<u>Ref.</u>	A	A-4

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

	<u>Ref.</u>	
Balance, June 30, 2008	A	\$ 450.00
Increased by:		
Receipts	A-4	1,050.00
		<u>1,500.00</u>
Decreased by:		
Disbursements	A-4	1,375.00
		<u>1,375.00</u>
Balance, June 30, 2009	A	\$ <u>125.00</u>

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

	<u>Ref.</u>	
Balance, June 30, 2008	A	\$ 781.00
Increased by:		
Receipts	A-4	2,096.00
		<u>2,877.00</u>
Decreased by:		
Disbursements	A-4	2,731.00
		<u>2,731.00</u>
Balance, June 30, 2009	A	\$ <u>146.00</u>

SCHEDULE OF INTERFUND - TRUST OTHER FUND

	<u>Ref.</u>	
Balance, June 30, 2008	A	\$ 725.00
Decreased by:		
Cash Disbursed	A-4	\$ <u>725.00</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF INTERFUND - FEDERAL AND STATE GRANT FUND

Ref.

Increased by:

2009 Budget Appropriations	A-27	\$	<u>92,084.44</u>
			92,084.44

Decreased by:

Cash Disbursed	A-4	\$	3,756.25
2009 Anticipated Revenue	A-2/A-26		<u>88,328.19</u>
		\$	<u><u>92,084.44</u></u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

<u>Grant</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>2009</u> <u>Anticipated</u> <u>Revenue</u>	<u>Cash</u> <u>Received</u>	<u>Transferred</u> <u>From</u> <u>Unappropriated</u> <u>Reserves</u>	<u>Balance</u> <u>June 30, 2009</u>
Municipal Alliance on Alcoholism and Drug Abuse	\$ 21,709.48	\$ 28,666.00	\$ 29,594.50		\$ 20,780.98
Summer Food Program		9,480.85	9,480.85		
Drunk Driving Enforcement Fund		7,280.27		\$ 7,280.27	
Recycling Tonnage Grant		2,644.84	1,624.38	1,020.46	
Clean Communities Program		9,489.28	9,489.28		
Alcohol Education and Rehabilitation Fund		1,713.46		1,713.46	
D.O.T. - Speed Monitoring Sign		5,705.00	5,705.00		
Stormwater Management	2,117.00		2,117.00		
Body Armor Grant		2,848.49	1,369.23	1,479.26	
Comcast Cable Technology Grant		20,500.00	20,500.00		
Assistance to Firefighters	42,864.00		42,864.00		
	<u>\$ 66,690.48</u>	<u>\$ 88,328.19</u>	<u>\$ 122,744.24</u>	<u>\$ 11,493.45</u>	<u>\$ 20,780.98</u>
<u>Ref.</u>	A	A-2/A-25	A-4	A-28	A

BOROUGH OF HIGHLANDS

COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

Grant	Balance June 30, 2008	Transfer from 2009 Budget Appropriation	Prior Year Reserve for Encumbrances	Paid	Reserve for Encumbrances	Balance June 30, 2009
Drunk Driving Enforcement Fund	\$ 32,197.62	\$ 7,280.27	\$	4,503.25	\$ 9,221.84	\$ 25,752.80
Alcohol Education Rehabilitation Fund	10,724.55	1,713.46		6,310.28		6,127.73
Recycling Tonnage Grant	19,774.88	2,644.84				22,419.72
Monmouth Municipal Joint Insurance Safety Incentive Program	326.50					326.50
Municipal Alliance on Alcoholism and Drug Abuse - 2008	25,198.48	1,731.25		26,582.48		347.25
Municipal Alliance on Alcoholism and Drug Abuse - 2009		30,691.00		9,910.02		20,780.98
Summer Food Program		9,480.85		9,480.85		
N.J.D.O.T. Speed Monitoring Sign		5,705.00		5,705.00		
National Recreation & Park Association Take Me Fishing	1,000.00					1,000.00
Body Armor Grant	873.35	2,848.49		717.00		3,004.84
Clean Communities Program		9,489.28	\$ 6,700.12	8,055.12		8,134.28
Comcast Cable Technology Grant		20,500.00				20,500.00
Stormwater Management	7,996.93					7,996.93
Assistance to Firefighters			46,820.00	45,120.00	1,700.00	
	\$ 98,092.31	\$ 92,084.44	\$ 53,520.12	\$ 116,384.00	\$ 10,921.84	\$ 116,391.03
Ref.	A	A-3/A-25	A-29	A-4	A-29	A

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

<u>Grant</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Funding</u> <u>Received</u>	<u>Realized</u> <u>as Revenue</u>	<u>Balance</u> <u>June 30, 2009</u>
Drunk Driving Enforcement Fund	\$ 7,280.27	\$ 4,689.36	\$ 7,280.27	\$ 4,689.36
Alcohol Education Rehabilitation Fund	1,713.46	1,067.42	1,713.46	1,067.42
Recycling Tonnage Grant	1,020.46		1,020.46	
Body Armor Grant	1,479.26		1,479.26	
Summer Food Program		1,100.45		1,100.45
	<u>\$ 11,493.45</u>	<u>\$ 6,857.23</u>	<u>\$ 11,493.45</u>	<u>\$ 6,857.23</u>
	A	A-4	A-26	A

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, June 30, 2008	A	\$ 53,520.12
Increased by:		
Appropriated Reserves Charged	A-27	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">10,921.84</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
Decreased by:		
Applied to Appropriated Reserves	A-27	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">53,520.12</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
Balance, June 30, 2009	A	\$ <u><u>10,921.84</u></u>

SCHEDULE OF DUE TO STATE OF NEW JERSEY

	<u>Ref.</u>	
Balance, June 30, 2008 and 2009	A	\$ <u><u>1,121.88</u></u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>	<u>Trust Other Fund</u>
Balance, June 30, 2008	B	\$ 6,178.79	\$ 506,577.27
Increased by Receipts:			
Reserve for Animal Control			
Trust Fund Expenditures	B-2	\$ 4,952.70	
Due to State of New Jersey	B-3	645.00	
Various Reserves	B-5		\$ 396,497.95
Interfund - Current Fund	B		725.00
		<u>5,597.70</u>	<u>397,222.95</u>
		11,776.49	903,800.22
Decreased by Disbursements:			
Due to State of New Jersey	B-3	645.00	
Animal Control Trust Fund			
Expenditures (R.S. 4:19-15.11)	B-2	600.00	
Interfund - Current Fund	B	1,519.91	
Various Reserves	B-5		411,413.06
		<u>2,764.91</u>	<u>411,413.06</u>
Balance, June 30, 2009	B	\$ <u>9,011.58</u>	\$ <u>492,387.16</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

	<u>Ref.</u>		
Balance, June 30, 2008	B		\$ 4,698.88
Increased by:			
Dog License Fees Collected		\$ 4,846.00	
Miscellaneous Receipts		3.00	
Interest Earned		<u>103.70</u>	
	B-1		<u>4,952.70</u>
			9,651.58
Decreased by:			
Expenditures Under R.S. 4:19-15.11	B-1	600.00	
Statutory Excess Due Current Fund	B	<u>4,210.92</u>	
			<u>4,810.92</u>
Balance, June 30, 2009	B		\$ <u><u>4,840.66</u></u>

License and Penalty Fees Collected:

<u>Year</u>	<u>Amount</u>
2007	\$ 2,373.51
2008	<u>2,467.15</u>
	<u>\$ 4,840.66</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

	<u>Ref.</u>	
Increased by:		
Receipts	B-1	\$ <u>645.00</u>
		645.00
Decreased by:		
Disbursed	B-1	\$ <u>645.00</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, June 30, 2008	B	\$ 19,138.78
Increased by:		
Transfer from Various Reserves	B-5	<u>83.50</u>
		19,222.28
Decreased by:		
Transfer to Various Reserves	B-5	<u>19,138.78</u>
Balance, June 30, 2009	B	\$ <u><u>83.50</u></u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND
SCHEDULE OF VARIOUS RESERVES

	Balance <u>June 30, 2008</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>June 30, 2009</u>
Street Opening Permits	\$ 7,000.00	\$ 500.00		\$ 7,500.00
Escrows	30,907.40	85,583.22	\$ 80,028.91	36,461.71
Third Party Lien Redemptions	472.25	130,808.66	130,199.58	1,081.33
Tax Sale Premiums	110,300.00	23,000.00	65,400.00	67,900.00
Parking Offense Adjudication Act (Per N.J.S.A 40A:4-39)	2,951.00	184.00	2,901.12	233.88
Public Defender	1,269.83	1,930.00	1,930.00	1,269.83
Recycling	2,651.44	12,738.75	14,619.42	770.77
Deposits - Baymens Association	5,000.00			5,000.00
Pelekanous Engineer Fees	1,817.72			1,817.72
Legal Escrow	500.00			500.00
Police Off Duty	2,561.00	79,000.00	75,570.00	5,991.00
Uniform Fire Penalties	6,964.63	14,725.00	4,925.75	16,763.88
Fire Penalties (Fire Department)	2,379.76			2,379.76
Recreation		942.00	540.00	402.00
Library		6,938.00	1,000.00	5,938.00
Unemployment	115,080.48	30,424.45	21,262.77	124,242.16
Engineering Inspection Fees	51,925.49	5,224.49	2,575.49	54,574.49
Performance Bonds	110,089.58	13,614.31		123,703.89
Maintenance Bonds	7,464.53		6,018.87	1,445.66
Accumulated Leave		10,000.00	4,339.33	5,660.67
Police Explorers	4,456.50		185.32	4,271.18
Sale of Property	22,350.00			22,350.00
Law Enforcement	<u>2,021.88</u>	<u>23.85</u>		<u>2,045.73</u>
	<u>\$ 488,163.49</u>	<u>\$ 415,636.73</u>	<u>\$ 411,496.56</u>	<u>\$ 492,303.66</u>

	<u>Ref.</u>	B	B
Detail:			
Reserve for Encumbrances	B-4	\$ 19,138.78	
Cash Receipts	B-1	<u>396,497.95</u>	
		<u>\$ 415,636.73</u>	
Reserve for Encumbrances	B-4		\$ 83.50
Cash Disbursed	B-1		<u>411,413.06</u>
			<u>\$ 411,496.56</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARD PROGRAM FUND ("LOSAP")
SCHEDULE OF INVESTMENTS

	<u>Ref.</u>		
Increased by:			
Prior Year Balance Adjustment	B-7	\$ 37,805.00	
Borough Contributions	B-7	64,400.00	
Interest Earned	B-7	<u>2,026.76</u>	
			\$ <u>104,231.76</u>
			104,231.76
Decreased by:			
Decrease in Value of Investments	B-7		<u>2,866.76</u>
Balance, June 30, 2009	B		\$ <u><u>101,365.00</u></u>

LENGTH OF SERVICE AWARD PROGRAM FUND ("LOSAP")
SCHEDULE OF RESERVE FOR LENGTH OF SERVICE AWARD PROGRAM

	<u>Ref.</u>		
Increased by:			
Prior Year Balance Adjustment	B-6	\$ 37,805.00	
Borough Contributions	B-6	64,400.00	
Interest Earned	B-6	<u>2,026.76</u>	
			\$ <u>104,231.76</u>
			104,231.76
Decreased by:			
Decrease in Value of Investments	B-6		<u>2,866.76</u>
Balance, June 30, 2009	B		\$ <u><u>101,365.00</u></u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>		
Balance, June 30, 2008	C		\$ 766,818.50
Increased by Receipts:			
N.J. Department of Transportation Grants Receivable	C-6	\$ 8,810.29	
General Serial Bonds	C-10	3,178,000.00	
Bond Anticipation Notes	C-11	825,300.00	
Due from Monmouth County Improvement Authority	C-9	244,880.40	
Interfund - Sewer Utility Operating Fund	C-12	10,000.00	
Budget Appropriations:			
Capital Improvement Fund	C-14	70,000.00	
Deferred Charges to Future Taxation - Unfunded	C-5	21,000.00	
Miscellaneous Reserves	C-15	<u>117,947.00</u>	
			<u>4,475,937.69</u>
			5,242,756.19
Decreased by Disbursements:			
Due from Monmouth County Improvement Authority	C-9	101,470.60	
Bond Anticipation Notes	C-11	3,684,735.00	
Miscellaneous Reserves	C-15	89,632.43	
Capital Fund Balance	C-1	10,000.00	
Reserve for Encumbrances	C-13	<u>236,612.64</u>	
			<u>4,122,450.67</u>
Balance, June 30, 2009	C		\$ <u><u>1,120,305.52</u></u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH

	<u>Balance</u> <u>June 30, 2009</u>
Capital Improvement Fund	\$ 45,722.05
Capital Fund Balance	28,749.57
N.J. Department of Transportation Grants Receivable	(374,846.67)
Community Development Block Grant Receivable	(185,200.00)
Monmouth County Open Space Grant Receivable	(58,000.00)
Accounts Payable	2,315.25
Reserve for Encumbrances	507,778.32
Reserve for N.J. Department of Transportation Grants Receivable	60,000.00
Miscellaneous Reserves	94,101.75

Improvement Authorizations:

<u>Ordinance</u> <u>Number</u>	<u>Improvement Description</u>	
94-18	Rehabilitation of Low - Mod Income Housing - RCA Middletown	31,260.00
98-11/02-22/04-10	Construction of Firehouse - Emergency Management Facility	56,945.31
03-13	2003 Road Program	311.97
05-11	Various Drainage Improvements	
07-04	Various Improvements to Community Center and Parks	12,178.05
07-21	Reconstruction of Washington Ave. Phase II	93,954.76
08-02/09-01	Various Improvements at Pump Stations and Community Center	424,983.59
08-05	Improvements to Shore Drive	249,340.90
08-11	Various Road Improvements	105,017.42
08-12	Acquisition of Open Space	40,000.00
09-03	Rehabilitation of Storm Sewer on Valley Avenue	(10,000.00)
09-05	Demolition of Wastewater Treatment Plant	(4,306.75)
		<u>\$ 1,120,305.52</u>

Ref.

C

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

	<u>Ref.</u>	
Balance, June 30, 2008	C	\$ 750,000.00
Increased by:		
Improvement Costs Funded by:		
Serial Bonds Issued	C-5	<u>3,178,000.00</u>
		3,928,000.00
Decreased by:		
Budget Appropriation to Pay Bonds	C-10	<u>90,000.00</u>
Balance, June 30, 2009	C	\$ <u><u>3,838,000.00</u></u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

Ordinance Number	Improvement Description	Balance June 30, 2008	2009 Authorizations	Budget Appropriation	Notes Paid By Budget Appropriation	Transferred to Deferred Taxation Funded	Canceled	Balance June 30, 2009	Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
98-10	Acquisition of Public Works Equipment	\$ 194,750.00				\$ 175,000.00	\$ 19,750.00				
02-22/04-10	Construction of Firehouse - Emergency Mgt. Facility	1,654,235.00				1,654,000.00		235.00			\$ 235.00
02-08	Road Improvements	48,128.00		\$ 21,000.00	\$ 25,128.00		2,000.00				
03-13	2003 Road Program	65,250.00						65,250.00			65,250.00
05-11	Various Drainage Improvements	166,250.00				135,000.00	31,250.00				
05-20	Improvements to Community Center	557,144.00				464,000.00		93,144.00			93,144.00
06-02	Improvements to Valley Street Pump Station	359,100.00				342,833.21	16,266.79				
06-07	Improvements to Valley Street Pump Station	95,000.00				22,166.79	72,833.21				
06-13	Various Road Improvements	427,500.00				240,000.00	187,500.00				
07-04	Various Improvements to Community Center Park and Playground	177,500.00				145,000.00		32,500.00			32,500.00
07-21	Reconstruction of Washington Avenue Phase II	30,400.00						30,400.00			30,400.00
08-02/09-01	Various Improvements at Certain Pump Stations and Community Center	313,300.00						313,300.00	\$ 313,300.00		
08-05	Improvements to Shore Drive	256,000.00						256,000.00	256,000.00		
08-11	Various Road Improvements		\$ 256,000.00								
08-12	Acquisition of Open Space		760,000.00					256,000.00	256,000.00		
09-03	Rehabilitation of Storm Sewer on Valley Avenue		82,000.00					760,000.00		760,000.00	
09-05	Demolition of Wastewater Treatment Plant							82,000.00	\$ 10,000.00	72,000.00	
		<u>\$ 4,344,557.00</u>	<u>\$ 1,321,250.00</u>	<u>\$ 21,000.00</u>	<u>\$ 25,128.00</u>	<u>\$ 3,178,000.00</u>	<u>\$ 329,600.00</u>	<u>\$ 2,112,079.00</u>	<u>\$ 825,300.00</u>	<u>\$ 14,306.75</u>	<u>\$ 1,272,472.25</u>
Ref.	C		C-12	C-2	C-11	C-4	C-12	C	C-11	C-3	
						Ref.					
						Improvement Authorizations Unfunded		C-12			\$ 1,940,130.57
						Less: Unexpended Proceeds of Bond Anticipation Notes:					
						Ordinance					
						08-02/09-01		C-3			313,300.00
						08-05		C-3			249,340.90
						08-11		C-3			105,017.42
											<u>667,658.32</u>
								C-5			<u>\$ 1,272,472.25</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

	<u>Ref.</u>	
Balance, June 30, 2008	C	\$ 323,656.96
Increased by:		
Grant Award - Valley Avenue Ord. 09-03	C-16	60,000.00
		<u>383,656.96</u>
Decreased by:		
Cash Receipts	C-2	8,810.29
		<u>8,810.29</u>
Balance, June 30, 2009	C	\$ <u>374,846.67</u>

Detail:

<u>Ordinance Number</u>	<u>Description</u>	
07-21	Improvements to Washington Ave. Phase II	\$ 104,846.67
08-05	Improvements to Shore Drive	210,000.00
09-03	Improvements to Valley Avenue	<u>60,000.00</u>
		<u>\$ 374,846.67</u>

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE

	<u>Ref.</u>	
Balance, June 30, 2008 and 2009	C	\$ <u>185,200.00</u>

Detail:

<u>Ordinance Number</u>	<u>Description</u>	
08-02	Various Improvements at Certain Pump Stations and Community Center	<u>\$ 185,200.00</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF MONMOUTH COUNTY OPEN SPACE GRANT RECEIVABLE

	<u>Ref.</u>	
Balance June 30, 2008 and 2009	C	\$ <u>58,000.00</u>
Detail:		
<u>Ordinance</u>		
<u>Number</u>	<u>Description</u>	
07-04	Various Road Improvements	\$ <u>58,000.00</u>

SCHEDULE OF DUE FROM MONMOUTH COUNTY IMPROVEMENT AUTHORITY

	<u>Ref.</u>	
Balance June 30, 2008	C	\$ 143,409.80
Increased by:		
Cash Disbursed	C-2	<u>101,470.60</u> 244,880.40
Decreased by:		
Cash Receipts	C-2	<u>244,880.40</u>
Balance June 30, 2009	C	\$ <u> </u>

BOROUGH OF HIGHLANDS

COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2009	Interest Rate	Balance June 30, 2008	Serial Bonds Issued	Paid by Budget Appropriation	Balance June 30, 2009
General Improvements	12-18-03	\$ 498,000.00	12/01/09 \$ 50,000.00	3.00%				
			12/01/10 52,000.00	3.50%				
			12/01/11 53,000.00	3.25%				
			12/01/12 55,000.00	3.55%				
			12/01/13 57,000.00	4.00%	\$ 316,000.00		\$ 49,000.00	\$ 267,000.00
General Improvements	12-05-06	474,000.00	12/01/09 42,000.00	4.00%				
			12/01/10 44,000.00	4.00%				
			12/01/11 46,000.00	4.00%				
			12/01/12 48,000.00	4.00%				
			12/01/13 50,000.00	4.00%				
			12/01/14 52,000.00	5.00%				
			12/01/15 54,000.00	5.00%				
			12/01/16 57,000.00	5.00%	434,000.00		41,000.00	393,000.00
General Improvements	12-04-08	3,178,000.00	12/01/09 110,000.00	3.00%				
			12/01/10-11 110,000.00	4.00%				
			12/01/12 116,000.00	5.00%				
			12/01/13 119,000.00	5.00%				
			12/01/14 125,000.00	5.00%				
			12/01/15 129,000.00	5.00%				
			12/01/16 138,000.00	4.00%				
			12/01/17 143,000.00	4.00%				
			12/01/18 150,000.00	5.25%				
			12/01/19 156,000.00	4.50%				
			12/01/20 166,000.00	4.50%				
			12/01/21 169,000.00	5.00%				
			12/01/22 179,000.00	5.25%				
			12/01/23 189,000.00	5.00%				
			12/01/24 201,000.00	5.125%				
			12/01/25 208,000.00	5.125%				
			12/01/26-28 220,000.00	5.00%				
					<u>\$ 750,000.00</u>	<u>\$ 3,178,000.00</u>	<u>\$ 90,000.00</u>	<u>\$ 3,838,000.00</u>
				Ref.	C	C-2	C-4	C

BOROUGH OF HIGHLANDS

COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Maturity	Interest Rate	Balance June 30, 2008	Issued for Cash	Paid by Budget Appropriation	Paid by Serial Bonds	Paid By Capital Cash	Balance June 30, 2009
98-11/ 02-22/ 04-10	Construction of Firehouse - Emergency Management Facility	04-01-05	01-30-08	01-29-09	3.125%	\$ 1,654,235.00		\$	1,654,000.00	\$ 235.00	
02-08	Road Improvements	05-07-04	04-30-08	01-29-09	2.40%	48,128.00		\$ 25,128.00		23,000.00	
98-10	Acquisition of Public Works Equipment	05-02-07	04-30-08	01-29-09	2.40%	194,750.00			175,000.00	19,750.00	
05-11	Drainage Improvements	01-31-07	01-30-08	01-29-09	3.125%	166,250.00			135,000.00	31,250.00	
05-20	Community Center	01-31-07	01-30-08	01-29-09	3.125%	557,000.00			464,000.00	93,000.00	
06-02	Improvements Valley Street Pump Station	01-31-07	01-30-08	01-29-09	3.125%	359,100.00			342,833.21	16,266.79	
06-07	Improvements Valley Street Pump Station	01-31-07	01-30-08	01-29-09	3.125%	95,000.00			22,166.79	72,833.21	
06-13	Various Road Improvements	01-31-07	01-30-08	01-29-09	3.125%	427,500.00			240,000.00	187,500.00	
07-04	Improvements to Community Center and Playground	04-16-08	04-30-08	01-29-09	2.40%	177,500.00			145,000.00	32,500.00	
07-21	Reconstruction of Washington Ave. Phase II	04-16-08	04-30-08	01-29-09	2.40%	30,400.00				30,400.00	
08-02/09-01	Various Improvements at Certain Pump Stations and Community Center	01-27-09	01-27-09	01-26-10	1.90%	\$ 313,300.00				\$ 313,300.00	
08-05	Improvements to Shore Drive	01-27-09	01-27-09	01-26-10	1.90%	256,000.00				256,000.00	
08-11	Various Road Improvements	01-27-09	01-27-09	01-26-10	1.90%	256,000.00				256,000.00	
						<u>\$ 3,709,863.00</u>	<u>\$ 825,300.00</u>	<u>\$ 25,128.00</u>	<u>\$ 3,178,000.00</u>	<u>\$ 506,735.00</u>	<u>\$ 825,300.00</u>
						Ref.	C	C-5	C-2	C-2	C

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Date	Amount	Balance June 30, 2008		Increased by		Decreased by		Balance June 30, 2009	
				Funded	Unfunded	2009 Authorizations	Canceled Encumbrances	Paid or Charged	Authorizations Canceled	Funded	Unfunded
94-18	Rehabilitation of Low - Mod Income Housing - RCA - Middletown	09-14-94	\$ 925,000.00	\$ 41,900.00				\$ 10,640.00		\$ 31,260.00	
98-10	Acquisition of Public Works Equipment	12-16-98	205,000.00		\$ 25,584.30			3,425.86	\$ 22,158.44		
98-11/ 02-22/ 04-10	Construction of Firehouse - Emergency Management Facility	12-16-98/ 11-06-02 08-18-04	1,375,000.00		16,835.26		\$ 152,325.20			56,945.31	\$ 235.00
02-08	Various Road Improvements	04-17-02	100,000.00		2,000.00				2,000.00		
03-13	2003 Road Program	10-01-03	225,000.00	311.97	65,250.00					311.97	65,250.00
05-11	Various Drainage Improvements	08-17-05	175,000.00		46,328.67			2,642.80	43,685.87		
05-20	Improvements to Community Center	10-05-05	840,000.00		106,883.81			13,739.81			93,144.00
06-02	Improvements to Valley Street Pump Station	03-15-06	378,000.00		23,906.09		1,225.50	7,145.35	17,986.24		
06-07	Improvements to Valley Street Pump Station	06-07-06	100,000.00		72,833.21				72,833.21		
06-13	Various Road Improvements	09-20-06	600,000.00		196,420.95		3,311.25	4,698.32	195,033.88		
07-04	Various Improvements to Community Center and Park and Playground	03-21-07	245,000.00		40,517.62		6,999.00	2,838.57		12,178.05	32,500.00
07-21	Reconstruction of Washington Ave. Phase II	09-19-07	180,000.00	82,651.18	30,400.00		11,303.58			93,954.76	30,400.00
08-02/09-01	Various Improvements at Certain Pump Stations and Community Ctr.	04-16-08	515,000.00	201,700.00	313,300.00			90,016.41		111,683.59	313,300.00
08-05	Improvements to Shore Drive	05-21-08	480,000.00	164,000.00	256,000.00			170,659.10			249,340.90
08-11	Various Road Improvements	10-15-08	280,000.00		\$ 280,000.00			174,982.58		40,000.00	105,017.42
08-12	Acquisition of Open Space	12-03-08	800,000.00		800,000.00						760,000.00
09-03	Rehabilitation of Storm Sewer on Valley Avenue	03-18-09	86,500.00		86,500.00			14,500.00			72,000.00
09-05	Demolition of Wastewater Treatment Plant	03-18-09	235,000.00		235,000.00			16,056.75			218,943.25
				<u>\$ 490,563.15</u>	<u>\$ 1,196,259.91</u>	<u>\$ 1,401,500.00</u>	<u>\$ 175,164.53</u>	<u>\$ 623,325.70</u>	<u>\$ 353,697.64</u>	<u>\$ 346,333.68</u>	<u>\$ 1,940,130.57</u>
Ref.				C	C		C-13	C-13		C	C
Deferred Charges to Future Taxation Unfunded		C-5				\$ 1,321,250.00			\$ 329,600.00		
Interfund - Sewer Utility Operating Fund		C-2			10,000.00						
Capital Fund Balance		C-1									24,097.64
Capital Improvement Fund		C-14			70,250.00						
						<u>\$ 1,401,500.00</u>			<u>\$ 353,697.64</u>		

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, June 30, 2008	C	\$ 296,229.79
Increased by:		
Charged to Improvement Authorizations	C-12	<u>623,325.70</u> 919,555.49
Decreased by:		
Canceled	C-12	\$ 175,164.53
Cash Disbursed	C-2	<u>236,612.64</u> 411,777.17
Balance, June 30, 2009	C	\$ <u><u>507,778.32</u></u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance, June 30, 2008	C	\$ 45,972.05
Increased by:		
SFY 2009 Budget Appropriation	C-2	<u>70,000.00</u> 115,972.05
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-12	<u>70,250.00</u>
Balance, June 30, 2009	C	\$ <u><u>45,722.05</u></u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF MISCELLANEOUS RESERVES

<u>Description</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>June 30, 2009</u>
Reserve for RCA Interest - Middletown	\$ 39,738.84	\$ 1,301.91		\$ 41,040.75
Reserve for Parking Improvements	450.00			450.00
Reserve for Sidewalk Fund	10,411.00	3,500.00		13,911.00
Reserve for Prospect Avenue Paving		38,700.00		38,700.00
Reserve for Bond Anticipation Notes	15,187.34		\$ 15,187.34	
Reserve for Accrued Interest on Bonds		74,445.09	74,445.09	
	<u>\$ 65,787.18</u>	<u>\$ 117,947.00</u>	<u>\$ 89,632.43</u>	<u>\$ 94,101.75</u>
<u>Ref.</u>	C	C-2	C-2	C

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR N.J. DEPARTMENT OF TRANSPORTATION
GRANTS RECEIVABLE

	<u>Ref.</u>	
Increased by:		
Grant Award - Valley Avenue Ord. 09-03	C-6	\$ 60,000.00
Balance, June 30, 2009	C	\$ <u>60,000.00</u>

Detail:

Ordinance
Number

Description

09-03	Improvements to Valley Avenue	\$ <u>60,000.00</u>
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BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

Ordinance Number	Improvement Description	Balance June 30, 2008	2009 Authorizations	Bond Anticipation Notes Not Renewed	Funded by Budget Appropriation	Notes Paid by Budget Appropriation	Serial Bonds Issued	Bond Anticipation Notes Issued	Canceled	Balance June 30, 2009
03-13	2003 Road Program	\$ 65,250.00								\$ 65,250.00
05-20	Improvements to Community Center	144.00		\$ 557,000.00			\$ 464,000.00			93,144.00
98-11-02-22	Construction of Firehouse - Emergency Management Facility			1,654,235.00			1,654,000.00			235.00
02-08	Various Road Improvements			48,128.00	\$ 21,000.00	\$ 25,128.00			\$ 2,000.00	
98-10	Acquisition of Public Works Equipment			194,750.00			175,000.00		19,750.00	
05-11	Various Drainage Improvements			166,250.00			135,000.00		31,250.00	
06-02	Improvements to Valley Street Pump Station			359,100.00			342,833.21		16,266.79	
06-07	Improvements to Valley Street Pump Station			95,000.00			22,166.79		72,833.21	
06-13	Various Road Improvements			427,500.00			240,000.00		187,500.00	
07-04	Improvements to Community Center and Playground			177,500.00			145,000.00			32,500.00
07-21	Reconstruction of Washington Ave. Phase II			30,400.00						30,400.00
08-02	Various Improvements at Certain Pump Stations and Community Center	313,300.00						\$ 313,300.00		
08-05	Improvements to Shore Drive	256,000.00						256,000.00		
08-11	Various Road Improvements		\$ 256,000.00					256,000.00		
08-12	Acquisition of Open Space		760,000.00							760,000.00
09-03	Rehabilitation of Storm Sewer on Valley Avenue		82,000.00							82,000.00
09-05	Demolition of Wastewater Treatment Plant		223,250.00							223,250.00
		<u>\$ 634,694.00</u>	<u>\$ 1,321,250.00</u>	<u>\$ 3,709,863.00</u>	<u>\$ 21,000.00</u>	<u>\$ 25,128.00</u>	<u>\$ 3,178,000.00</u>	<u>\$ 825,300.00</u>	<u>\$ 329,600.00</u>	<u>\$ 1,286,779.00</u>
Ref.			C-12	C-11	C-5	C-11	C-10	C-11	C-12	(Footnote C)

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY FUND
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, June 30, 2008	D	\$ 839,904.14	\$ 182,440.73
Increased by Receipts:			
Consumer Accounts Receivable	D-7	\$ 1,135,795.47	
Reserve for Accrued Interest on Bonds	D-3	4,563.28	
Non-Budget Revenues	D-3	26,819.15	
Customer Overpayments	D-10	1,609.14	
Accounts Payable	D-12	44.23	
Deferred Reserve for Amortization	D-18		\$ 10,000.00
Bond Anticipation Notes	D-19		480,000.00
Serial Bonds	D-20		195,000.00
		<u>1,168,831.27</u>	<u>685,000.00</u>
		2,008,735.41	867,440.73
Decreased by Disbursements:			
2009 Appropriations	D-4	1,332,656.33	
2008 Appropriation Reserves	D-8	45,360.75	
Accrued Interest on Bonds and Notes	D-11	25,837.62	
Improvement Authorizations	D-21		16,062.32
Bond Anticipation Notes	D-19		840,000.00
		<u>1,403,854.70</u>	<u>856,062.32</u>
Balance, June 30, 2009	D	\$ <u>604,880.71</u>	\$ <u>11,378.41</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY CAPITAL FUND
ANALYSIS OF WATER - SEWER UTILITY CAPITAL CASH

	Balance <u>June 30, 2009</u>
Capital Improvement Fund	\$ 6,750.00
Down Payments on Capital Improvements	100.00
Fund Balance	322.36
Improvement Authorizations:	
Ordinance 06-06/07-15: Rehabilitation of Sanitary Sewer System	<u>4,206.05</u>
	\$ <u><u>11,378.41</u></u>
<u>Ref.</u>	D

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance, June 30, 2008	D	\$ 105,781.29
Increased by:		
Sewer Rents Levied		<u>1,172,690.82</u>
		1,278,472.11
Decreased by:		
Collections	D-3/D-5	<u>1,135,795.47</u>
Balance, June 30, 2009	D	\$ <u>142,676.64</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES

		Balance June 30, 2008	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:					
Salaries and Wages		\$ 6,122.62	\$ 6,122.62		\$ 6,122.62
Other Expenses		124,034.91	124,034.91	\$ 65,774.10	58,260.81
Group Insurance for Employees		2,806.78	2,806.78		2,806.78
Worker's Compensation		2,229.98	2,229.98		2,229.98
Other Insurance Premiums		5,954.30	5,954.30		5,954.30
Statutory Expenditures:					
Social Security		<u>2,422.33</u>	<u>2,422.33</u>		<u>2,422.33</u>
		<u>\$ 143,570.92</u>	<u>\$ 143,570.92</u>	<u>\$ 65,774.10</u>	<u>\$ 77,796.82</u>
	<u>Ref.</u>				D-1
Appropriation Reserves	D	\$ 82,910.41			
Reserve for Encumbrances	D-9	<u>60,660.51</u>			
	D-8	<u>\$ 143,570.92</u>			
Cash Disbursed	D-5			\$ 45,360.75	
Accounts Payable	D-12			<u>20,413.35</u>	
	D-8			<u>\$ 65,774.10</u>	

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY OPERATING FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, June 30, 2008	D	\$ 60,660.51
Increased by:		
Transferred from Budget Appropriations	D-4	25,263.19
		<u>85,923.70</u>
Decreased by:		
Transferred to Appropriation Reserves	D-8	60,660.51
Balance, June 30, 2009	D	\$ <u>25,263.19</u>

SCHEDULE OF CUSTOMER OVERPAYMENTS

	<u>Ref.</u>	
Balance, June 30, 2008	D	\$ 3,836.71
Increased by:		
Cash Receipts	D-5	1,609.14
Balance, June 30, 2009	D	\$ <u>5,445.85</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES

	<u>Ref.</u>	
Increased by:		
Budget Appropriations	D-4	\$ <u>27,741.73</u>
		27,741.73
Decreased by:		
Interest Paid	D-5	<u>25,837.62</u>
Balance, June 30, 2009	D	\$ <u><u>1,904.11</u></u>

Analysis of Accrued Interest June 30, 2009

Principal Outstanding <u>June 30, 2009</u>	Interest Rate	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Serial Bonds:					
\$ 195,000.00	Various	06-01-09	06-30-09	30 Days	\$ 773.44
Bond Anticipation Notes:					
140,000.00	1.90%	01-27-09	06-30-09	153 Days	<u>1,130.67</u>
					\$ <u><u>1,904.11</u></u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCOUNTS PAYABLE

	<u>Ref.</u>	
Balance, June 30, 2008	D	\$ 51,003.42
Increased by:		
Cash Receipts	D-5	\$ 44.23
Transfer from Appropriation Reserves	D-8	<u>20,413.35</u>
		<u>20,457.58</u>
Balance, June 30, 2009	D	\$ <u><u>71,461.00</u></u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance, June 30, 2008 and 2009	D	\$ <u>741,522.31</u>
Springs and Wells		\$ 40,716.85
Distribution Mains and Accessories		153,471.61
General Equipment		62,579.40
Sewerage Treatment Plant and Lines		278,088.19
Reconstruction of Sewer Lift Station		75,000.00
Construction of Back Wash		116,666.26
Repair to Pumping Station		<u>15,000.00</u>
		\$ <u>741,522.31</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance</u>		Balance June 30, 2008 and June 30, 2009
		<u>Date</u>	<u>Amount</u>	
06-06/ 07-15	Rehabilitation of Sanitary Sewer System	06-07-06/	\$ 650,000.00	
		08-15-07	100,000.00	\$ <u>750,000.00</u>
				\$ <u>750,000.00</u>
			<u>Ref.</u>	D

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance, June 30 2008, and 2009	D	\$ <u>6,750.00</u>

SCHEDULE OF RESERVE FOR DOWN PAYMENTS ON CAPITAL IMPROVEMENTS

	<u>Ref.</u>	
Balance, June 30 2008, and 2009	D	\$ <u>100.00</u>

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance, June 30 2008 and 2009	D	\$ <u>741,522.31</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Balance June 30, 2008</u>	<u>Deferred Charge Raised in Operating Budget</u>	<u>Balance June 30, 2009</u>
06-06/ 07-15	Rehabilitation of Sanitary Sewer System	06-07-06/ 08-15-07	\$ 260,000.00	\$ 10,000.00	\$ 270,000.00
			<u>\$ 260,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 270,000.00</u>
			D	D-5/D-19	D

BOROUGH OF HIGHLANDS

COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY CAPITAL FUND
SCHEDULE OF WATER - SEWER UTILITY BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance June 30, 2008	Balance June 30, 2009	
							Increased	Decreased
06-06/ 07-15	Rehabilitation of Sanitary Sewer System	11-08-07	11-08-07	11-07-08	3.63%	\$ 500,000.00	\$ 500,000.00	
06-06/ 07-15	Rehabilitation of Sanitary Sewer System	11-08-07	11-06-08	01-29-09	4.05%	\$ 340,000.00	340,000.00	
06-06/ 07-15	Rehabilitation of Sanitary Sewer System	11-08-07	01-27-09	01-26-10	1.90%	140,000.00		\$ 140,000.00
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 840,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
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						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>
						<u>\$ 500,000.00</u>	<u>\$ 480,000.00</u>	<u>\$ 140,000.00</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY CAPITAL FUND
SCHEDULE OF WATER - SEWER UTILITY SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Issued</u>	<u>Balance June 30, 2009</u>
			<u>Outstanding June 30, 2009</u>	<u>June 30, 2009</u>			
Rehabilitation of Sanitary Sewer System	12-01-08	\$ 195,000.00		12-01-09	\$ 7,000.00	3.000%	
				12-01-10	7,000.00	4.000%	
				12-01-11	7,000.00	4.000%	
				12-01-12	7,000.00	5.000%	
				12-01-13	7,000.00	5.000%	
				12-01-14	8,000.00	5.000%	
				12-01-15	8,000.00	5.000%	
				12-01-16	8,000.00	4.000%	
				12-01-17	9,000.00	4.000%	
				12-01-18	9,000.00	5.250%	
				12-01-19	10,000.00	4.500%	
				12-01-20	10,000.00	4.500%	
				12-01-21	10,000.00	5.000%	
				12-01-22	11,000.00	5.250%	
				12-01-23	11,000.00	5.000%	
				12-01-24	12,000.00	5.125%	
				12-01-25	13,000.00	5.125%	
				12-01-26	13,000.00	5.000%	
				12-01-27	14,000.00	5.000%	
				12-01-28	14,000.00	5.000%	
					\$ 195,000.00	\$	195,000.00
					\$ 195,000.00	\$	195,000.00

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>Number</u>	<u>Ordinance</u> <u>Improvement Description</u>	<u>Date</u>	<u>Ordinance</u> <u>Amount</u>	<u>Balance</u> <u>June 30, 2008</u> <u>Unfunded</u>	<u>Increased by:</u>		<u>Decreased by:</u>		<u>Balance</u> <u>June 30, 2009</u> <u>Unfunded</u>
					<u>Reserve</u> <u>for</u> <u>Encumbrances</u>	<u>Paid</u>	<u>Paid</u>	<u>Unfunded</u>	
06-06/ 07-15	Rehabilitation of Sanitary Sewer System	06-07-06/ 08-15-07	\$ 650,000.00 100,000.00	\$ 151,548.46	\$ 13,719.91	\$ 16,062.32	\$ 16,062.32	\$ 149,206.05	
				<u>\$ 151,548.46</u>	<u>\$ 13,719.91</u>	<u>\$ 16,062.32</u>	<u>\$ 16,062.32</u>	<u>\$ 149,206.05</u>	
		<u>Ref.</u>		D	D	D-5		D	

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED
BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Bond Anticipation Notes not Renewed</u>	<u>Balance June 30,2009</u>
06-06/07-15	Rehabilitation of Sanitary Sewer System	\$ 145,000.00	\$ 145,000.00
		<u>\$ 145,000.00</u>	<u>\$ 145,000.00</u>
	<u>Ref.</u>	D-19	(Footnote D)

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

	Balance <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2009</u>
General Fixed Assets:				
Land	\$ 1,097,800.00			\$ 1,097,800.00
Buildings and Improvements	5,567,715.52	\$ 204,482.38		5,772,197.90
Machinery and Equipment	2,205,406.12	122,884.25		2,328,290.37
Construction in Progress	<u>204,482.38</u>	<u> </u>	<u>\$ 204,482.38</u>	<u> </u>
	<u>\$ 9,075,404.02</u>	<u>\$ 327,366.63</u>	<u>\$ 204,482.38</u>	<u>\$ 9,198,288.27</u>
<u>Ref.</u>	E			E

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH
SUPPLEMENTARY DATA
FOR THE YEAR ENDED JUNE 30, 2009

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION (Excludes Business Improvement District)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax Rate	<u>\$2.802</u>	<u>\$2.703</u>	<u>\$2.601</u>
Apportionment of Tax Rate			
Municipal	1.052	.974	.912
County	.387	.379	.372
Local School	.569	.594	.581
Regional High School	.789	.756	.736
Municipal Open Space	.005	-	-
Assessed Valuation			
2009	\$543,554,533.00		
2008		\$542,093,646.00	
2007			\$536,206,909.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2009	\$15,233,056.50	\$14,745,583.61	96.79%
2008	14,577,341.26	14,068,224.70	96.50%
2007	13,878,752.18	13,393,034.79	96.50%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended</u>	<u>Amount of Tax</u>	<u>Amount of Delinquent</u>	<u>Total</u>	<u>Percentage of</u>
<u>June 30</u>	<u>Title Liens</u>	<u>Taxes</u>	<u>Delinquent</u>	<u>Tax Levy</u>
2009	\$25,952.76	\$468,505.21	\$494,457.97	3.25%
2008	22,890.68	473,468.27	496,358.95	3.41%
2007	19,947.70	458,469.82	478,417.52	3.45%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2009	\$215,100.00
2008	215,100.00
2007	215,100.00

COMPARISON OF WATER-SEWER UTILITY RENTS LEVIED

<u>Year</u>	<u>Levy</u>	<u>Prior Year Delinquent</u>	<u>Cash Collection</u>
2009	\$1,172,690.82	\$ 105,781.29	\$1,135,795.47
2008	1,171,972.40	105,949.97	1,171,737.34
2007	1,173,445.05	101,543.17	1,169,003.54

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance June 30</u>	<u>Utilized In Budget of Succeeding Year</u>
<u>Current Fund</u>		
2009	\$1,285,317.97	\$1,240,000.00*
2008	1,402,430.84	1,278,000.00
2007	1,653,861.58	1,278,000.00
2006	1,488,553.83	1,278,000.00
2005	1,363,717.97	1,125,000.00

Water-Sewer Utility Fund

2009	\$464,855.08	\$465,770.00*
2008	641,593.09	503,136.00
2007	598,044.97	400,000.00
2006	717,854.80	413,000.00
2005	799,224.30	475,000.00

* Introduced budget

**SUMMARY OF MUNICIPAL DEBT (Excluding
Current and Operating Debt and Type 1 School Debt)**

	<u>Year 2009</u>	<u>Year 2008</u>	<u>Year 2007</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$4,663,300.00	\$4,459,863.00	\$4,392,264.00
Water-Sewer Utility:			
Bonds and Notes	<u>335,000.00</u>	<u>500,000.00</u>	<u>-</u>
Total Issued	4,998,300.00	4,959,863.00	4,392,264.00
Less:			
Reserve for Debt Service	<u>-</u>	<u>15,187.34</u>	<u>8,090.82</u>
	<u>-</u>	<u>15,187.34</u>	<u>8,090.82</u>
Net Debt Issued	<u>4,998,300.00</u>	<u>4,944,675.66</u>	<u>4,384,173.18</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	1,286,779.00	634,694.00	333,066.00
Water-Sewer Utility			
Bonds and Notes	<u>145,000.00</u>	<u>-</u>	<u>400,000.00</u>
Total Authorized but Not Issued	<u>1,431,779.00</u>	<u>634,694.00</u>	<u>733,066.00</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$6,430,079.00</u>	<u>\$5,579,369.66</u>	<u>\$5,117,239.18</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarization statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 0.76%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School	\$4,347,428.88	\$4,347,428.88	\$ -
Local School District	52,705.94	52,705.94	-
General Debt	5,950,079.00	-	5,950,079.00
Water-Sewer Utility	<u>480,000.00</u>	<u>480,000.00</u>	<u>-</u>
	<u>\$10,830,213.82</u>	<u>\$4,880,134.82</u>	<u>\$5,950,079.00</u>

Net Debt \$5,950,079.00 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended
\$782,467,351.00 equals 0.76%

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

3 1/2% of Equalized Valuation Basis	\$27,386,357.29
Net Debt	<u>5,950,079.00</u>
Remaining Borrowing Power	<u>\$21,436,278.29</u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER-SEWER UTILITY PER N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other		
Charges for the Year		\$1,670,313.90
Deductions:		
Operating and Maintenance Cost	\$1,373,971.00	
Debt Service	<u>27,741.73</u>	
		<u>1,401,712.73</u>
Excess in Revenues		\$ <u>268,601.17</u>

The annual debt statement as filed by the Chief Financial Officer is correct.

**BOROUGH OF HIGHLANDS
OFFICIALS IN OFFICE AND SURETY BONDS**

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

<u>Name</u>	<u>Position</u>
Anna Little	Mayor
John Urbanski	Council President
Nancy Burton	Council Member
William Caizza	Council Member
Frank Nolan	Council Member
Nina Light Flannery	Municipal Clerk
Patrick J. DeBlasio	Tax Collector
Stephen Pfeffer	Chief Financial Officer
Joseph Oxley	Municipal Attorney
Peter Locascio	Judge
Blanche Reed	Court Administrator
Charlie Heck	Assessor

All employees are covered by a public employee dishonesty bond in the amount of \$50,000.00 by the Monmouth Joint Insurance Fund.

There is a blanket bond for secondary coverage with the Municipal Excess Liability Joint Insurance Fund in the amount of \$950,000.00 for public employees. This bond is subject to deductibles based upon other required coverage.

BOROUGH OF HIGHLANDS

COUNTY OF MONMOUTH

PART II

COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED JUNE 30, 2009

GENERAL COMMENTS

Contracts and Agreements Required To Be Advertised for 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 bid threshold within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Borough Counsel’s opinion should be sought before a commitment is made.

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

Auto Parts	Shore Drive Resurfacing
Firehouse Apron Replacement	Ford Crown Victoria Police Car
Provide Storm Drain Cleaning and Service	Chevy Tahoe - Fire Car
On-Call Pumping Services	Dodge Durango

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

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

Our examination of expenditures did not reveal any individual payments in excess of the bid threshold “for the provision or performance of any goods or services” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision 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.”

GENERAL COMMENTS (continued)

Collection of Interest on Delinquent Tax, Assessments and Sewer Charges

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

The Governing Body adopted the following resolution authorizing interest to be charged on delinquent taxes, water-sewer rents, and assessments:

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

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date; and 18% per annum on any amount in excess of \$1,500.00 becoming delinquent after due date; and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond June 30th, an additional penalty of 6% shall be charged against the delinquency.
2. There will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.
3. Any payments not made in accordance with paragraph 2 of this resolution shall be charged interest from the due date as set forth in paragraph 1 of this resolution; and

It appears, from an examination of the Tax Collector and Water-Sewer Utility Collector's records, that interest was generally collected in accordance with the foregoing resolution and statutes.

Delinquent Taxes, Tax Title Liens and Delinquent Sewer Rents

The detail of all unpaid taxes for 2009 and prior years tax title liens and sewer rents is being properly carried in the Tax Collector's records. An abstract taken from these records as of June 30, 2009, covering all unpaid charges on that date, was verified with the accounting control figures shown in this report.

The last tax sale was held on May 18, 2009 and it was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on June 30th of the last three (3) years.

<u>Year</u>	<u>Number of Liens</u>
2009	5
2008	5
2007	5

GENERAL COMMENTS (continued)

Delinquent Taxes, Tax Title Liens and Delinquent Sewer Rents (continued)

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis. Certain liens have been in existence for greater than two years.

Verification of Delinquent Taxes and Other Charges

Verification of delinquent charges and current payments was done for the period under audit in accordance with the regulations of the Division of Local Government Services, as of June 30, 2009 and consisted of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>	<u>Number Returned</u>
Dates of Payments of Taxes	25	12
Delinquent Taxes	48	9
Dates of Payment of Sewer		
Utility Charges	25	9
Delinquent Sewer Utility Charges	29	5

Through examination of those notices that were returned, and by alternative procedures for notices unreturned, no irregularities were noted.

OTHER COMMENTS

Cash Balances

The cash balances in all funds were verified by independent certifications obtained from the depositories as of June 30, 2009.

Cash counts were made at various dates in all departments of the Borough and bank balances were independently reconciled to the book records or to such schedules of receipts and disbursements provided for audit.

The change funds and petty cash funds were counted.

Revenues

Receipts from licenses, fees, fines and costs, etc., for all departments, including the Municipal Court, were checked to the records maintained to the extent deemed necessary.

OTHER COMMENTS (continued)

Expenditures

The vouchers for all funds were examined to the extent deemed necessary to determine that they carry the properly executed certifications as required by statute.

Payroll

An examination was made of the employees' compensation records for the year 2009 to determine that salaries were paid in conformity with the amounts of salaries and wages authorized by ordinance. Vouchers for overtime and part-time wages were checked.

Comment: The last salary ordinance approved by the Borough Council was in FY 2004. Since that time only percentage increases have been authorized.

Recommendation: That new salary ordinances be adopted by the Borough Council each time salary increases are authorized.

Miscellaneous Comments

The confirmations, sent to the Local School Board of Education and Regional High School, verified the correct school taxes payable at June 30, 2009.

Appreciation

I desire to express my appreciation for the cooperation received from the Borough Officials and Employees and the courtesies extended during the course of the audit.

RECOMMENDATIONS

It is recommended:

09-1. That new salary ordinances be adopted by the Borough Council each time salary increases are authorized.

Of the above recommendations, number 09-1 is similar to those reported in the 2008 audit.

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

Very truly yours,

A handwritten signature in black ink, appearing to read 'T. Fallon', with a long horizontal line extending to the left.

Thomas P. Fallon
Registered Municipal Accountant # 465
For the Firm
FALLON & LARSEN LLP