BOROUGH OF MATAWAN

COUNTY OF MONMOUTH
NEW JERSEY

REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2008

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

FOR THE YEAR ENDED DECEMBER 31, 2008

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH

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COUNTY OF MONMOUTH

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COUNTY OF MONMOUTH

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Borough of Matawan (the "Borough"), as of December 31, 2008 and 2007, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended and the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis for the year ended December 31, 2008. These financial statements -regulatory basis are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

The financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit the LOSAP Fund financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund and represent 11.80% and 11.06% of the assets and liabilities as of December 31, 2008 and 2007, respectively, of the Borough's Trust Funds.

As described more fully in Note 2, the Borough has prepared these financial statements using accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough, as of December 31, 2008 and 2007 or the results of its operations or cash flows of its proprietary fund types and nonexpendable trust funds for the years then ended.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the financial statements - regulatory basis present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the Borough, as of December 31, 2008 and 2007, and the results of its operations and the changes in fund balance - regulatory basis of the individual funds for the years then ended and the statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2008, on the basis of accounting described in Note 2 to the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated October 19, 2009 on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audits.

Our audits were performed for the purpose of forming an opinion on the financial statements - regulatory basis of the Borough taken as a whole. The accompanying financial information listed as supplementary schedules in the table of contents is not a required part of the financial statements and is presented for purposes of additional analysis as required by New Jersey State Division of Local Government Services. Except for the LOSAP Fund supplementary schedules, such information has been subjected to the auditing procedures applied in the audit of the financial statements - regulatory basis and, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund supplementary information been audited, in our opinion, is fairly presented in all material respects in relation to the financial statements - regulatory basis taken as a whole, on the basis of accounting described in Note 2 to the financial statements.

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

Fallon & Larsen LLP

October 19, 2009

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

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

We have audited the financial statements - regulatory basis of the Borough of Matawan (the "Borough") as of and for the year ended December 31, 2008, and have issued our report thereon dated October 19, 2009 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America. As described in Note 2 to the financial statements, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion was also qualified because the Division of Local Government Services does not require the Length of Service Award Program to be audited, only reviewed. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Borough's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey such that there is more than a remote likelihood that a misstatement of the Borough's financial statements - regulatory basis that is more than inconsequential will not be prevented or detected by the Borough's internal control. We consider the deficiencies described in the accompanying Comments and Recommendations listed as items 08-1 and 08-2 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 08-1 and 08-2, 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.

We noted certain matters that we have reported to management of the Borough in the Comments and Recommendations section of this report.

The Borough's response to the findings identified in our audit is described in the accompanying Comments and Recommendations section of this report. We did not audit the Borough's response and, accordingly, we express no opinion on it.

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

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

Fallon & Larsen LLP

October 19, 2009

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	Ref.	2008	2007
ASSETS			
Cash - Treasurer	A-4	$ 1,540,396.33	$ 1,796,445.59
Cash - Change Fund	A	150.00	150.00
		1,540,546.33	1,796,595.59
Due from State of New Jersey, Chap. 20 P.L. 1971	A-11	750.00	751.02
		1,541,296.33	1,797,346.61
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	4,932.24	1,228.39
Tax Title Liens Receivable	A-6	3,884.61	
Property Acquired for Taxes	A-7	125,900.00	125,900.00
Revenue Accounts Receivable	A-8	16,590.67	21,664.91
Regional School Taxes Receivable	A-17	213,103.53	
Interfunds Receivable	A-23	64,678.73	2,228.22
		429,089.78	151,021.52
Deferred Charges:			
Special Emergency Authorizations (N.J.S. 40A:4-53)	A-9	163,160.00	221,520.00
Emergency Appropriations	A-10	310,000.00	125,000.00
Deficit in Operations	A-10	11,338.79	
Expenditure Without Appropriation	A-10	3,641.19	
Overexpenditure of Appropriation Reserves	A-10	35,851.99	35,421.35
		523,991.97	381,941.35
		2,494,378.08	2,330,309.48
Federal and State Grant Fund:			
Grants Receivable	A-24	13,042.70	17,865.00
Interfund - Current Fund	A-22	84,667.82	65,584.66
		97,710.52	83,449.66
Total Assets		$ 2,592,088.60	$ 2,413,759.14

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	Ref.	2008	2007
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3/A-12	$ 276,959.17	$ 128,350.48
Reserve for Encumbrances	A-13	223,189.11	215,709.47
Tax Overpayments	A-14	9,345.53	37,582.42
Prepaid Taxes	A-15	75,429.90	79,129.18
County Taxes Payable	A-16	4,446.55	8,777.63
Accounts Payable	A-18	5,000.00	13,435.19
Due to State of New Jersey - Various	A-19		853.00
Various Reserves	A-20	67,158.73	98,410.65
Special Emergency Notes Payable	A-21	150,000.00	200,000.00
Interfund - Federal and State Grant Fund	A-22	84,667.82	65,584.66
Interfunds Payable	A-23	1,031,359.61	902,718.16
Reserve for Tax Appeals	A-1	18,994.76	
		1,946,551.18	1,750,550.84
Reserve for Receivables and Other Assets	A	429,089.78	151,021.52
Fund Balance	A-1	118,737.12	428,737.12
		2,494,378.08	2,330,309.48
Federal and State Grant Fund:			
Appropriated Reserves	A-25	71,925.13	72,924.59
Unappropriated Reserves	A-26	23,572.69	7,979.05
Reserve for Encumbrances	A-27	2,212.70	2,546.02
		97,710.52	83,449.66
Total Liabilities, Reserves and Fund Balance		$ 2,592,088.60	$ 2,413,759.14

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

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

For the Years Ended December 31,

	Ref.	2008	2007
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	$ 310,000.00	$ 150,000.00
Miscellaneous Revenue Anticipated	A-2	3,316,678.89	3,772,587.01
Receipts from Delinquent Taxes	A-2	3,000.00	2,236.85
Receipts from Current Taxes	A-2	23,810,339.25	22,902,945.06
Non-Budget Revenues	A-2	79,580.24	42,420.28
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	83,056.78	28,678.46
Accounts Payable Canceled	A-18	5,215.19	
Interfunds Returned			4,072.02
Total Revenue		27,607,870.35	26,902,939.68
Expenditures:			
Budget Appropriations Within Caps:			
Operations:			
Salaries and Wages	A-3	3,578,629.00	3,490,575.34
Other Expenses	A-3	3,616,302.00	3,175,219.66
Deferred Charges and Statutory Expenditures	A-3	120,000.00	122,095.40
Budget Appropriations Excluded from Caps:			
Operations:			
Other Expenses	A-3	988,620.94	1,113,625.43
Capital Improvements	A-3	45,000.00	45,000.00
Municipal Debt Service	A-3	1,443,832.73	1,436,286.73
Deferred Charges	A-3	183,360.00	64,360.00
		9,975,744.67	9,447,162.56

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

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

For the Years Ended December 31,

	Ref.	2008	2007
County Taxes	A-16	$ 2,659,630.86	$ 2,636,526.61
Amount Due County for Added and Omitted Taxes	A-16	4,445.76	8,777.18
Regional School Tax	A-17	14,990,949.19	14,565,929.29
Refund Prior Year's Revenue	A-4	304.36	1,129.67
Refund Prior Year's Tax Revenue	A-14	334.48	29,478.16
Interfunds Advanced	A-23	62,450.51	
Due from State - P.L. 1971, C. 20 Canceled	A-11	251.02	
Prior Year Seniors' Disallowed	A-11	3,000.00	2,059.03
School Tax Advance	A-17	213,103.53	
Reserve for Tax Appeals	A	18,994.76	
Prior Year Revenue Refunded			5,546.96
Total Expenditures		27,929,209.14	26,696,609.46
Excess/(Deficit) in Revenue		(321,338.79)	206,330.22
Add:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budgets of Succeeding Year:			
Emergency Appropriations	A-10	310,000.00	125,000.00
Statutory Excess to Fund Balance			331,330.22
Deficit in Operations to be Raised in Budget of Succeeding Year	A-10	$ (11,338.79)	
Fund Balance January 1	A	$ 428,737.12	247,406.90
		428,737.12	578,737.12
Decreased by:			
Utilized as Anticipated Revenue	A-1/A-2	310,000.00	150,000.00
Fund Balance December 31	A	$ 118,737.12	$ 428,737.12

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2008

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	$ 310,000.00	$ 310,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-8	13,300.00	15,601.24	$ 2,301.24
Other	A-2/A-8	47,000.00	10,119.00	(36,881.00)
Fees and Permits	A-2/A-8	41,002.00	75,247.70	34,245.70
Fines and Costs:				
Municipal Court	A-8	148,000.00	140,753.69	(7,246.31)
Interest and Costs on Taxes	A-8	44,000.00	48,990.16	4,990.16
Interest on Investments and Deposits	A-8	115,000.00	35,934.38	(79,065.62)
Anticipated Utility Operating Surplus	A-8	210,000.00	210,000.00	
Payments in lieu of Taxes - Senior Citizens Housing Complex	A-8	64,000.00	73,309.00	9,309.00
Extraordinary Aid	A-8	200,000.00	200,000.00	
Consolidated Municipal Property Tax Relief Aid	A-8	100,613.00	100,613.00	
Energy Receipts Tax (P.L. 1997, Ch. 62 & 67)	A-8	1,770,371.00	1,770,371.00	
Uniform Construction Code Fees	A-8	142,000.00	392,720.00	250,720.00
Recycling Tonnage Grant	A-24	3,910.37	3,910.37	
Clean Communities Program	A-24	11,150.47	11,150.47	
Alcohol Education/Rehabilitation Program	A-24	676.57	676.57	
N.J. Body Armor Fund	A-24	2,458.53	2,458.53	

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2008

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Uniform Fire Safety Act	A-8	$ 55,998.00	$ 12,175.78	$ (43,822.22)
Railroad Parking Lot Fees and Permits	A-8	192,805.00	125,000.00	(67,805.00)
Cable Television Fees	A-8	31,428.00	31,428.00	
Rental of Matawan Municipal Community Center	A-8	34,000.00	42,145.00	8,145.00
General Capital Fund Balance	A-8	5,700.00	5,700.00	
Reserve to Pay Debt Service - General Capital	A-8	8,375.00	8,375.00	
Total Miscellaneous Revenues	A-1	3,241,787.94	3,316,678.89	74,890.95
Receipts from Delinquent Taxes	A-1/A-2	700.00	3,000.00	2,300.00
		3,552,487.94	3,629,678.89	77,190.95
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	6,178,535.07	6,202,670.51	24,135.44
		9,731,023.01	9,832,349.40	101,326.39
Non-Budget Revenues	A-1/A-2		79,580.24	79,580.24
Total		$ 9,731,023.01	$ 9,911,929.64	$ 180,906.63
	Ref.	A-3		

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2008

Analysis of Realized Revenues

Allocation of Current Tax Collections:		
Revenue from Collections	A-1/A-5	$ 23,810,339.25
Allocated to School and County Taxes	A-5	17,655,025.81
Balance for Support of Municipal Budget Appropriations		6,155,313.44
Add:		
Reserve for Uncollected Taxes	A-3	47,357.07
Amount for Support of Municipal Budget Appropriations	A-2	$ 6,202,670.51
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-2/A-5	$ 3,000.00
Analysis of Licenses - Other:		
Marriage Licenses		$ 133.00
General Business Licenses		6,963.00
Taxi Licenses		800.00
Raffle License		760.00
Towing License		300.00
Clerk		10.00
Other		1,153.00
	A-2	$ 10,119.00

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2008

Analysis of Realized Revenues (Continued)

Fees and Permits Other:		
Tree Permits		$ 3,410.00
Planning and Zoning		10,875.00
Accident Reports		911.05
Certified Copies		2,555.75
Food Handling		11,560.75
Street Openings		4,000.00
Fire Prevention		8,344.00
Certificate of Occupancy Inspections		19,435.00
Building Rental Registration		11,400.00
Miscellaneous		2,756.15
	A-2	$ 75,247.70

Analysis of Non-Budget Revenues:		
Copies		$ 813.95
Zoning Books		78.00
Inspection Fee		1,000.00
Returned Check Fee		420.00
Polling Place Rent		1,600.00
Mel-Jif Dividend		21,335.79
Safety Award - Mel Jif		1,000.00
DMV Inspection Fines		6,415.00
Senior and Veteran Administrative Fee		1,420.00
Insurance Reimbursements		1,313.79
IDA Drug Subsidy		12,209.83
Worker's Compensation		4,664.00
Vendor Refunds		2,145.63
Verizon Franchise Fee		1,151.28
Cancel Trust Reserves		20,511.92
County DWI Patrol		1,080.00
Miscellaneous		2,421.05
	A-2/A-4	$ 79,580.24

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2008

	Appropriated		Expended		Unexpended Balance Canceled
Operations Within CAPS	Budget	Budget After Modification	Paid or Charged	Reserved	
General Government:					
General Administration					
Salaries and Wages	$ 95,722.00	$ 120,722.00	$ 117,734.55	$ 2,987.45	
Other Expenses	31,491.00	24,491.00	23,947.34	543.66	
Mayor and Council					
Salaries and Wages	19,925.00	19,925.00	19,921.67	3.33	
Other Expenses	3,835.00	3,835.00	2,413.11	1,421.89	
Municipal Clerk					
Salaries and Wages	67,100.00	64,600.00	63,335.02	1,264.98	
Other Expenses	31,850.00	31,850.00	31,076.29	773.71	
Financial Administration					
Salaries and Wages	68,000.00	64,700.00	62,291.24	2,408.76	
Other Expenses	12,790.00	13,090.00	12,887.37	202.63	
Audit Services					
Other Expenses	19,500.00	19,500.00	19,500.00		
Tax Collection					
Salaries and Wages	43,482.00	44,682.00	43,613.86	1,068.14	
Other Expenses	9,375.00	9,375.00	6,978.81	2,396.19	
Tax Assessment Administration					
Salaries and Wages	34,000.00	34,800.00	34,440.95	359.05	
Other Expenses	3,250.00	3,250.00	2,559.59	690.41	
Legal Services					
Salaries and Wages	31,692.00	17,692.00	15,549.49	2,142.51	
Other Expenses	67,200.00	81,200.00	77,290.20	3,909.80	
Engineering Services					
Other Expenses	65,500.00	60,500.00	53,869.73	6,630.27	
Downtown Redevelopment					
Salaries and Wages	1.00	1.00		1.00	
Other Expenses	4,500.00	3,200.00	3,175.00	25.00	

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2008

	Appropriated		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Historical Sites Office					
Salaries and Wages	$ 1,200.00	$ 1,200.00	$ 1,200.00		
Other Expenses	20,000.00	7,000.00	5,517.17	$ 1,482.83	
Land Use Administration:					
Planning and Zoning Board of Adjustment					
Salaries and Wages	26,000.00	24,300.00	22,123.11	2,176.89	
Other Expenses	9,350.00	4,350.00	625.49	3,724.51	
Insurances:					
General Liability	87,091.00	87,091.00	87,068.14	22.86	
Workers Compensation	144,600.00	144,600.00	143,455.28	1,144.72	
Employee Group Health	800,300.00	1,238,000.00	1,157,491.81	80,508.19	
Public Safety Functions:					
Municipal Court					
Salaries and Wages	85,000.00	79,500.00	78,798.30	701.70	
Other Expenses	16,610.00	17,610.00	17,356.73	253.27	
Public Defender (P.L. 1997, c.256)					
Salaries and Wages	6,000.00	6,000.00	5,958.37	41.63	
Police Department					
Salaries and Wages	2,299,491.00	2,299,291.00	2,279,004.99	20,286.01	
Other Expenses	258,038.00	208,038.00	198,826.70	9,211.30	
Office of Emergency Management					
Salaries and Wages	3,500.00	3,500.00	3,120.00	380.00	
Other Expenses	2,350.00	1,350.00	262.77	1,087.23	
Aid to Volunteer First Aid Squad					
Other Expenses	25,000.00	25,000.00	25,000.00		
Fire					
Other Expenses	143,700.00	128,700.00	124,116.24	4,583.76	
Uniform Fire Safety					
Salaries and Wages	40,686.00	39,186.00	39,108.71	77.29	
Other Expenses	12,850.00	7,850.00	5,999.72	1,850.28	
Municipal Prosecutor's Office					
Salaries and Wages	10,001.00	10,001.00	3,332.87	6,668.13	
Other Expenses	50.00	50.00		50.00	

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2008

	Appropriated		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Public Works Functions:					
Railroad Parking					
Salaries and Wages	$ 98,356.00	$ 79,356.00	$ 78,420.28	$ 935.72	
Other Expenses	93,649.00	112,649.00	111,273.55	1,375.45	
Streets and Roads Maintenance					
Salaries and Wages	362,900.00	329,800.00	326,474.58	3,325.42	
Other Expenses	66,200.00	51,200.00	43,292.05	7,907.95	
Shade Tree Commission					
Salaries and Wages	1,200.00	1,200.00	900.00	300.00	
Other Expenses	7,165.00	5,165.00	3,799.25	1,365.75	
Solid Waste Collection					
Salaries and Wages	2,840.00	2,960.00	2,942.92	17.08	
Other Expenses	666,000.00	664,000.00	663,027.80	972.20	
Buildings and Grounds					
Salaries and Wages	133,605.00	135,605.00	135,605.00		
Other Expenses	49,000.00	44,000.00	39,909.59	4,090.41	
Vehicle Maintenance					
Salaries and Wages	37,868.00	37,868.00	37,309.36	558.64	
Other Expenses	23,500.00	21,500.00	19,868.50	1,631.50	
Health and Human Services					
Board of Health					
Salaries and Wages	4,000.00	4,300.00	4,270.91	29.09	
Other Expenses	71,446.00	71,446.00	32,526.18	38,919.82	
Environmental Health Services					
Salaries and Wages	1,200.00				
Other Expenses	100.00	100.00	75.00	25.00	
Welfare / Administration of Public Assistance					
Other Expenses	50.00	50.00		50.00	
Park and Recreation Functions:					
Recreation Services and Programs					
Salaries and Wages	16,000.00	14,000.00	13,585.46	414.54	
Other Expenses	30,500.00	22,500.00	20,653.65	1,846.35	

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2008

	Appropriated		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Other Common Operating Functions:					
Accumulated Sick Leave	$ 9,000.00	$ 9,000.00	$ 9,000.00		
Salary and Wage Adjustment	23,832.00	12.00		$ 12.00	
Uniform Construction Code - Appropriations					
Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17):					
State Uniform Construction Code Officials					
Salaries and Wages	133,740.00	133,440.00	130,065.58	3,374.42	
Other Expenses	17,500.00	14,500.00	12,234.05	2,265.95	
Division of Property Maintenance					
Salaries and Wages	14,000.00	10,000.00	9,666.60	333.40	
Other Expenses	250.00	250.00	219.00	31.00	
Utility Expenses and Bulk Purchases:					
Utilities	294,000.00	341,500.00	313,372.64	28,127.36	
Street Lighting	125,000.00	137,500.00	134,954.74	2,545.26	
Total Operations Within CAPS	6,883,931.00	7,193,931.00	6,932,397.31	261,533.69	
Contingent	1,000.00	1,000.00		1,000.00	
Total Operations Including Contingent Within CAPS	6,884,931.00	7,194,931.00	6,932,397.31	262,533.69	
Detail:					
Salaries and Wages	3,637,509.00	3,578,629.00	3,528,773.82	49,855.18	
Other Expenses	3,247,422.00	3,616,302.00	3,403,623.49	212,678.51	
Deferred Charges and Statutory Expenditures Within CAPS					
Statutory Expenditures:					
Social Security System (O.A.S.I.)	120,000.00	120,000.00	110,294.16	9,705.84	
Deferred Charges and Statutory Expenditures Within CAPS	120,000.00	120,000.00	110,294.16	9,705.84	
Total Appropriations Within CAPS	7,004,931.00	7,314,931.00	7,042,691.47	272,239.53	

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2008

	Appropriated		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from CAPS					
Monmouth County 911 Program	$ 10,000.00	$ 10,000.00	$ 7,560.96	$ 2,439.04	
Maintenance of Joint Free Public Library					
Proportionate Share					
Other Expenses	359,011.00	359,011.00	359,011.00		
Length of Service Awards Program	54,000.00	54,000.00	54,000.00		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	103,539.00	103,539.00	103,538.40	0.60	
Police and Firemen's Retirement System	422,350.00	422,350.00	422,350.00		
Interlocal Municipal Service Agreements:					
HAM Program - Aberdeen Township	21,525.00	21,525.00	19,245.00	2,280.00	
Public and Private Programs Offset by Revenues:					
Body Armor Replacement Grant	2,458.53	2,458.53	2,458.53		
Recycling Tonnage Grant	3,910.37	3,910.37	3,910.37		
Clean Communities Program	11,150.47	11,150.47	11,150.47		
Alcohol Education and Rehabilitation Fund	676.57	676.57	676.57		
Total Operations - Excluded from CAPS	988,620.94	988,620.94	983,901.30	4,719.64	
Detail:					
Salaries and Wages					
Other Expenses	988,620.94	988,620.94	983,901.30	4,719.64	
Capital Improvements Excluded From CAPS					
Capital Improvement Fund	45,000.00	45,000.00	45,000.00		
Total Capital Improvements Excluded From CAPS	45,000.00	45,000.00	45,000.00		

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2008

	Appropriated		Expended		Unexpended Balance
	Budget	Budget After Modification	Paid or Charged	Reserved	Canceled
Municipal Debt Service Excluded from CAPS					
Payment of Bond Principal	$ 787,850.00	$ 787,850.00	$ 787,850.00		
Interest on Bonds	399,809.00	399,809.00	399,703.68		$ 105.32
Interest on Notes	74,300.00	74,300.00	74,200.81		99.19
Green Trust Loan Program					
Loan Repayments for Principal and Interest	18,345.00	18,345.00	18,344.04		0.96
Capital Lease Obligations Approved Prior to 07/12/07					
Principal	136,700.00	136,700.00	127,798.84		8,901.16
Interest	44,750.00	44,750.00	35,935.36		8,814.64
Total Municipal Debt Service Excluded from CAPS	1,461,754.00	1,461,754.00	1,443,832.73		17,921.27
Deferred Charges - Municipal Excluded from CAPS					
Emergency Authorizations	125,000.00	125,000.00	125,000.00		
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	58,360.00	58,360.00	58,360.00		
Total Deferred Charges - Municipal Excluded from "CAPS"	183,360.00	183,360.00	183,360.00		
Total General Appropriations Excluded from CAPS	2,678,734.94	2,678,734.94	2,656,094.03	$ 4,719.64	17,921.27
Subtotal General Appropriations	9,683,665.94	9,993,665.94	9,698,785.50	276,959.17	17,921.27
Reserve for Uncollected Taxes	47,357.07	47,357.07	47,357.07		
Total General Appropriations	$ 9,731,023.01	$ 10,041,023.01	$ 9,746,142.57	$ 276,959.17	$ 17,921.27
Ref.	A-2	A-3	A-1/A-3	A/A-1	

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2008

	Ref.	Budget After Modification
Budget	A-2	$ 9,731,023.01
Emergency Appropriation	A-10	310,000.00
	A-3	$ 10,041,023.01

		Paid or Charged
Cash Disbursements	A-4	$ 9,229,040.45
Reserve for Encumbrances	A-13	223,189.11
Appropriated Reserves for Federal and State Grants	A-25	18,195.94
Interfunds	A-23	45,000.00
Reserve for Uncollected Taxes	A-3	47,357.07
Special Emergency Authorizations	A-9	58,360.00
Deferred Charges	A-10	125,000.00
	A-3	$ 9,746,142.57

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	Ref.	2008	2007
ASSETS			
Animal Control Trust Fund:			
Cash	B-1	$ 820.34	$ 623.94
		820.34	623.94
Trust Other Funds:			
Cash	B-1	1,212,548.03	1,414,887.09
		1,212,548.03	1,414,887.09
Length of Service Award Program Fund ("LOSAP") - Unaudited:			
Investments	B-1	162,317.05	176,101.98
		$ 1,375,685.42	$ 1,591,613.01
LIABILITIES AND RESERVES			
Animal Control Trust Fund:			
Due to State of New Jersey	B-3	$ 6.00	$ 3.60
Reserve for Animal Control Trust Fund Expenditures	B-2	814.34	620.34
		820.34	623.94
Trust Other Funds:			
Prepaid Railroad Permits	B-4	199,320.00	210,960.00
Interfund - Current Fund	B-6	5,409.76	1,307.50
Various Reserves	B-5	1,007,818.27	1,202,619.59
		1,212,548.03	1,414,887.09
Length of Service Award Program Fund ("LOSAP") - Unaudited:			
Reserve for Length of Service Award Program	B-7	162,317.05	176,101.98
		$ 1,375,685.42	$ 1,591,613.01

The accompanying notes are an integral part of this statement.

Exhibit C

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	Ref.	2008	2007
ASSETS			
Cash	C-2	$ 78,610.46	$ 528,470.68
Investment - Special Emergency Note	C-2	150,000.00	200,000.00
Due from State of N.J. Department of Transportation	C-6	37,500.00	37,500.00
Due from Monmouth County Improvement Authority	C-7	19,424.65	23,025.78
Interfund - Current Fund	C-15	254,108.31	54,852.73
Interfund - Water-Sewer Capital Fund	C-8	601,810.65	601,810.65
Deferred Capital Lease Obligations	C-12	827,700.00	964,400.00
Deferred Charges to Future Taxation:			
Funded	C-4	8,252,715.21	9,054,379.90
Unfunded	C-5	4,122,219.01	3,457,219.01
		$ 14,344,088.29	$ 14,921,658.75
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-9	$ 8,036,626.00	$ 8,824,476.00
Bond Anticipation Notes	C-10	1,772,000.00	1,772,000.00
Green Trust Loan Payable	C-11	216,089.21	229,903.90
Capital Lease Obligation Payable	C-12	827,700.00	964,400.00
Improvement Authorizations:			
Funded	C-13	408,655.88	765,963.40
Unfunded	C-13	2,603,082.54	2,074,705.89
Reserve for Encumbrances	C-14	380,901.55	190,614.85
Capital Improvement Fund	C-16	57,344.29	47,344.29
Reserve for Debt Service	C-17		8,375.00
Interfund - Water-Sewer Operating Fund	C	633.01	633.01
Reserve for State of N.J. Department of Transportation Grant Receivable	C-6	37,500.00	37,500.00
Fund Balance	C-1	3,555.81	5,742.41
		$ 14,344,088.29	$ 14,921,658.75

There were bonds and notes authorized but not issued on December 31, 2008 of $2,350,219.01 (Exhibit C-18)

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Ref.		
Balance, December 31, 2007	C	$	5,742.41
Increased by:			
Premium on Sale of Bond Anticipation Notes	C-2		3,513.40
			9,255.81
Decreased by:			
Appropriated to 2008 Budget Revenue	C-2		5,700.00
Balance, December 31, 2008	C	$	3,555.81

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	Ref.	2008	2007
ASSETS			
Operating Fund			
Cash	D-6	$ 219,047.34	$ 138,876.85
Change Fund	D	50.00	50.00
Interfunds Receivable	D-10	161,229.52	184,629.52
		380,326.86	323,556.37
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-8	123,534.69	169,797.08
Total Operating Fund		503,861.55	493,353.45
Assessment Trust Fund			
Cash	D-6	5,165.67	5,165.67
Assessments Receivable	D-11	28,141.00	28,141.00
Total Assessment Trust Fund		33,306.67	33,306.67
Capital Fund			
Cash	D-6	480,691.82	62,029.66
Interfunds Receivable	D-27	777,251.30	847,251.30
Fixed Capital	D-16	18,389,536.60	18,389,536.60
Fixed Capital Authorized and Uncompleted	D-17	1,648,009.65	1,472,009.65
Total Capital Fund		21,295,489.37	20,770,827.21
Total Assets		$ 21,799,350.92	$ 21,264,180.66

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	Ref.	2008	2007
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund			
Appropriation Reserves	D-5/D-12	$ 94,108.40	$ 82,333.93
Reserve for Encumbrances	D-13	128,622.46	67,940.85
Customer Overpayments	D-14	4,827.71	4,127.32
Interfunds Payable	D-10	50,179.25	920.72
Accrued Interest on Bonds, Notes, and Loans	D-15	64,508.07	80,091.17
		342,245.89	235,413.99
Reserve for Receivables and Other Assets	D	123,534.69	169,797.08
Fund Balance	D-1	38,080.97	88,142.38
Total Operating Fund		503,861.55	493,353.45
Assessment Trust Fund			
Interfund - Water - Sewer Operating Fund	D-10	205.98	205.98
Reserve for Assessments Receivable	D-18	28,141.00	28,141.00
Fund Balance	D-2	4,959.69	4,959.69
Total Assessment Trust Fund		33,306.67	33,306.67
Capital Fund			
Serial Bonds	D-19	3,361,374.00	3,529,524.00
Bond Anticipation Notes	D-20	2,135,000.00	1,485,000.00
State of New Jersey			
Environmental Infrastructure Loan Payable	D-21	1,967,276.22	2,094,320.58
Reserve for Encumbrances	D-22	59,523.04	127,429.01
Improvement Authorizations:			
Funded	D-23	11,365.52	35,365.52
Unfunded	D-23	895,045.12	878,476.99
Capital Improvement Fund	D-24	55,000.00	55,000.00
Interfunds Payable	D-27	762,201.18	785,601.18
Reserve for Amortization	D-25	12,037,280.51	11,742,086.15
Deferred Reserve for Amortization	D-26	11,365.52	35,365.52
Fund Balance	D-3	58.26	2,658.26
Total Capital Fund		21,295,489.37	20,770,827.21
Total Liabilities, Reserves and Fund Balance		$ 21,799,350.92	$ 21,264,180.66

There were bonds and notes authorized but not issued on December 31, 2008 of $525,250.00 (Exhibit D-28)

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

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

For the Years Ended December 31,

	Ref.	2008	2007
Revenue and Other Income Realized:			
Fund Balance Utilized	D-4	$ 88,000.00	$ 130,000.00
Water - Sewer Rents	D-4	4,261,423.16	4,263,754.61
Miscellaneous Revenue	D-4	59,455.76	60,587.43
Water - Sewer Capital Fund Balance	D-4	2,600.00	9,900.00
Cancel 2007 Appropriation Reserves	D-4	30,000.00	
Reserve for Debt Service - Capital Fund	D-4	24,000.00	
Miscellaneous Revenue Not Anticipated	D-4	9,424.07	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-12	1,701.36	27,378.38
Total Revenue		4,476,604.35	4,491,620.42
Expenditures:			
Operating	D-5	3,622,209.00	3,588,477.00
Debt Service	D-5	556,156.76	628,970.73
Deferred Charges and Statutory Expenditures	D-5	50,300.00	56,931.93
Surplus (General Budget)	D-5	210,000.00	210,000.00
Refund Prior Years' Revenue			
Total Expenditures		4,438,665.76	4,484,379.66
Statutory Excess to Fund Balance		37,938.59	7,240.76
Fund Balance January 1	D	88,142.38	210,901.62
		126,080.97	218,142.38
Decreased by:			
Utilization as Anticipated Revenue	D-1/D-4	88,000.00	130,000.00
Fund Balance December 31	D	$ 38,080.97	$ 88,142.38

The accompanying notes are an integral part of these statements.

Exhibit D-2

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Ref.	
Balance, December 31, 2007 and 2008	D	$ 4,959.69

Exhibit D-3

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

	Ref.	
Balance, December 31, 2007	D	$ 2,658.26
Decreased by:		
Anticipated as Revenue in Current Fund	D-27	2,600.00
Balance, December 31, 2008	D	$ 58.26

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

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

For the Year Ended December 31, 2008

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	D-1	$ 88,000.00	$ 88,000.00	
Water - Sewer Rents	D-1/D-8	4,262,588.00	4,261,423.16	$ (1,164.84)
Miscellaneous	D-1/D-4/D-6	60,800.00	59,455.76	(1,344.24)
Water - Sewer Capital Fund Balance	D-1/D-10	2,600.00	2,600.00	
Cancel 2007 Reserves	D-1/D-12	30,000.00	30,000.00	
Reserve for Debt Service - Capital Fund	D-1/D-10	24,000.00	24,000.00	
Miscellaneous Revenue Not Anticipated	D-1/D-6		9,424.07	9,424.07
		$ 4,467,988.00	$ 4,474,902.99	$ 6,914.99
	Ref.	D-5		

Analysis of Miscellaneous Revenue:		
Interest Earned on Investments		$ 4,882.63
Interest Earned on Delinquent Accounts		46,664.38
Not Sufficient Funds Fees		440.00
Connection Fees		6,000.00
Meter Replacement and Charges		1,468.75
	D-4	$ 59,455.76

Analysis of Miscellaneous Revenue Not Anticipated:		
Vendor Refunds		$ 3,760.00
Insurance Refund		5,000.00
Miscellaneous Charges		664.07
	D-1/D-4/D-6	$ 9,424.07

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH, NEW JERSEY

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

For the Year Ended December 31, 2008

		Appropriated		Expended		Unexpended Balance Canceled
		Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:						
Salaries and Wages		$ 657,286.00	$ 673,286.00	$ 666,351.29	$ 6,934.71	
Other Expenses		956,837.00	1,061,837.00	994,834.62	67,002.38	
Acquisition of Water		508,655.00	457,655.00	453,680.23	3,974.77	
Bayshore Regional Sewerage Authority		1,499,431.00	1,429,431.00	1,414,743.66	14,687.34	
Debt Service:						
Payment of Bond Principal		168,150.00	168,150.00	168,150.00		
Interest on Bonds		165,981.00	165,981.00	165,899.36		$ 81.64
Interest on Notes		70,000.00	70,000.00	45,433.13		24,566.87
Water Treatment Loan - Principal		127,045.00	127,045.00	127,044.36		0.64
Water Treatment Loan - Interest		54,303.00	54,303.00	49,629.91		4,673.09
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)		50,300.00	50,300.00	48,790.80	1,509.20	
Surplus (General Budget)		210,000.00	210,000.00	210,000.00		
		$ 4,467,988.00	$ 4,467,988.00	$ 4,344,557.36	$ 94,108.40	$ 29,322.24
	Ref.	D-4	D-4	D-1	D/D-1	
Analysis of Paid or Charged:						
Cash Disbursements	D-6			$ 3,954,972.50		
Reserve for Encumbrances	D-13			128,622.46		
Accrued Interest Bonds, Notes and Loans	D-15			260,962.40		
				$ 4,344,557.36		

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

PAYROLL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	2008	2007
ASSETS		
Cash	$ 31,647.64	$ 40,715.56
Interfund - Current Fund		614.13
	$ 31,647.64	$ 41,329.69
LIABILITIES		
Payroll Liabilities	$ 22,557.92	$ 41,329.69
Interfund - Current Fund	9,089.72	
	$ 31,647.64	$ 41,329.69

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	2008	2007
ASSETS		
Cash	$ 2,473.46	$ 2,473.46
	$ 2,473.46	$ 2,473.46
LIABILITIES AND RESERVES		
Reserve for Public Assistance	$ 2,473.46	$ 2,473.46
	$ 2,473.46	$ 2,473.46

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

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

As of December 31,

	Ref.	2008	2007
General Fixed Assets:			
Land	G-1	$ 4,540,000.00	$ 4,540,000.00
Building	G-1	3,993,300.00	3,993,300.00
Machinery and Equipment	G-1	4,214,687.95	3,920,165.51
		$ 12,747,987.95	$ 12,453,465.51
Investments in General Fixed Assets		$ 12,747,987.95	$ 12,453,465.51

The accompanying notes are an integral part of this statement.

BOROUGH OF MATAWAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

NOTE 1 REPORTING ENTITY

This report includes the financial statements of the Borough of Matawan (the "Borough") in the County of Monmouth, in the State of New Jersey and reflects the activities of the Municipality which is under the control of the Mayor and Borough Council. The financial statements of the Board of Education, the Matawan-Aberdeen Public Library, First Aid Organization and Volunteer Fire Companies are reported separately since their activities are administered by separate boards.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Funds

The Governmental Accounting Standards Board ("GASB") is the recognized standard-setting body for establishing governmental accounting and financial reporting principles generally accepted in the United States of America. The GASB Codification established seven major fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("GAAP").

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

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

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

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

Animal Control Trust Fund - animal license revenue and expenditures.

Length of Service Award Program Trust Fund - receipt and disbursement of monies for the Length of Service Award Program.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Description of Funds (continued)

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

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

Water-Sewer Assessment Trust Fund - receipt and disbursement of funds for special water-sewer assessments.

Public Assistance Fund - receipts and disbursements of funds that provide assistance to certain residents of the Borough.

Payroll Fund - receipts and disbursements to account for the payroll and payroll tax liabilities of the Borough. Amounts are received from the Current and Water-Sewer Utility Funds.

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

B. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

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

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

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

Cash, Cash Equivalents and Investments (continued)

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

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

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

Grant Revenues and Expenditures - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough budget. GAAP requires such revenues to be recognized in the accounting period when they are earned and the expenditures to be recognized when the liability is incurred.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

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

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

Deferred Charges - the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2008 is set forth in Note 8.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

Interfunds - interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventory of Supplies - the cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The inventories have offsetting reserve amounts.

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

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

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

General Fixed Assets (continued)

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

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

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

C. 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 3 CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

As of December 31, 2008, the Borough had funds or deposits in checking and statement savings accounts.

At December 31, 2008, the Borough's deposits had a carrying amount of $3,571,601.09 and a bank balance of $3,678,786.51. Of the bank balance $289,756.76 was covered by federal depository insurance and the remainder was covered by the Governmental Unit Deposit Protection Act.

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

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments

Investments, stated at cost in accordance with the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey consisted of the following at December 31, 2008:

Investment Type	Cost	Maturity
Special Emergency Note of the Borough of Matawan	$150,000.00	December 31, 2009
Length of Service Awards Program	162,317.05	Various

The special emergency note is held in the Borough's general capital fund with a 0.00% interest rate. Length of Service Awards Program investments are at the discretion of each individual participant and not the Borough. These investments are held in the Borough's Trust Fund.

Interest Rate Risk - The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

NOTE 4 BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2008 the Borough of Matawan had authorized but not issued bonds and notes as follows:

General Capital Fund:	
Bonds and Notes	$2,350,219.01
Water-Sewer Utility Capital Fund:	
Bonds and Notes	525,250.00

NOTE 5 LONG-TERM DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The terms of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

As of December 31, 2008, the Borough's long-term debt is as follows:

General Obligation Bonds

$2,496,000.00 2000 Bonds due in annual installments of $116,385.00 to $121,816.00 through December, 2010, interest rates ranging from 4.80% to 4.875%.	$ 238,201.00
$1,277,000.00 2004 Bonds due in annual installments of $63,000.00 to $97,000.00 through December, 2019, interest rates ranging from 2.875% to 5.25%.	1,029,000.00
$3,790,000.00 2005 Bonds due in annual installments of $226,000.00 to $355,000.00 through December, 2019, interest rates ranging from 4.00% to 5.00%.	3,149,000.00
$3,920,425.00 2007 Refunding Bonds due in annual installments of $169,922.00 to $453,691.00 through December, 2020, interest rates ranging from 4.00% to 5.00%.	3,620,425.00
Total	$8,036,626.00

NOTE 5 LONG-TERM DEBT (continued)

Water-Sewer Utility Bonds

$721,000.00 2000 Bonds due in annual installments of $33,615.00 to $35,184.00 through December, 2010, interest rates ranging from 4.80% to 4.875%.	$ 68,799.00
$2,876,000.00 2004 Bonds due in annual installments of $96,000.00 to $192,000.00 through December, 2024, interest rates ranging from 2.875% to 5.25%.	2,492,000.00
$468,000.00 2005 Bonds due in annual installments of $43,000.00 to $57,000.00 through December, 2015, interest rates ranging from 4.00% to 5.00%.	346,000.00
$454,575.00 2007 Refunding Bonds due in annual installments of $36,834.00 to $56,025.00 through December, 2020, interest rates ranging from 4.00% to 5.00%.	454,575.00
Total	$3,361,374.00

Bonds Payable

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

Calendar	General Outstanding		Water-Sewer Utility Capital		
Year	Principal	Interest	Principal	Interest	Total
2009	$ 627,385.00	$ 363,681.36	$ 172,615.00	$ 160,251.66	$1,323,933.02
2010	683,816.00	338,636.50	176,184.00	153,885.26	1,352,521.76
2011	707,166.00	311,228.02	179,834.00	146,959.98	1,345,188.00
2012	732,920.00	279,531.38	183,080.00	138,336.62	1,333,868.00
2013	761,459.00	246,684.58	186,541.00	129,563.42	1,324,248.00
2014-2018	3,692,465.00	679,939.10	1,201,535.00	500,306.90	6,074,246.00
2019-2023	831,415.00	44,526.26	1,069,585.00	200,120.00	2,145,646.26
2024	0.00	0.00	192,000.00	9,600.00	201,600.00
Total	$8,036,626.00	$2,264,227.20	$3,361,374.00	$1,439,023.84	$15,101,251.04

NOTE 5 LONG-TERM DEBT (continued)

Loans Payable

On June 27, 2002 the Borough entered into a low interest rate loan funded by the State of New Jersey Green Trust Loan Program in the sum of $295,000.00. The interest rate is 2.00% and the loan matures on January 15, 2022. The proceeds have been used to help with the Lakefront Recreation Area.

On October 15, 2001 the Borough entered into loan agreements funded by the New Jersey Infrastructure Trust in the amount of $2,800,000.00 for water-sewer system improvements. $1,400,000.00 was funded by a trust loan with interest rates ranging from 4.00% to 5.00%. The remaining $1,400,000.00 was funded by a fund loan with 0.00% interest.

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

Calendar	General Outstanding		Water-Sewer Utility Capital		
Year	Principal	Interest	Principal	Interest	Total
2009	$ 14,092.37	$ 4,251.67	$ 133,331.30	$ 52,537.50	$ 204,212.84
2010	14,375.62	3,968.42	131,376.46	49,537.50	199,258.00
2011	14,664.58	3,679.46	137,484.20	46,237.50	202,065.74
2012	14,959.33	3,384.71	135,154.67	42,662.50	196,161.21
2013	15,260.02	3,084.02	141,083.23	39,087.50	198,514.77
2014-2018	81,026.15	10,694.05	774,325.84	136,437.50	1,002,483.54
2019-2022	61,711.14	2,493.00	514,520.52	29,212.50	607,937.16
Total	$216,089.21	$31,555.33	$1,967,276.22	$395,712.50	$2,610,633.26

Capital Lease Obligations

The Borough participates in the Monmouth County Improvement Authority (the "Authority") Capital Equipment Lease Program. Under the program the Borough purchases equipment with the proceeds an Authority bond issue and then pays the Authority in the form of lease payments.

NOTE 5 LONG-TERM DEBT (continued)

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

Calendar Year	Principal	Interest	Total
2009	$143,400.00	$ 39,246.00	$ 182,646.00
2010	150,200.00	32,427.00	182,627.00
2011	154,500.00	25,160.00	179,660.00
2012	160,700.00	18,980.00	179,680.00
2013	50,100.00	10,945.00	61,045.00
2014-2017	168,800.00	18,860.00	187,660.00
Total	$827,700.00	$145,618.00	$ 973,318.00

Changes in Outstanding Long-Term Debt

Transactions for the year ended December 31, 2008 are summarized as follows:

	Balance Dec. 31, 2007	Additions	Deductions	Balance Dec. 31, 2008
General Capital Fund				
Serial Bonds	$ 8,824,476.00	$ -	$ 787,850.00	$ 8,036,626.00
Green Trust Loan Payable	229,903.90	-	13,814.69	216,089.21
Capital Lease Obligations	964,400.00	-	136,700.00	827,700.00
	10,018,779.90	-	938,364.69	9,080,415.21
Water-Sewer Utility Capital Fund				
Serial Bonds	3,529,524.00	-	168,150.00	3,361,374.00
Environmental Infrastructure Loan	2,094,320.58	-	127,044.36	1,967,276.22
	5,623,844.58	-	295,194.36	5,328,650.22
Total	$15,642,624.48	$ -	$1,233,559.05	$14,409,065.43

NOTE 5 LONG-TERM DEBT (continued)

Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.50% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2008 was 1.17%. The Borough's remaining borrowing power is 2.33%.

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

NOTE 6 SHORT-TERM DEBT

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuing of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note.

On December 31, 2008, the Borough's outstanding bond anticipation notes were as follows:

	Date of Issue	Date of Maturity	Amount	Interest Rate
General Capital Fund				
Various Road Improvements	04-08-08	03-13-09	$ 361,000.00	2.07%
Various Road Improvements	07-02-08	03-13-09	990,000.00	3.00%
Various Capital Improvements	07-02-08	03-13-09	171,000.00	3.00%
Multi Park Development and Sidewalk Improvements	07-02-08	03-13-09	250,000.00	3.00%
			1,772,000.00	
Water-Sewer Utility Capital Fund				
Replace Water Mains	04-08-08	03-13-09	1,485,000.00	2.07%
Reconstruction and Improvements to Sewerage System	07-29-08	03-13-09	250,000.00	2.48%
Reconstruction of Pump Station	07-29-08	03-13-09	100,000.00	2.48%
Water Main and Sanitary Sewer Improvements	07-29-08	03-13-09	300,000.00	2.48%
			2,135,000.00	
Total			$3,907,000.00	

NOTE 6 SHORT-TERM DEBT (continued)

Changes in Bond Anticipation Notes

Transactions for the year ended December 31, 2008 are summarized as follows:

	Balance Dec. 31, 2007	Additions	Deductions	Balance Dec. 31, 2008
General Capital Fund	$1,772,000.00	$ -	$ -	$1,772,000.00
Water-Sewer Utility Capital Fund	1,485,000.00	650,000.00	-	2,135,000.00
	$3,257,000.00	$ 650,000.00	$ -	$3,907,000.00

Special Emergency Notes (40A:4-55)

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

On December 31, 2008 the Borough had $150,000.00 outstanding in Current Fund special emergency notes. The notes were issued to the Borough's General Capital Fund on December 31, 2008 and mature on December 31, 2009 at an interest rate of 0.00%.

Changes in Special Emergency Notes

Transactions for the year ended December 31, 2008 are summarized as follows:

	Balance Dec. 31, 2007	Additions	Deductions	Balance Dec. 31, 2008
Current Fund				
Special Emergency Notes	$200,000.00	$ -	$ 50,000.00	$150,000.00

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 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2008 the following deferred charges are shown on the Balance Sheets of the various funds:

	Balance December 31, 2008	2009 Budget Appropriation	Balance Succeeding Budgets
Current Fund:			
Special Emergency Authorizations N.J.S. 40A:4-53	$163,160.00	$ 58,360.00	$104,800.00
Emergency Appropriation	310,000.00	310,000.00	-
Expenditure Without Appropriation	3,641.19	3,641.19	-
Deficit in Operations	11,338.79	-	11,338.79
Overexpenditure of Appropriation Reserves	35,851.99	35,421.35	430.64
Total	$523,991.97	$407,422.54	$116,569.43

The appropriations in the 2009 budget, as introduced, are not as required by statute.

NOTE 9 TAXES COLLECTED IN ADVANCE

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

	Balance December 31	
	2008	2007
Prepaid Taxes	$75,429.90	$ 79,129.18

NOTE 10 ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1st in each year and filed with the County Board of Taxation ("Board") by January 10th of the following year. Upon the filing of certified adopted budgets by the Borough, Regional School and County, the tax rate is struck by the Board based on the certified amounts in

NOTE 10 ASSESSMENT AND COLLECTION OF PROPERTY TAXES (continued)

each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3rd, 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 bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition 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 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 delinquent as of the eleventh day of the eleventh month of the fiscal year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 11 REGIONAL SCHOOL TAXES

Under the provisions of statute, where the school tax is raised for a school year the unpaid portion of the tax on December 31 of the year of levy may be deferred to the extent of not more than 50% of the levy, provided that no requisition has been made for such amount or any portion of such amount.

Whereas the Regional School Taxes are raised on a calendar year basis, the Borough of Matawan has no deferred school taxes at year end.

NOTE 12 FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2008, which are appropriated and included as anticipated revenue in the 2009 municipal budgets as introduced for the year ended December 31, 2009, are as follows:

Current Fund	$ -
Water-Sewer Utility Operating Fund	38,000.00

NOTE 13 PENSIONS AND RETIREMENT PLANS

Plan Description

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

Funding Policy

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

	PERS		PFRS	
Year	Borough	Employees	Borough	Employees
2008	$103,538.40	$94,274.81	$422,350.00	$169,669.34
2007	64,158.00	95,653.85	295,755.20	161,625.31
2006	40,576.00	89,678.28	184,829.40	149,016.25

All contributions were equal to the required contributions for each of the three years, respectively.

Post Employment Retirement Benefits

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

NOTE 14 POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 13, the Borough provides health care benefits to employees with twenty-five years of pensionable service and twenty-five years of service with the Borough or pension disability retirees regardless of the years of service. Currently, thirty-three former employees are receiving these benefits. Costs are recognized when paid. During 2008, the Borough paid approximately $110,000 for these benefits.

NOTE 15 DEFERRED COMPENSATION PLAN

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

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

NOTE 16 LENGTH OF SERVICE AWARD PLAN

In 2003, the Division approved the Borough's Length of Service Award Plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of the first aid and rescue squads.

Lincoln Financial group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual contribution ranging from $500 to $1,150 to each eligible volunteer based on accumulated service points established by Borough ordinance 03-18 and 03-22. The Borough's contribution shall be included in the current year's budget.

BOROUGH OF MATAWAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

NOTE 17 INTERFUND BALANCES

	Due From:							
Due To:	Current Fund	Trust Other Fund	General Capital Fund	Water-Sewer Operating Fund	Water-Sewer Capital Fund	Water-Sewer Assessment Fund	Payroll Fund	Total
Current Fund		$5,409.76		$50,179.25			$9,089.72	$ 64,678.73
Federal and State Grant Fund	$ 84,667.82							84,667.82
General Capital Fund	254,108.31				$601,810.65			855,918.96
Water-Sewer Operating Fund			$633.01		160,390.53	$205.98		161,229.52
Water-Sewer Capital Fund	777,251.30							777,251.30
	$1,116,027.43	$5,409.76	$633.01	$50,179.25	$762,201.18	$205.98	$9,089.72	$1,943,746.33

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 18 INTERFUND TRANSFERS

	Transfers In:					
Transfers Out:	Current Fund	Trust Other Fund	Water-Sewer Operating Fund	Water-Sewer Capital Fund	Payroll Fund	Total
Current Fund		$4,102.26	$49,258.53	$70,000.00	$ 9,703.85	$ 133,064.64
Federal and State Grant Fund	$ 19,083.16					19,083.16
General Capital Fund	199,255.58					199,255.58
Water-Sewer Operating Fund				23,400.00		23,400.00
	$ 218,338.74	$4,102.26	$49,258.53	$93,400.00	$9,703.85	$374,803.38

Transfers are primarily used to move funds from:

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

- The Utility Operating Funds to the Utility Capital Funds to finance capital improvements accounted for in the Utility Capital Funds in accordance with budgetary authorizations.

NOTE 19 FIXED ASSETS AND FIXED CAPITAL

Fixed asset and fixed capital activity for the year ended December 31, 2008 was as follows:

Fixed Assets

	Balance Dec. 31, 2007	Additions	Disposals	Balance Dec. 31, 2008
Land	$ 4,540,000.00	$ -	$ -	$ 4,540,000.00
Building	3,993,300.00	-	-	3,993,300.00
Machinery and Equipment	3,920,165.51	294,522.44	-	4,214,687.95
	$12,453,465.51	$294,522.44	$ -	$12,747,987.95

Fixed Capital - Water-Sewer Utility

	Balance Dec. 31, 2007	Additions	Disposals	Balance Dec. 31, 2008
Water-Sewer System	$18,389,536.60	$ -	$ -	$18,389,536.60

NOTE 20 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omission; injuries to employees; and natural disaster. The Borough is a member of the Monmouth Municipal Joint Insurance Fund (JIF). This public entity risk pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. The JIF participates in the Municipal Excess Liability Insurance program. There were no settlements in excess of insurance coverage in 2008, 2007 and 2006.

NOTE 21 CONTINGENT LIABILITIES

A. Accrued Sick Pay (Unaudited)

As discussed in Note 2 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 sick pay. The Borough permits certain employees within limits to accumulate unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The total amount of the liability upon retirement, based upon the above data and limitations, is approximately $339,000 at December 31, 2008. The gross potential accrued liability as of December 31, 2008 for all Borough employees without agreement limitations and based on the data on file in the Finance Office is approximately $585,000 at December 31, 2008. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

B. Unemployment Compensation Insurance

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et. seq.). The Borough has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. The reserve for unemployment compensation insurance at December 31, 2008 was $3,693.40.

C. Litigation

The Borough is involved in legal and administrative proceedings and claims of various types. While any litigation contains an element of uncertainty, Borough Officials, based upon the opinion of the Borough Counsel, presently believe that the outcome of each such proceeding or claim which is pending or known to be threatened, or all of them combined, will not have a material adverse effect on the Borough's financial position or adversely affect the Borough's ability to levy, collect, and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

NOTE 21 CONTINGENT LIABILITIES (continued)

D. Federal and State Grants

The Borough receives financial assistance from the U.S. government and the State of New Jersey in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, cost previously reimbursed could be disallowed and require payments to the grantor agency. As of December 31, 2008, the Borough estimates that no material liabilities will result from such audits.

NOTE 22 SUBSEQUENT EVENTS

A. On August 23, 2009, the Borough adopted Ordinance 09-07 providing an appropriation of $200,000.00 for improvements to the Water Treatment Plant and authorizing the issuance of $200,000.00 in bonds or notes of the Borough for financing the appropriation.

B. On August 18, 2009, the Borough adopted Ordinance 09-13 to lease certain capital equipment for $200,000.00 through the Monmouth County Improvement Authority Capital Lease Program.

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF CASH - TREASURER

	Ref.		
Balance, December 31, 2007	A		$ 1,796,445.59
Increased by Receipts:			
State of New Jersey (Ch. 20, P.L. 1971)	A-11	$ 71,000.00	
Taxes Receivable	A-5	23,659,960.07	
Revenue Accounts Receivable	A-8	3,281,510.72	
Interfund - Federal and State Grant Fund	A-22	38,611.88	
Due to State of New Jersey - Various	A-19	14,716.00	
Various Reserves	A-20	43,544.43	
Non-Budget Revenues	A-2	79,580.24	
Interfunds	A-23	566,142.06	
Prepaid Taxes	A-15	67,248.30	
Tax Overpayments	A-14	23,790.82	
			27,846,104.52
			29,642,550.11
Decreased by Disbursements:			
2008 Budget Appropriations	A-3	9,229,040.45	
2007 Appropriation Reserves	A-12	261,433.81	
Tax Overpayments	A-14	43,439.12	
County Taxes Payable	A-16	2,668,407.70	
Regional School Tax	A-17	15,204,052.72	
Accounts Payable	A-18	3,220.00	
Interfund - Federal and State Grant Fund	A-22	19,528.72	
Due to State of New Jersey - Various	A-19	15,569.00	
Various Reserves	A-20	74,796.35	
Special Emergency Note Payable	A-21	50,000.00	
Interfunds	A-23	528,720.36	
Expenditure Without Appropriation	A-10	3,641.19	
Refund Prior Year's Revenue	A-1	304.36	
			28,102,153.78
Balance, December 31, 2008	A		$ 1,540,396.33

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2007	2008 Levy	Collections 2007	Collections 2008	Transferred to Tax Title Liens	Chapter 20, P.L. 1971 Senior Citizens and Veterans	Canceled, Remitted or Abated	Balance Dec. 31,2008
2006	$ 1,228.39							$ 1,228.39
2007				$ 3,000.00		$ (3,000.00)		
	1,228.39			3,000.00		(3,000.00)		1,228.39
2008		$ 23,876,971.02	$ 79,129.18	23,656,960.07	$ 3,081.01	74,250.00	$ 59,846.91	3,703.85
	$ 1,228.39	$ 23,876,971.02	$ 79,129.18	$ 23,659,960.07	$ 3,081.01	$ 71,250.00	$ 59,846.91	$ 4,932.24
Ref.	A	A-5	A-2/A-15	A-2/A-4	A-6	A-2/A-11		A

	Ref.		
Analysis of 2008 Property Tax Levy			
Tax Yield:			
General Purpose Tax		$ 23,837,351.88	
Added and Omitted Tax		39,619.14	
	A-5		$ 23,876,971.02
Tax Levy:			
Regional School Tax	A-17		$ 14,990,949.19
County Taxes:			
County Tax	A-16	$ 2,450,641.02	
County Health Tax	A-16	45,570.52	
County Open Space Tax	A-16	163,419.32	
Due County for Added and Omitted Taxes	A-16	4,445.76	
Total County Taxes			2,664,076.62
Local Tax for Municipal Purposes	A-2	6,178,535.07	
Add: Additional Tax Levied		43,410.14	
			6,221,945.21
	A-5		$ 23,876,971.02

Exhibit A-6

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.		
Increased by:			
Transfer from Taxes Receivable	A-5	$ 3,081.01	
Interest and Cost of Tax Sale of December 30, 2008		803.60	
Balance, December 31, 2008	A		$ 3,884.61

Exhibit A-7

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	Ref.	
Balance, December 31, 2007 and 2008	A	$ 125,900.00

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Balance Dec. 31, 2007	Accrued in 2008	Collected	Balance Dec. 31, 2008
Licenses:					
Alcoholic Beverages	A-2		$ 15,601.24	$ 15,601.24	
Other	A-2		10,119.00	10,119.00	
Fees and Permits	A-2		75,247.70	75,247.70	
Fines and Costs:					
Municipal Court	A-2	$ 21,664.91	135,679.45	140,753.69	$ 16,590.67
Interest and Costs on Taxes	A-2		48,990.16	48,990.16	
Interest on Investments and Deposits	A-2		35,934.38	35,934.38	
Anticipated Utility Operating Surplus	A-2		210,000.00	210,000.00	
Payments in lieu of Taxes - Senior Citizens Housing Complex	A-2		73,309.00	73,309.00	
Extraordinary Aid	A-2		200,000.00	200,000.00	
Consolidated Municipal Property Tax Relief Aid	A-2		100,613.00	100,613.00	
Energy Receipts Tax (P.L. 1997, Ch. 62 & 67)	A-2		1,770,371.00	1,770,371.00	
Uniform Construction Code Fees	A-2		392,720.00	392,720.00	
Uniform Fire Safety Act	A-2		12,175.78	12,175.78	
Railroad Parking Lot Fees and Permits	A-2		125,000.00	125,000.00	
Cable Television Fees	A-2		31,428.00	31,428.00	
Rental of Matawan Municipal Community Center	A-2		42,145.00	42,145.00	
General Capital Fund Balance	A-2		5,700.00	5,700.00	
Reserve to Pay Debt Service - General Capital	A-2		8,375.00	8,375.00	
		$ 21,664.91	$ 3,293,408.71	$ 3,298,482.95	$ 16,590.67
	Ref.	A			A

Cash Receipts	A-4	$ 3,281,510.72
Interfunds Receivable	A-23	16,972.23
	A-8	$ 3,298,482.95

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
N.J.S. 40A: 4-53 SPECIAL EMERGENCY

Date Authorized	Purpose	Amount Authorized	1/5 of Net Amount Authorized	Balance Dec. 31, 2007	Budget Appropriation	Balance Dec. 31, 2008
07-20-04	Codification	$ 17,800.00	$ 3,560.00	$ 7,120.00	$ 3,560.00	$ 3,560.00
12-29-05	Tax Maps	24,000.00	4,800.00	14,400.00	4,800.00	9,600.00
07-05-06	Revaluation of Real Property	250,000.00	50,000.00	200,000.00	50,000.00	150,000.00
				$ 221,520.00	$ 58,360.00	$ 163,160.00
			Ref.	A	A-3	A

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF DEFERRED CHARGES

		Balance Dec. 31, 2007	Added in 2008	Budget Appropriation	Balance Dec. 31, 2008
Emergency Appropriations		$ 125,000.00	$ 310,000.00	$ 125,000.00	$ 310,000.00
Deficit in Operations			11,338.79		11,338.79
Overexpenditure of Appropriation Reserves		35,421.35	430.64		35,851.99
Expenditure Without Appropriation			3,641.19		3,641.19
		$ 160,421.35	$ 325,410.62	$ 125,000.00	$ 360,831.97
	Ref.	A	A-1/A-3/A-4/A-12	A-3	A

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

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

	Ref.		
Balance, December 31, 2007	A		$ 751.02
Increased by:			
Deductions per Tax Duplicate:			
Senior Citizens		$ 13,500.00	
Veterans		59,250.00	
Deductions Allowed by Collector		1,750.00	
		74,500.00	
Less: Deductions Disallowed by Collector		250.00	
	A-5		74,250.00
			75,001.02
Decreased by:			
Received from State of New Jersey	A-4	71,000.00	
Prior Year Deductions Disallowed by Collector	A-1/A-5	3,000.00	
Canceled	A-1	251.02	
			74,251.02
Balance, December 31, 2008	A		$ 750.00

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

Operations Within CAPS	Balance Dec. 31, 2007	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed	Over-Expenditure
General Government:						
General Administration						
Salaries and Wages	$ 0.14		$ 0.14		$ 0.14	
Other Expenses	1,203.77	$ 1,540.60	2,744.37	$ 1,261.71	1,482.66	
Mayor and Council						
Salaries and Wages	0.33		0.33		0.33	
Other Expenses	763.35		763.35		763.35	
Municipal Clerk						
Salaries and Wages	54.86					
Other Expenses	676.78	3,615.56	3,615.56	3,615.56		
Financial Administration						
Salaries and Wages	233.10					
Other Expenses	1,659.46	27.22	1,035.68	1,035.00	0.68	
Tax Collection						
Salaries and Wages	1,737.57		0.57		0.57	
Other Expenses	2,109.70	24.50	1,175.20	1,175.00	0.20	
Tax Assessment Administration						
Other Expenses	347.52		347.52	347.52		
Legal Services						
Salaries and Wages	3.84		3.84		3.84	
Other Expenses	2,331.94	210.00	2,541.94	2,472.50	69.44	
Engineering Services						
Other Expenses	1,975.07		5,744.07	5,743.75	0.32	
Downtown Redevelopment						
Salaries and Wages	1.00		1.00		1.00	
Other Expenses	110.81		68.81	68.00	0.81	
Historical Sites Office						
Other Expenses	2,075.75	5,400.00	6,775.75	6,700.00	75.75	
Planning and Zoning Board of Adjustment						
Other Expenses	2,512.64		2,512.64		2,512.64	

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2007	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed	Over-Expenditure
Insurances:						
General Liability	$ 0.46		$ 0.46		$ 0.46	
Workers Compensation	0.30		0.30		0.30	
Employee Group Health	11,463.59		11,463.59	$ 25.01	11,438.58	
Municipal Court						
Salaries and Wages	3,676.45		1,008.00	1,008.00		
Other Expenses	110.55	$ 1,810.32	1,920.87	2,054.04		$ 133.17
Public Defender						
Salaries and Wages	41.52					
Police Department						
Salaries and Wages	1,705.07		1,630.07	1,629.72	0.35	
Other Expenses	41,438.17	5,651.32	35,601.51	8,020.09	27,581.42	
Office of Emergency Management						
Other Expenses	3,734.27	72.02	1,406.29	72.83	1,333.46	
Fire						
Salaries and Wages	200.92		0.92		0.92	
Other Expenses	3,695.35	4,305.67	8,201.02	7,070.05	1,130.97	
Municipal Prosecutor's Office						
Salaries and Wages	0.92		0.92		0.92	
Other Expenses	50.00		50.00		50.00	
Railroad Parking						
Salaries and Wages	3,175.88		3,175.88	3,175.88		
Other Expenses	159.76	1,263.43	1,423.19	1,423.00	0.19	
Streets and Road Maintenance						
Salaries and Wages	24.53		24.53	321.76		297.23
Other Expenses	893.68	16,271.62	19,681.99	19,681.94	0.05	
Shade Tree Commission						
Other Expenses	18.85	1,237.40	1,256.25	737.40	518.85	
Solid Waste						
Salaries and Wages	0.23		0.23		0.23	
Other Expenses	936.22	54,475.50	53,248.72	53,247.86	0.86	
Buildings and Grounds						
Salaries and Wages	1,895.12		3,395.12	3,395.36		0.24
Other Expenses	389.83	2,913.50	2,914.33	2,913.50	0.83	

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2007	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed	Over-Expenditure
Vehicle Maintenance						
Salaries and Wages	$ 36.16		$ 36.16		$ 36.16	
Other Expenses	1,435.99	$ 679.84	2,115.83	$ 681.52	1,434.31	
Board of Health						
Other Expenses	41.67	45,653.25	52,994.92	52,965.09	29.83	
Environmental Health Services						
Salaries and Wages	1,100.00					
Other Expenses	100.00		90.00		90.00	
Welfare/Administration of Public Assistance						
Other Expenses	50.00		50.00		50.00	
Recreation Services and Programs						
Salaries and Wages	325.44		0.44		0.44	
Other Expenses	363.27	1,891.54	1,922.81	1,922.00	0.81	
Accumulated Sick Leave	1,367.00					
Salary and Wage Adjustment	658.66		658.66		658.66	
Construction Official						
Salaries and Wages	939.70		0.70		0.70	
Other Expenses	264.34	114.50	114.84	114.50	0.34	
Division of Property Maintenance						
Other Expenses	50.00					
Utility Expenses and Bulk Purchases						
Utilities	209.65	4,551.68	11,780.33	11,778.54	1.79	
Street Lighting	96.20		4,753.20	4,752.68	0.52	
Contingent	1,000.00		1,000.00		1,000.00	
Total Operations (Including Contingent) Within CAPS	99,447.38	151,709.47	249,252.85	199,409.81	50,273.68	$ 430.64
Deferred Charges and Statutory Expenditures Within CAPS						
Contribution to:						
Social Security System	1,248.30		1,248.30		1,248.30	
Total General Appropriations Within CAPS	100,695.68	151,709.47	250,501.15	199,409.81	51,521.98	430.64

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2007	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed	Over-Expenditure
Appropriations Excluded from CAPS						
Maintenance of Joint Free Public Library						
Other Expenses	$ 8,034.00		$ 8,034.00		$ 8,034.00	
Police and Firemen's Retirement System	0.80		0.80		0.80	
Interlocal Municipal Service Agreements:						
HAM Program - Aberdeen Township	19,620.00		21,524.00	$ 21,524.00		
Length of Service Awards Program		$ 64,000.00	64,000.00	40,500.00	23,500.00	
Total Appropriations Excluded from CAPS	27,654.80	64,000.00	93,558.80	62,024.00	31,534.80	
	$ 128,350.48	$ 215,709.47	$ 344,059.95	$ 261,433.81	$ 83,056.78	$ 430.64
Ref.	A	A-13		A-4	A-1	A-10

Exhibit A-13

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	Ref.	
Balance, December 31, 2007	A	$ 215,709.47
Increased by:		
Current Appropriations Charged	A-3	223,189.11
		438,898.58
Decreased by:		
Transferred to Appropriation Reserves	A-12	215,709.47
Balance, December 31, 2008	A	$ 223,189.11

Exhibit A-14

SCHEDULE OF TAX OVERPAYMENTS

	Ref.		
Balance, December 31, 2007	A		$ 37,582.42
Increased by:			
Receipts	A-4	$ 23,790.82	
Charges to Operations	A-1	334.48	
			24,125.30
			61,707.72
Decreased by:			
Refunds	A-4	43,439.12	
Interfund - Water - Sewer Operating Fund	A-23	741.47	
Applied to Prepaid Taxes	A-15	8,181.60	
			52,362.19
Balance, December 31, 2008	A		$ 9,345.53

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF PREPAID TAXES

	Ref.		
Balance, December 31, 2007	A		$ 79,129.18
Increased by:			
Collections, 2009 Taxes	A-4	$ 67,248.30	
Applied from Tax Overpayments	A-14	8,181.60	
			75,429.90
			154,559.08
Decreased by:			
Applied to Taxes Receivable	A-5		79,129.18
Balance, December 31, 2008	A		$ 75,429.90

Exhibit A-16

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

	Ref.		
Balance, December 31, 2007	A		$ 8,777.63
Increased by:			
County Tax	A-5	$ 2,450,641.02	
County Health Tax	A-5	45,570.52	
County Open Space Tax	A-5	163,419.32	
Due County for Added and Omitted Taxes	A-5	4,445.76	
	A-1		2,664,076.62
			2,672,854.25
Decreased by:			
Payments	A-4		2,668,407.70
Balance, December 31, 2008	A		$ 4,446.55

Exhibit A-17

SCHEDULE OF REGIONAL SCHOOL TAXES RECEIVABLE

	Ref.	
Increased by:		
Payments	A-4	$ 15,204,052.72
		15,204,052.72
Decreased by:		
Levy - Calendar Year 2008	A-1/A-5	14,990,949.19
Balance, December 31, 2008	A/A-1	$ 213,103.53

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE

	Ref.		
Balance, December 31, 2007	A		$ 13,435.19
Decreased by:			
Cash Disbursed	A-4	$ 3,220.00	
Canceled	A-1	5,215.19	
			8,435.19
Balance, December 31, 2008	A		$ 5,000.00

Exhibit A-19

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY - VARIOUS

	Balance Dec. 31, 2007	Increased by Cash Receipts	Decreased by Cash Disbursed	Balance Dec. 31, 2008
Division of Youth and Family Services - Marriage Licenses	$ 853.00	$ 1,432.00	$ 2,285.00	$
Department of Community Affairs - Training Fees		13,284.00	13,284.00	
	$ 853.00	$ 14,716.00	$ 15,569.00	$
Ref.	A	A-4	A-4	A

Exhibit A-20

SCHEDULE OF VARIOUS RESERVES

	Balance Dec. 31, 2007	Increased	Decreased	Balance Dec. 31, 2008
Reserve for:				
Master Plan	$ 57.62			$ 57.62
Tax Maps	1,273.10		$ 1,273.10	
Codification	3,407.00			3,407.00
Damage Claims	10,892.18	$ 36,316.43	13,983.30	33,225.31
State Library Aid		7,228.00	7,228.00	
Revaluation	82,780.75		52,311.95	30,468.80
	$ 98,410.65	$ 43,544.43	$ 74,796.35	$ 67,158.73
Ref.	A	A-4	A-4	A

Exhibit A-21

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF SPECIAL EMERGENCY NOTES PAYABLE

	Ref.	
Balance, December 31, 2007	A	$ 200,000.00
Decreased by:		
Cash Disbursed	A-4	50,000.00
Balance, December 31, 2008	A	$ 150,000.00

Exhibit A-22

SCHEDULE OF INTERFUND - FEDERAL AND STATE GRANT FUND

	Ref.		
Balance, December 31, 2007	A		$ 65,584.66
Increased by:			
Deposited in Current Fund:			
Grants Receivable	A-4/A-24	$ 15,039.19	
Grants Unappropriated	A-4/A-26	23,572.69	
2008 Budget Appropriations	A-3/A-25	18,195.94	
			56,807.82
			122,392.48
Decreased by:			
Disbursed by Current Fund:			
Appropriated Reserves	A-4/A-25	19,528.72	
2008 Anticipated Revenue	A-2/A-24	18,195.94	
			37,724.66
Balance, December 31, 2008	A		$ 84,667.82

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF INTERFUNDS - OTHER FUNDS

	Ref.	Total	Water/Sewer Capital Fund	Trust Other Fund	General Capital Fund	Water/Sewer Operating Fund	Payroll Fund
Balance, December 31, 2007 Due From	A	$ 2,228.22		$ 1,307.50		$ 920.72	
Balance, December 31, 2007 Due (To)	A	(902,718.16)	$ (847,251.30)		$ (54,852.73)		$ (614.13)
Increased by:							
Revenue Accounts Receivable	A-8	16,972.23		2,897.23	14,075.00		
Cash Disbursed	A-4	528,720.36	70,000.00	5,920.21	393,096.30	50,000.00	9,703.85
		545,692.59	70,000.00	8,817.44	407,171.30	50,000.00	9,703.85
Sub - Total		(354,797.35)	(777,251.30)	10,124.94	352,318.57	50,920.72	9,089.72
Decreased by:							
Budget Appropriations	A-3	45,000.00			45,000.00		
Tax Overpayments	A-14	741.47				741.47	
Receipts	A-4	566,142.06		4,715.18	561,426.88		
		611,883.53		4,715.18	606,426.88	741.47	
Balance, December 31, 2008 - Due From	A	$ 64,678.73		$ 5,409.76		$ 50,179.25	$ 9,089.72
Balance, December 31, 2008 - Due (To)	A	$(1,031,359.61)	$ (777,251.30)		$ (254,108.31)		

Analysis of Net Charge to Operations

Due From:		
Balance, December 31, 2008	Above	$ 64,678.73
Balance, December 31, 2007	Above	2,228.22
	A-1	$ 62,450.51

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31,2007	2008 Anticipated Revenue	Cash Received	Transfer from Unappropriated Reserves	Balance Dec. 31,2008
Monmouth County Environmental Health Act	$ 1,250.00				$ 1,250.00
Recycling Tonnage Grant		$ 3,910.37		$ 3,910.37	
Over the Limit, Under Arrest 2007 Year End Crackdown	5,000.00				5,000.00
Bayshore DWI Saturation Patrol	6,400.00				6,400.00
Clean Communities Program		11,150.47	$ 10,216.89	933.58	
Alcohol Education and Rehabilitation Fund		676.57		676.57	
Domestic Violence Training Grant	5,215.00		4,822.30		392.70
N.J Body Armor Fund		2,458.53		2,458.53	
	$ 17,865.00	$ 18,195.94	$ 15,039.19	$ 7,979.05	$ 13,042.70
Ref.	A	A-2/A-22	A-22	A-26	A

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

Grant	Balance Dec. 31,2007	Transfer from 2008 Budget Appropriation	Transfer from Reserve for Encumbrances	Expended	Transfer to Reserve for Encumbrances	Balance Dec. 31,2008
Monmouth County Environmental Health Act	$ 3,000.00					$ 3,000.00
Drunk Driving Enforcement Fund	5,215.74		$ 2,229.90	$ 579.20	$ 947.00	5,919.44
Over the Limit, Under Arrest 2007 Year End Crackdown	5,000.00			3,050.00		1,950.00
Bayshore DWI Saturation Patrol	6,400.00			2,850.00		3,550.00
Recycling Tonnage Grant	15,881.48	$ 3,910.37				19,791.85
Clean Communities Program	8,714.24	11,150.47	316.12	2,699.50	1,127.72	16,353.61
Alcohol Education and Rehabilitation Fund	204.03	676.57		512.02	137.98	230.60
N.J Body Armor Fund	6,778.20	2,458.53		6,498.00		2,738.73
Municipal Drug Alliance Grant	838.00					838.00
Police O.E.M. Grant	2,405.72					2,405.72
Gov Connect Grant	760.00					760.00
Historic Sites Grant	2,000.00					2,000.00
NJ DCA Share Grant	10,334.48					10,334.48
Domestic Violence Training Grant	392.70					392.70
Cablevision Grant	5,000.00			3,340.00		1,660.00
	$ 72,924.59	$ 18,195.94	$ 2,546.02	$ 19,528.72	$ 2,212.70	$ 71,925.13
Ref.	A	A-3/A-22	A-27	A-22	A-27	A

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

Grant	Balance Dec. 31,2007	Cash Receipts	Transfer to Grants Receivable	Balance Dec. 31,2008
Recycling Tonnage Grant	$ 3,910.37	$ 8,626.11	$ 3,910.37	$ 8,626.11
Alcohol Education and Rehabilitation Fund	676.57	1,178.00	676.57	1,178.00
Body Armor Replacement Grant	2,458.53	2,238.45	2,458.53	2,238.45
Clean Communities Program	933.58	496.13	933.58	496.13
NJ DCA Smart Future Grant		6,800.00		6,800.00
Stormwater Management Program		4,234.00		4,234.00
	$ 7,979.05	$ 23,572.69	$ 7,979.05	$ 23,572.69
Ref.	A	A-22	A-24	A

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	Ref.		
Balance, December 31, 2007	A	$	2,546.02
Increased by:			
Charged to Appropriated Reserves	A-25		2,212.70
			4,758.72
Decreased by:			
Transferred to Appropriated Reserves	A-25		2,546.02
Balance, December 31, 2008	A	$	2,212.70

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND
SCHEDULE OF CASH AND INVESTMENTS

	Ref.	Animal Control Trust Fund		Trust Other Fund		Length of Service Award Program Fund - Unaudited	
Balance, December 31, 2007	B		$ 623.94		$ 1,414,887.09		$ 176,101.98
Increased by Receipts:							
Reserve for Animal Control Trust Fund Expenditures	B-2	$ 2,679.00					
Interfund - Current Fund	B-6			$ 8,817.44			
Prepaid Railroad Permits	B-4			199,320.00			
Various Reserves	B-5			991,129.41			
Due to State of New Jersey	B-3	538.20					
Borough Contributions	B-7					$ 40,500.00	
			3,217.20		1,199,266.85		40,500.00
			3,841.14		2,614,153.94		216,601.98
Decreased by Disbursements:							
Due to State of New Jersey	B-3	535.80					
Animal Control Trust Fund Expenditures (R.S. 4:19-15.11)	B-2	2,485.00					
Various Reserves	B-5			1,396,890.73			
Interfund - Current Fund	B-6			4,715.18			
Withdrawals	B-7					2,059.65	
Unrealized Loss on Investments	B-7					50,500.28	
Management Fees	B-7					1,725.00	
			3,020.80		1,401,605.91		54,284.93
Balance, December 31, 2008	B		$ 820.34		$ 1,212,548.03		$ 162,317.05

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

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

	Ref.		
Balance, December 31, 2007	B		$ 620.34
Increased by:			
Dog License Fees Collected		$ 2,072.00	
Miscellaneous Dog Fees Collected		607.00	
	B-1		2,679.00
			3,299.34
Decreased by:			
Expenditures Under R.S. 4:19-15.11	B-1		2,485.00
Balance, December 31, 2008	B		$ 814.34

License and Penalty Fees Collected:

Year	Amount
2006	$ 1,841.00
2007	1,688.30
	$ 3,529.30

Exhibit B-3

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

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

	Ref.	
Balance, December 31, 2007	B	$ 3.60
Increased by:		
Cash Receipts	B-1	538.20
		541.80
Decreased by:		
Disbursed	B-1	535.80
Balance, December 31, 2008	B	$ 6.00

Exhibit B-4

TRUST OTHER FUND
SCHEDULE OF PREPAID RAILROAD PERMITS

	Ref.	
Balance, December 31, 2007	B	$ 210,960.00
Increased by:		
Cash Receipts	B-1	199,320.00
		410,280.00
Decreased by:		
Realized	B-5	210,960.00
Balance, December 31, 2008	B	$ 199,320.00

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND
SCHEDULE OF VARIOUS RESERVES

	Balance Dec. 31, 2007	Increases	Cash Disbursed	Balance Dec. 31, 2008
Fire Safety Penalty Monies	$ 14,319.05	$ 1,965.00	$ 6,477.09	$ 9,806.96
Housing	3,701.00		3,701.00	
Tax Title Lien Redemptions Payable	7,326.24	385,097.63	320,991.23	71,432.64
P.O.A.A.	212.00	310.00	282.30	239.70
Police Firearms Donations	1,242.49	500.00		1,742.49
SCART	1,580.00		1,580.00	
Tax Title Lien Premiums	165,800.00	98,300.00	114,200.00	149,900.00
Off Duty Police	7,929.69	116,415.72	93,565.60	30,779.81
K-9 Unit Donations	10.05		10.05	
Public Defender	938.32	1,409.50		2,347.82
Unemployment Compensation	1,337.93	3,184.55	829.08	3,693.40
Law Enforcement	1,319.11	1,028.56	199.00	2,148.67
Property Maintenance	31,255.26	185.97		31,441.23
Recreation Commission	25,410.88	57,892.36	50,260.99	33,042.25
Railroad Parking	23,662.88	415,762.34	395,994.93	43,430.29
Developer Escrow	916,574.69	120,037.78	408,799.46	627,813.01
	$ 1,202,619.59	$ 1,202,089.41	$ 1,396,890.73	$ 1,007,818.27
Ref.	B		B-1	B

	Ref.	
Cash Receipts	B-1	$ 991,129.41
Prepaid Railroad Permits Applied	B-4	210,960.00
		$ 1,202,089.41

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND
SCHEDULE OF INTERFUND - CURRENT FUND

	Ref.	
Balance, December 31, 2007	B	$ 1,307.50
Increased by:		
Cash Receipts	B-1	8,817.44
		10,124.94
Decreased by:		
Cash Disbursed	B-1	4,715.18
Balance, December 31, 2008	B	$ 5,409.76

(UNAUDITED)

LENGTH OF SERVICE AWARD PROGRAM FUND - UNAUDITED
SCHEDULE OF RESERVE FOR LENGTH OF SERVICE AWARD PROGRAM

	Ref.		
Balance, December 31, 2007	B		$ 176,101.98
Increased by:			
Borough Contributions	B-1		40,500.00
			216,601.98
Decreased by:			
Withdrawals	B-1	$ 2,059.65	
Unrealized Loss on Investments	B-1	50,500.28	
Management Fees	B-1	1,725.00	
			54,284.93
Balance, December 31, 2008	B		$ 162,317.05

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CASH

	Ref.		
Balance, December 31, 2007	C		$ 528,470.68
Increased by Receipts:			
Investment - Special Emergency Note	C	$ 50,000.00	
Premium on Sale of Bond Anticipation Notes	C-1	3,513.40	
Due From Monmouth County Improvement Authority	C-7	532,842.86	
Interfund - Current Fund	C-15	250,000.00	
			836,356.26
			1,364,826.94
Decreased by Disbursements:			
Improvement Authorizations	C-13	338,644.17	
Due From Monmouth County Improvement Authority	C-7	544,267.31	
Interfund - Current Fund	C-15	389,230.00	
Capital Fund Balance	C-1	5,700.00	
Reserve for Debt Service	C-17	8,375.00	
			1,286,216.48
Balance, December 31, 2008	C		$ 78,610.46

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENT

		Balance Dec. 31, 2008
Fund Balance		$ 3,555.81
Capital Improvement Fund		57,344.29
Due from Monmouth County Improvement Authority		(19,424.65)
Interfund - Water-Sewer Capital Fund		(601,810.65)
Reserve for Encumbrances		380,901.55
Interfund - Current Fund		(254,108.31)
Interfund - Water-Sewer Operating Fund		633.01
Improvement Authorizations:		
Ordinance Number	Improvement Description	
85-23	Preliminary Planning Expenses and Improvements to Lake Lefferts and Lake Matawan Dams	(10,616.94)
97-32/97-45	Lochslea Heights and Ivy Ct. Roadway Improvements and Edgemere Drive Drainage Improvements	799.55
98-25	Various Improvements to Burrowes Mansion	1,662.02
01-21/02-15	Various Improvements to Matawan Community Center	146,407.38
02-17/07-23	2002 Road Program	111.35
03-09	Railroad Area Improvements	10,000.00
03-12	Purchase of Various Equipment	19.23
03-13/07-44	2003 Road Program	50,424.70
04-21	Acquisition of a Dump Truck	4,764.30
04-22/07-45	Various Road Improvements	154,947.48
04-23	Renovations to Matawan Aberdeen Library and Clinton Street Community Center	4,519.87
05-11/07-22	Multi-Park Development and Sidewalk Improvements	57,099.91
05-21/07-24	Various Roadway Improvements	39,458.67
06-24/07-03/07-43	Various Road Improvements	135,295.58
06-26/07-02	Various Capital Improvements	31,626.31
08-19	2008 Road Improvement Program	35,000.00
		$ 228,610.46
	Ref.	C

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

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

	Ref.		
Balance, December 31, 2007	C		$ 9,054,379.90
Decreased by:			
Budget Appropriation to Pay Bonds	C-9	$ 787,850.00	
Budget Appropriation to Pay Loans	C-11	13,814.69	
			801,664.69
Balance, December 31, 2008	C		$ 8,252,715.21

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2007	2008 Authorizations	Balance Dec. 31, 2008	Analysis of Balance December 31, 2008: Bond Anticipation Notes	Analysis of Balance December 31, 2008: Expenditures	Analysis of Balance December 31, 2008: Unexpended Improvement Authorizations
85-23	Preliminary Planning Expenses and Improvements to Lake Lefferts and Lake Matawan Dams	$ 695,219.01		$ 695,219.01		$ 10,616.94	$ 684,602.07
03-09	Railroad Area Improvements	190,000.00		190,000.00			190,000.00
05-11/07-22	Multipark Development and Sidewalk Improvements	900,000.00		900,000.00	$ 250,000.00		650,000.00
05-21/07-24	Various Road Improvements	361,000.00		361,000.00	361,000.00		
06-24/07-03/ 07-43	Various Road Improvements	1,140,000.00		1,140,000.00	990,000.00		150,000.00
06-26/07-02	Various Capital Improvements	171,000.00		171,000.00	171,000.00		
08-19	2008 Road Improvement Program		$ 665,000.00	665,000.00			665,000.00
		$ 3,457,219.01	$ 665,000.00	$ 4,122,219.01	$ 1,772,000.00	$ 10,616.94	$ 2,339,602.07
	Ref.	C	C-13	C	C-10		

	Ref.		
Improvement Authorizations Unfunded	C-13		$ 2,603,082.54
Less: Unexpended Proceeds of Bond Anticipation Notes:			
Ordinance			
05-11/07-22		$ 57,099.91	
05-21/07-24		39,458.67	
06-24		135,295.58	
06-26		31,626.31	
			263,480.47
	C-5		$ 2,339,602.07

Exhibit C-6

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM STATE OF N.J. DEPARTMENT OF TRANSPORTATION

	Ref.	
Balance, December 31, 2007 and 2008	C	$ 37,500.00
Detail:		
Ordinance Number / Description		
06-24/07-03		
07-43 Union Street Phase I		$ 37,500.00

Exhibit C-7

SCHEDULE OF DUE FROM MONMOUTH COUNTY IMPROVEMENT AUTHORITY

	Ref.		
Balance December 31, 2007	C		$ 23,025.78
Increased by:			
Cash Disbursed	C-2	$ 544,267.31	
Interfund - Current Fund	C-15	93,096.30	
			637,363.61
			660,389.39
Decreased by:			
Cash Receipts	C-2	532,842.86	
Interfund - Current Fund	C-15	108,121.88	
			640,964.74
Balance December 31, 2008	C		$ 19,424.65

Exhibit C-8

SCHEDULE OF INTERFUND - WATER-SEWER CAPITAL FUND

	Ref.	
Balance, December 31, 2007 and 2008	C	$ 601,810.65

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2008		Interest Rate	Balance Dec. 31, 2007	Paid by Budget Appropriation	Balance Dec. 31, 2008
General Improvement	12-01-94	$ 1,887,000.00				$ 187,000.00	$ 187,000.00	
General Improvement	12-01-00	2,496,000.00	12-01-09	$ 116,385.00	4.80%	346,051.00	107,850.00	$ 238,201.00
			12-01-10	121,816.00	4.875%			
General Improvement	12-01-04	1,277,000.00	12-01-09	63,000.00	2.875%	1,091,000.00	62,000.00	1,029,000.00
			12-01-10	96,000.00	3.25%			
			12-01-11	96,000.00	5.00%			
			12-01-12	96,000.00	5.00%			
			12-01-13	96,000.00	4.00%			
			12-01-14	97,000.00	3.75%			
			12-01-15	97,000.00	3.85%			
			12-01-16	97,000.00	5.25%			
			12-01-17	97,000.00	5.25%			
			12-01-18	97,000.00	5.25%			
			12-01-19	97,000.00	5.25%			
General Improvement	12-01-05	3,790,000.00	12-01-09	226,000.00	4.00%	3,367,000.00	218,000.00	3,149,000.00
			12-01-10	235,000.00	4.00%			
			12-01-11	245,000.00	5.00%			
			12-01-12	257,000.00	5.00%			
			12-01-13	270,000.00	5.00%			
			12-01-14	283,000.00	5.00%			
			12-01-15	297,000.00	5.00%			
			12-01-16	312,000.00	5.00%			
			12-01-17	328,000.00	4.00%			
			12-01-18	341,000.00	4.125%			
			12-01-19	355,000.00	4.125%			

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31,2008		Interest Rate	Balance Dec. 31, 2007	Paid by Budget Appropriation	Balance Dec. 31, 2008
Refunding Bonds	04-12-07	$ 3,920,425.00	12-01-09	$ 222,000.00	4.00%	$ 3,833,425.00	$ 213,000.00	$ 3,620,425.00
			12-01-10	231,000.00	4.00%			
			12-01-11	366,166.00	4.00%			
			12-01-12	379,920.00	4.00%			
			12-01-13	395,459.00	4.00%			
			12-01-14	411,004.00	5.00%			
			12-01-15	434,167.00	5.00%			
			12-01-16	453,691.00	5.00%			
			12-01-17	169,922.00	5.00%			
			12-01-18	177,681.00	5.00%			
			12-01-19	185,440.00	5.00%			
			12-01-20	193,975.00	4.00%			
						$ 8,824,476.00	$ 787,850.00	$ 8,036,626.00
					Ref.	C	C-4	C

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2007 and Dec. 31, 2008
05-21/07-24	Various Roadway Improvements	04-12-06	04-08-08	03-13-09	2.07%	$ 361,000.00
06-24/07-03/07-43	Various Roadway Improvements	07-19-07	07-02-08	03-13-09	3.00%	990,000.00
06-26/07-02	Various Capital Improvements	07-19-07	07-02-08	03-13-09	3.00%	171,000.00
05-11/07-22	Multipark Development and Sidewalk Improvements	07-19-07	07-02-08	03-13-09	3.00%	250,000.00
						$ 1,772,000.00
					Ref.	C

Exhibit C-11

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PAYABLE

	Ref.	
Balance, December 31, 2007	C	$ 229,903.90
Decreased by:		
Paid by Budget Appropriation	C-4	13,814.69
Balance, December 31, 2008	C	$ 216,089.21

Exhibit C-12

SCHEDULE OF CAPITAL LEASE OBLIGATIONS PAYABLE

	Ref.	
Balance, December 31, 2007	C	$ 964,400.00
Decreased by:		
Capital Lease Paid by Budget Appropriation	A-3	136,700.00
Balance, December 31, 2008	C	$ 827,700.00

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Date	Amount	Balance Dec. 31, 2007 Funded	Balance Dec. 31, 2007 Unfunded	Increased by 2008 Authorizations	Increased by Reserve for Encumbrances	Decreased by Paid	Decreased by Reserve for Encumbrances	Balance Dec. 31, 2008 Funded	Balance Dec. 31, 2008 Unfunded
85-23	Preliminary Planning Expenses and Improvements to Lake Lefferts and Lake Matawan Dams	08-19-86	$ 1,500,000.00	$	$ 684,933.57			$ 331.50			$ 684,602.07
94-10/96-8	Construction of Parking Lot Main Street	06-08-94	83,835.00				$ 600.00		$ 600.00		
95-22	Renovation Clinton and Jackson Street Park	05-16-95	294,000.00				7,030.00		7,030.00		
97-32/97-45	Lochslea Heights and Ivy Ct. Roadway Imp. and Edgemere Drive Drainage Improvements	08-19-97 / 09-12-97	711,000.00 / 196,000.00	799.55						$ 799.55	
98-25	Various Improvements to Burrowes Mansion	09-15-98	11,200.00	1,662.02						1,662.02	
00-09/07-46	Various Improvements	07-05-00	1,000,000.00	83,340.16				78,200.51	5,139.65		
01-21/ 02-15	Various Improvements to Matawan Municipal Community Center	09-19-01 / 07-16-02	1,000,000.00 / 500,000.00	268,317.56			2,147.26	80,657.18	43,400.26	146,407.38	
02-17/07-23	2002 Road Program	07-16-03	1,100,000.00	132,111.35				85,300.00	46,700.00	111.35	
03-09	Railroad Area Improvements	07-01-03	200,000.00	10,000.00	190,000.00					10,000.00	190,000.00
03-12	Purchase of Various Equipment	07-01-03	104,000.00	19.23			439.80		439.80	19.23	
03-13/07-44	2003 Road Program	07-01-03	1,220,000.00	27,801.76			94,783.80	400.51	71,760.35	50,424.70	
04-21	Acquisition of a Dump Truck	11-03-04	120,000.00	4,764.30						4,764.30	
04-22/07-45	Various Road Improvements	11-03-04	308,000.00	232,627.60				4,280.12	73,400.00	154,947.48	
04-23	Renovations to Matawan Aberdeen Library and Clinton Street Community Center	11-15-04	60,500.00	4,519.87						4,519.87	
05-11/07-22	Multi-Park Development and Sidewalk Imp.	05-17-05	1,030,000.00		718,095.24		85,590.77	13,464.08	83,122.02		707,099.91
05-21/07-24	Various Roadway Improvements	08-16-05	880,000.00		39,840.60			381.93			39,458.67
06-24/07-03/ 07-43	Various Road Improvements	11-09-06	1,200,000.00		338,446.86		23.22	52,865.03	309.47		285,295.58
06-26/07-02	Various Capital Improvements	12-07-06	180,000.00		103,389.62			22,763.31	49,000.00		31,626.31
08-19	2008 Road Improvement Program	12-02-08	700,000.00			$ 700,000.00				35,000.00	665,000.00
				$ 765,963.40	$ 2,074,705.89	$ 700,000.00	$ 190,614.85	$ 338,644.17	$ 380,901.55	$ 408,655.88	$ 2,603,082.54
		Ref.		C	C		C-14	C-2	C-14	C	C

Deferred Charges to Future Taxation	C-5	$ 665,000.00
Capital Improvement Fund	C-16	35,000.00
		$ 700,000.00

Exhibit C-14

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	Ref.	
Balance, December 31, 2007	C	$ 190,614.85
Increased by:		
Charged to Improvement Authorizations	C-13	380,901.55
		571,516.40
Decreased by:		
Applied to Improvement Authorizations	C-13	190,614.85
Balance, December 31, 2008	C	$ 380,901.55

Exhibit C-15

SCHEDULE OF INTERFUND - CURRENT FUND

	Ref.		
Balance, December 31, 2007 - (Due from)	C		$ (54,852.73)
Increased by:			
Cash Receipts	C-2	$ 250,000.00	
Disbursed in Current Fund - Monmouth County Improvement Authority	C-7	93,096.30	
			343,096.30
			288,243.57
Decreased by:			
Cash Disbursed	C-2	389,230.00	
Received in Current Fund - Monmouth County Improvement Authority	C-7	108,121.88	
Capital Improvement Fund	C-16	45,000.00	
			542,351.88
Balance, December 31, 2008 - (Due from)	C		$ (254,108.31)

Exhibit C-16

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance, December 31, 2007	C	$ 47,344.29
Increased by:		
2008 Budget Appropriation	C-15	45,000.00
		92,344.29
Decreased by:		
Appropriated to Finance Improvement Authorization	C-13	35,000.00
Balance, December 31, 2008	C	$ 57,344.29

Exhibit C-17

SCHEDULE OF RESERVE FOR DEBT SERVICE

	Ref.	
Balance, December 31, 2007	C	$ 8,375.00
Decreased by:		
Anticipated as Revenue in Current Fund	C-2	$ 8,375.00

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2007	2008 Authorizations	Balance Dec. 31,2008
85-23	Preliminary Planning Expenses and Improvements to Lake Lefferts and Lake Matawan Dams	$ 695,219.01		$ 695,219.01
03-09	Railroad Area Improvements	190,000.00		190,000.00
05-11/07-22	Multipark Development	650,000.00		650,000.00
06-24/07-03/ 07-43	Various Road Improvements	150,000.00		150,000.00
06-26/07-02	Various Capital Improvements			
08-19	2008 Road Improvement Program		$ 665,000.00	665,000.00
		$ 1,685,219.01	$ 665,000.00	$ 2,350,219.01
	Ref.		C-13	(Footnote C)

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY FUND
SCHEDULE OF CASH

	Ref.		Operating		Capital		Assessment Trust
Balance, December 31, 2007	D		$ 138,876.85		$ 62,029.66		$ 5,165.67
Increased by Receipts:							
Consumer Accounts Receivable	D-8	$ 4,257,295.84					
Miscellaneous Revenues	D-4	59,455.76					
Miscellaneous Revenues Not Anticipated	D-4	9,424.07					
Customer Overpayments	D-14	4,827.71					
Bond Anticipation Notes	D-20			$ 650,000.00			
Interfunds	D-10/D-27	100,000.00		70,000.00			
			4,431,003.38		720,000.00		
			4,569,880.23		782,029.66		5,165.67
Decreased by Disbursements:							
2008 Appropriations	D-5	3,954,972.50					
Accrued Interest Bonds, Notes and Loans	D-15	276,545.50					
Appropriation Reserves	D-12	118,573.42					
Interfunds	D-10/D-27	741.47		$ 50,000.00			
Improvement Authorizations	D-23			251,337.84			
			4,350,832.89		301,337.84		
Balance, December 31, 2008	D		$ 219,047.34		$ 480,691.82		$ 5,165.67

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

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

		Balance Dec. 31, 2008
Interfunds Receivable		$ (777,251.30)
Reserve for Encumbrances		59,523.04
Capital Improvement Fund		55,000.00
Interfunds Payable		762,201.18
Fund Balance		58.26
Ordinance Number	Improvement Description	
95-39/02-05	Ten Inch Water Main, Route 34 to Colonial Shops	11,365.52
99-13/01-19/ 02-16	Reconstruction and Improvement of Sanitary Sewer System	235,949.93
02-02/02-07	Reconstruction of Somerset Pl. Pump Station and Force Main and Reconstruction of Buttonwood Manor Pump Station	26,592.62
02-18/07-27	Water Main and Sanitary Sewer Improvement	107,252.57
		$ 480,691.82
	Ref.	D

Exhibit D-8

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	Ref.		
Balance, December 31, 2007	D		$ 169,797.08
Increased by:			
Water-Sewer Rents Levied			4,215,160.77
			4,384,957.85
Decreased by:			
Collections	D-4/D-6	$ 4,257,295.84	
Overpayments Applied	D-4/D-14	4,127.32	
			4,261,423.16
Balance, December 31, 2008	D		$ 123,534.69

Exhibit D-9

WATER - SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR DEBT SERVICE

	Ref.	
Increased by:		
Improvement Authorizations Canceled	D-23	$ 24,000.00
Decreased by:		
Anticipated as Revenue	D-27	$ 24,000.00

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY OPERATING FUND
SCHEDULE OF INTERFUNDS

	Ref.	Total	General Capital Fund	Water -Sewer Utility Capital Fund	Water -Sewer Assessment Trust Fund	Current Fund
Balance, December 31, 2007:						
Interfund Receivable	D	$ 184,629.52	$ 633.01	$ 183,790.53	$ 205.98	
Interfund Payable	D	(920.72)				$ (920.72)
Increased by:						
Water - Sewer Capital Fund Balance Anticipated	D-4	26,600.00		26,600.00		
Cash Disbursements	D-6	741.47				741.47
		27,341.47		26,600.00		741.47
Sub - Total		211,970.99	633.01	210,390.53	205.98	(179.25)
Decreased by:						
Cash Receipts	D-6	100,000.00		50,000.00		50,000.00
		100,000.00		50,000.00		50,000.00
Balance, December 31, 2008:						
Interfund Receivable	D	$ 161,229.52	$ 633.01	$ 160,390.53	$ 205.98	
Interfund Payable	D	$ (50,179.25)				$ (50,179.25)

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE

Ordinance Number	Improvement Description	Date of Confirmation	Annual Installments	Due Date	Balance Dec. 31, 2007 and Dec. 31, 2008
72-2	Freneau Sewer Extension	March 1, 1988	10	06/01/88 - 97	$ 28,141.00
				Ref.	D

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2007	Balance After Transfers	Paid or Charged	Anticipated Revenue	Balance Lapsed
Operating:					
Salaries and Wages	$ 2,870.39	$ 3,713.39	$ 3,712.40		$ 0.99
Other Expenses	40,384.33	39,541.33	31,155.46	$ 7,600.00	785.87
Acquisition of Water	106,166.12	106,166.12	83,705.56	22,400.00	60.56
Bayshore Regional Sewerage Authority	335.53	335.53			335.53
Social Security	518.41	518.41			518.41
	$ 150,274.78	$ 150,274.78	$ 118,573.42	$ 30,000.00	$ 1,701.36
	Ref.		D-6	D-1/D-4	D-1

Appropriation Reserves	D	$ 82,333.93
Reserve for Encumbrances	D-13	67,940.85
	D-12	$ 150,274.78

Exhibit D-13

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY OPERATING FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	Ref.	
Balance, December 31, 2007	D	$ 67,940.85
Increased by:		
Transferred from Budget Appropriations	D-5	128,622.46
		196,563.31
Decreased by:		
Transferred to Appropriation Reserves	D-12	67,940.85
Balance, December 31, 2008	D	$ 128,622.46

Exhibit D-14

SCHEDULE OF CUSTOMER OVERPAYMENTS

	Ref.	
Balance, December 31, 2007	D	$ 4,127.32
Increased by:		
Cash Received	D-6	4,827.71
		8,955.03
Decreased by:		
Applied to Customer Accounts Receivable	D-8	4,127.32
Balance, December 31, 2008	D	$ 4,827.71

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES, AND LOANS

	Ref.	
Balance, December 31, 2007	D	$ 80,091.17
Increased by:		
Budget Appropriations	D-5	260,962.40
		341,053.57
Decreased by:		
Interest Paid	D-6	276,545.50
Balance, December 31, 2008	D	$ 64,508.07

Analysis of Accrued Interest December 31, 2008

Principal Outstanding Dec. 31, 2008	Interest Rate	From	To	Period	Amount
Serial Bonds:					
$ 68,799.00	Various	12-01-08	12-31-08	1 Month	$ 324.31
2,492,000.00	Various	12-01-08	12-31-08	1 Month	9,909.67
346,000.00	Various	12-01-08	12-31-08	1 Month	1,368.33
454,575.00	Various	12-01-08	12-31-08	1 Month	1,752.00
New Jersey Environmental Infrastructure Trust Loan:					
1,967,276.22	Various	08-01-08	12-31-08	5 Months	21,890.63
Bond Anticipation Notes:					
1,485,000.00	2.07%	04-08-08	12-31-08	263 Days	22,456.91
650,000.00	2.48%	07-29-08	12-31-08	152 Days	6,806.22
					$ 64,508.07

Exhibit D-16

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

		Balance Dec. 31, 2007 and Dec. 31, 2008
Water System:		
1962 and Prior	$	312,594.83
Distribution Mains and Accessories		7,603,953.18
Pumping Station and Structures		269,315.26
Water Tanks		149,143.87
Spring Wells		166,422.81
Water Plant		2,443,963.46
Miscellaneous		298,496.71
Hydrants		99,766.05
Sewer System:		
Disposal Plant and Trunk Lines		108,582.53
Treatment Plant		480,841.92
Pumping Stations		1,806,365.77
Distribution		4,650,090.21
	$	18,389,536.60
Ref.		D

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

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

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2007	Deferred Charges to Future Revenue	Canceled	Balance Dec. 31, 2008
95-39/02-05	Ten Inch Water Main, Route 34 to Colonial Shops	10-03-95	$ 400,000.00				
		03-19-02	65,000.00	$ 15,527.34		$ 4,161.82	$ 11,365.52
95-40/02-04	Replace Water Main Freneau Avenue	10-03-95	355,000.00				
		03-19-02	110,000.00	125.62		125.62	
96-39	Water System Improvements	09-03-96	150,000.00	19,712.56		19,712.56	
99-13/01-19/ 02-16	Reconstruction and Improvement of Sanitary Sewer System	06-15-99	2,200,000.00				
		08-06-01	630,000.00				
		07-16-02	425,000.00	249,760.66			249,760.66
02-02/02-07	Reconstruction of Somerset Pl. Pump Station and Force Main and Reconstruction of Buttonwood Manor Pump Station	02-19-92	878,000.00	219,030.22			219,030.22
02-18/07-27	Water Main and Sanitary Sewer Improvement	07-16-02	1,500,000.00	555,197.46			555,197.46
05-20/07-26	Replace Water Mains on Matawan Avenue and Daniel Drive	08-02-05	1,260,000.00	360,013.51			360,013.51
05-22/07-25	Replace Water Mains on Broad Street from Main to Little Street	10-11-05	225,000.00	52,642.28			52,642.28
08-24	Various Water/Sewer Utility Improvements	12-02-08	200,000.00		$ 200,000.00		200,000.00
				$ 1,472,009.65	$ 200,000.00	$ 24,000.00	$ 1,648,009.65
			Ref.	D	D-23	D-26	D

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY ASSESSMENT TRUST FUND
SCHEDULE OF RESERVE FOR ASSESSMENTS RECEIVABLE

Ordinance Number	Improvement Description	Balance Dec. 31, 2007 and Dec. 31, 2008
72-2	Freneau Sewer Extension	$ 28,141.00
	Ref.	D

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH, NEW JERSEY

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31,2008		Interest Rate	Balance Dec. 31, 2007	Paid by Budget Appropriation	Balance Dec. 31, 2008
Water - Sewer Improvements	12-01-00	$ 721,000.00	12-01-09	$ 33,615.00	4.800%	$ 99,949.00	$ 31,150.00	$ 68,799.00
			12-01-10	35,184.00	4.875%			
Water - Sewer Improvements	12-01-04	2,876,000.00	12-01-09	96,000.00	2.875%	2,588,000.00	96,000.00	2,492,000.00
			12-01-10	96,000.00	3.250%			
			12-01-11	96,000.00	5.000%			
			12-01-12	96,000.00	5.000%			
			12-01-13	96,000.00	4.000%			
			12-01-14	96,000.00	3.750%			
			12-01-15	191,000.00	3.850%			
			12-01-16	191,000.00	5.250%			
			12-01-17	191,000.00	5.250%			
			12-01-18	191,000.00	5.250%			
			12-01-19	192,000.00	5.250%			
			12-01-20	192,000.00	5.250%			
			12-01-21	192,000.00	5.250%			
			12-01-22	192,000.00	4.750%			
			12-01-23	192,000.00	5.000%			
			12-01-24	192,000.00	5.000%			

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31,2008		Interest Rate	Balance Dec. 31, 2007	Paid by Budget Appropriation	Balance Dec. 31, 2008
Water - Sewer Improvements	12-01-05	$ 468,000.00	12-01-09	$ 43,000.00	4.000%	$ 387,000.00	$ 41,000.00	$ 346,000.00
			12-01-10	45,000.00	4.000%			
			12-01-11	47,000.00	5.000%			
			12-01-12	49,000.00	5.000%			
			12-01-13	51,000.00	5.000%			
			12-01-14	54,000.00	5.000%			
			12-01-15	57,000.00	5.000%			
Refunding Bonds	04-12-07	454,575.00	12-01-11	36,834.00	4.000%	454,575.00		454,575.00
			12-01-12	38,080.00	4.000%			
			12-01-13	39,541.00	4.000%			
			12-01-14	40,996.00	5.000%			
			12-01-15	43,833.00	5.000%			
			12-01-16	45,309.00	5.000%			
			12-01-17	49,078.00	5.000%			
			12-01-18	51,319.00	5.000%			
			12-01-19	53,560.00	5.000%			
			12-01-20	56,025.00	4.000%			
						$ 3,529,524.00	$ 168,150.00	$ 3,361,374.00
					Ref.	D	D-25	D

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY CAPITAL FUND

SCHEDULE OF WATER - SEWER UTILITY BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2007	Increased	Balance Dec. 31, 2008
05-20	Replacement of Water Mains	04-12-06	04-08-08	03-13-09	2.07%	$ 1,260,000.00		$ 1,260,000.00
05-22	Replacement of Water Mains	04-12-06	04-08-08	03-13-09	2.07%	225,000.00		225,000.00
99-13/01-19	Reconstruction and Improvements to Sewerage System	07-29-08	07-29-08	03-13-09	2.48%		$ 250,000.00	250,000.00
02-02	Reconstruction of Pump Stations	07-29-08	07-29-08	03-13-09	2.48%		100,000.00	100,000.00
02-18	Water Main and Sanitary Sewer Improvements	07-29-08	07-29-08	03-13-09	2.48%		300,000.00	300,000.00
						$ 1,485,000.00	$ 650,000.00	$ 2,135,000.00
					Ref.	D	D-6	D

Exhibit D-21

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY CAPITAL FUND
SCHEDULE OF STATE OF NEW JERSEY
ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

	Ref.	
Balance, December 31, 2007	D	$ 2,094,320.58
Decreased by:		
Paid by Operating Budget	D-25	127,044.36
Balance, December 31, 2008	D	$ 1,967,276.22

Exhibit D-22

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	Ref.	
Balance, December 31, 2007	D	$ 127,429.01
Increased by:		
Charged to Improvement Authorizations	D-23	59,523.04
		186,952.05
Decreased by:		
Transfer to Improvement Authorizations	D-23	127,429.01
Balance, December 31, 2008	D	$ 59,523.04

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2007 Funded	Balance Dec. 31, 2007 Unfunded	Increased by: 2008 Authorizations	Increased by: Reserve for Encumbrances	Decreased by: Paid or Charged	Decreased by: Reserve for Encumbrances	Decreased by: Canceled	Balance Dec. 31, 2008 Funded	Balance Dec. 31, 2008 Unfunded
95-39/02-05	Ten Inch Water Main, Route 34 to Colonial	10-03-95	$ 400,000.00									
	Shops	03-19-02	65,000.00	$ 15,527.34						$ 4,161.82	$ 11,365.52	
95-40/02-04	Replace Water Main Freneau Avenue	10-03-95	355,000.00									
		03-19-02	110,000.00	125.62						125.62		
96-39	Water System Improvements	09-03-96	150,000.00	19,712.56						19,712.56		
99-13/01-19/	Reconstruction and Improvement of	06-15-99	2,200,000.00									
02-16	Sanitary Sewer System	08-06-01	630,000.00									
		07-16-02	425,000.00		$ 238,859.23			$ 2,909.30				$ 235,949.93
02-02/02-07	Reconstruction of Somerset Pl. Pump Station and Force Main and Reconstruction of Buttonwood Manor Pump Station	02-19-92	878,000.00		219,030.22		$ 2,941.40	66,005.85	$ 4,123.15			151,842.62
02-18/07-27	Water Main and Sanitary Sewer Improvements	07-16-02	1,500,000.00		420,587.54		62,248.46	136,971.08	38,612.35			307,252.57
05-20/07-26	Replace Water Mains on Matawan Avenue and Daniel Drive	08-02-05	1,260,000.00				13,445.67	1,333.07	12,112.60			
05-22/07-25	Replace Water Mains on Broad Street from Main to Little Street	10-11-05	225,000.00				48,793.48	44,118.54	4,674.94			
08-24	Various Water/Sewer Utility Improvements	12-02-08	200,000.00			$ 200,000.00						200,000.00
				$ 35,365.52	$ 878,476.99	$ 200,000.00	$ 127,429.01	$ 251,337.84	$ 59,523.04	$ 24,000.00	$ 11,365.52	$ 895,045.12
		Ref.		D	D	D-17	D-22	D-6	D-22	D-9	D	D

Exhibit D-24

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance, December 31, 2007 and 2008	D	$ 55,000.00

Exhibit D-25

SCHEDULE OF RESERVE FOR AMORTIZATION

	Ref.		
Balance, December 31, 2007	D		$ 11,742,086.15
Increased by:			
Serial Bonds Paid by Operating Budget	D-19	$ 168,150.00	
Loan Paid by Operating Budget	D-21	127,044.36	
			295,194.36
Balance, December 31, 2008	D		$ 12,037,280.51

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

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

Ordinance Number	Improvement Description	Ordinance Date	Balance Dec. 31, 2007	Canceled	Balance Dec. 31, 2008
95-39/ 02-05	Ten Inch Water Main Route 34 to Colonial Shops	10-03-05 03-19-02	$ 15,527.34	$ 4,161.82	$ 11,365.52
95-40/02-04	Replacement of Water Main Freneau Avenue	10-03-05/03-19-02	125.62	125.62	
96-39	Water System Improvements	09-03-96	19,712.56	19,712.56	
			$ 35,365.52	$ 24,000.00	$ 11,365.52
			D	D-17	D

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

WATER - SEWER UTILITY CAPITAL FUND
SCHEDULE OF INTERFUNDS

	Ref.	Total	General Capital Fund	Water -Sewer Operating Fund	Current Fund
Balance, December 31, 2007:					
Interfund Receivable	D	$ 847,251.30			$ 847,251.30
Interfund Payable	D	(785,601.18)	$ (601,810.65)	$ (183,790.53)	
Increased by:					
Cash Disbursed	D-6	50,000.00		50,000.00	
		50,000.00		50,000.00	
Sub - Total		111,650.12	(601,810.65)	(133,790.53)	847,251.30
Decreased by:					
Water - Sewer Capital Fund Balance Anticipated	D-3	2,600.00		2,600.00	
Reserve for Debt Service Anticipated	D-9	24,000.00		24,000.00	
Cash Receipts	D-6	70,000.00			70,000.00
		96,600.00		26,600.00	70,000.00
Balance, December 31, 2008:					
Interfund Receivable	D	$ 777,251.30			$ 777,251.30
Interfund Payable	D	$ (762,201.18)	$ (601,810.65)	$ (160,390.53)	

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

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

Ordinance Number	Improvement Description	Balance Dec. 31,2007	2008 Authorizations	Notes Issued	Balance Dec. 31,2008
99-13/01-19/ 02-16	Reconstruction and Improvement of Sanitary Sewer System	$ 250,000.00		$ 250,000.00	
02-02/02-07	Reconstruction of Somerset Place, Victoria Court and Buttonwood Manor Pump Station	225,250.00		100,000.00	$ 125,250.00
02-18	Water Main and Sanitary Sewer Improvements	500,000.00		300,000.00	200,000.00
08-24	Various Water/Sewer Utility Improvements		$ 200,000.00		200,000.00
		$ 975,250.00	$ 200,000.00	$ 650,000.00	$ 525,250.00
	Ref.		D-23	D-20	(Footnote D)

BOROUGH OF MATAWAN
COUNTY OF MONMOUTH, NEW JERSEY

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

	Balance Dec. 31, 2007	Additions	Balance Dec. 31, 2008
General Fixed Assets:			
Land	$ 4,540,000.00		$ 4,540,000.00
Building	3,993,300.00		3,993,300.00
Machinery and Equipment	3,920,165.51	$ 294,522.44	4,214,687.95
	$ 12,453,465.51	$ 294,522.44	$ 12,747,987.95
Ref.	G		G

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2008

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	2008	2007	2006
Tax Rate (Per $100 Assessed Valuation)	$2.301*	$5.28	$5.013
Apportionment of Tax Rate			
Municipality	.597	1.303	1.212
County	.257	.61	.581
Regional School	1.447	3.367	3.220

Assessed Valuation

2008	$1,035,956,127.00*		
2007		$432,543,706.00	
2006			$429,613,084.00

*Revaluation

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

Year	Tax Levy	Cash Collections	Percentage of Collection
2008	$23,876,971.02	$23,810,339.25	99.72%
2007	22,914,267.57	22,902,945.06	99.95%
2006	21,683,349.65	21,676,815.39	99.96%

DELINQUENT TAXES AND TAX TITLE LIENS

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

Year Ended December 31	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2008	$3,884.61	$ 4,932.24	$ 8,816.85	.04%
2007	-	1,228.39	1,228.39	.00%
2006	-	1,406.21	1,406.21	.00%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

Year	Amount
2008	$125,900.00
2007	125,900.00
2006	125,900.00

COMPARISON OF WATER-SEWER UTILITY RENTS LEVIED

Year	Levy	Prior Year Delinquent	Cash Collections
2008	$4,215,160.77	$169,797.08	$4,261,423.16
2007	4,285,462.82	137,265.52	4,252,931.26
2006	4,285,743.83	153,631.71	4,291,286.67

COMPARATIVE SCHEDULE OF FUND BALANCES

Year	Balance December 31	Utilized In Budget of Succeeding Year
Current Fund		
2008	$118,737.12	$ -
2007	428,737.12	310,000.00
2006	247,406.90	150,000.00
2005	240,046.75	150,000.00
2004	81,508.18	40,000.00
Water-Sewer Utility Fund		
2008	$38,080.97	$38,000.00
2007	88,142.38	88,000.00
2006	210,901.62	130,000.00
2005	245,657.07	115,000.00
2004	86,324.50	-

SUMMARY OF MUNICIPAL DEBT

	Year 2008	Year 2007	Year 2006
Issued			
General:			
Bonds, Notes and Loans	$10,024,715.21	$10,826,379.90	$10,340,166.39
Water-Sewer Utility:			
Bonds, Notes and Loans	7,463,650.22	7,108,844.58	7,461,178.80
	17,488,365.43	17,935,224.48	17,801,345.19
Authorized but not Issued			
General:			
Bonds and Notes	2,350,219.01	1,685,219.01	3,096,219.01
Water-Sewer Utility:			
Bonds and Notes	525,250.00	975,250.00	975,250.00
	2,875,469.01	2,660,469.01	4,071,469.01
Net Bonds and Notes Issued and Authorized but not Issued	$20,363,834.44	$20,595,693.49	$21,872,814.20

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarization statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 1.17%.

	Gross Debt	Deductions	Net Debt
Regional School Debt	$ 9,386,938.30	$ 9,386,938.30	$ None
General Debt	12,374,934.22	-	12,374,934.22
Water-Sewer Utility Debt	7,988,900.22	7,988,900.22	None
	$29,750,772.74	$17,375,838.52	$12,374,934.22

Net Debt $12,374,934.22 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, $1,053,266,158.00 equals 1.17%.

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

3-1/2% Equalized Valuation Basis Municipal	$36,864,314.83
Net Debt	12,374,934.22
Remaining Borrowing Power	$24,489,380.61

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

Cash Receipts From Fees, Rents or Other Charges for the Year		$4,444,902.99
Deductions:		
Operating and Maintenance Costs	$3,672,509.00	
Debt Service Per Water-Sewer Account	556,156.76	
Total Deductions		4,228,665.76
Excess in Revenue		$ 216,237.23

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

OFFICIALS IN OFFICE AND SURETY BONDS

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

Name	Title
Paul Buccellato	Mayor
Michael Cannon	Council President
Robert Bunyon	Councilman
Linda Clifton	Councilwoman
William Malley	Councilman
Kevin Mendes	Councilman
Joseph Mullaney	Councilman
Frederick C. Carr	Borough Administrator
Jean B. Montfort	Municipal Clerk, Assessment Search Officer
Monica Antista	Chief Financial Officer/Treasurer
Peggy Warren	Tax Collector/Tax Search Officer
Kathleen Fitzgerald	Deputy Tax Collector
Michele Bodino	Utility Collector
Sandra Snowden	Utility Clerk
Anne Zaccardi	Magistrate
Patricia Sickels	Court Administrator
James Aaron	Borough Attorney

All employees are covered by a dishonesty Public Employees' Blanket Bond in the amount of $50,000.00, written by Monmouth Municipal Joint Insurance Fund. In addition, there are blanket bonds for secondary coverage with the Municipal Excess Liability Joint Insurance Fund in the amount of $950,000.00 for Public Employees.

BOROUGH OF MATAWAN

COUNTY OF MONMOUTH

PART II

COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2008

GENERAL COMMENTS

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

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

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

Water Meters	Gasoline
Mechanical Street Sweeper	2008 Road Program
Self Contained Leaf Collector	Mill Road Sanitary Sewer Installation
Health Insurance	Water and Sanitary Sewer System Repairs

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

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

Our examination of expenditures did not reveal individual payments in excess of the bid threshold "for the provision or performance of any goods or services" where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S. 40A:11-6.

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

N.J.S. 40A:11-6.1 states, "For all contracts that in the aggregate are less than the bid threshold but exceed 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L. 1971, c. 198 (C.40A:11-5), except for paragraph (a) of that subsection concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered"

GENERAL COMMENTS (continued)

Collection of Interest on Delinquent Taxes

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

The Governing Body, on January 1, 2008, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-66 provides that taxes shall be payable in quarterly installments due on February 1st, May 1st, August 1st, and November 1st , after which dates, if unpaid, shall become delinquent; and that a period of ten calendar days grace for the payment of taxes following said date be fixed and established; and

NOW, THEREFORE, BE IT RESOLVED, by the Governing Body of the Borough of Matawan that if payment is not made by the tenth calendar day of the month on which the installment becomes payable, an interest charge of eight percent (8%) per annum will be assessed on the first $1,500 of the delinquency and eighteen percent (18%) per annum on any amount in excess of $1,500, to be calculated from the date the tax was payable until the date of actual payment.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that a taxpayer who has a delinquency in excess of $10,000, who fails to pay that delinquency prior to the end of a calendar year will be charged a penalty of six percent (6%) of the amount of the delinquency plus interest calculated to December 31st.

It appears, from an examination of the Tax Collector's records, that interest was collected in accordance with the foregoing resolution and statute.

Delinquent Taxes, Tax Title Liens and Delinquent Water-Sewer Rents

The detail of all unpaid taxes for 2008 and prior years is being properly carried in the Tax Collector's records. An abstract taken from these records as of December 31, 2008, covering all unpaid charges on that date, was verified with the accounting control figures shown in this report.

The last tax sale was held on December 30, 2008 and it was complete.

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

The following comparison is made of the number of tax title liens receivable on December 31st of the last three (3) years.

Year	Number of Liens
2008	31
2007	0
2006	0

GENERAL COMMENTS (continued)

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

The detail of all unpaid water-sewer rents for 2008 and prior years is being properly carried in the Utility Collector's records. An abstract taken from these records as of December 31, 2008, covering all unpaid charges on that date, was verified with the accounting control figures shown in this report.

Verification of Delinquent Taxes and Other Charges

Verification of delinquent charges and current payments was done for the period under audit in accordance with the regulations of the Division of Local Government Services, on December 31, 2008 and consisted of verification notices as follows:

Type	Number Mailed	Number Returned
Dates of Payments of Taxes	25	5
Delinquent Taxes	0	0
Dates of Payment of Water-Sewer Utility Charges	25	13
Delinquent Water-Sewer Utility Charges	40	12

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

OTHER COMMENTS

Cash and Cash Equivalents Balances

The cash and cash equivalents balances in all funds were verified by independent certifications obtained from the depositories as of December 31, 2008.

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

The change funds and petty cash funds were counted.

Revenues

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

OTHER COMMENTS (continued)

Financial Administration

General Ledgers

Condition: General Ledgers were incomplete. Various General Ledger accounts, including budget appropriation control, appropriation reserves, anticipated revenues, tax receivables, tax overpayments and reserve for encumbrances did not agree to the underlying subsidiary records. Routine journal entries were not posted. A General Ledger was not maintained for the Payroll Fund, or the General Fixed Asset Account Group.

Criteria: Maintenance of General Ledgers for all funds including reconciliation to subsidiary records is essential to maintaining control over the activities of the Borough and to the preparation of timely financial statements.

Cause: The Borough has not implemented a complete general ledger and reconciliation system.

Effect: Incomplete posting or lack of a General Ledger including reconciliation to subsidiary records may result in incorrect reporting of financial status internally or to outside agencies.

Recommendation: That in order to strengthen controls over the Borough's transactions and enhance the reporting system, General Ledgers should be utilized for all Funds and Account Groups with complete postings and reconciliation to subsidiary records.

Borough Response: The Borough started implementation of a full general ledger system in the fall of 2007. General ledger for all funds and account groups with complete reconciliations and postings will be completed in 2009.

General Fixed Asset Account Group

Condition: The Borough Fixed Asset listing is a roll forward of additions and deletions each year. An inventory of Fixed Assets was taken in 1998 but the computerized listing has not been updated in the computer. For each year subsequent to 1998 a list of additions and deletions is prepared but there is not a central database where a summary is maintained. In addition, the Fixed Asset Account Group listing contains Fixed Assets that are part of the Water-Sewer Utility Capital Fund.

Criteria: Maintenance of a complete summarized listing of Fixed Assets is essential to maintaining control over of the Borough's Fixed Asset Account Group. Fixed Assets purchased in the Water-Sewer Utility should remain within the Utility and not be included in the Fixed Asset Account Group.

Cause: The Borough has not implemented a complete fixed asset reporting system.

Effect: Lack of a summarized Fixed Asset listing supported by detailed subsidiary records may result in incorrect reporting of financial status internally or to outside agencies.

OTHER COMMENTS (continued)

Financial Administration (continued)

Recommendation: That the Fixed Asset database be maintained in one central location and all computerized records be updated and summarized. All Water-Sewer Utility assets should be removed from the database.

Borough Response: The Borough intends to reconcile its fixed asset listing and maintain such listing in a timely manner.

Comment: Interfunds receivable and payable are reflected on the various balance sheets of the funds at December 31, 2008.

Recommendation: That all interfunds be liquidated prior to year end.

Comment: We noted various reserves whereby a dedication by rider resolution approval was not obtained from the State of New Jersey.

Recommendation: That the Borough obtain dedication by rider resolution approvals from the State of New Jersey for all trust fund reserves.

Comment: In 4 out of 5 receipts tested for parking meter revenue, the amount collected per the automated tape from the parking meter did not agree to the actual deposit. In some cases the deposit was higher and in some cases it was lower.

Recommendation: That parking meter revenue be counted by more than one person and a receipt be signed by both employees noting discrepancies between the meter tape and actual cash count. Meters should be tested to determine if the audit tape is functioning properly.

Comment: The General Capital Fund analysis of cash reflects a negative cash balance in one ordinance that was originally adopted in 1985.

Recommendation: That adequate cash funding be in place prior to commitments being placed against an ordinance.

OTHER COMMENTS (continued)

Financial Administration (continued)

Comment: Our examination of expenditures revealed deficiencies in the application of the Borough's purchasing internal control policies and procedures. On several occasions approving signatures were not obtained. In addition, several purchases had invoice dates prior to the purchase order date.

Recommendation: That the Borough comply with its purchasing internal control policies and procedures.

Clerk

Comment: The 2008 minutes of the meetings of the Borough Council were not transcribed in a timely manner nor are they maintained in bound books.

Recommendation: That the minutes of the meetings of the Borough Council be transcribed in a timely manner to permit the approval of the minutes by the Mayor and Borough Council. The minutes should also be maintained in bound books.

Recreation Department

Comment: The Recreation Department does not maintain a cash receipts journal nor are prenumbered receipts issued.

Recommendation: That the Recreation Department maintain cash receipts journals and issue prenumbered receipts to participants.

Municipal Court

Comment: The Monthly Cash Bail on Account Report does not agree with the account balance in the bail account.

Recommendation: That the Monthly Cash Bail on Account report be reconciled to the account balance in the bail account on a monthly basis.

Comment: Turnovers to the respective agencies were not consistently made by the fifteenth of the succeeding month.

Recommendation: That the Municipal Court make all remittances to the various agencies by the fifteenth day of the month following receipt as required by the Administrative Office of the Court.

OTHER COMMENTS (continued)

Municipal Court

Comment: Separate cash drawers are not being utilized in the Municipal Court.

Recommendation: That the Municipal Court personnel utilize separate cash drawers.

Miscellaneous Comments

The confirmation sent to the Regional School Board of Education verified the correct school tax payable at December 31, 2008.

Appreciation

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

RECOMMENDATIONS

It is recommended:

08-1. That in order to strengthen controls over the Borough's transactions and enhance the reporting system, General Ledgers should be utilized for all Funds and Account Groups with complete postings and reconciliation to subsidiary records.

08-2. That the Fixed Asset database be maintained in one central location and all computerized records be updated and summarized. All Water-Sewer Utility assets should be removed from the database.

08-3. That all interfunds be liquidated prior to year end.

08-4. That the Borough obtain dedication by rider resolution approvals from the State of New Jersey for all trust fund reserves.

08-5. That parking meter revenue be counted by more than one person and a receipt be signed by both employees noting discrepancies between the meter tape and actual cash count. Meters should be tested to determine if the audit tape is functioning properly.

08-6. That adequate cash funding be in place prior to commitments being placed against an ordinance.

08-7. That the Borough comply with its purchasing internal control policies and procedures.

08-8. That the minutes of the meetings of the Borough Council be transcribed in a timely manner to permit the approval of the minutes by the Mayor and Borough Council. The minutes should also be maintained in bound books.

08-9. That the Recreation Department maintain cash receipts journals and issue prenumbered receipts to participants.

RECOMMENDATIONS (continued)

08-10. That the Monthly Cash Bail on Account report be reconciled to the account balance in the bail account on a monthly basis.

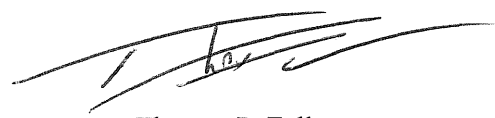
08-11. That the Municipal Court make all remittances to the various agencies by the fifteenth day of the month following receipt as required by the Administrative Office of the Court.

08-12. That the Municipal Court personnel utilize separate cash drawers.

Of the above recommendations, number 08-1, 08-2, 08-3, 08-4, 08-7, 08-8, 08-9, 08-10, and 08-11 are similar to those reported in the 2007 audit.

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

Very truly yours,



Thomas P. Fallon
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Registered Municipal Accountant # 465

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