

BOROUGH OF UNION BEACH

COUNTY OF MONMOUTH

JUNE 30, 2011

ROBERT A. HULSART AND COMPANY
Certified Public Accountants

2807 Hurley Pond Road, Suite 100
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Wall, New Jersey 07719

BOROUGH OF UNION BEACH – COUNTY OF MONMOUTH

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CURRENT FUND

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Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

1.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

REPORT OF INDEPENDENT AUDITOR

To the Honorable Mayor and Members
Of the Borough Council
Borough of Union Beach
County of Monmouth
Union Beach, New Jersey 07735

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Union Beach, New Jersey, as of June 30, 2011 and 2010, the related statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended June 30, 2011. These financial statements are the responsibility of the Borough of Union Beach’s management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audits.

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

As discussed in Note 1, the Borough prepares its basic 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 the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles accepted. In addition, 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 as part of our audit of the Borough’s financial statements. The LOSAP fund financial activities are included in the Borough’s Trust Fund and represent 59% and 48% of the assets and liabilities as of June 30, 2011 and 2010, respectively, of the Borough’s Trust Funds.

In our opinion, because of the Borough's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with generally accepted accounting principles, the financial position of the Borough as of June 30, 2011 and 2010 or the results of its operations, for the years then ended.

However, in our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough as of June 30, 2011 and the results of operations and changes in fund balance- regulatory basis of such funds for the year then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended June 30, 2011 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2012 on our consideration of the Borough of Union Beach's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of our audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit has been made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying additional schedules, information relating to federal and state grants and comments and recommendations section listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such additional information has been subjected to the procedures applied in the audit of the financial statements and, in our opinion is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

ROBERT A. HULSART AND COMPANY



Robert A. Hulsart
Certified Public Accountant
Registered Municipal Accountant

January 18, 2012

CURRENT FUND
COMPARATIVE BALANCE SHEET

Exhibit A
Sheet 1 of 2

REGULATORY BASIS

	<u>Ref.</u>	<u>Balance June 30, 2011</u>	<u>Balance June 30, 2010</u>
<u>Assets</u>			
Cash:			
Treasurer	A-4	\$ 1,835,517.27	1,318,075.67
Tax Collector	A-5	650,527.82	830,134.93
Borough Clerk	A-6	216.15	6,225.65
Change Fund		50.00	50.00
		<u>2,486,311.24</u>	<u>2,154,486.25</u>
 Due From State of New Jersey Veterans and Senior Citizens	 A-8	 <u>57,780.03</u>	 <u>61,195.65</u>
Receivables With Full Reserves:			
Delinquent Taxes	A-7	251,260.57	239,343.43
Taxes in Bankruptcy :	A-11	54,395.49	54,395.49
Property Acquired for Taxes	A-12	2,191,000.00	2,191,000.00
Demolition Lien	A-9	14,508.12	14,508.12
Interfunds:			
Trust Unemployment	B	733.51	
Capital	C	36,139.80	
Sewer Operating	A-4	34,954.82	172,019.93
Dog Trust	A-21	10,232.33	9,245.12
		<u>2,593,224.64</u>	<u>2,680,512.09</u>
 Deferred Charges:			
Special Emergency	A-17	-	9,000.00
		<u>5,137,315.91</u>	<u>4,905,193.99</u>
 <u>State and Federal Grants</u>			
Interfund Current	Contra	273,540.32	171,110.42
Interfund Sewer Capital	D	59,860.27	59,860.27
Grants Receivable	A-18	187,287.92	419,837.92
		<u>520,688.51</u>	<u>650,808.61</u>
 Total Assets		 <u>\$ 5,658,004.42</u>	 <u>5,556,002.60</u>

CURRENT FUND

COMPARATIVE BALANCE SHEET

Exhibit A
Sheet 2 of 2

REGULATORY BASIS

	<u>Ref.</u>	<u>Balance June 30, 2011</u>	<u>Balance June 30, 2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3	\$ 42,993.05	27,411.31
Encumbrances	A-3	37,500.00	57,500.00
Deferred Revenue	A-4	5,050.00	3,650.00
Tax Overpayments	A-10	3,254.01	7,849.80
Prepaid Taxes	A-5,7	23,078.37	9,379.56
Tax Anticipation Note	A-4	1,750,000.00	1,500,000.00
Due to Sewer Capital Fund	D	90,000.00	90,000.00
Due to Trust - Other	B	14,992.54	13,462.30
Local School Taxes Payable	A-13	0.02	0.02
Emergency Note Payable	A-17	-	9,000.00
Due to Grant Fund	Contra	273,540.32	171,110.42
Due to General Capital Fund	C	-	194,553.63
Total Liabilities		<u>2,240,408.31</u>	<u>2,083,917.04</u>
Reserve for Receivables		2,593,224.64	2,680,512.09
Fund Balance	A-1	<u>303,682.96</u>	<u>140,764.86</u>
		<u>5,137,315.91</u>	<u>4,905,193.99</u>
 <u>Federal and State Grant Fund</u>			
Interfund General Capital	C	120,990.99	120,990.99
Appropriation Reserves	A-19	74,730.41	512,065.60
Unappropriated Reserves	A-20	324,967.11	17,752.02
		<u>520,688.51</u>	<u>650,808.61</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,658,004.42</u>	<u>5,556,002.60</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**CURRENT FUND**

Exhibit A-1

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE**IN FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance June 30, 2011</u>	<u>Balance June 30, 2010</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated	A-2	\$ 76,569.21	237,000.00
Miscellaneous Revenue Anticipated	A-2	1,324,416.54	1,908,500.32
Receipts from Delinquent Taxes	A-2	122,300.79	341,974.34
Receipts from Current Taxes	A-2	14,150,492.12	13,575,504.54
Non-Budget Revenue	A-2	164,539.59	96,688.67
Other Credits to Income:			
Appropriation Reserves Lapsed	A-16	25,911.31	45,938.26
Budget Appropriations Cancelled	A-3	13,278.25	24,497.27
		<u>15,877,507.81</u>	<u>16,230,103.40</u>
<u>Expenditures</u>			
Budget Appropriations:			
Inside CAP:			
Salaries and Wages	A-3	3,074,848.00	3,150,990.00
Other Expenses	A-3	2,602,503.00	2,492,037.00
Deferred Charges and Statutory Expenditures	A-3	607,420.12	403,746.53
Outside CAP:			
Salaries and Wages	A-3	-	45,999.11
Other Expenses	A-3	162,786.71	519,259.05
Capital Improvements	A-3	34,300.00	326,300.00
Debt Service	A-3	898,998.00	945,200.00
Deferred Charges	A-3	9,000.00	9,000.00
County Taxes	A-14	1,879,433.27	1,788,922.12
Local District School Taxes	A-13	6,280,672.00	6,280,672.00
Interfunds	A	72,795.41	176,601.13
Refund of Prior Year	A-4	15,263.99	13,930.35
		<u>15,638,020.50</u>	<u>16,152,657.29</u>
Excess in Revenue		239,487.31	77,446.11
Fund Balance July 1	A	140,764.86	300,318.75
		<u>380,252.17</u>	<u>377,764.86</u>
Decreased by:			
Utilized as Anticipated Revenue	A-2	76,569.21	237,000.00
Fund Balance June 30	A	<u>\$ 303,682.96</u>	<u>140,764.86</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>(Deficit)</u>
Fund Balance Anticipated	A-1	\$ 79,569.21	79,569.21	-
<u>Miscellaneous Revenue</u>				
Licenses:				
Alcoholic Beverages	A-15	4,909.00	5,750.00	841.00
Fees and Permits	A-15	24,000.00	34,294.47	10,294.47
Municipal Court	A-15	95,555.00	105,661.61	10,106.61
Interest and Costs on Taxes	A-15	56,000.00	54,273.89	(1,726.11)
Consolidated Municipal Property Tax Relief Aid	A-15	71,169.00	70,846.27	(322.73)
Energy Receipts Tax (P.L. 1997 Chapter 162 & 167)	A-15	595,277.00	595,277.00	-
Uniform Construction Code Fees	A-15	85,000.00	69,137.00	(15,863.00)
Cablevision Franchise Fees	A-15	37,000.00	48,805.00	11,805.00
Clean Communities Program	A-18	10,101.42	10,101.42	-
Sewer Utility Reserve	A-18	172,000.00	172,000.00	-
DWI Funds	A-18	3,650.00	3,650.00	-
Click it or Ticket	A-18	4,000.00	4,000.00	-
Saturation Patrol	A-18	12,800.00	12,800.00	-
Emergency Management Performance Grant	A-18	5,335.69	5,335.69	-
Employee Health Benefits	A-18	7,300.00	5,086.75	(2,213.25)
Recycling Tonnage	A-15	0.60	0.60	-
Union Beach Board of Education-Resource Officer	A-18	25,000.00	25,000.00	-
Cell Tower Rental	A-15	68,750.00	73,328.76	4,578.76
Recycling Costs	A-15	5,500.00	5,137.23	(362.77)
Parking Meters	A-18	16,000.00	23,930.85	7,930.85
Interest on Investments	A-15	1.00	-	(1.00)
Total Miscellaneous Revenue		1,299,348.71	1,324,416.54	25,067.83
Receipts from Delinquent Taxes	A-1	215,000.79	122,300.79	(92,699.21)
Amount to be Raised by Taxes for Support of the Municipal Budget	A-2	6,042,999.91	6,237,448.85	194,448.94
Total General Revenues		7,636,917.83	7,763,735.39	126,817.56
Miscellaneous Revenue Not Anticipated	A-1	-	164,539.59	164,539.59
Total Revenues		\$ 7,636,917.83	7,928,274.98	291,357.15

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Allocation of Current Collections</u>				
Revenue from Collections	A-1		\$ 14,150,492.12	
Less: Allocated to School and County Taxes	A-1		<u>8,160,105.27</u>	
			5,990,386.85	
	A-3		<u>247,062.00</u>	
Add: Reserve for Uncollected Taxes	A-2		<u>\$ 6,237,448.85</u>	
<u>Miscellaneous Revenue Not Anticipated</u>				
FEMA	A-4	\$ 54,521.07		
Rebates	A-4	3,219.04		
Police Department	A-4	5,861.50		
Premium on Note Sale	A-4	450.50		
Rental Fee	A-4	4,300.00		
View Finder	A-4	697.23		
Adm. Fee for Vets and Senior Citizens	A-4	1,328.07		
Verizon Franchise Fee	A-4	21,272.61		
State DMV	A-4	313.30		
Insurance Dividends	A-4	34,403.07		
Workmen's Compensation	A-4	4,043.76		
Budget Refunds	A-4	19,668.18		
Adm. Fees Off Duty	A-6	7,638.00		
Tax Collector	A-5	1,922.05		
Other	A-4	<u>4,901.21</u>		
Total Miscellaneous Revenue Not Anticipated	A-1		<u>\$ 164,539.59</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 1 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	State Fiscal Year 2011 Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
General Government					
Administrative and Executive:					
Salaries and Wages - Governing Body	\$ 26,822.00	26,822.00	26,811.89	10.11	
Salaries and Wages - Borough Clerk's Office	98,911.00	99,756.00	99,659.97	96.03	
Other Expenses	26,250.00	31,500.00	31,419.49	80.51	
Postage	15,000.00	15,000.00	14,657.20	342.80	
Election:					
Salaries and Wages	2,550.00	2,550.00	2,550.00	-	
Other Expenses	2,375.00	2,375.00	2,375.00	-	
Financial Administration:					
Salaries and Wages	47,278.00	47,278.00	47,223.42	54.58	
Other Expenses	46,000.00	46,500.00	46,273.37	226.63	
Audit Contract	37,500.00	37,500.00	37,500.00	-	
Assessment of Taxes:					
Salaries and Wages	23,362.00	23,362.00	22,859.10	502.90	
Other Expenses	3,000.00	3,000.00	2,427.65	572.35	
Collection of Taxes:					
Salaries and Wages	55,363.00	55,363.00	55,167.83	195.17	
Other Expenses	6,500.00	9,050.00	9,046.79	3.21	
Tax Sale Costs	2,000.00	2,420.00	2,416.40	3.60	
Liquidation of Tax Title Liens and Foreclosed Property:					
Other Expenses	200.00	200.00	-	200.00	
Legal Services and Costs:					
Salaries and Wages	44,187.00	44,187.00	44,036.99	150.01	
Other Expenses	58,000.00	83,000.00	82,948.06	51.94	
Engineering Services and Costs:					
Salaries and Wages	2,355.00	2,355.00	2,354.13	0.87	
Other Expenses	55,000.00	61,750.00	61,053.69	696.31	

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	State Fiscal Year 2011 Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
General Government (Continued)					
Public Building and Grounds:					
Salaries and Wages	204,740.00	204,740.00	204,740.00	-	
Other Expenses	80,000.00	80,000.00	78,505.71	1,494.29	
Parks and Playgrounds:					
Other Expenses	4,000.00	4,000.00	263.00	3,737.00	
Zoning/Planning Costs:					
Salaries and Wages	19,769.00	19,769.00	19,118.81	650.19	
Other Expenses	1,500.00	1,500.00	703.57	796.43	
Heritage Committee:					
Other Expenses	125.00	125.00	-	125.00	
Borough Prosecutor:					
Salaries and Wages	27,235.00	27,235.00	26,425.00	810.00	
Other Expenses	150.00	150.00	-	150.00	
Insurance:					
Surety Bonds	1,500.00	-	-	-	
Public Safety					
Fire:					
Aid to Volunteer Companies	120,000.00	120,000.00	120,000.00	-	
Hydrant Service	112,000.00	112,505.00	112,504.54	0.46	
Alarms	9,000.00	9,000.00	8,558.51	441.49	
Police:					
Salaries and Wages	1,962,425.00	1,977,425.00	1,977,015.44	409.56	
Other Expenses	64,500.00	64,500.00	64,361.58	138.42	
Other Equipment	3,500.00	-	-	-	
Parking Meters	5,000.00	5,000.00	3,809.85	1,190.15	
Bayshore Task Force:					
Other Expenses	2,300.00	2,300.00	2,000.00	300.00	
Bayshore Strike Force:					
Other Expenses	4,300.00	4,300.00	4,300.00	-	

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	State Fiscal Year 2011 Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
Public Safety (Continued)					
Traffic Control:					
Other Expenses	7,500.00	5,500.00	4,689.92	810.08	
Emergency Management Service:					
Other Expenses	8,000.00	8,000.00	8,000.00	-	
Life Hazard Use Fees:					
Other Expenses	150.00	150.00	-	150.00	
First Aid Organization:					
Contribution	33,500.00	33,500.00	33,500.00	-	
Clothing Allowance	2,000.00	2,000.00	2,000.00	-	
Public Works					
Road Repairs and Maintenance:					
Salaries and Wages	315,000.00	315,000.00	314,932.58	67.42	
Other Expenses	55,000.00	55,000.00	54,576.38	423.62	
Vehicle Washing Program	6,000.00	6,000.00	-		6,000.00
Street Lighting	70,000.00	66,000.00	62,636.79	3,363.21	
Garbage and Trash Removal - Contractual	225,000.00	227,216.00	227,216.00	-	
Landfill Closure Aid (P.L. - 1981 c.396) Monitoring Wells	500.00	500.00	-	500.00	
Landfill Charge - Taxes	295,000.00	286,611.00	280,255.66	6,355.34	
Recycling Costs:					
Salaries and Wages	59,839.00	59,839.00	59,722.00	117.00	
Other Expenses	90,000.00	90,000.00	86,930.52	3,069.48	
Health and Welfare					
Board of Health:					
Salaries and Wages	43,493.00	43,493.00	43,388.55	104.45	
Other Expenses	5,500.00	6,500.00	6,487.69	12.31	
Rodent Extermination and Control:					
Other Expenses	750.00	750.00	-	750.00	
Recreation and Education:					
Senior Citizens	750.00	750.00	750.00	-	
Other Expenses	20,000.00	20,000.00	20,000.00	-	
Bayshore Youth Service Bureau:					
Other Expenses	8,500.00	10,100.00	10,050.14	49.86	

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	State Fiscal Year 2011 Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
Health and Welfare (Continued)					
Community Celebration:					
Other Expenses	5,000.00	5,000.00	5,000.00	-	
Drug Alliance Program:					
Other Expenses	3,000.00	3,000.00	3,000.00	-	
Bayside Senior Center:					
Other Expenses	675.00	675.00	-	675.00	
Municipal Court:					
Salaries and Wages	67,635.00	67,635.00	66,881.41	753.59	
Other Expenses	6,300.00	6,300.00	5,219.06	1,080.94	
Public Defender (P.L. 1997, c. 256):					
Salaries and Wages	1,431.00	1,431.00	1,395.46	35.54	
Other Expenses	100.00	100.00	-	100.00	
Insurance					
Liability Insurance	140,000.00	140,000.00	140,000.00	-	
Worker's Compensation	175,000.00	175,000.00	175,000.00	-	
Employee Group Insurance	618,601.00	593,601.00	591,362.87	2,238.13	
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Uniform Construction Code:					
Salaries and Wages	40,085.00	40,085.00	39,221.51	863.49	
Other Expenses	4,000.00	4,000.00	2,853.31	1,146.69	
Code Enforcement:					
Salaries and Wages	15,773.00	15,773.00	15,593.29	179.71	
Other Expenses	2,000.00	3,825.00	3,822.05	2.95	
Unclassified:					
Electricity	65,000.00	60,000.00	58,667.92	1,332.08	
Gasoline	45,000.00	53,500.00	53,381.44	118.56	
Heating Gas	30,000.00	28,000.00	27,513.59	486.41	
Telephone	14,500.00	14,500.00	13,838.95	661.05	
Total Operations Within "CAPS" Contingent	5,655,279.00	5,675,851.00	5,630,974.08	38,876.92	6,000.00
Total Operations Within "CAPS" Including Contingent	1,500.00	1,500.00	5,630,974.08	1,500.00	6,000.00
	5,656,779.00	5,677,351.00	5,630,974.08	40,376.92	6,000.00

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	State Fiscal Year 2011 Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
Deferred Charges and Statutory Expenditures					
Municipal Within "CAPS"					
Deferred Charges: Dog License Trust Fund	9,245.12	9,245.12	9,245.12	-	-
Statutory Expenditures:					
Public Employees' Retirement System	134,801.00	134,801.00	134,772.70	28.30	
Social Security System (O.A.S.I.)	251,445.00	225,445.00	224,985.06	459.94	
Police and Firemen's Retirement System of N.J.	237,929.00	237,929.00	237,929.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	633,420.12	607,420.12	606,931.88	488.24	-
Total General Appropriations for Municipal Purposes Within "CAPS"	6,290,199.12	6,284,771.12	6,237,905.96	40,865.16	6,000.00
Operations - Excluded From "CAPS"					
Aid to Free Public Library	34,500.00	34,500.00	34,500.00	-	
Police - 911 System	6,000.00	6,000.00	5,005.40	994.60	
Employee Group Insurance	44,399.00	44,399.00	44,399.00	-	
Length of Service Awards Program	42,000.00	42,000.00	41,700.00	300.00	
Total Other Operations Excluded from "CAPS"	126,899.00	126,899.00	125,604.40	1,294.60	-
Public and Private Programs Offset by Revenues					
Clean Communities Program	10,101.42	10,101.42	10,101.42	-	
Drunk Driving Enforcement Fund	3,650.00	3,650.00	3,650.00	-	
Click it or Ticket	4,000.00	4,000.00	4,000.00	-	
Bayshore DWI Saturation Patrols	12,800.00	12,800.00	12,800.00	-	
Recycling Tonnage	0.60	0.60	0.60	-	
Emergency Management Performance Grant	5,335.69	5,335.69	5,335.69	-	
Total Public and Private Programs Offset by Revenues	35,887.71	35,887.71	35,887.71	-	-

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	State Fiscal Year 2011 Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
Total Operations Excluded from "CAPS"	162,786.71	162,786.71	161,492.11	1,294.60	-
Capital Improvements - Excluded From "CAPS"					
Capital Improvement Fund	15,000.00	15,000.00	15,000.00	-	-
Fire Chiefs Vehicle	11,000.00	11,000.00	10,235.67	764.33	-
First Aid Responder	8,300.00	8,300.00	8,231.04	68.96	-
Total Capital Improvement - Excluded From "CAPS"	34,300.00	34,300.00	33,466.71	833.29	-
Municipal Debt Service Excluded From "CAPS"					
Payment of Bond Principals	395,000.00	395,000.00	395,000.00	-	-
Payment of Bond Anticipation Notes and Capital Notes	137,300.00	137,300.00	137,300.00	-	-
Interest on Bonds	78,670.00	78,670.00	78,670.00	-	-
Interest on Notes	160,000.00	160,000.00	153,849.90	-	6,150.10
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	82,000.00	87,428.00	87,427.51	-	0.49
N.J. Infrastructure Loan	40,600.00	40,600.00	39,472.34	-	1,127.66
Total Municipal Debt Service Excluded From "CAPS"	893,570.00	898,998.00	891,719.75	-	7,278.25
Deferred Charges:					
Special Emergency Authorizations - 5 Years (N.J.S. 40A4-55)	9,000.00	9,000.00	9,000.00	-	-
Total Deferred Charges	9,000.00	9,000.00	9,000.00	-	-
Total General Appropriations Excluded from "CAPS"	1,099,656.71	1,105,084.71	1,095,678.57	2,127.89	7,278.25
Subtotal General Appropriation	7,389,855.83	7,389,855.83	7,333,584.53	42,993.05	13,278.25
Reserve for Uncollected Taxes	247,062.00	247,062.00	247,062.00	-	-
Total General Appropriations	\$ 7,636,917.83	7,636,917.83	7,580,646.53	42,993.05	13,278.25

Ref. A-1 A A-1

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>State Fiscal Year 2011 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Paid or Charged</u>					
Disbursed			\$7,226,951.70		
Encumbrances			37,500.00		
Deferred Charges:					
Special Emergency			9,000.00		
Deficit in Animal Control			9,245.12		
Capital Improvement Fund			15,000.00		
Federal and State Grant Fund			35,887.71		
Reserve for Uncollected Taxes			247,062.00		
			<u>\$7,580,646.53</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

TRUST FUND

Exhibit B

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>Balance June 30, 2011</u>	<u>Balance June 30, 2010</u>
<u>Assets</u>			
<u>Dog License Fund</u>			
Deferred Charges - Deficit in Operations	B-2	\$ 10,232.33	9,245.12
<u>Payroll</u>			
Cash	B-1	25,147.79	27,126.92
<u>Unemployment Trust</u>			
Cash	B-1	3,347.43	3,347.43
<u>Trust - Other</u>			
Cash	B-1	89,783.89	103,506.15
Due from Current Fund	B-11	14,992.54	13,462.30
		<u>104,776.43</u>	<u>116,968.45</u>
<u>Length of Service Award Programs - Unaudited</u>			
Investments		<u>208,887.07</u>	<u>147,507.23</u>
Total Assets		<u>\$ 352,391.05</u>	<u>304,195.15</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Dog License Fund</u>			
Due to Current Fund	B-3	\$ 10,232.33	9,245.12
<u>Payroll</u>			
Reserve for Payroll Agency		<u>25,147.79</u>	<u>27,126.92</u>
<u>Unemployment Trust</u>			
Due to Current Fund		733.51	
Reserve for Unemployment	B-4	<u>2,613.92</u>	<u>3,347.43</u>
		<u>3,347.43</u>	<u>3,347.43</u>
<u>Trust - Other</u>			
Reserve for Performance Escrow	B-5	21,077.16	74,820.78
Reserve for Tax Title Liens	B-6	3,630.08	3,117.26
Reserve for Law Enforcement Trust	B-7	8,815.65	6,686.14
Reserve for Tax Premium	B-8	54,450.45	18,050.57
Reserve for Special Duty Police	B-9	1,676.40	831.40
Reserve for Various Reserves	B-10	<u>15,126.69</u>	<u>13,462.30</u>
		<u>104,776.43</u>	<u>116,968.45</u>
<u>Length of Service Award Programs - Unaudited</u>			
Reserve for Length of Service Award Programs		<u>208,887.07</u>	<u>147,507.23</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 352,391.05</u>	<u>304,195.15</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTHGENERAL CAPITAL FUND

Exhibit C

COMPARATIVE BALANCE SHEETREGULATORY BASIS

	<u>Ref.</u>	<u>Balance June 30, 2011</u>	<u>Balance June 30, 2010</u>
<u>Assets</u>			
Cash	C-2	\$ 29,009.01	29,009.01
Grants Receivable	C-3	669,499.83	129,524.83
Due from Current Fund	C-11	-	194,553.63
Due from Federal and State Grants Fund	C-3	120,990.99	120,990.99
Due from Sewer Capital Fund	C-3	30,139.73	30,139.73
Deferred Charges to Future Taxation:			
Funded		2,669,802.46	3,154,706.44
Unfunded	C-4	5,573,699.00	5,416,475.00
Total Assets		<u>\$ 9,093,141.02</u>	<u>9,075,399.63</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds	C-7	\$ 1,295,000.00	1,690,000.00
Bond Anticipation Notes	C-5	5,774,900.00	5,673,750.00
N.J. Environmental Infrastructure Loan Payable	C-10	339,919.00	370,329.44
Capital Improvement Fund	C-8	4,845.70	5,346.70
Due to Current Fund	C-11	36,139.80	
Improvement Authorizations:			
Funded	C-6	75,780.77	77,530.77
Unfunded	C-6	502,170.87	158,081.00
Green Acres Loan	C-13	1,034,883.46	1,094,377.00
Reserve for Debt Service	C-3	5,984.72	5,984.72
Fund Balance	C-3	23,516.70	-
Total Liabilities, Reserves and Fund Balance		<u>\$ 9,093,141.02</u>	<u>9,075,399.63</u>

There were Bonds and Notes on June 30, 2011 and 2010 respectively authorized but not issued for \$298,799.00 and \$242,725.00 (Exhibit C-12).

The accompanying Notes to Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL FUND BALANCE

REGULATORY BASIS

Exhibit C-1

	<u>Ref.</u>	
Increased by:		
Premium on Notes	C-3	<u>\$ 23,516.70</u>
Balance June 30, 2011	C	<u><u>\$ 23,516.70</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**SEWER UTILITY FUND**

Exhibit D

COMPARATIVE BALANCE SHEET**REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance June 30, 2011</u>	<u>Balance June 30, 2010</u>
<u>Assets</u>			
<u>Sewer Operating</u>			
Cash - Checking	D-4	\$ 337.62	1.44
Deferred Charges - Emergency Appropriation	D-3	275,000.00	281,000.00
		<u>275,337.62</u>	<u>281,001.44</u>
Receivables with Full Reserves:			
Sewer Rents Receivable	D-5	104,904.55	104,904.55
		<u>104,904.55</u>	<u>104,904.55</u>
Total Sewer Operating		<u>380,242.17</u>	<u>385,905.99</u>
<u>Sewer Capital</u>			
Due from Sewer Operating	Contra	20,000.00	20,000.00
Due from Current Fund	D-12	90,000.00	90,000.00
Fixed Capital Authorized & Uncompleted		100,000.00	100,000.00
Fixed Capital	D-8	2,013,325.50	2,013,325.50
Total Sewer Capital		<u>2,223,325.50</u>	<u>2,223,325.50</u>
Total Assets		<u>\$ 2,603,567.67</u>	<u>2,609,231.49</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Sewer Operating</u>			
Appropriation Reserves	D-3,6	\$ 11,207.74	29,180.59
Accrued Interest on Notes		465.00	465.00
Due to Current Fund	D-7	34,954.82	172,019.93
Due to Sewer Capital	Contra	20,000.00	20,000.00
Sewer Overpayment		2,463.07	2,463.07
		<u>69,090.63</u>	<u>224,128.59</u>
Reserve for Receivables		104,904.55	104,904.55
Fund Balance	D-1	206,246.99	56,872.85
Total Sewer Operating		<u>380,242.17</u>	<u>385,905.99</u>
<u>Sewer Capital</u>			
Capital Improvement Fund	D-9	20,000.00	20,000.00
Due to Federal & State Grant Fund	D-13	59,860.27	59,860.27
Bond Anticipation Note Payable	D-11	94,700.00	100,000.00
Due to General Capital Fund	D-14	30,139.73	30,139.73
Reserve for Amortization		176,092.45	145,828.69
U.S.D.A. Loan Payable	D-10	1,842,533.05	1,867,496.81
Total Sewer Capital		<u>2,223,325.50</u>	<u>2,223,325.50</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 2,603,567.67</u>	<u>2,609,231.49</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SEWER UTILITY FUND

Exhibit D-1

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

REGULATORY BASIS

	<u>Ref.</u>	<u>Balance June 30, 2011</u>	<u>Balance June 30, 2010</u>
<u>Revenue and Other Income Realized</u>			
Sewer Service Charge	D-2	\$ 1,381,031.51	1,007,188.90
Bayshore Regional Sewerage Authority - Host Fees	D-2	5,338.15	13,680.00
Non-Budget Revenue	D-2	14,385.89	10,424.24
Other Credits to Income:			
Budget Appropriations Cancelled	D-3	306.00	12,484.32
Appropriation Reserves Lapsed	D-6	29,180.59	1,980.66
		<u>1,430,242.14</u>	<u>1,045,758.12</u>
 <u>Expenditures</u>			
Budget Appropriations:			
Operating	D-3	1,150,868.00	1,140,470.00
Debt Service	D-3	120,500.00	117,675.00
Deferred Charges and Statutory Expenditures	D-3	284,500.00	68,500.00
		<u>1,555,868.00</u>	<u>1,326,645.00</u>
Less:			
Expenditures to be Raised in Subsequent Years Budget		<u>275,000.00</u>	<u>281,000.00</u>
Adjusted Expenditures		<u>1,280,868.00</u>	<u>1,045,645.00</u>
Excess/(Deficit) in Revenue		149,374.14	113.12
Fund Balance July 1	D	<u>56,872.85</u>	<u>56,759.73</u>
Fund Balance June 30	D	<u>\$ 206,246.99</u>	<u>56,872.85</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SEWER UTILITY FUND

Exhibit D-2

STATEMENT OF REVENUES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

REGULATORY BASIS

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Rents	D-1	\$ 1,267,188.00	1,381,031.51	113,843.51
Host Fees	D-1	13,680.00	5,338.15	(8,341.85)
Total Sewer Utility Revenues		1,280,868.00	1,386,369.66	105,501.66
Miscellaneous Revenue Not Anticipated	D-1	-	14,385.89	14,385.89
Total Revenues		<u>\$ 1,280,868.00</u>	<u>1,400,755.55</u>	<u>119,887.55</u>
Cash Received	D-4		\$ 1,347,646.39	
Receipts in Current	D-7		3,591.85	
Tax Sale	D-7		49,517.31	
				<u>\$ 1,400,755.55</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SEWER UTILITY FUND

STATEMENT OF EXPENDITURES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

REGULATORY BASIS

	Fiscal Year 2011 Adopted Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:					
Salaries and Wages	\$ 27,000.00	13,500.00	10,500.00	3,000.00	-
Other Expenses	35,000.00	48,500.00	43,792.26	4,707.74	-
B.S.R.S.A. - Share of Costs	813,868.00	1,088,868.00	1,088,868.00		-
Debt Service:					
Payment on Bond Anticipation Note	5,300.00	5,300.00	5,300.00		-
Interest on Notes	1,500.00	1,500.00	1,500.00		-
U.S.D.A. Loan	113,700.00	113,700.00	113,394.00		306.00
Deferred Charges:					
Emergency Authorizations	281,000.00	281,000.00	281,000.00		-
Statutory Expenditures:					
Social Security System	2,000.00	2,000.00		2,000.00	-
Unemployment Compensation Insurance	1,500.00	1,500.00		1,500.00	-
	<u>\$ 1,280,868.00</u>	<u>1,555,868.00</u>	<u>1,544,354.26</u>	<u>11,207.74</u>	<u>306.00</u>
Ref.			D,D-7	D	D-1
Adopted Budget		\$ 1,280,868.00			
Emergencies		<u>275,000.00</u>			
		<u>\$ 1,555,868.00</u>			

The accompanying Notes to Financial Statements are an integral part of this statement.

PUBLIC ASSISTANCE TRUST FUNDS

COMPARATIVE BALANCE SHEET

REGULATORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>Assets</u>			
Cash	E-1	\$ 10,574.40	10,790.89
<u>Liabilities</u>			
Reserve For:			
Public Assistance I		\$ 10,574.40	10,790.89

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**GENERAL FIXED ASSETS**

Exhibit F

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Balance</u> <u>June 30, 2011</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>Assets</u>		
Building and Building Improvements	\$ 2,160,700.00	2,160,700.00
Machinery and Equipment	<u>580,988.72</u>	<u>580,988.72</u>
Total Assets	<u>\$ 2,741,688.72</u>	<u>2,741,688.72</u>
<u>Liabilities</u>		
Reserve for Fixed Assets	<u>\$ 2,741,688.72</u>	<u>2,741,688.72</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH – COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

NOTE 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Union Beach, County of Monmouth, New Jersey (the "Borough"), include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Union Beach as required by N.J.S. 40A:5-5.

B. 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. GASB Codification establishes 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 generally accepted accounting principles (GAAP).

The accounting policies of the Borough conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds, which differs from the fund structure required by generally accepted accounting principles:

Current Fund – resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Dog Trust Fund – dog license revenues and expenditures.

Trust Other Funds – sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

General Capital Fund – receipt and disbursement of funds for the acquisition of general capital facilities, other than those required in the Current Fund.

Sewer Operating Fund – revenue and expenditures necessary to operate a municipally owned sewer supply system from user fees. The Borough only has a sewer system.

Public Assistance Fund – receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

NOTE 1: Summary of Significant Accounting Policies (Continued)**C. Basis of Accounting**

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

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

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

Grant Revenues – Federal and State grants, entitlements 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 become susceptible to accrual.

Expenditures – unexpended or uncommitted appropriations at June 30, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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.

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 Current Fund 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, 2011 is set forth in Note 7.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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. (See Note 4).

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 assets account group at its market value.

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

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

General Fixed Assets – In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the Borough is required to develop a fixed assets accounting and reporting system.

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

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

Depreciation is not recorded in the General Fixed Assets Account Group.

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

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

D. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general-purpose financial statements to be 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 1: Summary of Significant Accounting Policies (Continued)**E. Budgets and Budgetary Accounting**

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

F. Reporting Entity

GASB Statement 14 establishes criteria to be used to determine component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Borough to be reported separately.

NOTE 2: Cash and Cash Equivalents**A. Deposits**

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

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

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

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

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

The carrying amount of the Borough's deposits at year-end was \$2,216,315. Of this amount \$100,000.00 was covered by Federal depository insurance and the remaining \$2,116,315 was covered by a collateral pool maintained by the banks as required by New Jersey statute.

B. Investments

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

- 1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
 - 2) Government money market mutual funds.
 - 3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
 - 4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
 - 5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
 - 6) Municipal investment pools.
 - 7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281; or
 - 8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- b. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.
- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the Borough had no investments in qualified securities at June 30, 2011.

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The Chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

D. Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Insured:		
FDIC	\$ 100,000	100,000
GUDPA	<u>2,116,315</u>	<u>1,512,809</u>
	<u>\$ 2,216,315</u>	<u>1,612,809</u>

Custodial Credit Risk – Deposits

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

State law limits investments as noted above.

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 3: Debt

The Local Bond Law governs the issuance of bonds and notes to finance general municipal and utility 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 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. 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. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

Long-Term Debt**General Capital Fund Bonds**

Variable Rate Fiscal Year Adjustment Bonds (4% to 7%) Issued April 1, 1992 through April 1, 2012	\$ 120,000.00
4.30% General Improvement Bonds Issued January 15, 2001 through January 15, 2015	<u>1,175,000.00</u>
	<u>\$ 1,295,000.00</u>

Sewer Utility Fund

U.S.D.A. Loan Interest Rate 4.75% Issued July 17, 2002 Through July 17, 2043	<u>\$ 1,842,533.05</u>
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Mandatory Sinking Fund Redemption – The Bonds maturing on April 1, 2012 are subject to mandatory sinking fund redemption on April 1, 2003 and on each April 1 thereafter, at the principal amount thereof, plus accrued interest to the date of redemption.

The debt principal and interest requirements for the long term debt during the next five fiscal years are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>General Capital Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 395,000.00	58,685.00
2013	300,000.00	38,700.00
2014	300,000.00	25,800.00
2015	<u>300,000.00</u>	<u>12,900.00</u>
	<u>\$ 1,295,000.00</u>	<u>136,085.00</u>

NOTE 3: Debt (Continued)

<u>Year Ending</u> <u>June 30</u>	<u>N.J. Environmental Infrastructure Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 29,950.65	9,387.50
2013	30,490.87	8,637.50
2014	29,031.08	7,887.50
2015	36,559.90	7,012.50
2016	35,939.19	6,000.00
2017-2021	<u>177,947.31</u>	<u>14,293.75</u>
	<u>\$ 339,919.00</u>	<u>53,218.75</u>

<u>Year Ending</u> <u>June 30</u>	<u>Sewer Utility Fund – U.S.D.A. Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 26,163.52	87,520.32
2013	27,421.15	86,277.55
2014	28,739.13	84,975.05
2015	30,120.44	83,609.94
2016	31,568.15	82,179.22
2017-21	182,112.30	386,909.39
2022-26	229,931.81	339,346.63
2027-31	291,217.58	279,170.03
2032-36	368,261.89	203,029.91
2037-2041	465,688.93	106,746.23
2042-2043	<u>161,308.15</u>	<u>10,242.37</u>
	<u>\$ 1,842,533.05</u>	<u>1,750,006.64</u>

NOTE 4: Accrued Sick and Vacation Benefits

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation is not available. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5: Fund Balances Appropriated

The fund balance at June 30, 2011 which was appropriated and included as anticipated revenue in the year ending June 30, 2012 as follows:

Current Fund:	
Fund Balance	\$ 231,000.00

NOTE 6: Assessment and Collections of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (Board) by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Local 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 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector (Collector) on or before May 13th.

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on August 1st and November 1st, and the final payments are due and payable on February 1st and May 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. If taxes are subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien on real estate as of July 1st of the current tax year even though the amount due is not known.

NOTE 7: 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 8: Pensions**A. Plan Description**

Employees of the Borough are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employee's Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) of New Jersey, which are administered by the New Jersey Division of Pensions and Benefits. These plans provide retirement, disability, annual cost of living adjustments and death benefits to plan members. Each plan has a Board of Trustees that implement benefit provisions which are established and amended by State statute. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, NJ 08625-0295

As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems.

NOTE 8: Pensions (Continued)

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L.1994, plan members enrolled in the Public Employees' Retirement System are required to contribute 5% of their annual covered salary. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the Police and Firemen's Retirement Systems are required to contribute 8.5% of their annual covered salary. Contributions during the last three years for the plans are as follows from the Borough.

	<u>PERS</u>	<u>PFRS</u>
2010-2011	\$ 134,773	237,929
2009-2010	108,155	190,609
2008-2009	60,054	93,649

NOTE 9: Sewer Utility

The Borough in fiscal year 2002, established a self liquidating sewer utility fund. This was an agreement with the federal government to fund the rehabilitation of the Borough's sewer system.

NOTE 10: Interfunds Receivable and Payable

The following interfund balances remained on the balance sheet at June 30, 2011:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 82,060.46	378,532.86
Trust Other	14,992.54	733.51
Sewer Operating		54,954.82
Dog Trust		10,232.33
General Capital	151,130.72	36,139.80
Federal and State Grant Fund	333,400.59	120,990.99
Sewer Capital	<u>110,000.00</u>	<u>90,000.00</u>
Total	<u>\$ 691,584.31</u>	<u>691,584.31</u>

NOTE 11: Length of Service Award Program

On November 4, 2003 the voters of the Borough approved the creation of a Length of Service Award Program ("LOSAP"). Subsequently, the Division approved the Borough's LOSAP plan, provided by Lincoln Financial Group. The purpose of this program is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The program shall provide for a fixed annual contribution of \$800 for the fire company and the first aid squad to each eligible volunteer who accumulates a minimum of 80 service points based on criteria established by Borough Ordinance No. 2003-32. The Borough's contribution shall be included in the current year's budget.

NOTE 11: Length of Service Award Program (Continued)

All amounts awarded under a length of service award program shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subjected to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

Borough contributions for the year ended June 30, 2011 were \$31,600. The Borough's estimated contribution for the year ended June 30, 2012 is \$47,400. We did review the plan for the year ended June 30, 2010 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement of Standards for Accounting and Review Services in conjunction with the 2011 audit of the Borough's financial statements.

At June 30, 2011, the value of the plan is \$208,887.07.

NOTE 12: Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years.

	<u>Balance June 30, 2010</u>	<u>Amount Resulting From SFY 2011</u>	<u>2011 SFY Budget</u>	<u>Balance June 30, 2011</u>
Current Fund:				
Special Emergency 40A:4-53	\$ 9,000.00		9,000.00	
Dog Trust:				
Deficit in Dog Fund	<u>9,245.12</u>	<u>10,232.33</u>	<u>9,245.12</u>	<u>10,232.33</u>
Total	<u>\$ 18,245.12</u>	<u>10,232.33</u>	<u>18,245.12</u>	<u>10,232.33</u>

NOTE 13: Contingencies

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 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.

NOTE 14: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the Borough has updated references to GAAP in its financial statements issued for the period ended June 30, 2011. The adoption of FASB ASC 105 did not impact the Borough's financial position or results of operations.

NOTE 14: Significant Accounting Pronouncements (Continued)

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The Borough adopted the amended sections of ASC 855 and it did not have an impact on the Borough's financial statements. The Borough evaluated all events or transactions that occurred after June 30, 2011 through January 18, 2012.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

PART II

SUPPLEMENTARY DATA

YEAR ENDED JUNE 30, 2011

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

	<u>Year 2011</u>		<u>Year 2010</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Miscellaneous - From Other Than Local Property				
Tax Levies	\$ 1,614,714.90	10.17%	\$ 2,312,624.52	14.25%
Collection of Delinquent Taxes and Tax Title Liens	122,300.79	0.77%	341,974.34	2.11%
Collection of Current Tax Levy	14,140,492.12	89.06%	13,575,504.54	83.64%
	<u>15,877,507.81</u>	<u>100.00%</u>	<u>16,230,103.40</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	7,389,855.83	47.26%	7,892,531.69	48.86%
County Taxes	1,879,433.27	12.02%	1,788,922.12	11.07%
Local School Tax	6,280,672.00	40.16%	6,280,672.00	38.89%
Other Expenditures	88,059.40	0.56%	190,531.48	1.18%
Total Expenditures	<u>15,638,020.50</u>	<u>100.00%</u>	<u>16,152,657.29</u>	<u>100.00%</u>
Excess in Revenue (Deficit)	239,487.31		77,446.11	
Fund Balance July 1	<u>140,764.86</u>		<u>300,318.75</u>	
	380,252.17		377,764.86	
Less: Utilized as Anticipated Revenue	<u>76,569.21</u>		<u>237,000.00</u>	
Fund Balance June 30	<u>\$ 303,682.96</u>		<u>\$ 140,764.86</u>	

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - SEWER OPERATING FUND

	<u>Year 2011</u>	<u>%</u>	<u>Year 2010</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Collection of Sewer Charges	\$ 1,386,369.66	96.93%	1,007,188.90	96.31%
Miscellaneous From Other Than Sewer Charges	43,872.48	3.07%	38,569.22	3.69%
	<u>1,430,242.14</u>	<u>100.00%</u>	<u>1,045,758.12</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	1,150,868.00	73.97%	1,140,470.00	85.97%
Debt Service	120,500.00	7.74%	117,675.00	8.87%
Statutory Expenditures	284,500.00	18.29%	68,500.00	5.16%
	<u>1,555,868.00</u>	<u>100.00%</u>	<u>1,326,645.00</u>	<u>100.00%</u>
Less:				
Expenditures to be raised in subsequent years budget	<u>275,000.00</u>		<u>281,000.00</u>	
Adjusted Expenditures	<u>1,280,868.00</u>		<u>1,045,645.00</u>	
Excess (Deficit) in Revenue	149,374.14		113.12	
Fund Balance July 1	<u>56,872.85</u>		<u>56,759.73</u>	
Fund Balance June 30	<u><u>\$ 206,246.99</u></u>		<u><u>56,872.85</u></u>	

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>% of Collection</u>
2011	\$ 14,280,710.05	14,150,492.12	99.09%
2010	13,814,847.97	13,508,907.49	97.79%
2009	13,714,122.80	13,436,277.24	97.97%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Fiscal Year Ended June 30</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$ -	\$ 251,260.57	251,260.57	1.75%
2010	-	239,343.43	239,343.43	1.73%
2009	-	277,845.56	277,845.56	2.03%

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, was as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 2,191,000.00
2010	2,191,000.00
2009	2,191,000.00

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**LIST OF OFFICIALS AND SURETY BOND COVERAGE****JUNE 30, 2011**

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

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Paul J. Smith, Jr.	Mayor	
Albin J. Wicki	Councilman - President	
Louis Andreuzzi	Councilman	
Charles W. Cocuzza	Councilman	
David Estelle	Councilman (Until January 31, 2011)	
Cherlanne Roche	Councilwoman (From February 17, 2011)	
Robert M.Howard, Jr.	Councilman	
Victor A. Tuberion	Councilman	
Mary Sabik	Borough Clerk - (Until January 31, 2011)	
Anne Marie Friscia	Acting Borough Clerk - (From February 1, 2011)	
Desiree Durkin	Tax Collector	\$ 1,000,000.00
Joseph Faccone	Chief Financial Officer	1,000,000.00
Richard Thompson	Municipal Court Judge	50,000.00
Alice Ostervich	Municipal Court Clerk	50,000.00
Edward G. Broberg	Engineer	
John T. Lane, Jr.	Attorney	

All surety bonds are in accordance with state statutes.

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance July 1, 2010	A		\$ 1,315,075.67
Increased by:			
Prepaid Licenses	A	\$ 5,050.00	
Tax Collector	A-5	14,330,000.00	
Borough Clerk	A-6	17,458.30	
State of New Jersey Veterans and Senior Citizens	A-8	66,403.43	
Revenue Accounts Receivable	A-15	1,284,878.83	
Federal and State Grants Receivable	A-18	250,685.69	
Federal and State Grants Unappropriated	A-20	324,967.11	
Miscellaneous Revenue Not Anticipated	A-2	164,539.59	
Tax Overpayments	A-10	8,248.53	
Tax Anticipation Notes	A	1,750,000.00	
Interfunds:			
General Capital	A	5,866,946.70	
Sewer Utility Operating	A	137,065.11	
Dog Trust	A	8,302.40	
			<u>24,214,545.69</u>
			25,529,621.36
Decreased by:			
Budget Appropriations	A-3	7,226,951.70	
Appropriation Reserves	A-16	1,500.00	
Federal and State Grants	A-19	474,556.82	
Local District School Taxes	A-13	6,280,672.00	
County Taxes Payable	A-14	1,879,433.27	
Tax Overpayments Refunded	A-10	8,154.12	
Tax Anticipation Note	A	1,500,000.00	
Emergency Note	A-17	9,000.00	
Prior Year Refund	A-1	15,263.99	
Interfunds:			
General Capital	C	6,280,037.46	
Dog Trust	A-21	18,534.73	
			<u>23,694,104.09</u>
Balance June 30, 2011	A		<u>\$ 1,835,517.27</u>

CURRENT FUND

Exhibit A-5

SCHEDULE OF CASH - TAX COLLECTOR

	<u>Ref.</u>		
Balance July 1, 2010	<u>A</u>		\$ 830,134.93
Increased by:			
Taxes Receivable	A-7	\$ 14,013,959.79	
Tax Overpayments	A-10	8,248.53	
Sewer Liens	A-4	47,303.99	
Prepaid Taxes	A	23,078.37	
Interest and Costs on Taxes	A-15	44,061.94	
Advertising Fees	A-2	8,224.45	
Duplicate Bills	A-5	1,280.00	
Tax Sale Premium	B	4,200.82	
Miscellaneous	A-2	<u>35.00</u>	
			<u>14,150,392.89</u>
			14,980,527.82
Decreased by:			
Paid to Treasurer	A-4		<u>14,330,000.00</u>
Balance June 30, 2011	A		<u>\$ 650,527.82</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-6

SCHEDULE OF CASH - BOROUGH CLERK

Balance July 1, 2010	<u>Ref.</u> A		\$ 6,225.65
Increased by:			
Mercantile Licenses	A-2	\$ 75.00	
Peddler's Licenses	A-2	1,230.00	
Canvassing Permits	A-2	260.00	
Polling Rental	A-4	500.00	
Liquor License	A	7,150.00	
Wrecker's License	A-2	1,000.00	
Record's Requests	A-2	88.80	
Vending Licenses	A-15	<u>1,145.00</u>	
			<u>11,448.80</u>
			17,674.45
Decreased by:			
Payments to Treasurer	A-4		<u>17,458.30</u>
Balance June 30, 2011	A		<u>\$ 216.15</u>

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	State		Veterans and Senior Citizens Deductions	Balance June 30, 2011
	July 1, 2010	Fiscal Year Tax Levy	Cash		
Prior Years	\$ 239,343.43	2010	2011		117,042.64
2011		9,379.56	122,300.79	62,987.81	134,217.93
		9,379.56	14,078,124.75	62,987.81	251,260.57
	\$ 239,343.43	14,284,710.05	14,200,425.54		

Ref. A A A-4.5 A-8 A

Analysis of Property Tax Levy

Fiscal Year Tax Levy	\$ 14,253,393.52
Added Taxes	<u>31,316.53</u>
	\$ 14,284,710.05

<u>Tax Levy</u>	
Local District School Tax	
General County Tax	\$ 6,280,672.00
County Library Tax	
County Health Tax	
Open Space Preservation	
Added Taxes Due County	<u>1,879,433.27</u>

Amount to be Raised in Support of Municipal Budget	6,042,999.91
Added Taxes	<u>81,604.87</u>
	\$ 14,284,710.05

CURRENT FUND

Exhibit A-8

SCHEDULE OF SENIOR CITIZEN AND VETERANS

DEDUCTIONS DUE FROM STATE OF NEW JERSEY

	<u>Ref.</u>		
Balance July 1, 2010	A		\$ 61,195.65
Increased by:			
Veterans Per Tax Billing(s)		\$ 50,500.00	
Senior Citizens Per Tax Billings		18,875.00	
Veterans Allowed by Tax Collector		<u>1,489.52</u>	
	A-7		<u>70,864.52</u>
			132,060.17
Decreased by:			
Received from State	A-4	66,403.43	
Senior Citizens Disallowed by Tax Collector	A-7	<u>7,876.71</u>	
			<u>74,280.14</u>
Balance June 30, 2011	A		<u>\$ 57,780.03</u>

SCHEDULE OF DEMOLITION LIENS

Exhibit A-9

	<u>Ref.</u>	
Balance July 1, 2010 and June 30, 2011	A	<u>\$ 14,508.12</u>

CURRENT FUND

Exhibit A-10

SCHEDULE OF TAX OVERPAYMENTS

Balance July 1, 2010	<u>Ref.</u> A		\$ 7,849.80
Increased by:			
From Operations	A-1	3,400.00	
Receipts	A-4-5	<u>8,248.53</u>	
			<u>11,648.53</u>
Decreased by:			19,498.33
Applied to Current Taxes	A-7	8,090.20	
Refunded	A-4	<u>8,154.12</u>	
			<u>16,244.32</u>
Balance June 30, 2011	A		<u>\$ 3,254.01</u>

SCHEDULE OF TAXES IN BANKRUPTCY

Exhibit A-11

Balance July 1, 2010 and June 30, 2011	<u>Ref.</u> A		<u>\$ 54,395.49</u>
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SCHEDULE OF FORECLOSED PROPERTY

Exhibit A-12

Balance July 1, 2010 and June 30, 2011	<u>Ref.</u> A		<u>\$ 2,191,000.00</u>
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CURRENT FUND

Exhibit A-13

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES

	<u>Ref.</u>	
Balance Payable June 30, 2010	A	\$ 0.02
Levy School Year: July 1, 2010 to June 30, 2011	A-1	<u>6,280,672.00</u> 6,280,672.02
Decreased by: Paid	A-4	<u>6,280,672.00</u>
Balance Payable June 30, 2011	A	<u>\$ 0.02</u>

SCHEDULE OF COUNTY TAXES PAYABLE

Exhibit A-14

	<u>Ref.</u>		
County Tax Levy:			
General County		\$ 1,650,835.33	
County Library		92,795.12	
County Health		30,612.66	
County Open Space Preservation		101,031.51	
Due County for Added Taxes		<u>4,158.65</u>	
	A-1		<u>1,879,433.27</u>
Decreased by:			
Paid	A-4		<u>\$ 1,879,433.27</u>

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Ref.</u>	<u>Accrued</u>	<u>Receipts</u>
Licenses:			
Alcoholic Beverages	A-2	\$ 5,750.00	5,750.00
Fees and Permits:			
Code Enforcement	A-2	19,262.00	19,262.00
Street Openings	A-2	5,567.47	5,567.47
Planning/Zoning Board	A-2	2,975.00	2,975.00
Tax Assessor	A-2	150.00	150.00
Borough Clerk	A-2	2,210.00	2,210.00
Tax Office	A-2	3,100.00	3,100.00
Dumpsters	A-2	950.00	950.00
Health	A-2	80.00	80.00
Municipal Court	A-2	105,661.61	105,661.61
Interest and Costs on Taxes	A-2	54,273.89	54,273.89
Energy Receipts Tax	A-2	595,277.00	595,277.00
Consolidated Municipal Property Tax Relief Aid	A-2	70,846.27	70,846.27
Uniform Construction Code Fees	A-2	69,137.00	69,137.00
Board of Education	A-2	25,000.00	25,000.00
Sewer Authority	A-2	172,000.00	172,000.00
Health Benefits	A-2	5,086.75	5,086.75
AT&T Wireless	A-2	23,772.61	23,772.61
Recycling Costs	A-2	5,137.23	5,137.23
Parking Meters	A-2	23,930.85	23,930.85
Verizon	A-2	24,698.46	24,698.46
TKR Franchise Fees	A-2	48,805.00	48,805.00
T-Mobile	A-2	24,857.69	24,857.69
		<u>1,288,528.83</u>	<u>1,288,528.83</u>
 Total Revenue			 <u>\$ 1,288,528.83</u>
 Receipts	A-4		 \$ 1,284,878.83
Prepaid ABC Licenses	A		<u>3,650.00</u>
			 <u>\$ 1,288,528.83</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-16

SCHEDULE OF APPROPRIATION RESERVES

Balance July 1, 2010	<u>Ref.</u> A		\$ 27,411.31
Decreased by:			
Disbursed	A-4	1,500.00	
Balance Lapsed	A-1	<u>25,911.31</u>	
			<u>\$ 27,411.31</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit A-17

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES N.J.S. 40A:4-55

<u>Date</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance July 1, 2010</u>	<u>Decreased</u>
5/18/2006	Master Plan	\$ 45,000.00	9,000.00	\$ 9,000.00	9,000.00

Ref.

A

A-3

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit A-18

FEDERAL AND STATE GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

<u>Purpose</u>	<u>Balance July 1, 2010</u>	<u>FY 2011 Budget Revenue Realized</u>	<u>Received</u>	<u>Transferred From Unappropriated Reserve</u>	<u>Balance June 30, 2011</u>
Department of Transportation	\$ 6,260.30				6,260.30
N.J. D.E.P. Sewer Infrastructure Phase II	8,330.62				8,330.62
Bayshore Saturation Patrol-DWI	12,800.00	12,800.00	12,350.00		13,250.00
DOT-Morningside Traffic Calming	74,000.00				74,000.00
DOT-Reconstruction Jersey Avenue Phase II	130,000.00		130,000.00		
Recycling Tonnage Grant		0.60		0.60	-
Click it or Ticket		4,000.00		4,000.00	
Police Body Armor	18.00				18.00
Schlors Park Phase II	103,000.00		103,000.00		
Clean Communities		10,101.42		10,101.42	
Emergency Management Performance Grant		5,335.69	5,335.69		
Department of Transportation-Harris Ave	14,009.38				14,009.38
Aggressive Driving Enforcement	2,800.00				2,800.00
DWI		3,650.00		3,650.00	
DOT-Edmunds Ave Phase II	27,372.40				27,372.40
DEP-Shore Protection	30.00				30.00
DOT-Flat Creek Dredging	38,811.50				38,811.50
Legislative OEM Grant	2,405.72				2,405.72
	<u>\$ 419,837.92</u>	<u>35,887.71</u>	<u>250,685.69</u>	<u>17,752.02</u>	<u>187,287.92</u>
Ref.	A	A-3	A-4	A-20	A

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit A-19

FEDERAL AND STATE GRANT FUND

SCHEDULE OF APPROPRIATION RESERVES

Grant	Balance	Transfer	Balance
	July 1, 2010	From 2011 Budget	June 30, 2011
Recycling Tonnage	\$ 3,044.69		3,044.69
Clean Shores	1,223.10		1,223.10
Clean Communities	16,311.99	10,101.42	17,924.79
Special Legislative Grant Police	919.98		919.98
Police Body Armor	3,687.62		3,687.62
Municipal Storm Water Grant	6,797.25		6,797.25
Improvements to Pine Street	51.90		51.90
DOT-Morningside Traffic Calming	28,939.87		28,939.87
DOT-Reconst Jersey Ave.-Phase II	100,212.78		99,898.69
DOT-Edmunds Ave Phase II	22,108.92		22,108.92
DOT-Dibling Street	290,000.00		290,000.00
DEP Shore Protection	30.00		
DOT Flat Creek Dredging	3,447.85		30.00
Alcohol Ed. And Rehabilitation	3,742.29		3,447.85
State Recycling	7,920.07	0.60	3,742.29
County of Monmouth Open Space Grant	23,627.29		7,920.67
County Satuated Patrol-DWI			15,179.41
Click it or Ticket			
Emergency Management Performance Grant		12,800.00	8,447.88
Drunk Driving Enforcement Fund		4,000.00	12,800.00
		6,669.61	3,872.84
		3,650.00	3,650.00
	\$ 512,065.60	37,221.63	474,556.82
			74,730.41
Local Contribution			
Budgeted Grants			
	\$ 1,333.92		
	35,887.71		
	\$ 37,221.63		

Ref. A

A

A-4

Local Contribution
Budgeted Grants

A

\$ 1,333.92

A-3

35,887.71

\$ 37,221.63

FEDERAL AND STATE GRANT FUND

SCHEDULE OF UNAPPROPRIATED RESERVES

	<u>Balance</u>	<u>Transferred To</u>	<u>Received</u>	<u>Balance</u>
	<u>July 1, 2010</u>	<u>2011</u>		<u>June 30, 2011</u>
	<u>\$</u>	<u>Appropriations</u>		
Police Body Armor	-	-	1,603.86	1,603.86
Click it or Ticket	4,000.00	4,000.00	-	-
DWI	3,650.00	3,650.00	-	-
Federal Beach Front Grant	-	-	303,399.75	303,399.75
Recycling Tonnage	0.60	0.60	10,325.83	10,325.83
Clean Communities	10,101.42	10,101.42	9,637.67	9,637.67
	<u>\$ 17,752.02</u>	<u>17,752.02</u>	<u>324,967.11</u>	<u>324,967.11</u>
Ref.	A	A-18	A-4	A

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-21

SCHEDULE OF DUE TO/FROM DOG TRUST FUND

Balance July 1, 2010 Due From	<u>Ref.</u> A		\$ 9,245.12
Increased by:			
Disbursements Made in Current Fund	A-4		<u>18,534.73</u>
			27,779.85
Decreased by:			
Receipts	A-4	8,302.40	
Deferred Charges	A-3	<u>9,245.12</u>	
			<u>17,547.52</u>
Balance June 30, 2011 Due From	A		<u><u>\$ 10,232.33</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit B-1

TRUST FUND

SCHEDULE OF CASH - TREASURER

Ref	State Unemployment Insurance	Dog Fund	Special Duty Officers	Payroll Account	R.C.A. Account	Performance Escrow	Tax Title Liens	Law Enforcement Trust	Tax Premium	Total
B	\$ 3,347.43	-	831.40	27,126.92	-	74,820.78	3,117.26	6,686.14	18,050.57	133,980.50
Increased by Receipts:										
B-2		8,302.40								8,302.40
B-10					373.44					373.44
B-6							278,130.67			278,130.67
B-9			31,925.00							31,925.00
B-7								7,956.51		7,956.51
B-8								227,300.00		227,300.00
		8,302.40	31,925.00	-	373.44	-	278,130.67	7,956.51	227,300.00	553,988.02
	3,347.43	8,302.40	32,756.40	27,126.92	373.44	74,820.78	281,247.93	14,642.65	243,350.57	687,968.52
Total Receipts and Balances										
Decreased by Disbursements:										
B-3		8,302.40								8,302.40
B-5						53,743.62				53,743.62
B-6							277,617.85			277,617.85
B-7								5,827.00		5,827.00
B				1,979.13						1,979.13
B-9			31,080.00							31,080.00
B-10					239.29					239.29
B-8		8,302.40	31,080.00	1,979.13	239.29	53,743.62	277,617.85	5,827.00	190,900.12	190,900.12
			1,676.40	25,147.79	134.15	21,077.16	3,630.08	8,815.65	54,450.45	118,279.11
B	\$ 3,347.43	-								
Total Disbursements										
Balance June 30, 2011										

TRUST FUND

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

	<u>Ref.</u>		
Balance July 1, 2010	B		\$ (9,245.12)
Increased by:			
Dog License Fees	B-1	8,302.40	
Budget Appropriations	B-3	<u>9,245.12</u>	
			<u>17,547.52</u>
			8,302.40
Decreased by:			
Expenditures Made in Current	B-3		<u>18,534.73</u>
Balance June 30, 2011	B		<u><u>\$ (10,232.33)</u></u>

SCHEDULE OF INTERFUND - CURRENT

DOG TRUST

	<u>Ref.</u>		
Balance July 1, 2010	B		\$ 9,245.12
Increased by:			
Expenditures Made in Current	B-2	<u>18,534.73</u>	
			27,779.85
Decreased by:			
Turned Over to Current	B-1,B-2	<u>17,547.52</u>	
Balance June 30, 2011	B		<u><u>\$ 10,232.33</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit B-4

SCHEDULE OF RESERVE FOR UNEMPLOYMENT INSURANCE

	<u>Ref.</u>	
Balance July 1, 2010	B	\$ 3,347.43
Decreased by:		
Payments made in Current Fund	B	<u>733.51</u>
Balance June 30, 2011	B	<u>\$ 2,613.92</u>

SCHEDULE OF RESERVE FOR PERFORMANCE ESCROW

Exhibit B-5

	<u>Ref.</u>	
Balance July 1, 2010	B	\$ 74,820.78
Decreased by:		
Disbursements	B-1	<u>53,743.62</u>
Balance June 30, 2011	B	<u>\$ 21,077.16</u>

SCHEDULE OF RESERVE FOR TAX TITLE LIENS

Balance July 1, 2010	<u>Ref.</u> B	\$ 3,117.26
Increased by:		
Receipts	B-1	<u>278,130.67</u>
		281,247.93
Decreased by:		
Disbursements	B-1	<u>277,617.85</u>
Balance June 30, 2011	B	<u>\$ 3,630.08</u>

SCHEDULE OF RESERVE
FOR LAW ENFORCEMENT TRUST

	<u>Ref.</u>	
Balance July 1, 2010	B	\$ 6,686.14
Increased by:		
Receipts	B-1	<u>7,956.51</u>
		14,642.65
Decreased by:		
Disbursements	B-1	<u>5,827.00</u>
Balance June 30, 2011	B	<u>\$ 8,815.65</u>

SCHEDULE OF RESERVE FOR TAX SALE PREMIUM

	<u>Ref.</u>	
Balance July 1, 2010	B	\$ 18,050.57
Increased by:		
Receipts	B-1	<u>227,300.00</u>
		245,350.57
Decreased by:		
Disbursements	B-1	<u>190,900.12</u>
Balance June 30, 2011	B	<u>\$ 54,450.45</u>

Exhibit B-9

SCHEDULE OF SPECIAL DUTY POLICE

	<u>Ref.</u>	
Balance July 1, 2010	B	\$ 831.40
Increased by:		
Receipts	B-1	<u>31,925.00</u>
		32,756.40
Decreased by:		
Disbursements	B-1	<u>31,080.00</u>
Balance June 30, 2011	B	<u>\$ 1,676.40</u>

SCHEDULE OF RESERVE FOR VARIOUS RESERVES

Exhibit B-10

	<u>Ref.</u>		
Balance July 1, 2010	B		\$ 13,462.30
Increased by:			
Interfund - Current	B-11	3,436.35	
Regional Contribution Agreement Account	B-1	<u>373.44</u>	
			<u>3,809.79</u>
			17,272.09
Decreased by:			
Interfund - Current	B-11	1,906.11	
Regional Contribution Agreement Account	B-1	<u>239.29</u>	
			<u>2,145.40</u>
Balance June 30, 2011	B		<u>\$ 15,126.69</u>

SCHEDULE OF INTERFUND - DUE FROM CURRENT

Exhibit B-11

	<u>Ref.</u>	
Balance July 1, 2010	B	\$ 13,462.30
Increased by:		
Various Reserves	B-10	<u>3,436.35</u>
		16,898.65
Decreased by:		
Various Reserves	B-10	<u>1,906.11</u>
Balance June 30, 2011	B	<u>\$ 14,992.54</u>

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL CASH

Exhibit C-2

Balance July 1, 2010 and June 30, 2011	<u>Ref.</u> C	<u>\$ 29,009.01</u>
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GENERAL CAPITAL FUND

ANALYSIS OF CASH

	Balance		Transfers		Balance June 30, 2011
	July 1, 2010		From	To	
Fund Balance	\$ -				23,516.70
Capital Improvement Fund	5,346.70		15,501.00	23,516.70	4,845.70
Department of Transportation #635	(19,441.58)		-	15,000.00	(19,441.58)
Department of Transportation 2008-117	(40,000.00)		-	-	(40,000.00)
Department of Transportation 2011-175			200,000.00	-	(200,000.00)
Cash on Hand to Pay Notes	500,000.00		-	-	500,000.00
Reserve for Debt Service	5,984.72		-	-	5,984.72
Interfund Current	(194,553.63)		-	230,693.43	36,139.80
Green Acres - Front Street	(6,333.25)		-	-	(6,333.25)
DEP Grant Shore Protection			150,000.00	-	(150,000.00)
Interfund - State & Federal Grant Fund	(120,990.99)		-	-	(120,990.99)
Improvement Authorizations:					
746 Various Improvements	(750.00)		-	-	(750.00)
784 Various Improvements	1,385.71		-	-	1,385.71
805 Various Improvements	4,023.80		-	-	4,023.80
776 Acq. of Land and Reconst. of Spruce St.	75,780.77		-	-	75,780.77
823 Various Improvements	(463.22)		-	-	(463.22)
2002-02 Various Improvements	18,495.43		-	-	18,495.43
2003-20 Refunding Bonds	4,907.10		-	-	4,907.10
2003-22 Various Improvements	(5,011.75)		-	-	(5,011.75)
2004-37 Various Improvements	10,545.70		-	-	10,545.70
Department of Transportation:	(63,750.00)		-	-	(63,750.00)
2005-58 A-D Various Improvements	(595.17)		204.83	-	(800.00)
2006-77 Various Improvements	(750.00)		-	-	(750.00)
CDBG Grant					
2009-135 Various Improvements	-		189,975.00	-	(189,975.00)
2010-154 Various Improvements	39,574.93		8,061.89	-	31,513.04
2011-175 Various Improvements	(154,256.53)		83,360.99	238,450.00	832.48
Interfund Sewer Capital Fund	(30,139.73)		416,032.42	555,476.00	139,443.58
	\$ 29,009.01		1,063,136.13	1,063,136.13	29,009.01

Ref.

C

C

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-4

GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance July 1, 2010</u>	<u>Authorized In Fiscal Year 2011</u>	<u>Decreased</u>	<u>Balance June 30, 2011</u>
2006-77	Various Improvements	\$ 76,750.00			76,750.00
795	Improvements to Edmunds Avenue	61,400.00		8,200.00	53,200.00
805	Various Improvements	568,850.00		6,400.00	562,450.00
819	Various Improvements	227,150.00		17,600.00	209,550.00
823	Reconstruction of Various Streets and Drainage Improvements	219,100.00		14,300.00	204,800.00
2002-02	Various Improvements	313,150.00		11,200.00	301,950.00
2003-22	Various Improvements	1,002,325.00		28,600.00	973,725.00
2004-37	Various Improvements	1,021,550.00		28,400.00	993,150.00
2005-58	Various Improvements	464,100.00		17,900.00	446,200.00
2007-96	Various Improvements	363,900.00		4,700.00	359,200.00
2008-117	Various Improvements	529,150.00			529,150.00
2009-135	Various Improvements	330,600.00			330,600.00
2009-135	Various Improvements	238,450.00			238,450.00
2011-175	Various Improvements		294,524.00		294,524.00
		<u>\$ 5,416,475.00</u>	<u>294,524.00</u>	<u>137,300.00</u>	<u>5,573,699.00</u>

Ref. C

C-6

C-3

C

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-5

SCHEDULE OF BOND ANTICIPATION NOTES

	Original Amount Issued	Original Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2010	Issued	Paid	Balance June 30, 2011
Various Improvements	\$ 2,032,000.00	1/19/01	7/8/11	2.00%	\$ 61,400.00		8,200.00	53,200.00
Various Improvements	1,175,000.00	10/18/01	7/8/11	2.00%	1,037,000.00		23,000.00	1,014,000.00
Various Improvements	346,000.00	7/17/02	7/8/11	2.00%	290,000.00		11,200.00	278,800.00
Various Improvements	1,116,000.00	7/6/03	7/8/11	2.00%	1,001,600.00		28,600.00	973,000.00
Various Improvements	1,106,000.00	3/18/04	3/10/11	2.75%	1,020,800.00		28,400.00	992,400.00
Various Improvements	517,000.00	7/14/05	7/9/10	2.00%	463,300.00		17,900.00	445,400.00
Various Improvements	596,000.00	7/13/06	7/9/10	2.00%	576,000.00		15,300.00	560,700.00
Various Improvements	368,600.00	6/8/07	3/10/11	2.75%	363,900.00		4,700.00	359,200.00
Various Improvements	529,150.00	7/11/08	7/9/10	2.00%	529,150.00			529,150.00
Various Improvements	330,600.00	7/10/09	7/9/10	2.00%	330,600.00			330,600.00
Various Improvements	238,450.00	7/9/10	7/8/11	2.00%		238,450.00		238,450.00
					\$ 5,673,750.00	238,450.00	137,300.00	5,774,900.00

Ref.

C

C

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Description	Balance July 1, 2010		2011 Fiscal Year Authorizations	Expended	Balance June 30, 2011	
		Funded	Unfunded			Funded	Unfunded
776A	Acquisition of Land, Block 2 Lot 1	\$ 12,095.00				12,095.00	
776B	Acquisition of Land, Block 251 Lot 2.02b	63,685.77				63,685.77	
784A	Computer Equipment in Tax Office		635.71				635.71
805E	Acquisition of Land Block 29 Lot 5		4,023.80				4,023.80
823	Reconstruction of Various Streets		36.78				36.78
2003-22D	Improvements to Firefighters Park		0.77				0.77
2003-22J	Acquisition of Street Sweeper		159.79				159.79
2003-22K	Acquisition of First Aid Vehicle		459.79				459.79
2002-22L	Acquisition of Generator - Police		19,245.43				19,245.43
2004-37A	Reconstruction of Bayview Ave.		7.02				7.02
2004-37D	Replacement of Roof Borough Hall		10,768.00				10,768.00
2004-37F	Reconstruction of Columbia Ave.		520.68				520.68
2005-58A	Reconstruction of Central Ave.		112.99		112.99		
2005-58C	Reconstruction of Campbell Street		91.84		91.84		
2009-135A	Reconstruction of Jersey Avenue		456.22		456.22		
2009-135B	Reconstruction of Edmunds Avenue		5,423.24		5,423.24		
2009-135D	Various Improvements to Municipal Building		33,695.47		2,182.43		31,513.04
2010-154B	Reconstruction of Jersey Avenue - Phase II		867.11		867.11		
2010-154C	Parking Meters - Purchase & Installation	1,750.00					210.00
2010-154D	Reconstruction of Deibling Street		33,250.00		34,790.00		622.48
2011-175A	Reconstruction of Scholar Drive		48,326.36		47,703.88		38,904.53
2011-175B	Shore Protection Replenishment				289,095.47		215,859.28
2011-175C	Reconstruction of Bayview Avenue				120,796.23		179,203.77
		\$ 77,530.77	158,081.00	850,000.00	507,660.13	75,780.77	502,170.87
					C-3		C
	Capital Improvement Fund			\$ 15,501.00			
	Deferred Charges to Future Taxation - Unfunded			294,524.00			
	Grants			539,975.00			
				\$ 850,000.00			

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-7

GENERAL CAPITAL FUND

SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2010	Paid	Balance June 30, 2011
			Date	Amount				
Fiscal Year Adjustment Bonds *	4/1/92	\$ 2,400,000.00	4/1/12	\$ 120,000.00	4% to 7%	\$ 240,000.00	120,000.00	120,000.00
General Improvements	11/15/01	3,425,000.00	1/1/12	275,000.00	4.30%			
			1/1/2013-15	300,000.00	4.30%	1,450,000.00	275,000.00	1,175,000.00
						<u>\$ 1,690,000.00</u>	<u>395,000.00</u>	<u>1,295,000.00</u>
					Ref.	C		C

*Mandatory sinking fund redemption: The Bonds maturing on April 1, 2012 are subject to mandatory sinking fund redemption on April 1, 2003 and on each April 1 thereafter, at the principal amount thereof, plus accrued interest to the date of redemption.

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance July 1, 2010	<u>Ref.</u> C	\$ 5,346.70
Increased by:		
Fiscal Year 2011 Appropriations	C-11	<u>15,000.00</u>
		20,346.70
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-6	<u>15,501.00</u>
Balance June 30, 2011	C	<u><u>\$ 4,845.70</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-9

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

Ref.	Ord. 2008-117	Ord. 635	Ord. 805	Ord. 2003-22
	Department of Transportation	Department of Transportation	Green Acres	Department of Transportation
	40,000.00	19,441.58	6,333.25	63,750.00
	<u>40,000.00</u>	<u>19,441.58</u>	<u>6,333.25</u>	<u>63,750.00</u>
Total				
	\$ 129,524.83			
	<u>\$ 129,524.83</u>			

Balance July 1, 2010 & 2011

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-10

GENERAL CAPITAL FUND

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

Date of Issue	Original Amount	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2010	Paid	Balance June 30, 2011
		Date	Amount				
8/1/01	\$ 600,000.00	8/1/11	\$ 29,950.65	5.00%	\$ 370,329.44	30,410.44	339,919.00
		8/1/12	30,490.87				
		8/1/13	29,031.08				
		8/1/14	36,559.90				
		8/1/15	35,939.19	5.13%			
		8/1/16	35,310.81				
		8/1/17	34,674.78	5.25%			
		8/1/18	34,041.09				
		8/1/19	33,387.39				
		8/1/20	40,533.24				
					\$ 370,329.44	30,410.44	339,919.00

Ref. C

C

GENERAL CAPITAL FUND

Exhibit C-11

SCHEDULE OF INTERFUND - CURRENT FUND

Balance July 1, 2010 - Due From	<u>Ref.</u> C		\$ 194,553.63
Increased by:			
Bond Anticipation Notes	C-6	238,450.00	
Premium on Notes	C-3	23,516.70	
Capital Improvement Fund	C-8	<u>15,000.00</u>	
			<u>276,966.70</u>
			471,520.33
Decreased by:			
Improvement Authorizations Paid	C-6	<u>507,660.13</u>	
			<u>507,660.13</u>
Balance June 30, 2011 - Due From	C		<u>\$ (36,139.80)</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-12

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Purpose</u>	<u>Ordinance Number</u>	<u>Balance July 1, 2010</u>	<u>Notes Issued</u>	<u>Fiscal Year 2011 Authorizations</u>	<u>Balance June 30, 2011</u>
Various Improvements	823	\$ 500.00		-	500.00
Various Improvements	2002-02	750.00		-	750.00
Various Improvements	2003-22	725.00		-	725.00
Various Improvements	2004-37	750.00		-	750.00
Various Improvements	2005-58	800.00		-	800.00
Various Improvements	2006-77	750.00		-	750.00
Various Improvements	2010-154	238,450.00	238,450.00	-	-
Various Improvements	2010-175			294,524.00	294,524.00
		<u>\$ 242,725.00</u>	<u>238,450.00</u>	<u>294,524.00</u>	<u>298,799.00</u>

Ref.

C

C-3

C-4

C

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-13

GENERAL CAPITAL FUND

SCHEDULE OF GREEN ARCES LOAN

Date of Issue	Original Amount	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2010	Paid	Balance June 30, 2011
		Date	Amount				
11/10/05	\$ 500,000.00	2/16/06 to 2/16/25	Various	2.00%	\$ 412,621.00	22,501.09	390,119.91
6/18/07	250,000.00	3/21/08 to 3/21/26	Various	2.00%	221,347.59	11,632.30	209,715.29
9/7/07	220,000.00	7/01/08 to 7/01/27	Various	2.00%	201,159.13	9,514.17	191,644.96
9/3/08	144,075.80	9/03/08 to 6/05/28	Various	2.00%	134,867.97	6,169.04	128,698.93
8/1/09	132,885.98	8/01/09 to 8/26/26	Various	2.00%	124,381.31	9,676.94	114,704.37
					\$ 1,094,377.00	59,493.54	1,034,883.46

C

Ref. C

SEWER UTILITY FUND

Exhibit D-4

SCHEDULE OF CASH

	<u>Ref.</u>		
Balance July 1, 2010	D		\$ 1.44
Increased by:			
Sewer Charges Receivable	D-2	1,335,473.82	
Miscellaneous Revenue Not Anticipated	D-2	<u>12,172.57</u>	
			<u>1,347,646.39</u>
			<u>1,347,647.83</u>
Decreased by:			
Payments to Current Fund	D-7		<u>1,347,310.21</u>
Balance June 30, 2011	D		<u>\$ 337.62</u>

SEWER UTILITY FUND

Exhibit D-5

SCHEDULE OF SEWER RENTS RECEIVABLE

Balance July 1, 2010	<u>Ref.</u> D	\$ 104,904.55
Increased by:		
Rents Levied		<u>1,381,031.51</u>
		1,485,936.06
Decreased by:		
Receipts - Sewer Account	D-2	<u>1,381,031.51</u>
Balance June 30, 2011	D	<u><u>\$ 104,904.55</u></u>

SCHEDULE OF APPROPRIATION RESERVES

Exhibit D-6

Balance July 1, 2010	<u>Ref.</u> D	<u>\$ 29,180.59</u>
Decreased by:		
Cancelled	D-1	<u><u>\$ 29,180.59</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit D-7 ⁷⁴.

SEWER OPERATING UTILITY FUND

SCHEDULE OF DUE TO/FROM CURRENT FUND

	<u>Ref.</u>		
Balance July 1, 2010 - Due to	D		\$ 172,019.93
Increased by:			
Disbursements Made in Current Fund	D-3		<u>1,263,354.26</u>
			1,435,374.19
Decreased by:			
Tax Sale Portion	D-2	49,517.31	
Receipts in Current	D-2	3,591.85	
Payments to Current Fund	D-4	<u>1,347,310.21</u>	
			<u>1,400,419.37</u>
Balance June 30, 2011 - Due to	D		<u>\$ 34,954.82</u>

SCHEDULE OF FIXED CAPITAL

Exhibit D-8

	<u>Ref.</u>	
Balance July 1, 2010 and June 30, 2011	D	<u>\$ 2,013,325.50</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Exhibit D-9

	<u>Ref.</u>	
Balance July 1, 2010 and June 30, 2011	D	<u>\$ 20,000.00</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

SEWER UTILITY FUND

SCHEDULE OF U.S.D.A. LOAN

<u>Description</u>	<u>Date of Issue</u>		<u>Original Amount Issued</u>	<u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance</u>	
	<u>7/17/02</u>	<u>7/17/02</u>					<u>June 30, 2010</u>	<u>June 30, 2011</u>
Improvements to Sewer System			\$2,022,000.00	1/17/12	\$ 26,163.52	4.75%	\$1,867,496.81	1,842,533.05
				1/17/13	27,421.15			
				1/17/14	28,739.13			
				1/17/15	30,120.44			
				1/17/16	31,568.15			
				1/17/17	33,085.44			
				1/17/18	34,675.66			
				1/17/19	36,342.32			
				1/17/20	38,089.08			
				1/17/21	39,919.80			
				1/17/22	41,838.50			
				1/17/23	43,849.44			
				1/17/24	45,957.02			
				1/17/25	48,165.90			
				1/17/26	50,480.95			
				1/17/27	52,907.26			
				1/17/28	55,450.20			
				1/17/29	58,115.36			
				1/17/30	60,908.62			
				1/17/31	63,836.14			
				1/17/32	66,904.37			
				1/17/33	70,120.06			

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit D-10
Sheet 2 of 2

SEWER UTILITY FUND

SCHEDULE OF U.S.D.A. LOAN

<u>Description</u>	<u>Date of Issue</u>	<u>Original Amount Issued</u>	<u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2010</u>	<u>Paid</u>	<u>Balance June 30, 2011</u>
Improvements to Sewer System (Continued)			1/17/34	\$ 73,490.32				
			1/17/35	77,022.56				
			1/17/36	80,724.58				
			1/17/37	84,604.53				
			1/17/38	88,670.97				
			1/17/39	92,932.85				
			1/17/40	97,399.58				
			1/17/41	102,081.00				
			1/17/42	106,987.43				
			1/17/43	54,320.72				
						\$1,867,496.81	24,963.76	1,842,533.05

Ref. D D-3 D

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit D-11

SEWER UTILITY FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>Description</u>	<u>Original Amount Issued</u>	<u>Original Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance June 30, 2010</u>	<u>Budget Paydown</u>	<u>Balance June 30, 2011</u>
Various Capital Improvements	\$100,000.00	6/8/07	3/9/12	2.750%	\$ 100,000.00	5,300.00	94,700.00
			Ref.		D	D-3	D

SEWER CAPITAL UTILITY FUND

SCHEDULE OF DUE FROM CURRENT FUND

Exhibit D-12

	<u>Ref.</u>	
Balance July 1, 2010 and June 30, 2011 - Due from	D	<u>\$ 90,000.00</u>

SEWER CAPITAL UTILITY FUND

SCHEDULE OF DUE FEDERAL & STATE GRANT FUND

Exhibit D-13

	<u>Ref.</u>	
Balance July 1, 2010 and June 30, 2011 - Due to	D	<u>\$ 59,860.27</u>

SEWER CAPITAL UTILITY FUND

SCHEDULE OF DUE GENERAL CAPITAL FUND

Exhibit D-14

	<u>Ref.</u>	
Balance July 1, 2010 and June 30, 2011 - Due to	D	<u>\$ 30,139.73</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit E-1

PUBLIC ASSISTANCE FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION

PER N.J.S.A. 40A:5-5

	<u>Ref.</u>	
Balance July 1, 2010	E	\$ 10,790.89
Decreased by:		
Bank Analysis Fees		<u>216.49</u>
Balance June 30, 2011	E	<u>\$ 10,574.40</u>

BOROUGH OF UNION BEACH – COUNTY OF MONMOUTH

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED JUNE 30, 2011

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

80.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members
of the Borough Council
Borough of Union Beach
County of Monmouth
Union Beach, New Jersey 07735

We have audited the financial statements – regulatory basis of the Borough of Union Beach (the “Borough”), County of Monmouth, in the United States of America, as of and for the year ended June 30, 2011, and have issued our report thereon dated January 18, 2012. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the Borough of Union Beach, New Jersey 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 of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

Except as discussed in the preceding 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements – regulatory basis, are free of material misstatement.

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 opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

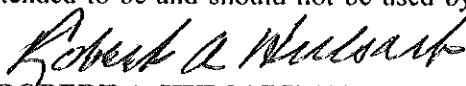
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination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

Our consideration of internal control financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

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* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

This report is intended solely for the information and use of the Borough's management, the Borough Council, others within the organization, the Division, and federal and state awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than those specified parties.


ROBERT A. HULSART AND COMPANY

January 18, 2012

BOROUGH OF UNION BEACH – COUNTY OF MONMOUTH

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED JUNE 30, 2011

GENERAL COMMENTS

Scope of Audit

The audit covered the financial activities of the Treasurer, Chief Financial Officer, Tax and Utility Collector, the activities of the Mayor and Council, and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payments had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control approved of such claims by the governing body.

Cash on hand was counted and cash balances reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Borough Departments as shown on the Statement of Revenue and Schedule of Revenue Accounts Receivable are presented as recorded in the Borough records.

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate amount set forth in, or the amount calculated by the governor pursuant to Section 3 of P.L. 1971, c.198 (c.40A:11-2), except by contract or agreement". The amount set forth pursuant to the above statute was \$12,800 effective July 1, 1999. Effective July 1, 2010, the public contracts law was amended to change to the bid threshold to \$26,000.00 and \$36,000.00 if there is a certified purchasing agent. Effective January 1, 2011 if there was no Qualified Purchasing Agent the bid threshold was adjusted to \$17,500.00 and \$2,625.00 for quotes.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the above statutory limitation within the fiscal year. Where question arises 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.

There were miscellaneous purchases through state contracts.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contract or agreements for "Professional Services" per N.J.S. 40A:11-4.

A test of quotes for purchases in excess of \$5,400.00 or \$3,900.00 was made with no exceptions noted.

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 or any materials or supplies, the results of such an accumulation would not reasonably be ascertained. Disbursements were reviewed; however, to determine whether any clear-cut violations existed.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on April 10, 1980, adopted the following resolution authorizing interest to be charged on delinquent taxes:

NOW THEREFORE, BE IT RESOLVED, by the Mayor and Council of the Borough of Union Beach that the RATE OF INTEREST to be CHARGED for the Non-Payment of Taxes or Assessments shall be EIGHT (8) PERCENT (%), per Annum on the first \$1,500.00 of delinquency and EIGHTEEN (18) PERCENT (%), per Annum on any amount in excess of \$1,500.00, to be calculated from the date the taxes are payable until the date of actual payment: and

BE IT FURTHER RESOLVED, the pursuant the N.J.S.A. 54:5-32 the maximum interest rate required for redemption of the Tax Sale Certificates shall be EIGHTEEN (18) PERCENT (%), per Annum; and

BE IT FURTHER RESOLVED, that pursuant to N.J.S.A. 54:5-34, the rate of interest for those Tax Sale Certificates for which there shall be no other purchaser and which are therefore struck off to the Borough of Union Beach, shall be 18% per Annum.

It is noted that a ten-day "grace period" is allowed in accordance with the provisions of the 1980 resolution.

On March 20, 1997 the governing body adopted a resolution authorizing the tax collector to charge 6% year end penalty on all properties with a delinquency in excess of \$10,000.00.

Delinquent Taxes and Tax Title Liens

A tax sale was held on July 8, 2011 and was complete.

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

The following comparison is made of the number of tax title liens receivable on June 30 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2011	0
2010	0
2009	0

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2011 & 2012 Taxes	25
Payment of Sewer Utility	25

Foreclosed Property

The foreclosed property is the total from exempt property, so marked, appearing in the tax duplicate.

RECOMMENDATIONS

Fixed Assets

Finding: The Borough has a fixed asset accounting system, however it is not computerized.

Recommendation: That the Borough update its fixed assets with a computer program.

Municipal Court

Finding: It was noted that some receipts were mistakenly not deposited in a timely manner.

Recommendation: That all deposits be made within 48 hours as per State Statute.

Finding: The Bail account has an unidentified balance of \$189.00 at June 30, 2011.

Recommendation: The reconciled balance should be identified and any excess funds should be turned over to the proper agencies.

Dog Trust Fund

Finding: The monthly reports to the State had errors in some months.

Recommendation: Each month the state report is proved to the receipts including prepaid licenses to insure accuracy.

Appreciation

We desire to express our appreciation for the assistance and courtesies rendered by the officials and employees during the course of the audit.

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