

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

**REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2011**

BOROUGH OF ATLANTIC HIGHLANDS

COUNTY OF MONMOUTH

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COUNTY OF MONMOUTH

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COUNTY OF MONMOUTH

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BOROUGH OF ATLANTIC HIGHLANDS

COUNTY OF MONMOUTH

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

FOR THE YEAR ENDED DECEMBER 31, 2011

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Borough of Atlantic Highlands (the "Borough"), as of December 31, 2011 and 2010, 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, 2011. 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 provides a reasonable basis for our opinions.

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 30% and 28% of the assets and liabilities as of December 31, 2011 and 2010, respectively, of the Borough's Trust Funds.

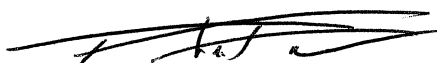
As described more fully in Note 2, the Borough has prepared these financial statements using accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted 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.

Further 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, 2011 and 2010 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, 2011 and 2010, 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, 2011, 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 July 9, 2012 on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements - regulatory basis of the Borough taken as a whole. The accompanying financial information listed as supplementary schedules and comments section in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements - regulatory basis. The accompanying financial information listed as supplementary schedules and comments section in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements - regulatory basis. 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements - regulatory basis or to the financial statements - regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 - regulatory basis.



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



Fallon & Larsen LLP

July 9, 2012

Certified Public Accountants

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

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

We have audited the financial statements - regulatory basis of the Borough of Atlantic Highlands (the "Borough") as of and for the year ended December 31, 2011, and have issued our report thereon dated July 9, 2012 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

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

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

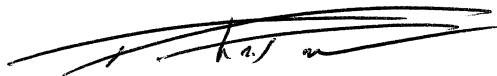
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

Compliance and Other Matters

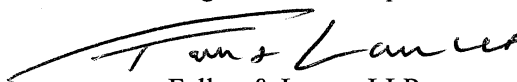
As part of obtaining reasonable assurance about whether the Borough's financial statements - regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

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

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



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



Fallon & Larsen LLP

July 9, 2012

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

| ASSETS | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|--|-------------|------------------------|------------------------|
| Cash | A-4 | \$ 2,864,770.38 | \$ 2,842,663.92 |
| Cash - Change Fund | A | 250.00 | 250.00 |
| | | <u>2,865,020.38</u> | <u>2,842,913.92</u> |
| Due from State of New Jersey, Chap. 20 P.L. 1971 | A-9 | 489.73 | 500.00 |
| | | <u>489.73</u> | <u>500.00</u> |
| Receivables with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-5 | 293,877.97 | 490,756.98 |
| Tax Title Liens Receivable | A-6 | 5,905.72 | 5,025.86 |
| Property Acquired for Taxes | A-7 | 92,600.00 | 92,600.00 |
| Revenue Accounts Receivable | A-8 | 15,753.37 | 9,044.31 |
| Interfunds Receivable | A-23 | 241,676.51 | 1,941.56 |
| | | <u>649,813.57</u> | <u>599,368.71</u> |
| | | <u>3,514,833.95</u> | <u>3,442,282.63</u> |
| Federal and State Grant Fund: | | | |
| Interfund - Current Fund | A-22 | 51,517.58 | 37,498.73 |
| | | <u>51,517.58</u> | <u>37,498.73</u> |
| Total Assets | | <u>\$ 3,566,841.26</u> | <u>\$ 3,480,281.36</u> |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

| | Ref. | <u>2011</u> | <u>2010</u> |
|--|----------|------------------------|------------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| Appropriation Reserves | A-3/A-11 | \$ 240,556.84 | \$ 395,181.81 |
| Reserve for Encumbrances | A-12 | 67,910.56 | 86,126.67 |
| Accounts Payable | A-20 | | 2,073.00 |
| Prepaid Taxes | A-14 | 80,273.92 | 64,354.69 |
| Tax Overpayments | A-13 | | 2,422.75 |
| County Taxes Payable | A-17 | 7,266.23 | 4,899.36 |
| Local District School Tax Payable | A-18 | 795,975.37 | 837,246.37 |
| Regional High School Tax Payable | A-21 | 631,358.36 | 636,164.88 |
| Reserve for Master Plan | A-19 | 1,925.79 | 1,925.79 |
| Interfund Payable - Federal and State Grant Fund | A-22 | 51,517.58 | 37,498.73 |
| Interfunds Payable - Other Funds | A-23 | 200.83 | 135.21 |
| Reserve for Shade Tree Commission | A-15 | 3,463.50 | 1,796.55 |
| Reserve for State Library Aid | A-16 | 1,071.00 | 1,071.00 |
| Due to State of New Jersey - Marriage License Fees | A-24 | 125.00 | |
| Reserve for Outside Liens | A-10 | 873.95 | 873.95 |
| | | <u>1,882,518.93</u> | <u>2,071,770.76</u> |
| Reserve for Receivables and Other Assets | A | 649,813.57 | 599,368.71 |
| Fund Balance | A-1 | 982,991.18 | 771,643.16 |
| | | <u>3,515,323.68</u> | <u>3,442,782.63</u> |
| Federal and State Grant Fund: | | | |
| Appropriated Reserves | A-26 | 22,401.50 | 19,589.41 |
| Unappropriated Reserves | A-27 | 27,429.83 | 15,349.30 |
| Reserve for Encumbrances | A-28 | 1,686.25 | 2,560.02 |
| | | <u>51,517.58</u> | <u>37,498.73</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 3,566,841.26</u> | <u>\$ 3,480,281.36</u> |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

For the Years Ended December 31,

| | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|--|-------------|----------------------|----------------------|
| Revenue and Other Income Realized: | | | |
| Fund Balance Utilized | A-2 | \$ 725,000.00 | \$ 950,000.00 |
| Miscellaneous Revenue Anticipated | A-2 | 1,979,989.44 | 1,673,854.50 |
| Receipts from Delinquent Taxes | A-2 | 492,128.90 | 290,576.75 |
| Receipts from Current Taxes | A-2 | 14,778,046.61 | 14,214,964.95 |
| Non-Budget Revenues | A-2 | 198,716.24 | 299,054.39 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-11 | 293,468.58 | 178,341.53 |
| Water/Sewer Prior Year Appropriation for | | | |
| Deficit Returned | A-23 | 49,366.98 | |
| Statutory Dog Excess | | | 1,287.42 |
| Accounts Payable Canceled | A-20 | 1,000.00 | 1,892.45 |
| Grants Appropriated Canceled | | | 14,653.91 |
| | | <hr/> | <hr/> |
| Total Revenue | | <u>18,517,716.75</u> | <u>17,624,625.90</u> |
| Expenditures: | | | |
| Budget Appropriations Within Caps: | | | |
| Operations: | | | |
| Salaries and Wages | A-3 | 2,272,903.46 | 2,365,496.00 |
| Other Expenses | A-3 | 2,104,586.70 | 2,130,618.24 |
| Deferred Charges and Statutory Expenditures | A-3 | 515,278.16 | 643,178.00 |
| Budget Appropriations Excluded from Caps: | | | |
| Operations: | | | |
| Other Expenses | A-3 | 126,692.13 | 225,205.69 |
| Municipal Debt Service | A-3 | 1,667,387.49 | 1,304,306.58 |
| | | <hr/> | <hr/> |
| | | <u>6,686,847.94</u> | <u>6,668,804.51</u> |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

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

For the Years Ended December 31,

| | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|--|-------------|----------------------------|----------------------------|
| County Taxes | A-17 | \$ 2,292,826.74 | \$ 2,286,964.50 |
| Amount Due County for Added and Omitted Taxes | A-17 | 7,266.18 | 4,899.34 |
| Local District School Tax | A-18 | 4,484,584.00 | 4,307,622.00 |
| Regional High School Tax | A-21 | 3,805,266.17 | 3,550,079.66 |
| Municipal Open Space Tax | A-23 | 63,270.00 | 63,440.00 |
| Amount Due Municipal Open Space for Added and Omitted Taxes | A-23 | 200.83 | 135.21 |
| Prior Year Senior Disallowed | A-9 | 1,371.92 | 847.87 |
| Interfunds Advanced | A-23 | 239,734.95 | 1,487.42 |
| Grants Receivable Canceled | | | 6,521.95 |
| | | <hr/> | <hr/> |
| Total Expenditures | | 17,581,368.73 | 16,890,802.46 |
| Excess in Revenue | | 936,348.02 | 733,823.44 |
| Fund Balance January 1 | A | <hr/> 771,643.16 | <hr/> 987,819.72 |
| | | 1,707,991.18 | 1,721,643.16 |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | A-1/A-2 | <hr/> 725,000.00 | <hr/> 950,000.00 |
| Fund Balance December 31 | A | <hr/> <u>\$ 982,991.18</u> | <hr/> <u>\$ 771,643.16</u> |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2011

| | Ref. | Budget | Realized | Excess or (Deficit) |
|---|------|--------------------|---------------|------------------------|
| | | <u>Anticipated</u> | | |
| Fund Balance Anticipated | A-1 | \$ 725,000.00 | \$ 725,000.00 | |
| Miscellaneous Revenues: | | | | |
| Licenses: | | | | |
| Alcoholic Beverages | A-8 | 8,250.00 | 8,250.00 | |
| Fees and Permits | A-8 | 33,300.00 | 35,855.88 | \$ 2,555.88 |
| Fines and Costs: | | | | |
| Municipal Court | A-8 | 109,200.00 | 110,570.83 | 1,370.83 |
| Interest and Costs on Taxes | A-8 | 65,000.00 | 96,121.74 | 31,121.74 |
| Interest on Investments and Deposits | A-8 | 87,000.00 | 56,977.84 | (30,022.16) |
| Anticipated Utility Operating Surplus | A-8 | 600,000.00 | 600,000.00 | |
| Cable T.V. Franchise Fees | A-8 | 30,000.00 | 30,036.60 | 36.60 |
| Recreation Property Lease | A-8 | 36,500.00 | 37,000.00 | 500.00 |
| Recreation Program | A-8 | 37,000.00 | 44,340.00 | 7,340.00 |
| Recycling Fees | A-8 | 16,500.00 | 24,434.72 | 7,934.72 |
| Payments in Lieu of Taxes - Senior Citizen Housing | A-8 | 31,500.00 | 32,909.25 | 1,409.25 |
| Consolidated Municipal Property Tax Relief Aid | A-8 | 26,272.00 | 26,272.00 | |
| Energy Receipts Tax (P.L. 1997, Chapters 162 & 167) | A-8 | 298,845.00 | 298,845.00 | |
| Uniform Construction Code Fees | A-8 | 70,000.00 | 71,076.00 | 1,076.00 |
| Henry Hudson Regional School - Fuel Usage | A-8 | 25,000.00 | 33,212.71 | 8,212.71 |
| Body Armor Fund | A-25 | 1,682.71 | 1,682.71 | |
| Drunk Driving Enforcement Fund | A-25 | 4,215.20 | 4,215.20 | |
| Clean Communities Program | A-25 | 9,451.39 | 9,451.39 | |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2011

| | <u>Ref.</u> | <u>Budget</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|---|-------------|--------------------|-----------------|--------------------------------|
| | | <u>Anticipated</u> | | |
| Uniform Fire Safety Act | A-8 | \$ 10,900.00 | \$ 12,504.82 | \$ 1,604.82 |
| Reserve for Debt Service | A-8 | 4,832.75 | 4,832.75 | |
| General Capital Fund Balance | A-8 | 440,000.00 | 440,000.00 | |
| Reserve for Down Payment - General Capital | A-8 | 1,400.00 | 1,400.00 | |
| Total Miscellaneous Revenues | A-1 | 1,946,849.05 | 1,979,989.44 | 33,140.39 |
| Receipts from Delinquent Taxes | A-1/A-2 | 488,000.00 | 492,128.90 | 4,128.90 |
| Amount to be Raised by Taxes for Support of Municipal Budget | A-2 | 3,159,849.05 | 3,197,118.34 | 37,269.29 |
| Non-Budget Revenues | A-1/A-2 | 4,258,633.72 | 4,525,194.03 | 266,560.31 |
| | | 7,418,482.77 | 7,722,312.37 | 303,829.60 |
| | | | 198,716.24 | 198,716.24 |
| Total | | \$ 7,418,482.77 | \$ 7,921,028.61 | \$ 502,545.84 |

Ref. A-3

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2011

Analysis of Realized Revenues

Allocation of Current Tax Collections:

| | | |
|---|---------|------------------------|
| Revenue from Collections | A-1/A-5 | \$ 14,778,046.61 |
| Allocated to School ,County, and Open Space Taxes | A-5 | <u>10,793,413.92</u> |
| Balance for Support of Municipal Budget Appropriations | | 3,984,632.69 |
| Add: | | |
| Reserve for Uncollected Taxes | A-3 | <u>540,561.34</u> |
| Amount for Support of Municipal Budget Appropriations | A-2 | <u>\$ 4,525,194.03</u> |
| Receipts from Delinquent Taxes: | | |
| Delinquent Tax Collections | A-2/A-5 | <u>\$ 492,128.90</u> |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2011

Analysis of Non-Budget Revenues:

| | | |
|---|----|------------------|
| Central Jersey Health Insurance Fund | \$ | 38,303.00 |
| Administrative Fee - Senior Citizens and Veterans | | 982.56 |
| Sale of Property | | 39,000.00 |
| Snow Storm Reimbursement | | 45,795.00 |
| Cancel Public Assistance Account | | 2,000.00 |
| Cancel Escrow Account | | 12,701.85 |
| Building Department Fines | | 10,925.50 |
| Shared Services - Highlands | | 36,300.00 |
| Miscellaneous | | <u>12,708.33</u> |

A-2/A-4 \$ 198,716.24

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

| | Budget | Appropriated Budget After Modification | Paid or Charged | Expended | Reserved | Unexpended Balance Canceled |
|-------------------------------|--------------|--|--------------------|-----------|----------|-----------------------------------|
| Operations Within CAPS | | | | | | |
| General Government: | | | | | | |
| General Administration | | | | | | |
| Salaries and Wages | \$ 46,500.00 | \$ 50,000.00 | \$ 50,000.00 | | | |
| Other Expenses | 37,000.00 | 37,000.00 | 36,381.14 | \$ 618.86 | | |
| Drug Education Program | | | | | | |
| Other Expenses | 8,656.00 | 8,656.00 | 8,656.00 | | | |
| Human Resources (Personnel) | | | | | | |
| Salaries and Wages | 2,900.00 | 3,003.69 | 3,003.69 | | | |
| Mayor and Council | | | | | | |
| Salaries and Wages | 22,500.00 | 22,500.00 | 22,500.00 | | | |
| Other Expenses | 2,375.00 | 2,375.00 | 1,938.68 | 436.32 | | |
| Municipal Clerk | | | | | | |
| Salaries and Wages | 70,500.00 | 68,989.16 | 68,989.16 | | | |
| Other Expenses | 10,650.00 | 12,650.00 | 12,643.34 | 6.66 | | |
| Financial Administration | | | | | | |
| Salaries and Wages | 38,500.00 | 37,834.61 | 37,834.61 | | | |
| Other Expenses | 18,500.00 | 14,776.15 | 11,999.30 | 2,776.85 | | |
| Audit Services | | | | | | |
| Other Expenses | 21,000.00 | 21,000.00 | 21,000.00 | | | |
| Computerized Data Processing | | | | | | |
| Other Expenses | 12,000.00 | 12,000.00 | 11,106.21 | 893.79 | | |
| Revenue Administration | | | | | | |
| Salaries and Wages | 10,000.00 | 999.20 | 153.03 | 846.17 | | |
| Other Expenses | 7,900.00 | 7,900.00 | 6,461.56 | 1,438.44 | | |
| Tax Assessment Administration | | | | | | |
| Salaries and Wages | 25,000.08 | 25,121.04 | 25,121.04 | | | |
| Other Expenses | 4,900.00 | 4,900.00 | 4,403.99 | 496.01 | | |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

| | Appropriated | | Budget After | Paid or | Expended | Reserved | Unexpended |
|---|--------------|--------------|--------------|--------------|-------------|----------|------------|
| | Budget | Modification | Modification | Charged | | | Balance |
| | | | | | | | Canceled |
| Legal Services | | | | | | | |
| Salaries and Wages | \$ 25,000.08 | \$ 25,000.08 | \$ 25,000.08 | \$ 25,000.08 | | | |
| Other Expenses | 49,000.00 | 49,000.00 | 41,016.35 | | \$ 7,983.65 | | |
| Tax Appeals | 3,000.00 | | | | | | |
| Engineering Services | | | | | | | |
| Salaries and Wages | 3,000.00 | 3,000.00 | 3,000.00 | 3,000.00 | | | |
| Other Expenses | 15,000.00 | 19,000.00 | 17,225.87 | 1,774.13 | | | |
| Planning Board | | | | | | | |
| Salaries and Wages | 8,600.00 | 8,600.00 | 8,315.76 | 284.24 | | | |
| Other Expenses | 26,400.00 | 26,400.00 | 16,762.00 | 9,638.00 | | | |
| Master Plan | 4,000.00 | | | | | | |
| COAH Planner | | | | | | | |
| Other Expenses | 8,000.00 | | | | | | |
| Affordable Housing | | | | | | | |
| Other Expenses | 1,000.00 | | | | | | |
| Insurance | | | | | | | |
| General Liability | 110,000.00 | 90,500.00 | 60,120.84 | 30,379.16 | | | |
| Surety Bonds | 1,000.00 | 1,000.00 | 1,000.00 | 1,000.00 | | | |
| Workers' Compensation | 135,000.00 | 116,000.00 | 115,558.06 | 441.94 | | | |
| Employee Group Health | 640,000.00 | 656,377.26 | 656,377.26 | | | | |
| Police Department | | | | | | | |
| Salaries and Wages | 1,278,000.00 | 1,312,008.09 | 1,312,008.09 | 0.00 | | | |
| Other Expenses | 98,100.00 | 98,100.00 | 86,605.02 | 11,494.98 | | | |
| Office of Emergency Management | | | | | | | |
| Other Expenses | 6,500.00 | 6,500.00 | 6,174.62 | 325.38 | | | |
| Aid to Volunteer Fire Companies | | | | | | | |
| Other Expenses | 68,250.00 | 75,587.34 | 75,587.34 | 0.00 | | | |
| Aid to Volunteer Ambulance Companies | | | | | | | |
| Other Expenses | 12,000.00 | 12,000.00 | 12,000.00 | | | | |
| Uniform Fire Safety Act (Fire Department) | | | | | | | |
| Salaries and Wages | 11,985.00 | 11,985.00 | 7,592.00 | 4,393.00 | | | |
| Other Expenses | 11,189.00 | 11,189.00 | 9,078.26 | 2,110.74 | | | |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

| | Budget | Appropriated Budget After Modification | Paid or Charged | Expended | Reserved | Unexpended Balance Canceled |
|----------------------------------|-------------|--|--------------------|-----------|-----------|-----------------------------------|
| Fire | \$ 3,750.00 | \$ 3,750.00 | \$ 3,750.00 | | | |
| Salaries and Wages | | | | | | |
| Municipal Prosecutor's Office | | | | | | |
| Salaries and Wages | 16,000.08 | 16,000.08 | 16,000.08 | | | |
| Other Expenses | 100.00 | 100.00 | | \$ 100.00 | | |
| Municipal Court | | | | | | |
| Salaries and Wages | 89,000.00 | 89,000.00 | 89,000.00 | | | |
| Other Expenses | 11,300.00 | 11,300.00 | 9,526.03 | | 1,773.97 | |
| Streets and Road Maintenance | | | | | | |
| Salaries and Wages | 195,000.00 | 192,880.68 | 192,880.68 | | | |
| Other Expenses | 74,700.00 | 65,700.00 | 58,521.00 | | 7,179.00 | |
| Shade Tree Commission | | | | | | |
| Other Expenses | 5,000.00 | 5,000.00 | 5,000.00 | | | |
| Solid Waste Collection | | | | | | |
| Salaries and Wages | 136,000.00 | 137,146.17 | 137,146.17 | | | |
| Other Expenses | 57,000.00 | 43,371.38 | 35,632.64 | | 7,738.74 | |
| Buildings and Grounds | | | | | | |
| Salaries and Wages | 41,500.00 | 46,500.00 | 46,113.18 | | 386.82 | |
| Other Expenses | 72,350.00 | 72,350.00 | 56,065.15 | | 16,284.85 | |
| Vehicle Maintenance | | | | | | |
| Salaries and Wages | 75,000.00 | 68,953.08 | 68,953.08 | | | |
| Other Expenses | 32,800.00 | 32,800.00 | 30,649.65 | | 2,150.35 | |
| Animal Control Services | | | | | | |
| Other Expenses | 4,000.00 | 4,000.00 | 3,771.00 | | 229.00 | |
| Recreation Services and Programs | | | | | | |
| Salaries and Wages | 18,500.00 | 19,484.10 | 19,484.10 | | | |
| Other Expenses | 35,500.00 | 30,500.00 | 22,974.44 | | 7,525.56 | |
| Municipal Library | | | | | | |
| Salaries and Wages | 40,000.00 | 37,148.48 | 37,148.48 | | | |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

| | <u>Budget</u> | <u>Appropriated</u> | <u>Budget After</u> | <u>Paid or</u> | <u>Expended</u> | <u>Reserved</u> | <u>Unexpended</u> |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------|-------------------|-------------------|
| | | <u>Budget</u> | <u>Modification</u> | <u>Charged</u> | | | <u>Balance</u> |
| | | | | | | | <u>Canceled</u> |
| Right to Know Safety | \$ 1,700.00 | \$ | 2,000.00 | \$ 1,900.19 | \$ | 99.81 | |
| Other Expenses | | | | | | | |
| Environmental Commission | 2,250.00 | | 2,250.00 | 534.99 | | 1,715.01 | |
| Other Expenses | | | | | | | |
| Celebration of Public Events | 6,300.00 | | 6,300.00 | 3,275.78 | | 3,024.22 | |
| Other Expenses | | | | | | | |
| Utility Expenses and Bulk Purchases | 62,000.00 | | 73,954.57 | 71,093.43 | | 2,861.14 | |
| Electricity | | | | | | | |
| Street Lighting | 112,000.00 | | 105,000.00 | 96,058.62 | | 8,941.38 | |
| Telephone | 33,000.00 | | 37,000.00 | 34,996.81 | | 2,003.19 | |
| Natural Gas | 28,500.00 | | 31,200.00 | 31,005.86 | | 194.14 | |
| Telecommunication Costs | 9,000.00 | | 9,000.00 | 8,488.21 | | 511.79 | |
| Gasoline | 60,000.00 | | 75,000.00 | 65,997.97 | | 9,002.03 | |
| Landfill / Solid Waste Disposal Costs | 202,000.00 | | 212,000.00 | 190,095.94 | | 21,904.06 | |
| State Uniform Construction Code | | | | | | | |
| Salaries and Wages | 81,000.00 | | 81,000.00 | 80,838.96 | | 161.04 | |
| Other Expenses | 2,100.00 | | 1,600.00 | 811.00 | | 789.00 | |
| Other Code Enforcement Functions | 12,000.00 | | 12,000.00 | 12,000.00 | | | |
| Salaries and Wages | | | | | | | |
| Other Expenses | 750.00 | | 750.00 | 706.15 | | 43.85 | |
| Total Operations Within CAPS | 4,374,005.24 | | 4,376,990.16 | 4,205,032.89 | | 171,957.27 | |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

| | Budget | Appropriated Budget After Modification | Paid or Charged | Expended | Reserved | Unexpended Balance Canceled |
|--|--------------|--|--------------------|----------|------------|-----------------------------------|
| Contingent | \$ 11,500.00 | \$ 500.00 | | \$ | 500.00 | |
| Total Operations Including Contingent Within CAPS | 4,385,505.24 | 4,377,490.16 | \$ 4,205,032.89 | | 172,457.27 | |
| Detail: | | | | | | |
| Salaries and Wages | 2,250,235.24 | 2,272,903.46 | 2,266,832.19 | | 6,071.27 | |
| Other Expenses | 2,135,270.00 | 2,104,586.70 | 1,938,200.70 | | 166,386.00 | |
| <u>Deferred Charges and Statutory Expenditures Within CAPS</u> | | | | | | |
| Deferred Charges: | | | | | | |
| Anticipated Deficit in Water/Sewer Utility | | | | | | \$ 191,022.11 |
| Operations | 225,979.03 | 225,979.03 | 34,956.92 | | | |
| Statutory Expenditures: | | | | | | |
| Public Employees' Retirement System | 135,000.00 | 141,404.24 | 141,404.24 | | | |
| Social Security System (O.A.S.I.) | 118,000.00 | 108,000.00 | 106,496.71 | | 1,503.29 | |
| Police and Firemen's Retirement System | 215,817.00 | 215,817.00 | 215,817.00 | | | |
| Unemployment Compensation | 15,000.00 | 15,100.00 | 15,100.00 | | | |
| Deferred Charges and Statutory Expenditures Within CAPS | 709,796.03 | 706,300.27 | 513,774.87 | | 1,503.29 | 191,022.11 |
| Total Appropriations Within CAPS | 5,095,301.27 | 5,083,790.43 | 4,718,807.76 | | 173,960.56 | 191,022.11 |
| <u>Operations Excluded from CAPS</u> | | | | | | |
| Recycling Tax | 10,000.00 | 10,000.00 | 7,616.55 | | 2,383.45 | |
| Contribution to: | | | | | | |
| Length of Service Awards Program | 60,000.00 | 60,000.00 | | | 60,000.00 | |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

| | Budget | Appropriated Budget After Modification | Paid or Charged | Expended | Reserved | Unexpended Balance Canceled |
|---|-------------------|--|--------------------|------------------|----------|-----------------------------------|
| Interlocal Municipal Service Agreements | | | | | | |
| 911 Emergency System - Monmouth County | \$ 4,831.99 | \$ 4,831.99 | \$ 4,831.99 | \$ 4,831.99 | | |
| Other Expenses | | | | | | |
| Gasoline - HHRSD | | | | | | |
| Other Expenses | 25,000.00 | 36,510.84 | 32,298.01 | \$ 4,212.83 | | |
| Public and Private Programs Offset by Revenues: | | | | | | |
| Clean Communities Program | 9,451.39 | 9,451.39 | 9,451.39 | | | |
| Drunk Driving Enforcement Fund | 4,215.20 | 4,215.20 | 4,215.20 | | | |
| Body Armor fund | 1,682.71 | 1,682.71 | 1,682.71 | | | |
| Total Operations - Excluded from CAPS | 115,181.29 | 126,692.13 | 60,095.85 | 66,596.28 | | |
| Detail: | | | | | | |
| Salaries and Wages | | | | | | |
| Other Expenses | 115,181.29 | 126,692.13 | 60,095.85 | 66,596.28 | | |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

| | Budget | Appropriated Budget After Modification | Paid or Charged | Expended | Reserved | Unexpended Balance Canceled |
|--|------------------------|--|------------------------|----------------------|----------|-----------------------------------|
| <u>Municipal Debt Service Excluded from CAPS</u> | | | | | | |
| Payment of Bond Principal | \$ 822,247.57 | \$ 822,247.57 | \$ 822,247.57 | | | |
| Interest on Bonds | 727,120.12 | 727,120.12 | 727,120.12 | | | |
| Green Trust Loan Program | | | | | | |
| Loan Repayments for Principal and Interest | 9,327.48 | 9,327.48 | 9,327.48 | | | |
| Capital Lease Obligations Approved Prior to 07/12/07 | | | | | | |
| Principal | 102,900.00 | 102,900.00 | 102,900.00 | | | |
| Interest | 5,843.70 | 5,843.70 | 5,792.32 | | | \$ 51.38 |
| <u>Total Municipal Debt Service Excluded from CAPS</u> | <u>1,667,438.87</u> | <u>1,667,438.87</u> | <u>1,667,387.49</u> | | | <u>51.38</u> |
| <u>Total General Appropriations Excluded from CAPS</u> | <u>1,782,620.16</u> | <u>1,794,131.00</u> | <u>1,727,483.34</u> | \$ 66,596.28 | | <u>51.38</u> |
| Subtotal General Appropriations | 6,877,921.43 | 6,877,921.43 | 6,446,291.10 | 240,556.84 | | 191,073.49 |
| Reserve for Uncollected Taxes | 540,561.34 | 540,561.34 | 540,561.34 | | | |
| <u>Total General Appropriations</u> | <u>\$ 7,418,482.77</u> | <u>\$ 7,418,482.77</u> | <u>\$ 6,986,852.44</u> | <u>\$ 240,556.84</u> | | <u>\$ 191,073.49</u> |
| Ref. | A-2 | A-3 | A-3 | | A | |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

| | <u>Ref.</u> | <u>Budget After Modification</u> |
|---|-------------|--------------------------------------|
| Budget | A-3 | \$ <u>7,418,482.77</u> |
| | | |
| | | <u>Paid or Charged</u> |
| Disbursements | A-4 | \$ 6,363,031.24 |
| Reserve for Encumbrances | A-12 | 67,910.56 |
| Appropriated Reserves for Federal and State Grants | A-26 | 15,349.30 |
| Reserve for Uncollected Taxes | A-2 | <u>540,561.34</u> |
| | A-3 | \$ <u>6,986,852.44</u> |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

| ASSETS | Ref. | 2011 | 2010 |
|--|------|------------------------|----------------------|
| Animal Control Trust Fund: | | | |
| Cash | B-1 | \$ 7,001.93 | \$ 9,136.57 |
| Change Fund | B | 50.00 | 50.00 |
| Due from State of New Jersey | B-3 | 7.20 | |
| | | <u>7,059.13</u> | <u>9,186.57</u> |
| Open Space Trust Fund: | | | |
| Cash | B-1 | 516,745.53 | 492,710.22 |
| Interfund Receivable - Current Fund | B-6 | 200.83 | 135.21 |
| | | <u>516,946.36</u> | <u>492,845.43</u> |
| Trust Other Fund: | | | |
| Cash | B-1 | 199,725.57 | 158,424.03 |
| | | <u>199,725.57</u> | <u>158,424.03</u> |
| Length of Service Awards Program (LOSAP) - UNAUDITED: | | | |
| Funds Held by Trustee | B-10 | 309,004.85 | 255,796.05 |
| Total Assets | | \$ <u>1,032,735.91</u> | \$ <u>916,252.08</u> |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

| LIABILITIES AND RESERVES | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|--|-------------|------------------------|----------------------|
| Animal Control Trust Fund: | | | |
| Due to State of New Jersey | B-3 | | \$ 2.40 |
| Interfund Payable - Current Fund | B-4 | \$ 1,287.42 | 1,741.56 |
| Reserve for Animal Control Trust Fund Expenditures | B-2 | 5,771.71 | 7,442.61 |
| | | <u>7,059.13</u> | <u>9,186.57</u> |
| Open Space Trust Fund: | | | |
| Reserve for Open Space | B-9 | 516,946.36 | 492,845.43 |
| Trust Other Fund: | | | |
| Various Reserves | B-8 | 198,903.57 | 128,180.69 |
| Reserve for Encumbrances | B-5 | 822.00 | 30,043.34 |
| Interfund Payable - Current Fund | B-7 | | 200.00 |
| | | <u>199,725.57</u> | <u>158,424.03</u> |
| Length of Service Awards Program (LOSAP) - UNAUDITED: | | | |
| Reserve for Length of Service Awards Program | B-11 | 309,004.85 | 255,796.05 |
| Total Liabilities and Reserves | | <u>\$ 1,032,735.91</u> | <u>\$ 916,252.08</u> |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

| ASSETS | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|---|-------------|-------------------------|-------------------------|
| Cash | C-2 | \$ 593,345.84 | \$ 4,663,713.23 |
| Grants Receivable | C-7 | 904,926.00 | 1,158,899.75 |
| Due From Monmouth County Improvement Authority | C-9 | 30,860.43 | |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-4 | 15,819,565.95 | 16,650,732.67 |
| Unfunded | C-5 | <u>1,066,653.08</u> | <u>1,066,653.08</u> |
| | | <u>\$ 18,415,351.30</u> | <u>\$ 23,539,998.73</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| General Serial Bonds | C-8 | \$ 15,805,849.95 | \$ 16,628,097.52 |
| Green Acres Loan Payable | C-10 | 13,716.00 | 22,635.15 |
| Improvement Authorizations: | | | |
| Funded | C-11 | 778,288.67 | 2,032,512.82 |
| Unfunded | C-11 | 253,571.44 | 253,571.44 |
| Reserve for Encumbrances | C-12 | 994,343.02 | 3,343,475.96 |
| Capital Improvement Fund | C-14 | 578.90 | 125,578.90 |
| Reserve for Payment of Bonds and Notes | C-13 | 360,908.70 | 4,832.75 |
| Reserve for Down Payments on Improvements | C-15 | | 1,400.00 |
| Reserve for Grants Receivable | C-6 | | 425,676.00 |
| Fund Balance | C-1 | <u>208,094.62</u> | <u>702,218.19</u> |
| | | <u>\$ 18,415,351.30</u> | <u>\$ 23,539,998.73</u> |

There were bonds and notes authorized but not issued on December 31, 2011 of \$1,066,653.08
 (Exhibit C-16)

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

| | <u>Ref.</u> | | |
|---|-------------|----|-------------------|
| Balance, December 31, 2010 | C | \$ | 702,218.19 |
| Decreased by: | | | |
| Appropriated to Finance Improvement Authorization | C-11 | \$ | 54,123.57 |
| Appropriated to 2011 Budget Revenue | C-2 | | <u>440,000.00</u> |
| | | | <u>494,123.57</u> |
| Balance, December 31, 2011 | C | \$ | <u>208,094.62</u> |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

| ASSETS | Ref. | 2011 | 2010 |
|--|------|-----------------------------|-----------------------------|
| <u>Operating Fund</u> | | | |
| Cash | D-5 | \$ 290,600.29 | \$ 89,684.86 |
| Change Fund | D | 150.00 | 150.00 |
| Interfund - Water/Sewer Capital Fund | D-5 | <u>35,000.00</u> | <u> </u> |
| | | <u>325,750.29</u> | <u>89,834.86</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Consumer Accounts Receivable | D-7 | <u>125,848.46</u> | <u>301,300.90</u> |
| Deferred Charges: | | | |
| Deficit in Operations | D-4 | <u> </u> | <u>56,284.53</u> |
| Total Operating Fund | | <u>451,598.75</u> | <u>447,420.29</u> |
| <u>Capital Fund</u> | | | |
| Cash | D-5 | 3,215.58 | 171,485.37 |
| Due from N.J. Natural Gas | D-9 | 119,000.00 | 119,000.00 |
| Due from Contractor | D | 6,041.50 | 6,041.50 |
| Fixed Capital | D-14 | 10,198,389.53 | 10,198,389.53 |
| Fixed Capital Authorized and Uncompleted | D-15 | <u>1,498,365.06</u> | <u>1,498,365.06</u> |
| Total Capital Fund | | <u>11,825,011.67</u> | <u>11,993,281.46</u> |
| Total Assets | | <u>\$ 12,276,610.42</u> | <u>\$ 12,440,701.75</u> |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

| LIABILITIES, RESERVES AND FUND BALANCE | Ref. | <u>2011</u> | <u>2010</u> |
|--|----------|-------------------------|-------------------------|
| <u>Operating Fund</u> | | | |
| Appropriation Reserves | D-4/D-10 | \$ 1,460.08 | \$ 48,811.25 |
| Reserve for Encumbrances | D-11 | 12,455.28 | 28,331.66 |
| Customer Overpayments | D-12 | 7,927.02 | 3,334.85 |
| Accrued Interest on Bonds, Notes and Loans | D-13 | 28,828.27 | 30,951.08 |
| Interfund - Current Fund | D-8 | 240,389.09 | |
| Accounts Payable | D | 388.00 | 388.00 |
| | | <u>291,447.74</u> | <u>111,816.84</u> |
| Reserve for Receivables and Other Assets | D | 125,848.46 | 301,300.90 |
| Fund Balance | D-1 | <u>34,302.55</u> | <u>34,302.55</u> |
| Total Operating Fund | | <u>451,598.75</u> | <u>447,420.29</u> |
| <u>Capital Fund</u> | | | |
| Serial Bonds | D-16 | 3,387,916.96 | 3,616,431.52 |
| Loans Payable | D-17 | 745,697.89 | 825,057.74 |
| Reserve for Encumbrances | D-18 | 58,947.45 | 235,479.10 |
| Improvement Authorizations: | | | |
| Funded | D-19 | 32,592.41 | 59,330.55 |
| Interfund - Water/Sewer Utility Operating Fund | D-20 | 35,000.00 | |
| Reserve for Amortization | D-21 | 6,973,139.74 | 6,665,265.33 |
| Deferred Reserve for Amortization | D-22 | 590,000.00 | 590,000.00 |
| Fund Balance | D-2 | <u>1,717.22</u> | <u>1,717.22</u> |
| Total Capital Fund | | <u>11,825,011.67</u> | <u>11,993,281.46</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 12,276,610.42</u> | <u>\$ 12,440,701.75</u> |

There were no bonds and notes authorized but not issued on December 31, 2011

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

For the Years Ended December 31,

| | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|--|-------------|-----------------------------|-----------------------------|
| Revenue and Other Income Realized: | | | |
| Water/Sewer Rents | D-3 | \$ 2,531,327.01 | \$ 2,065,395.65 |
| Miscellaneous Revenue | D-3 | 49,297.35 | 27,597.32 |
| Capital Fund Balance | | | 27,000.00 |
| Deficit (General Budget) | D-3 | 34,956.92 | 250,000.00 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | D-10 | <u>49,366.98</u> | <u>28,870.86</u> |
| Total Revenue | | <u>2,664,948.26</u> | <u>2,398,863.83</u> |
| Expenditures: | | | |
| Operating | D-4 | 1,997,182.80 | 1,829,600.00 |
| Capital Improvements | | | 40,594.73 |
| Debt Service | D-4 | 497,596.75 | 477,638.40 |
| Deferred Charges | D-4 | 56,284.53 | 46,315.23 |
| Statutory Expenditures | D-4 | 64,517.20 | 61,000.00 |
| Prior Year Excess Anticipated Deficit | D-8 | <u>49,366.98</u> | <u> </u> |
| Total Expenditures | | <u>2,664,948.26</u> | <u>2,455,148.36</u> |
| Excess/(Deficit) in Revenue | | | (56,284.53) |
| Adjustments to Income Before Fund Balance: | | | |
| Add: | | | |
| Deficit to Be Raised in Subsequent Year's Budget | D | <u> </u> | <u>56,284.53</u> |
| Statutory Excess to Fund Balance | | | |
| Fund Balance January 1 | D | <u>34,302.55</u> | <u>34,302.55</u> |
| Fund Balance December 31 | D | <u>\$ 34,302.55</u> | <u>\$ 34,302.55</u> |

The accompanying notes are an integral part of these statements.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

| | <u>Ref.</u> | |
|-------------------------------------|-------------|--------------------|
| Balance, December 31, 2010 and 2011 | D | \$ <u>1,717.22</u> |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

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

For the Year Ended December 31, 2011

| | <u>Ref.</u> | <u>Anticipated Budget</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|----------------------------|-------------|-------------------------------|------------------------|--------------------------------|
| Water/Sewer Rents | D-1/D-7 | \$ 2,065,000.00 | \$ 2,065,000.00 | |
| Miscellaneous | D-1/D-3/D-5 | 27,000.00 | 49,297.35 | \$ 22,297.35 |
| Inreased Water/Sewer Rents | D-1/D-7 | 300,000.00 | 466,327.01 | 166,327.01 |
| Deficit (General Budget) | D-1/D-5 | <u>225,979.03</u> | <u>34,956.92</u> | <u>(191,022.11)</u> |
| | | <u>\$ 2,617,979.03</u> | <u>\$ 2,615,581.28</u> | <u>\$ (2,397.75)</u> |

| | <u>Ref.</u> | <u>D-4</u> |
|--|-------------|---------------------|
| Analysis of Miscellaneous Revenue: | | |
| Interest Earned on Investments | | \$ 1,706.62 |
| Interest Earned on Delinquent Accounts | | 33,293.88 |
| Tap Fees | | 7,000.00 |
| Water Meter Sale | | 3,569.24 |
| Cost of Sale | | <u>3,727.61</u> |
| | D-1/D-3 | <u>\$ 49,297.35</u> |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

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

For the Year Ended December 31, 2011

| | Budget | Appropriated | Budget After Modification | Paid or Charged | Expended | Reserved | Unexpended Balance Canceled |
|--|------------------------|------------------------|---------------------------|------------------------|--------------------|--------------------|-----------------------------|
| Operating: | | | | | | | |
| Salaries and Wages | \$ 465,000.00 | \$ 463,948.73 | \$ 463,948.73 | 463,948.73 | | | |
| Other Expenses | 298,800.00 | 305,614.77 | 305,614.77 | 304,154.69 | \$ 1,460.08 | | |
| Bank Fees | 2,000.00 | 1,424.77 | 1,424.77 | 1,424.77 | | | |
| Insurance | 180,500.00 | 175,835.53 | 175,835.53 | 175,835.53 | | | |
| Atlantic Highlands/Highlands Regional Sewage Authority | 1,050,400.00 | 1,050,359.00 | 1,050,359.00 | 1,050,359.00 | | | |
| Debt Service: | | | | | | | |
| Payment of Bond Principal | 228,514.56 | 228,514.56 | 228,514.56 | 228,514.56 | | | |
| Interest on Bonds | 158,020.83 | 158,020.83 | 158,020.83 | 158,020.81 | | \$ 0.02 | |
| Interest on Notes | | | | | | | |
| Payment of Loan Principal | 79,359.85 | 79,359.85 | 79,359.85 | 79,359.85 | | | |
| Interest on Loans | 34,099.26 | 34,099.26 | 34,099.26 | 31,701.53 | | | 2,397.73 |
| Deferred Charges: | | | | | | | |
| Deficit in Operations | 56,284.53 | 56,284.53 | 56,284.53 | 56,284.53 | | | |
| Statutory Expenditures: | | | | | | | |
| Contribution to: | | | | | | | |
| Public Employees' Retirement System | 30,000.00 | 30,000.00 | 30,000.00 | 30,000.00 | | | |
| Social Security System (O.A.S.I.) | 35,000.00 | 34,517.20 | 34,517.20 | 34,517.20 | | | |
| | <u>\$ 2,617,979.03</u> | <u>\$ 2,617,979.03</u> | <u>\$ 2,617,979.03</u> | <u>\$ 2,614,121.20</u> | <u>\$ 1,460.08</u> | <u>\$ 2,397.75</u> | |
| Ref. | D-3 | D-3 | D-3 | | | D | |
| Analysis of Paid or Charged: | | | | | | | |
| Cash Disbursements | | | | \$ 2,355,659.05 | | | |
| Reserve for Encumbrances | | | | 12,455.28 | | | |
| Deferred Charges - Deficit in Operations | | | | 56,284.53 | | | |
| Accrued Interest Bonds, Notes and Loans | | | | 189,722.34 | | | |
| | | | | <u>\$ 2,614,121.20</u> | | | |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

| ASSETS | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|--|-------------|-----------------------------|-------------------------|
| <u>Operating Fund</u> | | | |
| Cash | E-5 | \$ 550,110.11 | \$ 478,859.60 |
| Change Fund | E-7 | <u>2,060.00</u> | <u>2,060.00</u> |
| | | <u>552,170.11</u> | <u>480,919.60</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Accounts Receivable - Operations | E-10 | 116,338.84 | 82,417.43 |
| Accounts Receivable - Building Rental | E-11 | <u> </u> | <u>17,405.14</u> |
| | | <u>116,338.84</u> | <u>99,822.57</u> |
| Deferred Charges: | | | |
| Emergency Authorization | E-8 | <u>250,000.00</u> | <u>250,000.00</u> |
| Total Operating Fund | | <u>918,508.95</u> | <u>830,742.17</u> |
| <u>Capital Fund</u> | | | |
| Cash | E-5 | 465,334.33 | 742,517.93 |
| Fixed Capital | E-14 | 19,776,623.65 | 19,776,623.65 |
| Fixed Capital Authorized and Uncompleted | E-15 | <u>1,609,538.70</u> | <u>1,609,538.70</u> |
| Total Capital Fund | | <u>21,851,496.68</u> | <u>22,128,680.28</u> |
| Total Assets | | <u>\$ 22,770,005.63</u> | <u>\$ 22,959,422.45</u> |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

| LIABILITIES, RESERVES AND FUND BALANCE | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|---|-------------|-------------------------|-------------------------|
| <u>Operating Fund</u> | | | |
| Appropriation Reserves | E-4/E-16 | \$ 183,226.72 | \$ 141,830.78 |
| Reserve for Encumbrances | E-17 | 78,697.70 | 53,179.75 |
| Sales Tax Payable | E-13 | 1,400.51 | 1,400.51 |
| Refunds Payable | E-9 | 1,500.00 | 1,500.00 |
| Accounts Payable | E-12 | | 3,891.25 |
| Accrued Interest on Bonds | E-19 | 43,396.14 | 46,056.10 |
| | | <u>308,221.07</u> | <u>247,858.39</u> |
| Reserve for Receivables and Other Assets | E | 116,338.84 | 99,822.57 |
| Fund Balance | E-1 | <u>493,949.04</u> | <u>483,061.21</u> |
| Total Operating Fund | | <u>918,508.95</u> | <u>830,742.17</u> |
| <u>Capital Fund</u> | | | |
| General Serial Bonds | E-20 | 5,888,233.09 | 6,323,470.96 |
| Improvement Authorizations: | | | |
| Funded | E-22 | 207,672.15 | 259,185.91 |
| Reserve for Encumbrances | E-22 | 9,345.40 | 178,015.24 |
| Capital Improvement Fund | E-23 | 97,212.71 | 97,212.71 |
| Reserve for Heritage Square | E-25 | 26,691.00 | 26,691.00 |
| Reserve to Pay Debt Service | E-21 | | 57,000.00 |
| Reserve for Amortization | E-24 | 15,249,117.75 | 14,952,718.36 |
| Deferred Reserve for Amortization | E-18 | 248,377.18 | 109,538.70 |
| Fund Balance | E-2 | <u>124,847.40</u> | <u>124,847.40</u> |
| Total Capital Fund | | <u>21,851,496.68</u> | <u>22,128,680.28</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 22,770,005.63</u> | <u>\$ 22,959,422.45</u> |

There were bonds and notes authorized but not issued on December 31, 2011 of \$434.33
(Exhibit E-26)

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY OPERATING FUND
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS

For the Years Ended December 31,

| | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|--|-------------|----------------------|----------------------|
| Revenue and Other Income Realized: | | | |
| Fund Balance Utilized | E-3 | \$ 227,000.00 | \$ 400,000.00 |
| Harbor Operations | E-3 | 3,334,153.07 | 3,506,008.69 |
| Gas Station Operations | E-3 | 2,116,529.02 | 1,808,343.59 |
| Miscellaneous | E-3 | 57,014.65 | 70,738.37 |
| Reserve for Debt Service | E-3 | 57,000.00 | 63,404.92 |
| FEMA Reimbursement | E-3 | 238,999.39 | |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | E-16 | 73,191.70 | 73,705.05 |
| Accounts Payable Canceled | | | 5,461.00 |
| Sales Tax Payable Canceled | | | 1,238.83 |
| | | <u>6,103,887.83</u> | <u>5,928,900.45</u> |
| Total Revenue | | | |
| Expenditures: | | | |
| Operating | E-4 | 4,132,170.87 | 3,776,200.00 |
| Capital Improvements | E-4 | 102,000.00 | 399,577.00 |
| Debt Service | E-4 | 715,951.13 | 669,405.80 |
| Deferred Charges | E-4 | 250,000.00 | |
| Statutory Expenditures | E-4 | 315,878.00 | 262,555.00 |
| Surplus (General Budget) | E-4 | 600,000.00 | 600,000.00 |
| Total Expenditures | | <u>6,116,000.00</u> | <u>5,707,737.80</u> |
| Excess/(Deficit) in Revenue | | (12,112.17) | 221,162.65 |
| Add: | | | |
| Expenditures Included Above Which are by Statute | | | |
| Deferred Charges to Budgets of Succeeding Year: | | | |
| Emergency Authorization | E-8 | <u>250,000.00</u> | <u>250,000.00</u> |
| Statutory Excess to Fund Balance | | 237,887.83 | 471,162.65 |
| Fund Balance January 1 | E | <u>483,061.21</u> | <u>411,898.56</u> |
| | | 720,949.04 | 883,061.21 |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | E-1/E-3 | <u>227,000.00</u> | <u>400,000.00</u> |
| Fund Balance December 31 | E | <u>\$ 493,949.04</u> | <u>\$ 483,061.21</u> |

The accompanying notes are an integral part of these statements.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

| | <u>Ref.</u> | |
|-------------------------------------|-------------|----------------------|
| Balance, December 31, 2010 and 2011 | E | \$ <u>124,847.40</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2011

| | <u>Ref.</u> | Anticipated <u>Budget</u> | <u>Realized</u> | Excess or <u>(Deficit)</u> |
|---|-------------|------------------------------|------------------------|-------------------------------|
| Fund Balance Anticipated | E-1 | \$ 227,000.00 | \$ 227,000.00 | |
| Harbor Operations | E-1/E-3 | 3,506,000.00 | 3,334,153.07 | \$ (171,846.93) |
| Gas Station Operations | E-1/E-5 | 1,808,000.00 | 2,116,529.02 | 308,529.02 |
| Miscellaneous | E-1/E-3 | 70,000.00 | 57,014.65 | (12,985.35) |
| Reserve for Debt Service - Capital Fund | E-1/E-5 | 57,000.00 | 57,000.00 | |
| Increase in Harbor Operation Fees | | 43,000.00 | | (43,000.00) |
| FEMA Reimbursement | E-1/E-5 | <u>155,000.00</u> | <u>238,999.39</u> | <u>83,999.39</u> |
| | | <u>\$ 5,866,000.00</u> | <u>\$ 6,030,696.13</u> | <u>\$ 164,696.13</u> |

Ref. E-4

Analysis of Harbor Operations

| | | |
|---------------------|---------|------------------------|
| Berth Rentals | | \$ 1,788,316.42 |
| Moorings | | 356,670.04 |
| Dockage - Transient | | 64,341.08 |
| Launching | | 133,337.75 |
| Winter Storage | | 403,710.81 |
| Wash Boat | | 1,610.00 |
| Hoist | | 40,045.28 |
| Land Storage | | 154,811.75 |
| Credit Card Fees | | <u>(69,252.37)</u> |
| | E-10 | 2,873,590.76 |
| Building Rental | E-11 | <u>460,562.31</u> |
| | E-1/E-3 | <u>\$ 3,334,153.07</u> |

Analysis of Miscellaneous

| | | |
|-------------------------|-------------|---------------------|
| Interest on Investments | | \$ 11,708.28 |
| Finance Charges | | 752.72 |
| Miscellaneous | | 23,559.13 |
| Sales Tax Refund | | 1,959.03 |
| Reimbursements | | <u>19,035.49</u> |
| | E-1/E-3/E-5 | <u>\$ 57,014.65</u> |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY OPERATING FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

| | <u>Budget</u> | <u>Appropriated Budget After Modification</u> | <u>Paid or Charged</u> | <u>Expended</u> | <u>Reserved</u> |
|--|------------------------|---|----------------------------|----------------------|-----------------|
| Operating: | | | | | |
| Salaries and Wages | \$ 1,243,000.00 | \$ 1,243,000.00 | \$ 1,215,714.70 | \$ 27,285.30 | 74,389.20 |
| Other Expenses | 540,670.87 | 540,670.87 | 466,281.67 | 1,365.86 | 31,742.03 |
| Bank Fees | 3,500.00 | 3,500.00 | 2,134.14 | 8,800.01 | |
| Gas Station Operations | 1,500,000.00 | 1,920,000.00 | 1,888,257.97 | | |
| Insurance | 375,000.00 | 425,000.00 | 416,199.99 | | |
| Capital Improvements: | | | | | |
| Capital Outlay | 322,000.00 | 102,000.00 | 69,557.07 | 32,442.93 | |
| Debt Service: | | | | | |
| Payment of Bond Principal | 435,237.87 | 435,237.87 | 435,237.87 | | |
| Interest on Bonds | 280,713.26 | 280,713.26 | 280,713.26 | | |
| Deferred Charges and Statutory Expenditures: | | | | | |
| Deferred Charges: | | | | | |
| Emergency Authorizations | 250,000.00 | 250,000.00 | 250,000.00 | | |
| Statutory Expenditures: | | | | | |
| Contribution To: | | | | | |
| Public Employees' Retirement System | 65,000.00 | 65,000.00 | 65,000.00 | | 7,201.39 |
| Social Security System (O.A.S.I.) | 82,000.00 | 82,000.00 | 74,798.61 | | |
| Unemployment Compensation Insurance | 25,000.00 | 25,000.00 | 25,000.00 | | |
| Police & Firemen's Retirement System | 143,878.00 | 143,878.00 | 143,878.00 | | |
| Surplus (General Budget) | 600,000.00 | 600,000.00 | 600,000.00 | | |
| | <u>\$ 5,866,000.00</u> | <u>\$ 6,116,000.00</u> | <u>\$ 5,932,773.28</u> | <u>\$ 183,226.72</u> | |
| | | | E-1/E-4 | E/E-1 | |
| Analysis of Paid or Charged: | | | | | |
| Cash Disbursements | | | \$ 5,323,362.32 | | |
| Emergency Authorization | | | 250,000.00 | | |
| Reserve for Encumbrances | | | 78,697.70 | | |
| Accrued Interest on Bonds | | | 280,713.26 | | |
| | | | <u>\$ 5,932,773.28</u> | | |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

| | <u>2011</u> | <u>2010</u> |
|-------------------------------------|-----------------|--------------------|
| ASSETS | | |
| Cash | \$ _____ | \$ <u>2,000.00</u> |
| Total Assets | \$ <u>_____</u> | \$ <u>2,000.00</u> |
| LIABILITIES AND RESERVES | | |
| Reserve for Public Assistance | \$ _____ | \$ <u>2,000.00</u> |
| Total Liabilities and Reserves | \$ <u>_____</u> | \$ <u>2,000.00</u> |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

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

As of December 31,

| | <u>Ref.</u> | <u>2011</u> | <u>2010</u> |
|---|-------------|-----------------------------|-----------------------------|
| General Fixed Assets: | | | |
| Land | G-1 | \$ 8,905,500.00 | \$ 8,905,500.00 |
| Building | G-1 | 2,994,900.00 | 2,994,900.00 |
| Machinery and Equipment | G-1 | <u>4,774,723.00</u> | <u>4,785,712.00</u> |
| | | <u>\$ 16,675,123.00</u> | <u>\$ 16,686,112.00</u> |
| Investments in General Fixed Assets | | <u>\$ 16,675,123.00</u> | <u>\$ 16,686,112.00</u> |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

PAYROLL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

| | <u>2011</u> | <u>2010</u> |
|---------------------|---------------------|---------------------|
| ASSETS | | |
| Cash | \$ <u>31,859.48</u> | \$ <u>42,832.61</u> |
| | \$ <u>31,859.48</u> | \$ <u>42,832.61</u> |
| LIABILITIES | | |
| Payroll Liabilities | \$ <u>31,859.48</u> | \$ <u>42,832.61</u> |
| | \$ <u>31,859.48</u> | \$ <u>42,832.61</u> |

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 1 REPORTING ENTITY

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

The governing body is also responsible for appointing members to the Atlantic Highlands/Highlands Regional Sewerage Authority, but the Borough's accountability for this organization does not extend beyond making the appointments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Funds

The Governmental Accounting Standards Board ("GASB") is the recognized standard-setting body for establishing governmental 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 generally accepted accounting principles:

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

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

Animal Control Trust Fund - animal license revenues and expenditures.

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

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

BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Description of Funds (continued)

Water/Sewer and Harbor Commission Utilities Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipality-owned Water/Sewer Utility and Harbor Commission Utility. Bonds and notes payable of the utility funds are recorded in the utility capital funds.

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, Water/Sewer Utility and Harbor Commission Utility.

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 generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

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

Budgets and Budgetary Accounting - the Borough of Atlantic Highlands must adopt an annual budget in accordance with N.J.S.A. 40A:4-4 et al. N.J.S.A. 40A:4-5 which requires the governing body to introduce and approve the annual municipal budget no later than 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 regulatory 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.

BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

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

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

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

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

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

Grant Revenues and Expenditures - Federal and State grants, 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.

BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

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.

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 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, 2011 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.

BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

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 Funds is recorded in the Capital Funds 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 Funds represents the aggregate charges (capital outlay and debt service) to the operating budget for the costs of acquisitions of property and equipment and proceeds from grants-in-aid. The utilities do not record depreciation of property and equipment. GAAP does not require the establishment of a reserve for amortization of fixed capital, whereas it does require the recognition of depreciation of property and equipment by enterprise funds.

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

Capital Leases - are not recorded at the lesser of the fair value of the leased property or the present value of the minimum lease payments. GAAP requires an amount equal to the lesser of the fair value of the leased property or the present value of the minimum lease payments to be recorded in General Fixed Assets Account Group and the long-term obligation be recorded as part of a General Long-Term Debt Account Group.

BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

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 generally accepted accounting principles. The following is a brief description of the Directive.

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

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

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

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

Comparative Data - comparative total data for the various funds for the prior year has been presented in the accompanying Balance 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.

BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. Deposits

As of December 31, 2011, the Borough had funds or deposits in checking and statement savings.

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

At December 31, 2011, the Borough's deposits had a carrying amount of \$5,525,219.04 and a bank balance of \$5,719,411.05. Of the bank balance \$250,000.00 was covered by federal depository insurance and the remainder was covered by the Governmental Unit Deposit Protection Act.

Custodial Credit Risk - Deposits

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

B. Investments

As of December 31, 2011, the Borough had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Book Value</u> |
|------------------------|----------------------|----------------------|
| LOSAP Fund: | | |
| LOSAP | \$ <u>309,004.85</u> | \$ <u>309,004.85</u> |

The fair value of the above listed investments was based on quoted market price.

Interest Rate Risk

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

Credit Risk

State law limits investments as noted above.

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

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 4 BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2011 the Borough of Atlantic Highlands had authorized but not issued bonds and notes as follows:

| | |
|---|-----------------|
| General Capital Fund: | |
| Bonds and Notes | \$ 1,066,653.08 |
| Water/Sewer Utility Capital Fund: | |
| Bonds and Notes | \$ - |
| Harbor Commission Utility Capital Fund: | |
| Bonds and Notes | \$ 434.33 |

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.

The Borough's long-term debt consisted of the following at December 31, 2011:

General Capital Bonds

| | |
|--|-------------------------|
| \$4,107,000.00 2002 Bonds due in one annual installment of \$132,000.00 through 2012 at an interest rate of 5.000%. | \$ 132,000.00 |
| \$5,302,000.00 2006 Bonds due in annual installments of \$242,000.00 to \$420,000.00 through 2024 at interest rates ranging from 4.000% to 5.000%. | 4,207,000.00 |
| \$5,611,597.56 2007 Refunding bonds due in annual installments of \$211,302.54 to \$552,122.75 through 2022 at interest rates ranging from 4.000% to 5.000%. | 4,731,849.95 |
| \$6,995,000.00 2010 Bonds due in annual installments of \$260,000.00 to \$515,000.00 through 2030 at interest rates ranging from 2.000% to 5.000%. | <u>6,735,000.00</u> |
| | <u>\$ 15,805,849.95</u> |

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 5 LONG-TERM DEBT (continued)

Water/Sewer Capital Bonds

| | |
|---|------------------------|
| \$712,000 2002 Bonds due in one annual installment of \$1,000 through 2012 at an interest rate of 5.000%. | \$ 1,000.00 |
| \$1,800,000.00 2006 Bonds due in annual installments of \$71,000.00 to \$125,000.00 through 2026 interest rates ranging from 4.000% to 5.000%. | 1,478,000.00 |
| \$1,339,139.84 2007 Bonds due in annual installments of \$52,060.05 to \$159,877.25 through 2022 at interest rates ranging from 4.000% to 5.000%. | 1,133,916.96 |
| \$805,000.00 2010 Bonds due in annual installments of \$30,000.00 to \$60,000.00 through 2030 at interest rates ranging from 2.000% to 5.000%. | <u>775,000.00</u> |
| | <u>\$ 3,387,916.96</u> |

Harbor Commission Utility Capital Bonds

| | |
|---|------------------------|
| \$2,549,000.00 2002 Bonds due in one annual installment of \$92,000.00 through 2012 at an interest rate of 5.000%. | \$ 92,000.00 |
| \$1,734,000.00 2006 Bonds due in annual installments of \$66,000.00 to \$120,000.00 through 2026 at interest rates ranging from 4.000% to 5.000%. | 1,422,000.00 |
| \$3,245,262.60 Refunding bonds due in annual installments of \$178,637.41 to \$400,034.32 through 2020 at interest rates ranging from 4.000% to 5.000%. | 2,874,233.09 |
| \$1,555,000.00 2010 Bonds due in annual installments ranging from \$55,000.00 to \$110,000.00 through 2030 at interest rates ranging from 2.000% to 5.000%. | <u>1,500,000.00</u> |
| | <u>\$ 5,888,233.09</u> |

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 5 LONG-TERM DEBT (continued)

Annual debt service for principal and interest rate over the next five years and five-year increments thereafter for bonded debt issued and outstanding are as follows:

General Capital Fund Bonds

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|-------------------------|------------------------|-------------------------|
| 2012 | \$ 845,302.54 | \$ 697,530.22 | \$ 1,542,832.76 |
| 2013 | 869,000.00 | 665,648.12 | 1,534,648.12 |
| 2014 | 895,511.90 | 634,788.12 | 1,530,300.02 |
| 2015 | 937,509.45 | 595,012.52 | 1,532,521.97 |
| 2016 | 980,512.61 | 552,037.06 | 1,532,549.67 |
| 2017-2021 | 5,660,890.70 | 2,033,761.36 | 7,694,652.06 |
| 2022-2026 | 3,697,122.75 | 822,153.68 | 4,519,276.43 |
| 2027-2030 | <u>1,920,000.00</u> | <u>187,862.50</u> | <u>2,107,862.50</u> |
| Total | <u>\$ 15,805,849.95</u> | <u>\$ 6,188,793.58</u> | <u>\$ 21,994,643.53</u> |

Water/Sewer Utility Capital Fund Bonds

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|------------------------|------------------------|------------------------|
| 2012 | \$ 154,060.05 | \$ 150,841.12 | \$ 304,901.17 |
| 2013 | 184,000.00 | 145,043.72 | 329,043.72 |
| 2014 | 191,658.73 | 138,133.72 | 329,792.45 |
| 2015 | 197,445.15 | 129,150.78 | 326,595.93 |
| 2016 | 206,218.49 | 119,728.52 | 325,947.01 |
| 2017-2021 | 1,244,657.29 | 435,515.44 | 1,680,172.73 |
| 2022-2026 | 989,877.25 | 162,713.87 | 1,152,591.12 |
| 2027-2030 | <u>220,000.00</u> | <u>21,612.50</u> | <u>241,612.50</u> |
| Total | <u>\$ 3,387,916.96</u> | <u>\$ 1,302,739.67</u> | <u>\$ 4,690,656.63</u> |

Harbor Utility Capital Fund Bonds

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|------------------------|------------------------|------------------------|
| 2012 | \$ 391,637.41 | \$ 266,916.20 | \$ 658,553.61 |
| 2013 | 408,000.00 | 251,018.20 | 659,018.20 |
| 2014 | 426,829.37 | 235,473.20 | 662,302.57 |
| 2015 | 443,045.40 | 215,331.74 | 658,377.14 |
| 2016 | 466,268.90 | 194,004.46 | 660,273.36 |
| 2017-2021 | 2,307,452.01 | 610,347.13 | 2,917,799.14 |
| 2022-2026 | 1,020,000.00 | 228,631.27 | 1,248,631.27 |
| 2027-2030 | <u>425,000.00</u> | <u>41,206.25</u> | <u>466,206.25</u> |
| Total | <u>\$ 5,888,233.09</u> | <u>\$ 2,042,928.45</u> | <u>\$ 7,931,161.54</u> |

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 5 LONG-TERM DEBT (continued)

General Capital Green Acres Loan

\$150,000 1993 Green Acres Loan due in semi-annual installments of \$4,526.58 to \$4,617.57 through 2013 at an interest rate of 2.000%. \$ 13,716.00

Water/Sewer Utility Capital Loans

\$1,000,000.00 Farmer's Home Loan due in semi-annual principal and interest installments of \$17,664.65 to \$28,184.60 through 2022 at an interest rate of 5.000%. \$ 475,718.76

\$445,000.00 NJ Wastewater Treatment Trust Fund Loan due in annual installments of \$30,000.00 to \$35,000.00 through 2016 at an interest rate of 5.250%. 160,000.00

\$427,692.00 NJ Wastewater Treatment Trust Fund Loan due in semi-annual installments of \$539.23 to \$21,900.96 through 2016 at 0% interest rate. 109,979.13

\$ 745,697.89

Annual debt service for principle and interest over the next five years and five-year increments thereafter for loans issued and outstanding is as follows:

General Capital Fund

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|------------------|---------------------|
| 2012 | \$ 9,098.43 | \$ 229.05 | \$ 9,327.48 |
| 2013 | <u>4,617.57</u> | <u>46.18</u> | <u>4,663.75</u> |
| Total | \$ <u>13,716.00</u> | \$ <u>275.23</u> | \$ <u>13,991.23</u> |

Water/Sewer Utility Capital Fund

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|----------------------|----------------------|----------------------|
| 2012 | \$ 88,244.68 | \$ 31,743.12 | \$ 119,987.80 |
| 2013 | 89,127.95 | 28,360.46 | 117,488.41 |
| 2014 | 90,102.71 | 24,886.30 | 114,989.01 |
| 2015 | 99,108.26 | 21,315.94 | 120,424.20 |
| 2016 | 100,945.72 | 17,382.09 | 118,327.81 |
| 2017-2021 | 252,881.11 | 42,369.59 | 295,250.70 |
| 2022 | <u>25,287.46</u> | <u>107.39</u> | <u>25,394.85</u> |
| Total | \$ <u>745,697.89</u> | \$ <u>166,164.89</u> | \$ <u>911,862.78</u> |

BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 5 LONG-TERM DEBT (continued)

General Capital Lease/Purchase Agreements

The Borough has entered into lease purchase agreements for the purchase of certain equipment. These lease/purchase agreements qualify as capital leases for accounting purposes. As described in Note 2, the financial statements were prepared in conformity with the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs and, accordingly, the capital leases are not included in the financial statements of the Borough.

The following is a schedule of the future minimum lease payments under these lease/purchase agreements:

| | |
|--|-----------------------------|
| 2012 | \$ 79,875.19 |
| 2013 | 48,230.00 |
| 2014 | <u>48,880.00</u> |
| | 176,985.19 |
| Less amount representing interest | <u>10,585.19</u> |
| Present value of future minimum lease payments | \$ <u><u>166,400.00</u></u> |

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 5 LONG-TERM DEBT (continued)

General Capital Lease/Purchase Agreements (continued)

Changes in Long-Term Outstanding Debt

Transactions for the year ended December 31, 2011 are summarized as follows:

| | <u>Balance Dec. 31, 2010</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance Dec. 31, 2011</u> |
|---|--------------------------------------|------------------|------------------------|--------------------------------------|
| <u>General Capital Fund</u> | | | | |
| Serial Bonds | \$ 16,628,097.52 | \$ - | \$ 822,247.57 | \$ 15,805,849.95 |
| Green Acres Loan | <u>22,635.15</u> | <u>-</u> | <u>8,919.15</u> | <u>13,716.00</u> |
| | <u>16,650,732.67</u> | <u>-</u> | <u>831,166.72</u> | <u>15,819,565.95</u> |
| <u>Water/Sewer Utility Capital Fund</u> | | | | |
| Serial Bonds | 3,616,431.52 | - | 228,514.56 | 3,387,916.96 |
| Loans | <u>825,057.74</u> | <u>-</u> | <u>79,359.85</u> | <u>745,697.89</u> |
| | <u>4,441,489.26</u> | <u>-</u> | <u>307,874.41</u> | <u>4,133,614.85</u> |
| <u>Harbor Commission Utility Capital Fund</u> | | | | |
| Serial Bonds | <u>6,323,470.96</u> | <u>-</u> | <u>435,237.87</u> | <u>5,888,233.09</u> |
| | <u>6,323,470.96</u> | <u>-</u> | <u>435,237.87</u> | <u>5,888,233.09</u> |
| | <u>\$ 27,415,692.89</u> | <u>\$ -</u> | <u>\$ 1,574,279.00</u> | <u>\$ 25,841,413.89</u> |

Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.50% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2011 was 2.04%. The Borough's remaining borrowing power is 1.46%.

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

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 6 SHORT TERM DEBT

Bond Anticipation Notes

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

On December 31, 2011, the Borough had no outstanding bond anticipation notes.

Changes in Short-Term Debt

Transactions for the year ended December 31, 2011 are summarized as follows:

| | <u>Balance Dec. 31, 2010</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance Dec. 31, 2011</u> |
|---|--------------------------------------|------------------|-------------------|--------------------------------------|
| <u>General Capital Fund</u> | | | | |
| Bond Anticipation Notes | \$ - | \$ - | \$ - | \$ - |
| <u>Water/Sewer Utility Capital Fund</u> | | | | |
| Bond Anticipation Notes | - | - | - | - |
| <u>Harbor Utility Capital Fund</u> | | | | |
| Bond Anticipation Notes | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |

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.

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

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, 2011, the following deferred charges are shown on the Balance Sheets of the various funds:

| | <u>Balance December 31, 2011</u> | <u>2012 Budget Appropriation</u> | <u>Balance Succeeding Budgets</u> |
|--------------------------------|--|--------------------------------------|---|
| Harbor Utility Operating Fund: | | | |
| Emergency Authorization | \$ <u>250,000.00</u> | \$ <u>250,000.00</u> | \$ <u>-</u> |
| Total | \$ <u><u>250,000.00</u></u> | \$ <u><u>250,000.00</u></u> | \$ <u><u>-</u></u> |

The appropriations in the 2012 budget are 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:

| | <u>Balance December 31</u> | |
|---------------|----------------------------|--------------|
| | <u>2011</u> | <u>2010</u> |
| Prepaid Taxes | \$ 80,273.92 | \$ 64,354.69 |

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 High School District, Local School District, and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 20th, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector ("Collector") on or before June 3rd.

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.

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 11 LOCAL AND REGIONAL HIGH SCHOOL DISTRICT 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.

The Borough has elected to defer school taxes as follows:

| | <u>Local District School Tax</u> | | <u>Regional High School Tax</u> | |
|----------------|----------------------------------|----------------------|---------------------------------|----------------------|
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| Balance of Tax | \$ 2,183,811.00 | \$ 2,155,082.00 | \$ 2,016,325.20 | \$ 1,951,131.72 |
| Deferred | <u>1,387,835.63</u> | <u>1,317,835.63</u> | <u>1,384,966.84</u> | <u>1,314,966.84</u> |
| Tax Payable | <u>\$ 795,975.37</u> | <u>\$ 837,246.37</u> | <u>\$ 631,358.36</u> | <u>\$ 636,164.88</u> |

NOTE 12 FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2011, which are appropriated and included as anticipated revenue in the 2012 municipal budgets for the year ended December 31, 2012, are as follows:

| | |
|--|---------------|
| Current Fund | \$ 890,000.00 |
| Water/Sewer Utility Operating Fund | 26,454.73 |
| Harbor Commission Utility Operating Fund | 241,287.41 |

NOTE 13 PENSIONS AND RETIREMENT PLANS

Plan Description

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

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 13 PENSIONS AND RETIREMENT PLANS (continued)

Funding Policy

Employee contributions are currently six and one-half percent (6 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. The Borough's contributions to the plans for the past three years is as follows:

| <u>Year</u> | <u>PERS</u> | <u>PFRS</u> |
|-------------|---------------|---------------|
| 2011 | \$ 225,956.00 | \$ 359,695.00 |
| 2010 | 186,279.00 | 295,137.00 |
| 2009 | 144,763.14 | 309,561.00 |

All contributions were equal to the required contributions.

NOTE 14 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. The Borough has engaged a private contractor to administer the plan.

NOTE 15 FIXED ASSETS AND FIXED CAPITAL

Fixed assets and fixed capital activity for the year ended December 31, 2011 was as follows:

| | <u>Balance</u> <u>Dec. 31, 2010</u> | <u>Additions</u> | <u>Disposals/ Adjustments</u> | <u>Balance</u> <u>Dec. 31, 2011</u> |
|-------------------------|--|------------------|-----------------------------------|--|
| <u>Fixed Assets</u> | | | | |
| Land | \$ 8,905,500.00 | \$ - | \$ - | \$ 8,905,500.00 |
| Building | 2,994,900.00 | - | - | 2,994,900.00 |
| Machinery and equipment | <u>4,785,712.00</u> | <u>-</u> | <u>10,989.00</u> | <u>4,774,723.00</u> |
| | <u>\$ 16,686,112.00</u> | <u>\$ -</u> | <u>\$ 10,989.00</u> | <u>\$ 16,675,123.00</u> |

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 15 FIXED ASSETS AND FIXED CAPITAL (continued)

Fixed Capital - Water/Sewer Utility

| | | | | |
|--------------------|-------------------------|-------------|-------------|-------------------------|
| Water/Sewer System | \$ <u>10,198,389.53</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>10,198,389.53</u> |
|--------------------|-------------------------|-------------|-------------|-------------------------|

Fixed Capital - Harbor Commission
Utility

| | | | | |
|----------------------|-------------------------|-------------|-------------|-------------------------|
| Harbor Fixed Capital | \$ <u>19,776,623.65</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>19,776,623.65</u> |
|----------------------|-------------------------|-------------|-------------|-------------------------|

NOTE 16 INTERFUND BALANCES

The composition of interfund balances as of December 31, 2011 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------------------|------------------------------------|----------------------|
| Current Fund | Animal Control Trust Fund | \$ 1,287.42 |
| Current Fund | Water/Sewer Utility Operating Fund | 240,389.09 |
| Federal and State Grant Fund | Current Fund | 51,517.58 |
| Open Space Trust Fund | Current Fund | 200.83 |
| Water/Sewer Utility Operating Fund | Water/Sewer Utility Capital Fund | <u>35,000.00</u> |
| | | <u>\$ 328,394.92</u> |

All balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) revenues/receipts are collected, and (3) payments between funds are made.

NOTE 17 INTERFUND TRANSFERS

| <u>Transfers In</u> | <u>Transfers Out</u> | <u>Amount</u> |
|------------------------------------|------------------------------------|---------------|
| Current Fund | Federal and State Grant Fund | \$ 14,018.85 |
| Current Fund | Trust Other Fund | 200.00 |
| Current Fund | Animal Control Trust Fund | 454.14 |
| Current Fund | Open Space Trust Fund | 65.62 |
| Water/Sewer Utility Operating Fund | Current Fund | 240,389.09 |
| Water/Sewer Utility Capital Fund | Water/Sewer Utility Operating Fund | 35,000.00 |

Transfers are primarily used to move funds from:

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

BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 18 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omission; injuries to employees; and natural disaster. The Borough is a member of the Monmouth County Municipal Joint Insurance Fund (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 not settlements in excess of insurance coverage in 2011, 2010, and 2009.

NOTE 19 LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - Unaudited

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

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be between \$100.00 and \$1,150.00 per year of active emergency service, commencing with the year 2006.

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

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Borough for each active volunteer member shall not be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

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

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

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 19 LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”) - Unaudited (continued)

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

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

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

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

NOTE 20 CONTINGENT LIABILITIES

A. Accrued Sick and Vacation 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 vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The total amount of the liability upon retirement, based upon the above data and limitations, is approximately \$1,539,000 at December 31, 2011. 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, 2011 and 2010 were \$99.56 and \$125.15, respectively.

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 20 CONTINGENT LIABILITIES (continued)

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's 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.

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, 2011, the Borough estimates that no material liabilities will result from such audits.

NOTE 21 LESSOR - OPERATING LEASES

The Harbor Utility entered into lease agreements with various entities to lease building space to be utilized by the entities as office space, restaurants or for other activities at the Municipal Harbor. The initial terms of the leases are generally from five to ten years with a right to extend the leases for an additional five year term. The Harbor collected \$460,562.31 in lease revenue for the year ended December 31, 2011.

Estimated future lease payments over the next five years and five-year increments thereafter for lease agreements is as follows:

| <u>Year</u> | |
|-------------|---------------------|
| 2012 | \$ 430,754 |
| 2013 | 374,601 |
| 2014 | 335,950 |
| 2015 | 272,010 |
| 2016 | 265,560 |
| 2017-2021 | 1,086,841 |
| 2022 | <u>207,031</u> |
| Total | \$ <u>2,972,747</u> |

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 21 LESSOR - OPERATING LEASES (continued)

All lease agreements contain a rent adjustment clause which increases the rent annually. Some leases increase by the greater of a specified percentage or the annual percentage change in the Consumer Price Index as published by the U.S. Department of Labor. Other leases increase by a specified percentage. The estimated future lease payments shown above were calculated as follows:

- a) leases that increase by the greater of a specified percentage or the annual percentage change in the Consumer Price Index are based upon the 2011 base rent and do not include any increases as the increases are based upon future conditions.
- b) leases that increase based upon a specified percentage include the annual increase as it is stipulated in the lease agreement.

Lease revenue is recorded on the cash basis.

The Harbor also enters into annual leases to rent space to other entities. These leases are included in collections but are not included in the estimated future lease payments.

NOTE 22 SUBSEQUENT EVENTS

On February 8, 2012, the Borough adopted a water/sewer capital bond ordinance authorizing water supply infrastructure improvements. The ordinance appropriated \$1,200,000 and authorized debt in the amount of \$1,140,000.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF CASH

| | <u>Ref.</u> | | |
|--|-------------|---------------|------------------------|
| Balance, December 31, 2010 | A | | \$ 2,842,663.92 |
| Increased by Receipts: | | | |
| State of New Jersey (Ch. 20, P.L. 1971) | A-9 | \$ 49,128.08 | |
| Taxes Receivable | A-5 | 15,155,331.09 | |
| Revenue Accounts Receivable | A-8 | 1,964,640.14 | |
| Interfund - Federal and State Grant Fund | A-22 | 27,429.83 | |
| Due to State of New Jersey - Marriage License Fees Payable | A-24 | 700.00 | |
| Reserve for Shade Tree Commission | A-15 | 6,170.00 | |
| Non-Budget Revenues | A-2 | 198,716.24 | |
| Prepaid Taxes | A-14 | 77,897.41 | |
| Tax Overpayments | A-13 | 4,347.90 | |
| Interfunds | A-23 | 654.14 | |
| | | <hr/> | 17,485,014.83 |
| | | | 20,327,678.75 |
| Decreased by Disbursements: | | | |
| 2011 Budget Appropriations | A-3 | 6,363,031.24 | |
| 2010 Appropriation Reserves | A-11 | 187,839.90 | |
| Tax Overpayments | A-13 | 4,394.14 | |
| County Taxes Payable | A-17 | 2,297,726.05 | |
| Local School District Tax | A-18 | 4,525,855.00 | |
| Accounts Payable | A-20 | 1,073.00 | |
| Regional High School Tax Payable | A-21 | 3,810,072.69 | |
| Interfund - Federal and State Grant Fund | A-22 | 13,410.98 | |
| Due to State of New Jersey - Marriage License Fees Payable | A-24 | 575.00 | |
| Reserve for Shade Tree Commission | A-15 | 4,503.05 | |
| Interfunds | A-23 | 254,427.32 | |
| | | <hr/> | 17,462,908.37 |
| Balance, December 31, 2011 | A | | \$ <u>2,864,770.38</u> |

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

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

| Year | Balance Dec. 31, 2010 | 2011 Levy | 2010 | Collections 2011 | Transferred to Tax Title Liens | Chapter 20, P.L. 1971 Senior Citizens and Veterans | Canceled, Remitted or Abated | Balance Dec. 31, 2011 |
|------|--------------------------|------------------|--------------|---------------------|--------------------------------------|--|------------------------------------|--------------------------|
| 2010 | \$ 490,756.98 | | | \$ 492,128.90 | | \$ (1,371.92) | | |
| | 490,756.98 | | | 492,128.90 | | (1,371.92) | | |
| 2011 | \$ 490,756.98 | \$ 15,098,079.57 | \$ 64,354.69 | 14,663,202.19 | \$ 879.86 | 50,489.73 | \$ 25,275.13 | \$ 293,877.97 |
| | \$ 490,756.98 | \$ 15,098,079.57 | \$ 64,354.69 | \$ 15,155,331.09 | \$ 879.86 | \$ 49,117.81 | \$ 25,275.13 | \$ 293,877.97 |

Analysis of 2011 Property Tax Levy

Tax Yield:
 General Purpose Tax \$ 15,047,314.06
 Added and Omitted Tax 47,537.90
 6% Penalty 3,227.61
\$ 15,098,079.57

Tax Levy:

Regional High School Tax \$ 3,875,266.17
 Local District School Tax 4,554,584.00
 County Taxes:
 County Tax \$ 2,017,624.03
 County Library Tax 115,066.71
 County Open Space Tax 121,233.09
 County Health Tax 38,902.91
 Due County for Added and Omitted Taxes 7,266.18
Total County Taxes 2,300,092.92

Local Municipal Open Space Tax \$ 63,270.00
 Due Municipal Open Space Tax for Added and Omitted Tax 200.83

Local Tax for Municipal Purposes 4,258,633.72
 Add: Additional Tax Levied 46,031.93
4,304,665.65

A-5 A-2/A-14 A-2/A-4 A-6 A-2/A-9 A
 A-5 A-23 A-23 A-2 A-5
\$ 15,098,079.57

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

| | <u>Ref.</u> | |
|--------------------------------|-------------|--------------------|
| Balance, December 31, 2010 | A | \$ 5,025.86 |
| Increased by: | | |
| Transfer from Taxes Receivable | A-5 | <u>879.86</u> |
| Balance, December 31, 2011 | A | <u>\$ 5,905.72</u> |

Exhibit A-7

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

| | <u>Ref.</u> | |
|-------------------------------------|-------------|---------------------|
| Balance, December 31, 2010 and 2011 | A | <u>\$ 92,600.00</u> |

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| | <u>Ref.</u> | Balance Dec. 31, 2010 | Accrued in 2011 | Collected | Balance Dec. 31, 2011 |
|--|-------------|--------------------------|------------------------|------------------------|--------------------------|
| Clerk: | | | | | |
| Licenses: | | | | | |
| Alcoholic Beverages | A-2 | \$ 8,250.00 | \$ 8,250.00 | 8,250.00 | |
| Fees & Permits: | | | | | |
| Other | A-2 | | 35,855.88 | 35,855.88 | |
| Municipal Court: | | | | | |
| Fines and Costs | A-2 | \$ 9,044.31 | 113,838.89 | 110,570.83 | \$ 12,312.37 |
| Other Revenue: | | | | | |
| Interest and Costs on Taxes | A-2 | | 96,121.74 | 96,121.74 | |
| Interest on Investments and Deposits | A-2 | | 56,977.84 | 56,977.84 | |
| Anticipated Utility Operating Surplus | A-2 | | 600,000.00 | 600,000.00 | |
| Cable Television Franchise Fees | A-2 | | 30,036.60 | 30,036.60 | |
| Recreation Property Lease | A-2 | | 37,000.00 | 37,000.00 | |
| Recreation Program | A-2 | | 44,340.00 | 44,340.00 | |
| Recycling Fees | A-2 | | 24,434.72 | 24,434.72 | |
| Payments in Lieu of Taxes - Senior Citizen Housing | A-2 | | 32,909.25 | 32,909.25 | |
| Consolidated Municipal Property Tax Relief Aid | A-2 | | 26,272.00 | 26,272.00 | |
| Energy Receipts Tax (P.L. 1997, Chapters 162 & 167) | A-2 | | 298,845.00 | 298,845.00 | |
| Uniform Construction Code Fees | A-2 | | 74,517.00 | 71,076.00 | 3,441.00 |
| Henry Hudson Regional School - Fuel Usage | A-2 | | 33,212.71 | 33,212.71 | |
| Uniform Fire Safety Act | A-2 | | 12,504.82 | 12,504.82 | |
| Reserve for Debt Service | A-2 | | 4,832.75 | 4,832.75 | |
| General Capital Fund Balance | A-2 | | 440,000.00 | 440,000.00 | |
| Reserve for Down Payment - General Capital | A-2 | | 1,400.00 | 1,400.00 | |
| | | <u>\$ 9,044.31</u> | <u>\$ 1,971,349.20</u> | <u>\$ 1,964,640.14</u> | <u>\$ 15,753.37</u> |

Ref.

A

A-4

A

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

| | <u>Ref.</u> | | |
|--|-------------|-----------------|-------------------------|
| Balance, December 31, 2010 | A | | \$ 500.00 |
| Increased by: | | | |
| Senior Citizens | | \$ 8,500.00 | |
| Veterans | | 41,250.00 | |
| Deductions Allowed by Collector | | <u>739.73</u> | |
| | A-5 | | <u>50,489.73</u> |
| | | | 50,989.73 |
| Decrease by: | | | |
| Received from State of New Jersey | A-4 | 49,128.08 | |
| Deductions Disallowed by Collector - Prior Taxes | A-1/A-5 | <u>1,371.92</u> | |
| | | | <u>50,500.00</u> |
| Balance, December 31, 2011 | A | | \$ <u><u>489.73</u></u> |

Exhibit A-10

SCHEDULE OF RESERVE FOR OUTSIDE LIENS

Balance, December 31, 2010 and 2011 \$ 873.95

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

| | Balance Dec. 31, 2010 | Reserve for Encumbrances | Balance After Transfers | Paid or Charged | Balance Lapsed |
|-------------------------------|--------------------------|--------------------------------|-------------------------------|--------------------|-------------------|
| <u>Operations Within CAPS</u> | | | | | |
| General Government: | | | | | |
| General Administration | | | | | |
| Salaries and Wages | \$ 21.99 | \$ | \$ 21.99 | | \$ 21.99 |
| Other Expenses | 3,680.68 | 719.31 | 4,399.99 | 3,773.39 | 626.60 |
| Human Resources (Personnel) | | | | | |
| Salaries and Wages | 43.76 | | 43.76 | | 43.76 |
| Mayor and Council | | | | | |
| Other Expenses | 527.23 | | 527.23 | | 527.23 |
| Municipal Clerk | | | | | |
| Salaries and Wages | 991.44 | | 991.44 | | 991.44 |
| Other Expenses | 1,685.90 | 400.86 | 2,086.76 | 400.86 | 1,685.90 |
| Financial Administration | | | | | |
| Salaries and Wages | 745.95 | | 745.95 | | 745.95 |
| Other Expenses | 6,615.81 | 238.08 | 6,853.89 | 1,753.08 | 5,100.81 |
| Computerized Data Processing | | | | | |
| Other Expenses | | 2,900.37 | 2,900.37 | 2,900.37 | |
| Revenue Administration | | | | | |
| Salaries and Wages | 309.10 | | 309.10 | | 309.10 |
| Other Expenses | 1,777.49 | 249.28 | 2,026.77 | 249.28 | 1,777.49 |
| Tax Assessment Administration | | | | | |
| Other Expenses | 2,926.00 | | 2,926.00 | | 2,926.00 |
| Legal Services | | | | | |
| Other Expenses | 37,488.31 | | 37,488.31 | 14,594.59 | 22,893.72 |
| Tax Appeals | 3,000.00 | | 3,000.00 | | 3,000.00 |
| Engineering Costs | | | | | |
| Other Expenses | 9,195.75 | 6,800.00 | 15,995.75 | 8,960.37 | 7,035.38 |
| Planning Board | | | | | |
| Salaries and Wages | 731.38 | | 731.38 | | 731.38 |
| Other Expenses | 8,977.46 | 192.00 | 9,169.46 | 1,701.08 | 7,468.38 |
| Master Plan | 8,000.00 | | 8,000.00 | | 8,000.00 |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

| | Balance Dec. 31, 2010 | Reserve for Encumbrances | Balance After Transfers | Paid or Charged | Balance Lapsed |
|---|--------------------------|--------------------------------|-------------------------------|--------------------|-------------------|
| C.O.A.H. Planner | \$ 6,000.00 | \$ | \$ 6,000.00 | \$ | \$ 6,000.00 |
| Other Expenses | 1,000.00 | | 1,000.00 | | 1,000.00 |
| Affordable Housing | 2,049.88 | | 2,049.88 | | 2,049.88 |
| Other Expenses | 1,500.00 | | 1,500.00 | | 1,500.00 |
| Insurance | 4,297.12 | | 4,297.12 | | 4,297.12 |
| General Liability | 3,849.29 | | 3,849.29 | | 3,849.29 |
| Surety Bonds | 47,247.23 | | 47,247.23 | | 47,247.23 |
| Workers' Compensation | 11,569.64 | \$ 4,952.33 | 16,521.97 | \$ 9,161.84 | 7,360.13 |
| Employee Group Health | 2,754.25 | | 2,754.25 | | 2,754.25 |
| Public Safety: | | | | | |
| Police | | | | | |
| Salaries and Wages | 47,247.23 | | 47,247.23 | | 47,247.23 |
| Other Expenses | 11,569.64 | \$ 4,952.33 | 16,521.97 | \$ 9,161.84 | 7,360.13 |
| Office of Emergency Management | | | | | |
| Other Expenses | 2,754.25 | | 2,754.25 | | 2,754.25 |
| Aid to Volunteer Fire Companies | | | | | |
| Other Expenses | 38.80 | 15,042.36 | 15,081.16 | 14,942.36 | 138.80 |
| Uniform Fire Safety Act (Fire Department) | | | | | |
| Salaries and Wages | 3,190.00 | | 3,190.00 | | 3,190.00 |
| Other Expenses | 2,926.98 | 470.75 | 3,397.73 | 470.75 | 2,926.98 |
| Fire | | | | | |
| Salaries and Wages | | 3,750.00 | 3,750.00 | 3,750.00 | |
| Municipal Prosecutor's Office | | | | | |
| Other Expenses | 100.00 | | 100.00 | | 100.00 |
| Municipal Court | | | | | |
| Salaries and Wages | 1,509.40 | | 1,509.40 | | 1,509.40 |
| Other Expenses | 49.26 | 869.25 | 918.51 | 475.50 | 443.01 |
| Public Defender | | | | | |
| Other Expenses | 250.00 | | 250.00 | | 250.00 |
| Streets and Roads Maintenance | | | | | |
| Other Expenses | 15,629.55 | 17,937.67 | 33,567.22 | 15,860.59 | 17,706.63 |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

| | Balance Dec. 31, 2010 | Reserve for Encumbrances | Balance After Transfers | Paid or Charged | Balance Lapsed |
|-------------------------------------|--------------------------|--------------------------------|-------------------------------|--------------------|-------------------|
| Solid Waste Collection | \$ 8,105.80 | \$ | 8,105.80 | \$ | 8,105.80 |
| Salaries and Wages | 11,130.73 | 6,474.20 | 17,604.93 | 6,156.54 | 11,448.39 |
| Other Expenses | 469.78 | | 469.78 | | 469.78 |
| Buildings and Grounds | 9,291.81 | 10,692.69 | 19,984.50 | 10,708.34 | 9,276.16 |
| Salaries and Wages | 56.16 | | 56.16 | | 56.16 |
| Other Expenses | 4,301.86 | 5,511.72 | 9,813.58 | 6,371.77 | 3,441.81 |
| Animal Control Services | 2,083.00 | | 2,083.00 | | 2,083.00 |
| Other Expenses | 1,007.35 | | 1,007.35 | | 1,007.35 |
| Recreation Services and Programs | 8,164.37 | 3,539.08 | 11,703.45 | 2,378.04 | 9,325.41 |
| Salaries and Wages | 2,212.51 | | 2,212.51 | | 2,212.51 |
| Right to Know/Safety | 352.77 | | 352.77 | 100.00 | 252.77 |
| Other Expenses | 113.72 | | 113.72 | | 113.72 |
| Environmental Commission | 173.00 | 344.00 | 517.00 | 143.00 | 374.00 |
| Other Expenses | 6,581.81 | 81.70 | 6,663.51 | 81.70 | 6,581.81 |
| Celebration of Public Events | 5,387.58 | 4,921.24 | 10,308.82 | 6,687.34 | 3,621.48 |
| Other Expenses | 2,929.72 | | 2,929.72 | 2,466.32 | 463.40 |
| Utility Expenses and Bulk Purchases | 4,494.55 | | 4,494.55 | | 4,494.55 |
| Electricity | 1,403.62 | | 1,403.62 | | 1,403.62 |
| Street Lighting | 3,666.35 | | 3,666.35 | 493.11 | 3,173.24 |
| Telephone | | | | | |
| Natural Gas | | | | | |
| Telecommunications Costs | | | | | |
| Gasoline | | | | | |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

| | Balance Dec. 31, 2010 | Reserve for Encumbrances | Balance After Transfers | Paid or Charged | Balance Lapsed |
|--|--------------------------|--------------------------------|-------------------------------|--------------------|-------------------|
| Landfill/Solid Waste Disposal Costs | \$ 25,654.76 | \$ | \$ 25,654.76 | \$ 14,241.86 | \$ 11,412.90 |
| Other Expenses | | | | | |
| State Uniform Construction Code | 161.04 | | 161.04 | | 161.04 |
| Salaries and Wages | 868.00 | | 868.00 | | 868.00 |
| Other Expenses | | | | | |
| Other Code Enforcement Functions | 537.28 | 39.78 | 577.06 | 39.78 | 537.28 |
| Other Expenses | | | | | |
| Gasoline - HRRSD | | | | | |
| Other Expenses | 976.57 | | 976.57 | 489.95 | 486.62 |
| Contingent | 31,500.00 | | 31,500.00 | | 31,500.00 |
| Statutory Expenditures: | | | | | |
| Public Employees' Retirement System | 2,574.95 | | 2,574.95 | | 2,574.95 |
| Social Security System (O.A.S.I.) | 7,307.77 | | 7,307.77 | | 7,307.77 |
| Total Appropriations (Including Contingent) Within CAPS | 332,186.51 | 86,126.67 | 418,313.18 | 129,351.81 | 288,961.37 |
| Appropriations Excluded from CAPS | | | | | |
| Recycling Tax | | | | | |
| Other Expenses | 2,995.30 | | 2,995.30 | 588.09 | 2,407.21 |
| Length of Service Award Program | | | | | |
| Other Expenses | 60,000.00 | | 60,000.00 | 57,900.00 | 2,100.00 |
| Total Appropriations Excluded from CAPS | 62,995.30 | | 62,995.30 | 58,488.09 | 4,507.21 |
| | \$ 395,181.81 | \$ 86,126.67 | \$ 481,308.48 | \$ 187,839.90 | \$ 293,468.58 |

Ref. A A-12 A-4 A-1

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF RESERVE FOR ENCUMBRANCES

| | <u>Ref.</u> | |
|---------------------------------------|-------------|---------------------|
| Balance, December 31, 2010 | A | \$ 86,126.67 |
| Increased by: | | |
| Current Appropriations Charged | A-3 | <u>67,910.56</u> |
| | | 154,037.23 |
| Decreased by: | | |
| Transferred to Appropriation Reserves | A-11 | <u>86,126.67</u> |
| Balance, December 31, 2011 | A | <u>\$ 67,910.56</u> |

Exhibit A-13

SCHEDULE OF TAX OVERPAYMENTS

| | <u>Ref.</u> | |
|----------------------------|-------------|--------------------|
| Balance, December 31, 2010 | A | \$ 2,422.75 |
| Increased by: | | |
| Receipts | A-4 | <u>4,347.90</u> |
| | | 6,770.65 |
| Decreased by: | | |
| Refunds | A-4 | \$ 4,394.14 |
| Applied to Prepaid Taxes | A-14 | <u>2,376.51</u> |
| | | <u>\$ 6,770.65</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF PREPAID TAXES

| | <u>Ref.</u> | |
|-------------------------------|-------------|---------------------|
| Balance, December 31, 2010 | A | \$ 64,354.69 |
| Increased by: | | |
| Collections, 2012 Taxes | A-4 | \$ 77,897.41 |
| Applied from Tax Overpayments | A-13 | <u>2,376.51</u> |
| | | 80,273.92 |
| | | 144,628.61 |
| Decreased by: | | |
| Applied to Taxes Receivable | A-5 | <u>64,354.69</u> |
| Balance, December 31, 2011 | A | \$ <u>80,273.92</u> |

Exhibit A-15

SCHEDULE OF RESERVE FOR SHADE TREE COMMISSION

| | <u>Ref.</u> | |
|----------------------------|-------------|--------------------|
| Balance, December 31, 2010 | A | \$ 1,796.55 |
| Increased by: | | |
| Cash Receipts | A-4 | <u>6,170.00</u> |
| | | 7,966.55 |
| Decreased by: | | |
| Cash Disbursed | A-4 | <u>4,503.05</u> |
| Balance, December 31, 2011 | A | \$ <u>3,463.50</u> |

Exhibit A-16

SCHEDULE OF RESERVE FOR STATE LIBRARY AID

| | <u>Ref.</u> | |
|-------------------------------------|-------------|--------------------|
| Balance, December 31, 2010 and 2011 | A | \$ <u>1,071.00</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

| | <u>Ref.</u> | |
|--|-------------|---------------------------|
| Balance, December 31, 2010 | A | \$ 4,899.36 |
| Increased by: | | |
| County Tax | A-5 | \$ 2,017,624.03 |
| County Library Tax | A-5 | 115,066.71 |
| County Open Space Tax | A-5 | 121,233.09 |
| County Health Tax | A-5 | 38,902.91 |
| Due County for Added and Omitted Taxes | A-5 | <u>7,266.18</u> |
| | A-1 | <u>2,300,092.92</u> |
| | | <u>2,304,992.28</u> |
| Decreased by: | | |
| Payments | A-4 | <u>2,297,726.05</u> |
| Balance, December 31, 2011 | A | \$ <u><u>7,266.23</u></u> |

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

| | <u>Ref.</u> | |
|---|-------------|-------------------------------|
| Balance, December 31, 2010: | | |
| School Tax Payable | A | \$ 837,246.37 |
| School Tax Deferred | | <u>1,317,835.63</u> |
| | | \$ 2,155,082.00 |
| Increased by: | | |
| Levy - For School Year July 1, 2011 to June 30, 2012 | A-5 | <u>4,554,584.00</u> |
| | | <u>6,709,666.00</u> |
| Decreased by: | | |
| Payments | A-4 | <u>4,525,855.00</u> |
| Balance, December 31, 2011: | | |
| School Tax Payable | A | 795,975.37 |
| School Tax Deferred | | <u>1,387,835.63</u> |
| | | \$ <u><u>2,183,811.00</u></u> |
| <u>2011 Liability for Local District School Tax</u> | | |
| Tax Paid | A-4 | \$ 4,525,855.00 |
| School Tax Payable, December 31, 2011 | A | <u>795,975.37</u> |
| | | <u>5,321,830.37</u> |
| School Tax Payable, December 31, 2010 | A | <u>837,246.37</u> |
| Amount Charged to 2011 Operations | A-1 | \$ <u><u>4,484,584.00</u></u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF RESERVE FOR MASTER PLAN

| | <u>Ref.</u> | |
|-------------------------------------|-------------|--------------------|
| Balance, December 31, 2010 and 2011 | A | \$ <u>1,925.79</u> |

SCHEDULE OF ACCOUNTS PAYABLE

| | <u>Ref.</u> | |
|----------------------------|-------------|--------------------|
| Balance, December 31, 2010 | A | \$ 2,073.00 |
| Decreased by: | | |
| Cash Disbursements | A-4 | \$ 1,073.00 |
| Canceled to Operations | A-1 | <u>1,000.00</u> |
| | | \$ <u>2,073.00</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE

| | <u>Ref.</u> | | |
|---|-------------|---------------------|------------------------|
| Balance, December 31, 2010: | | | |
| School Tax Payable | A | \$ 636,164.88 | |
| School Tax Deferred | | <u>1,314,966.84</u> | |
| | | | \$ 1,951,131.72 |
| Increased by: | | | |
| Levy - For School Year July 1, 2011 to June 30, 2012 | A-5 | | <u>3,875,266.17</u> |
| | | | 5,826,397.89 |
| Decreased by: | | | |
| Payments | A-4 | | <u>3,810,072.69</u> |
| Balance, December 31, 2011: | | | |
| School Tax Payable | A | 631,358.36 | |
| School Tax Deferred | | <u>1,384,966.84</u> | |
| | | | \$ <u>2,016,325.20</u> |
| <u>2011 Liability for Regional High School Tax</u> | | | |
| Tax Paid | A-4 | | \$ 3,810,072.69 |
| School Tax Payable, December 31, 2011 | A | | <u>631,358.36</u> |
| | | | 4,441,431.05 |
| School Tax Payable, December 31, 2010 | A | | <u>636,164.88</u> |
| Amount Charged to 2011 Operations | A-1 | | \$ <u>3,805,266.17</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF INTERFUND PAYABLE - FEDERAL AND STATE GRANT FUND

| | <u>Ref.</u> | | |
|-----------------------------|-------------|------------------|---------------------|
| Balance, December 31, 2010 | A | | \$ 37,498.73 |
| Increased by: | | | |
| Deposited in Current Fund: | | | |
| Unappropriated Reserves | A-4/A-27 | \$ 27,429.83 | |
| 2011 Budget Appropriations: | | | |
| Grants Appropriated | A-3/A-26 | <u>15,349.30</u> | |
| | | | <u>42,779.13</u> |
| | | | 80,277.86 |
| Decreased by: | | | |
| Disbursed by Current Fund: | | | |
| Appropriated Reserves | A-4/A-26 | 13,410.98 | |
| 2011 Anticipated Revenue | A-2/A-25 | <u>15,349.30</u> | |
| | | | <u>28,760.28</u> |
| Balance, December 31, 2011 | A | | <u>\$ 51,517.58</u> |

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF INTERFUNDS RECEIVABLE/(PAYABLE) - OTHER FUNDS

| Ref. | Total (MEMO ONLY) | Trust Other Fund | Water/Sewer Utility Operating Fund | Open Space Trust Fund | Animal Control Fund |
|---|----------------------|------------------------|---|--------------------------------|---------------------------|
| Balance, December 31, 2010: | | | | | |
| Interfund Receivable | A \$ 1,941.56 | \$ 200.00 | | | \$ 1,741.56 |
| Interfund Payable | A \$ (135.21) | | | \$ (135.21) | |
| Increased by: | | | | | |
| Prior Year Appropriation for Deficit Returned | A-1 49,366.98 | | \$ 49,366.98 | | |
| Disbursements | A-4 254,427.32 | | 191,022.11 | 63,405.21 | |
| | 303,794.30 | | 240,389.09 | 63,405.21 | |
| Decreased by: | | | | | |
| Open Space Tax Levy | A-1/A-5 63,270.00 | 200.00 | 240,389.09 | 63,270.00 | 1,741.56 |
| Open Space Added and Omitted Levy | A-1/A-5 | | | 63,270.00 | |
| Cash Receipts | A-4 654.14 | 200.00 | | 200.83 | 454.14 |
| | 63,924.14 | 200.00 | | 63,470.83 | 454.14 |
| Balance, December 31, 2011: | | | | | |
| Interfund Receivable | A \$ 241,676.51 | | \$ 240,389.09 | | \$ 1,287.42 |
| Interfund Payable | A \$ (200.83) | | | \$ (200.83) | |

Analysis of Net Charge to Operations
 Interfunds Accounts Receivable:
 Balance December 31, 2011 \$ 241,676.51
 Balance December 31, 2010 1,941.56
 Net Charge to Operations A-1 \$ 239,734.95

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

| | <u>Ref.</u> | |
|----------------------------|-------------|-------------------------|
| Increased by: | | |
| Receipts | A-4 | \$ 700.00 |
| | | <u>700.00</u> |
| Decreased by: | | |
| Disbursements | A-4 | <u>575.00</u> |
| Balance, December 31, 2011 | A | \$ <u><u>125.00</u></u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

| <u>Grant</u> | 2011 Anticipated <u>Revenue</u> | Transfer from Grants <u>Unappropriated</u> |
|--------------------------------|---------------------------------------|---|
| Drunk Driving Enforcement Fund | \$ 4,215.20 | \$ 4,215.20 |
| Clean Communities Program | 9,451.39 | 9,451.39 |
| Body Armor Fund | <u>1,682.71</u> | <u>1,682.71</u> |
| | <u>\$ 15,349.30</u> | <u>\$ 15,349.30</u> |
| <u>Ref.</u> | A-2/A-22 | A-27 |

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
 SCHEDULE OF APPROPRIATED RESERVES

| Grant | Balance Dec. 31, 2010 | Transfer from 2011 Budget Appropriation | Transfer from Reserve for Encumbrances | Expended | Reserve for Encumbrances | Balance Dec. 31, 2011 |
|---|--------------------------|---|--|---------------------|--------------------------------|--------------------------|
| Drunk Driving Enforcement Fund | \$ 376.76 | \$ 4,215.20 | \$ | 607.08 | \$ | \$ 3,984.88 |
| Recycling Tonnage Grant | 8,316.07 | | | 8,316.07 | | |
| Body Armor Fund | | 1,682.71 | | 951.46 | \$ 731.25 | |
| Alcohol Education and Rehabilitation Fund | 1,409.13 | | | | | 1,409.13 |
| Operation Clean Shores | 6,815.02 | | | 2,780.00 | | 4,035.02 |
| Clean Communities Program | 2,672.43 | 9,451.39 | \$ 2,560.02 | 756.37 | 955.00 | 12,972.47 |
| | <u>\$ 19,589.41</u> | <u>\$ 15,349.30</u> | <u>\$ 2,560.02</u> | <u>\$ 13,410.98</u> | <u>\$ 1,686.25</u> | <u>\$ 22,401.50</u> |
| Ref. | A | A-3/A-22 | A-28 | A-22 | A-28 | A |

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
 SCHEDULE OF UNAPPROPRIATED RESERVES

| <u>Grant</u> | <u>Balance</u> <u>Dec. 31, 2010</u> | <u>Cash</u> <u>Received</u> | <u>Realized as</u> <u>Revenue</u> | <u>Balance</u> <u>Dec. 31, 2011</u> |
|--------------------------------|--|--------------------------------|--------------------------------------|--|
| Recycling Tonnage Grant | \$ 4,215.20 | \$ 12,908.63 | \$ 4,215.20 | \$ 12,908.63 |
| Drunk Driving Enforcement Fund | 1,682.71 | 2,087.47 | 1,682.71 | 2,087.47 |
| Body Armor Fund | 9,451.39 | 2,675.00 | 9,451.39 | 2,675.00 |
| Saturation Patrol | | 8,797.08 | | 8,797.08 |
| Clean Communities Program | | | | |
| | <u>\$ 15,349.30</u> | <u>\$ 27,429.83</u> | <u>\$ 15,349.30</u> | <u>\$ 27,429.83</u> |
| <u>Ref</u> | A | A-22 | A-25 | A |

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
 SCHEDULE OF RESERVE FOR ENCUMBRANCES

| | <u>Ref.</u> | | |
|-----------------------------------|-------------|----|------------------------|
| Balance, December 31, 2010 | A | \$ | 2,560.02 |
| Increased by: | | | |
| Charged to Appropriated Reserves | A-26 | | <u>1,686.25</u> |
| | | | 4,246.27 |
| Decreased by: | | | |
| Transfer to Appropriated Reserves | A-26 | | <u>2,560.02</u> |
| Balance, December 31, 2011 | A | \$ | <u><u>1,686.25</u></u> |

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND
 SCHEDULE OF CASH

| Ref. | Animal Control Trust Fund | Trust Other Fund | Open Space Trust Fund |
|-----------------------------|---------------------------|-------------------|-----------------------|
| B | \$ 9,136.57 | \$ 158,424.03 | \$ 492,710.22 |
| Balance, December 31, 2010 | | | |
| Increased by Receipts: | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| B-2 | \$ 3,254.10 | | |
| B-3 | 402.60 | | |
| B-6 | | | \$ 63,405.21 |
| B-9 | | | 5,057.53 |
| B-8 | | \$ 211,054.43 | |
| | <u>3,656.70</u> | <u>211,054.43</u> | <u>68,462.74</u> |
| | 12,793.27 | 369,478.46 | 561,172.96 |
| Decreased by Disbursements: | | | |
| | | | |
| B-3 | 412.20 | | |
| B-2 | 4,925.00 | | |
| B-8 | | 169,552.89 | |
| B-4/B-7 | 454.14 | 200.00 | |
| B-9 | | | 44,427.43 |
| | <u>5,791.34</u> | <u>169,752.89</u> | <u>44,427.43</u> |
| B | \$ 7,001.93 | \$ 199,725.57 | \$ 516,745.53 |
| Balance, December 31, 2011 | | | |

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

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

| | <u>Ref.</u> | |
|------------------------------------|-------------|--------------------|
| Balance, December 31, 2010 | B | \$ 7,442.61 |
| Increased by: | | |
| Dog License Fees Collected | | \$ 2,830.00 |
| Cat License Fees Collected | | 115.00 |
| Miscellaneous Dog Fees Collected | | <u>309.10</u> |
| | B-1 | <u>3,254.10</u> |
| | | 10,696.71 |
| Decreased by: | | |
| Expenditures Under R.S. 4:19-15.11 | B-1 | <u>4,925.00</u> |
| Balance, December 31, 2011 | B | \$ <u>5,771.71</u> |

License and Penalty Fees Collected:

| <u>Year</u> | <u>Amount</u> |
|-------------|--------------------|
| 2009 | \$ 4,092.41 |
| 2010 | <u>2,899.83</u> |
| | \$ <u>6,992.24</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND
 SCHEDULE OF DUE TO /(FROM) STATE OF NEW JERSEY

| | <u>Ref.</u> | |
|----------------------------|-------------|-------------------------|
| Balance, December 31, 2010 | B | \$ 2.40 |
| Increased by: | | |
| Receipts | B-1 | <u>402.60</u> |
| | | 405.00 |
| Decreased by: | | |
| Disbursed | B-1 | <u>412.20</u> |
| Balance, December 31, 2011 | B | \$ <u><u>(7.20)</u></u> |

Exhibit B-4

SCHEDULE OF INTERFUND PAYABLE- CURRENT FUND

| | <u>Ref.</u> | |
|----------------------------|-------------|---------------------------|
| Balance, December 31, 2010 | B | \$ 1,741.56 |
| Decreased by: | | |
| Cash Disbursements | B-2 | <u>454.14</u> |
| Balance, December 31, 2011 | B | \$ <u><u>1,287.42</u></u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

| | <u>Ref.</u> | |
|----------------------------|-------------|------------------|
| Balance, December 31, 2010 | B | \$ 30,043.34 |
| Increased by: | | |
| Various Reserves | B-8 | 822.00 |
| | | <u>30,865.34</u> |
| Decreased by: | | |
| Various Reserves | B-8 | 30,043.34 |
| | | <u>30,043.34</u> |
| Balance, December 31, 2011 | B | <u>\$ 822.00</u> |

OPEN SPACE TRUST FUND
SCHEDULE OF INTERFUND RECEIVABLE - CURRENT FUND

| | <u>Ref.</u> | |
|-----------------------------------|-------------|------------------|
| Balance, December 31, 2010 | B | \$ 135.21 |
| Increased by: | | |
| Open Space Tax Levy | B-9 | \$ 63,270.00 |
| Open Space Added and Omitted Levy | B-9 | 200.83 |
| | | <u>63,470.83</u> |
| | | 63,606.04 |
| Decreased by: | | |
| Cash Receipts | B-1 | 63,405.21 |
| | | <u>63,405.21</u> |
| Balance, December 31, 2011 | B | <u>\$ 200.83</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND
SCHEDULE OF INTERFUND PAYABLE - CURRENT FUND

| | <u>Ref.</u> | | |
|----------------------------|-------------|----|---------------|
| Balance, December 31, 2010 | B | \$ | 200.00 |
| Decreased by: | | | |
| Cash Disbursements | B-1 | \$ | <u>200.00</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND
SCHEDULE OF VARIOUS RESERVES

| | Balance <u>Dec. 31, 2010</u> | Increase | Decrease | Balance <u>Dec. 31, 2011</u> |
|------------------------------|---------------------------------|----------------------|----------------------|---------------------------------|
| Reserve for: | | | | |
| Street Opening Deposits | \$ 9,090.50 | \$ 931.00 | \$ 4,461.50 | \$ 5,560.00 |
| Developer Deposits | 54,253.05 | 69,743.33 | 73,161.03 | 50,835.35 |
| Special Events Escrow | 425.00 | | | 425.00 |
| P.O.A.A. | 327.30 | 136.00 | 421.30 | 42.00 |
| Restitution | 127.57 | | | 127.57 |
| Construction Code - DCA Fees | 932.63 | 4,311.00 | 4,011.00 | 1,232.63 |
| Police Off Duty | 27,124.50 | 19,750.00 | 35,150.00 | 11,724.50 |
| Fire Marshall | 325.18 | | | 325.18 |
| Law Enforcement Trust Fund | 8,643.96 | 937.93 | 1,651.96 | 7,929.93 |
| Police Bicycles | 50.00 | | | 50.00 |
| Public Defender | 8,807.86 | 1,115.00 | 4,306.00 | 5,616.86 |
| Tax Sale Premiums | 6,400.00 | 98,400.00 | 1,100.00 | 103,700.00 |
| Unemployment Trust | 125.15 | 45,103.51 | 45,129.10 | 99.56 |
| Accumulated Absences | 1,000.00 | | | 1,000.00 |
| Recreation Trips | 6,303.45 | 670.00 | 983.00 | 5,990.45 |
| Other Trust Fund | 4,244.54 | | | 4,244.54 |
| | <u>\$ 128,180.69</u> | <u>\$ 241,097.77</u> | <u>\$ 170,374.89</u> | <u>\$ 198,903.57</u> |
| | Ref. | B | | B |
| Cash Receipts | B-1 | \$ 211,054.43 | | |
| Reserve for Encumbrances | B-5 | <u>30,043.34</u> | | |
| | | <u>\$ 241,097.77</u> | | |
| Cash Disbursements | B-1 | | \$ 169,552.89 | |
| Reserve for Encumbrances | B-5 | | <u>822.00</u> | |
| | | | <u>\$ 170,374.89</u> | |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

OPEN SPACE TRUST FUND
 SCHEDULE OF RESERVE FOR OPEN SPACE

| | <u>Ref.</u> | |
|-----------------------------------|-------------|----------------------|
| Balance, December 31, 2010 | B | \$ 492,845.43 |
| Increased by: | | |
| Open Space Tax Levy | B-6 | \$ 63,270.00 |
| Open Space Added and Omitted Levy | B-6 | 200.83 |
| Interest Income | B-1 | <u>5,057.53</u> |
| | | <u>68,528.36</u> |
| | | 561,373.79 |
| Decreased by: | | |
| Disbursements | B-1 | <u>44,427.43</u> |
| Balance, December 31, 2011 | B | <u>\$ 516,946.36</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARD PROGRAM FUND ("LOSAP")
SCHEDULE OF FUNDS HELD BY TRUSTEE

| | <u>Ref.</u> | |
|-----------------------------|-------------|----------------------|
| Balance, December 31, 2010 | B | \$ 255,796.05 |
| Increased by: | | |
| Borough Contributions | B-11 | \$ 57,900.00 |
| Appreciation of Investments | B-11 | <u>888.68</u> |
| | | <u>58,788.68</u> |
| | | 314,584.73 |
| Decreased by: | | |
| Withdrawals | B-11 | 3,829.88 |
| Accounting Charges/Tax | B-11 | <u>1,750.00</u> |
| | | <u>5,579.88</u> |
| Balance, December 31, 2011 | B | <u>\$ 309,004.85</u> |

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

| | <u>Ref.</u> | |
|-----------------------------|-------------|----------------------|
| Balance, December 31, 2010 | B | \$ 255,796.05 |
| Increased by: | | |
| Borough Contributions | B-10 | \$ 57,900.00 |
| Appreciation of Investments | B-10 | <u>888.68</u> |
| | | <u>58,788.68</u> |
| | | 314,584.73 |
| Decreased by: | | |
| Withdrawals | B-10 | 3,829.88 |
| Accounting Charges/Tax | B-10 | <u>1,750.00</u> |
| | | <u>5,579.88</u> |
| Balance, December 31, 2011 | B | <u>\$ 309,004.85</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF CASH

| | <u>Ref.</u> | | |
|---|-------------|---------------------|----------------------|
| Balance, December 31, 2010 | C | | \$ 4,663,713.23 |
| Increased by Receipts: | | | |
| Improvement Authorizations | C-11 | \$ 84,757.48 | |
| Grants Receivable | C-7 | 554,638.22 | |
| Reserve for Payment of Bonds and Notes | C-13 | <u>360,908.70</u> | |
| | | | <u>1,000,304.40</u> |
| | | | 5,664,017.63 |
| Decreased by Disbursements: | | | |
| Capital Fund Balance | C-1 | 440,000.00 | |
| Reserve for Down Payments on Improvements | C-15 | 1,400.00 | |
| Reserve for Payment of Bonds and Notes | C-13 | 4,832.75 | |
| Improvement Authorizations | C-11 | <u>4,624,439.04</u> | |
| | | | <u>5,070,671.79</u> |
| Balance, December 31, 2011 | C | | \$ <u>593,345.84</u> |

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 ANALYSIS OF GENERAL CAPITAL CASH

| | <u>Balance</u> <u>Dec. 31, 2011</u> |
|--|--|
| Fund Balance | \$ 208,094.62 |
| Capital Improvement Fund | 578.90 |
| Reserve for Encumbrances | 994,343.02 |
| Reserve for Payment of Bonds and Notes | 360,908.70 |
| Due From Monmouth County Improvement Authority | (30,860.43) |
| Grants Receivable | (904,926.00) |

Improvement Authorizations:

| <u>Ordinance</u> <u>Number</u> | <u>Improvement Description</u> | |
|-----------------------------------|---------------------------------|----------------------|
| 07-95 | Various Improvements | (41,407.08) |
| 10-97 | Various Improvements | (130,000.00) |
| 02-99 | Various Improvements | (559,403.73) |
| 04-04 | Various Improvements | (16,050.00) |
| 14-05 | Various Improvements | 110,161.77 |
| 12-06 | Various Improvements | 12,956.39 |
| 20-07 | 2007 Road Improvements | (66,220.83) |
| 22-07 | Various Improvements | 10,000.00 |
| 11-09/04-11 | Various Improvements | 135,775.41 |
| 15-09 | Construction of Streetscape III | 100,558.77 |
| 13-10 | Construction of Streetscape IV | 58,836.33 |
| 08-11 | West Avenue Bikeway Program | 150,000.00 |
| 09-11 | West Avenue Road Improvements | <u>200,000.00</u> |
| | | <u>\$ 593,345.84</u> |

Ref.

C

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

| | Ref. | | |
|--|------|-----------------|-------------------------|
| Balance, December 31, 2010 | C | | \$ 16,650,732.67 |
| Decreased by: | | | |
| Budget Appropriation to Pay Bonds | C-8 | \$ 822,247.57 | |
| Budget Appropriation to Pay Green Acres Loan | C-10 | <u>8,919.15</u> | |
| | | | <u>831,166.72</u> |
| Balance, December 31, 2011 | C | | <u>\$ 15,819,565.95</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

| Ordinance Number | Improvement Description | Balance Dec. 31, 2010 | Balance Dec. 31, 2011 | Analysis of Balance December 31, 2011 | |
|---------------------|-------------------------|--------------------------|--------------------------|--|---|
| | | | | Expenditures | Unexpended Improvement Authorizations |
| 07-95 | Various Improvements | \$ 41,407.08 | \$ 41,407.08 | \$ 41,407.08 | |
| 10-97 | Various Improvements | 130,000.00 | 130,000.00 | 130,000.00 | |
| 02-99 | Various Improvements | 597,746.00 | 597,746.00 | 559,403.73 | \$ 38,342.27 |
| 04-04 | Various Improvements | 47,500.00 | 47,500.00 | 16,050.00 | 31,450.00 |
| 20-07 | 2007 Road Improvements | <u>250,000.00</u> | <u>250,000.00</u> | <u>66,220.83</u> | <u>183,779.17</u> |
| | | <u>\$ 1,066,653.08</u> | <u>\$ 1,066,653.08</u> | <u>\$ 813,081.64</u> | <u>\$ 253,571.44</u> |
| | <u>Ref.</u> | C | C | C-3 | C-11 |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR GRANTS RECEIVABLE

| | <u>Ref.</u> | |
|---|-------------|----------------------|
| Balance, December 31, 2010 | C | \$ 425,676.00 |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorization | C-11 | \$ <u>425,676.00</u> |

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF GRANTS RECEIVABLE

| <u>Ordinance</u> | <u>Description</u> | <u>Balance</u> <u>Dec. 31, 2010</u> | <u>Grant</u> <u>Award</u> | <u>Cash</u> <u>Receipts</u> | <u>Canceled</u> | <u>Balance</u> <u>Dec. 31, 2011</u> |
|------------------|-----------------------------------|--|------------------------------|--------------------------------|---------------------|--|
| 04-09 | NJ DOT Bikeway Grant | \$ 75,000.00 | | \$ 75,000.00 | | |
| 15-09 | NJ DOT Streetscape III Grant | 216,223.75 | | 166,888.22 | \$ 49,335.53 | |
| 13-10 | NJ DOT Streetscape IV Grant | 417,000.00 | | 312,750.00 | | \$ 104,250.00 |
| 12-06/04-09 | NJ DEP Bayshore Trail | 25,000.00 | | | | 25,000.00 |
| 11-09 | NJ DOT | 225,000.00 | | | | 225,000.00 |
| 11-09 | Community Development Block Grant | 200,676.00 | | | | 200,676.00 |
| 08-11 | NJ DOT West Avenue Bikeway Grant | | \$ 150,000.00 | | | 150,000.00 |
| 09-11 | NJ DOT West Avenue Road Grant | | 200,000.00 | | | 200,000.00 |
| | | <u>\$ 1,158,899.75</u> | <u>\$ 350,000.00</u> | <u>\$ 554,638.22</u> | <u>\$ 49,335.53</u> | <u>\$ 904,926.00</u> |

Ref. C C-11 C-2 C-11 C

BOROUGH OF ATLANTIC HIGHLANDS
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, 2011 | Interest Rate | Balance Dec. 31, 2010 | Paid by Budget Appropriation | Balance Dec. 31, 2011 | |
|----------------------|-----------------|-----------------|---|---------------|-----------------------|------------------------------|-----------------------|--------------|
| | | | | | | | | \$ |
| General Improvements | 12/04/02 | \$ 4,107,000.00 | \$ 132,000.00 | 5.000% | \$ 257,000.00 | \$ 125,000.00 | \$ 132,000.00 | |
| General Improvements | 12/21/06 | 5,302,000.00 | 242,000.00 | 4.000% | | | | |
| | | | 252,000.00 | 4.000% | | | | |
| | | | 262,000.00 | 5.000% | | | | |
| | | | 275,000.00 | 5.000% | | | | |
| | | | 289,000.00 | 5.000% | | | | |
| | | | 303,000.00 | 5.000% | | | | |
| | | | 319,000.00 | 5.000% | | | | |
| | | | 335,000.00 | 5.000% | | | | |
| | | | 351,000.00 | 5.000% | | | | |
| | | | 369,000.00 | 5.000% | | | | |
| | | | 385,000.00 | 4.125% | | | | |
| | | | 405,000.00 | 4.125% | | | | |
| | | | 420,000.00 | 4.125% | | 4,440,000.00 | 233,000.00 | 4,207,000.00 |
| | Refunding Bonds | 04/12/07 | 5,611,597.56 | 211,302.54 | 4.000% | | | |
| | | | 357,000.00 | 4.000% | | | | |
| | | | 373,511.90 | 5.000% | | | | |
| | | | 392,509.45 | 5.000% | | | | |
| | | | 411,512.61 | 5.000% | | | | |
| | | | 441,443.81 | 5.000% | | | | |
| | | | 462,951.35 | 5.000% | | | | |
| | | | 486,443.42 | 5.000% | | | | |
| | | | 511,436.27 | 4.000% | | | | |
| | | | 531,615.85 | 4.000% | | | | |
| | | | 552,122.75 | 4.000% | | 4,936,097.52 | 204,247.57 | 4,731,849.95 |

BOROUGH OF ATLANTIC HIGHLANDS
 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, 2011 | Interest Rate | Balance Dec. 31, 2010 | Paid by Budget Appropriation | Balance Dec. 31, 2011 |
|---------------------------|---------------|-----------------|---|---------------|-----------------------|------------------------------|-----------------------|
| General Improvement Bonds | 02/25/10 | \$ 6,995,000.00 | \$ 260,000.00 | 2.500% | | | |
| | | | 260,000.00 | 3.000% | | | |
| | | | 260,000.00 | 2.000% | | | |
| | | | 270,000.00 | 4.000% | | | |
| | | | 280,000.00 | 3.000% | | | |
| | | | 285,000.00 | 3.000% | | | |
| | | | 300,000.00 | 5.000% | | | |
| | | | 310,000.00 | 3.000% | | | |
| | | | 325,000.00 | 5.000% | | | |
| | | | 330,000.00 | 3.250% | | | |
| | | | 350,000.00 | 5.000% | | | |
| | | | 370,000.00 | 5.000% | | | |
| | | | 385,000.00 | 5.000% | | | |
| | | | 405,000.00 | 4.750% | | | |
| | | | 425,000.00 | 4.750% | | | |
| | | | 445,000.00 | 4.750% | | | |
| | | | 470,000.00 | 4.750% | | | |
| | | | 490,000.00 | 4.750% | | | |
| | | | 515,000.00 | 4.750% | | | |
| | | | | | \$ 6,995,000.00 | \$ 260,000.00 | \$ 6,735,000.00 |
| | | | | | \$ 16,628,097.52 | \$ 822,247.57 | \$ 15,805,849.95 |

Ref. C C-4 C

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM MONMOUTH COUNTY IMPROVEMENT AUTHORITY

| | <u>Ref.</u> | |
|---|-------------|---------------------|
| Increased by: | | |
| Appropriated to Finance Improvement Authorization | C-11 | \$ <u>30,860.43</u> |
| Balance December 31, 2011 | C | \$ <u>30,860.43</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE

| | <u>Ref.</u> | |
|----------------------------|-------------|---------------------|
| Balance, December 31, 2010 | C | \$ 22,635.15 |
| Decreased by: | | |
| Budget Appropriation | C-4 | <u>8,919.15</u> |
| Balance, December 31, 2011 | C | <u>\$ 13,716.00</u> |

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ordinance Number | Improvement Description | Date | Amount | Balance Dec. 31, 2010 | | 2011 Authorizations | Increased by Reserve for | | Paid | Encumbrances | Canceled | Balance Dec. 31, 2011 | |
|------------------|--|----------------------|----------------------------|------------------------|----------------------|----------------------|--------------------------|---------------------|------------------------|----------------------|---------------------|-----------------------|----------------------|
| | | | | Funded | Unfunded | | Encumbrances | Reimbursed | | | | Funded | Unfunded |
| 02-99/10-07 | Various Improvements | 05/26/99 | \$ 3,005,000.00 | \$ 38,342.27 | | | | | | | | \$ 38,342.27 | |
| 04-04 | Various Improvements | 04/14/04 | 1,155,000.00 | 31,450.00 | | \$ 15,750.00 | | \$ 15,750.00 | | | | 110,161.77 | 31,450.00 |
| 14-05 | Various Improvements | 07/13/05 | 1,288,500.00 | 112,336.77 | | 613.20 | | 2,788.20 | | | | | |
| 12-06/04-09 | Various Improvements | 07/12/06 03-11-09 | 1,705,000.00 991,000.00 | 16,595.74 | | 16,820.15 | | 20,459.50 | | | | 12,956.39 | |
| 20-07 | 2007 Road Improvements | 09/27/07 | 1,100,000.00 | 183,779.17 | | | | | | | | 183,779.17 | |
| 22-07 | Various Improvements | 12/26/07 | 98,000.00 | 10,000.00 | | 1,870.00 | | \$ 1,870.00 | | | | 10,000.00 | |
| 11-09/04-11 | Various Improvements | 06/10/09 | 7,425,676.00 | 1,361,701.01 | \$ 425,676.00 | 3,284,222.61 | \$ 84,757.48 | 4,239,492.56 | 781,089.13 | | | 135,775.41 | |
| 15-09 | Construction of Streetscape III | 09/09/09 | 460,000.00 | 149,894.30 | | | | | \$ 49,335.53 | | | 100,558.77 | |
| 13-10 | Construction of Streetscape IV | 06/09/10 | 417,000.00 | 381,985.00 | | 24,200.00 | | 345,948.78 | 1,399.89 | | | 58,836.33 | |
| 08-11 | West Avenue Bikeway Program | 06/08/11 | 150,000.00 | | 150,000.00 | | | | | | | 150,000.00 | |
| 09-11 | West Avenue Road Improvements | 06/08/11 | 200,000.00 | | 200,000.00 | | | | | | | 200,000.00 | |
| 18-11 | Acquisition of a 2012 Sanitation Truck | 10/12/11 | 209,984.00 | | 209,984.00 | | | | 209,984.00 | | | | |
| | | | | <u>\$ 2,032,512.82</u> | <u>\$ 253,571.44</u> | <u>\$ 985,660.00</u> | <u>\$ 3,343,475.96</u> | <u>\$ 84,757.48</u> | <u>\$ 4,624,439.04</u> | <u>\$ 994,343.02</u> | <u>\$ 49,335.53</u> | <u>\$ 778,288.67</u> | <u>\$ 253,571.44</u> |
| | Ref. | | | C | C | | C-12 | C-2 | C-2 | C-12 | C-7 | C | C/C-5 |
| | Grants Receivable | | | | | \$ 350,000.00 | | | | | | | |
| | Reserve for Grants Receivable | | | | | 425,676.00 | | | | | | | |
| | Capital Fund Balance | | | | | 54,123.57 | | | | | | | |
| | Capital Improvement Fund | | | | | 125,000.00 | | | | | | | |
| | Due from Monmouth County Improvement Auth. | | | | | 30,860.43 | | | | | | | |
| | | | | | | <u>\$ 985,660.00</u> | | | | | | | |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF RESERVE FOR ENCUMBRANCES

| | <u>Ref.</u> | |
|---------------------------------------|-------------|----------------------|
| Balance, December 31, 2010 | C | \$ 3,343,475.96 |
| Increased by: | | |
| Charged to Improvement Authorizations | C-11 | <u>994,343.02</u> |
| | | 4,337,818.98 |
| Decreased by: | | |
| Applied to Improvement Authorizations | C-11 | <u>3,343,475.96</u> |
| Balance, December 31, 2011 | C | \$ <u>994,343.02</u> |

SCHEDULE OF RESERVE FOR PAYMENT OF BONDS AND NOTES

| | <u>Ref.</u> | |
|--|-------------|----------------------|
| Balance, December 31, 2010 | C | \$ 4,832.75 |
| Increased by: | | |
| Cash Receipts | C-2 | <u>360,908.70</u> |
| Decreased by: | | |
| Anticipated as Current Fund Budget Revenue | C-2 | <u>4,832.75</u> |
| Balance, December 31, 2011 | C | \$ <u>360,908.70</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Ref.</u> | |
|---|-------------|-------------------|
| Balance, December 31, 2010 | C | \$ 125,578.90 |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorization | C-11 | <u>125,000.00</u> |
| Balance, December 31, 2011 | C | <u>\$ 578.90</u> |

SCHEDULE OF RESERVE FOR DOWN PAYMENTS ON IMPROVEMENTS

| | <u>Ref.</u> | |
|-------------------------------------|-------------|--------------------|
| Balance, December 31, 2010 | C | \$ 1,400.00 |
| Decreased by: | | |
| Appropriated to 2011 Budget Revenue | C-2 | <u>\$ 1,400.00</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

| <u>Ordinance Number</u> | <u>Improvement Description</u> | Balance Dec. 31 , 2010 and 2011 |
|-----------------------------|--------------------------------|---------------------------------------|
| 07-95 | Various Improvements | \$ 41,407.08 |
| 10-97 | Various Improvements | 130,000.00 |
| 02-99 | Various Improvements | 597,746.00 |
| 04-04 | Various Improvements | 47,500.00 |
| 20-07 | Various Improvements | <u>250,000.00</u> |
| | | <u>\$ 1,066,653.08</u> |
| | <u>Ref.</u> | (Footnote C) |

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND
 SCHEDULE OF CASH

| | Ref. | Operating | Capital |
|--|------|----------------------|--------------------|
| Balance, December 31, 2010 | D | \$ 89,684.86 | \$ 171,485.37 |
| Increased by Receipts: | | | |
| Consumer Accounts Receivable | D-7 | \$ 2,527,992.16 | |
| Miscellaneous Revenue | D-3 | 49,297.35 | |
| Interfund - Current Fund | D-8 | 191,022.11 | |
| Deficit (General Budget) | D-3 | 34,956.92 | |
| Customer Overpayments | D-12 | 7,927.02 | |
| Interfund - Water/Sewer Utility Operating Fund | D-20 | <u>2,811,195.56</u> | <u>35,000.00</u> |
| | | 2,900,880.42 | 206,485.37 |
| Decreased by Disbursements: | | | |
| 2011 Appropriations | D-4 | 2,355,659.05 | |
| Appropriation Reserves | D-10 | 27,775.93 | |
| Accrued Interest Bonds, Notes and Loans | D-13 | 191,845.15 | |
| Interfund - Water/Sewer Capital Fund | D | 35,000.00 | |
| Improvement Authorizations | D-19 | <u>203,269.79</u> | <u>203,269.79</u> |
| Balance, December 31, 2011 | D | \$ <u>290,600.29</u> | \$ <u>3,215.58</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

| | | Balance |
|----------------------------------|---|----------------------|
| | | <u>Dec. 31, 2011</u> |
| Reserve for Encumbrances | | \$ 58,947.45 |
| Due from N.J. Natural Gas | | (119,000.00) |
| Due from Contractor | | (6,041.50) |
| Interfund - Water Operating Fund | | 35,000.00 |
| Fund Balance | | 1,717.22 |
| | | |
| Ordinance | | |
| <u>Number</u> | <u>Improvement Description</u> | |
| 05-04 | Various Improvements to the Water/ Sewer System | 2,247.32 |
| 11-06 | Water Main/Drywell/Sewer Reline | 4,791.12 |
| 02-08/ 12-08 | Various Improvements to the Water/ Sewer System | 7,995.87 |
| 03-08 | Completion of Stormwater/Drainage Improvement Work Related to the Settlement of Litigation | <u>17,558.10</u> |
| | | <u>\$ 3,215.58</u> |
| | <u>Ref.</u> | D |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

| | <u>Ref.</u> | | |
|----------------------------|-------------|-----------------|----------------------|
| Balance, December 31, 2010 | D | | \$ 301,300.90 |
| Increased by: | | | |
| Water/Sewer Rents Levied | | | <u>2,355,874.57</u> |
| | | | 2,657,175.47 |
| Decreased by: | | | |
| Collections | D-5 | \$ 2,527,992.16 | |
| Overpayments Applied | D-12 | <u>3,334.85</u> | |
| | D-3 | | <u>2,531,327.01</u> |
| Balance, December 31, 2011 | D | | \$ <u>125,848.46</u> |

SCHEDULE OF INTERFUND - CURRENT FUND

| | <u>Ref.</u> | | |
|---------------------------------------|-------------|------------------|----------------------|
| Increased by: | | | |
| Cash Receipts | D-5 | \$ 191,022.11 | |
| Prior Year Excess Anticipated Deficit | D-1 | <u>49,366.98</u> | |
| Balance, December 31, 2011 | D | | \$ <u>240,389.09</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF DUE FROM N.J. NATURAL GAS

| | <u>Ref.</u> | |
|-------------------------------------|-------------|----------------------|
| Balance, December 31, 2010 and 2011 | D | \$ <u>119,000.00</u> |

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND
 SCHEDULE OF APPROPRIATION RESERVES

| | Balance Dec. 31, 2010 | Transfer from Reserve for Encumbrances | Balance After Transfers | Paid or Charged | Balance Lapsed |
|---|--------------------------|---|-------------------------------|--------------------|-------------------|
| Operating: | | | | | |
| Salaries and Wages | \$ 5,233.11 | | \$ 5,233.11 | | \$ 5,233.11 |
| Other Expenses | 39,710.29 | \$ 28,331.66 | 68,041.95 | \$ 27,775.93 | 40,266.02 |
| Bank Fees | 177.37 | | 177.37 | | 177.37 |
| Insurance | 1,747.34 | | 1,747.34 | | 1,747.34 |
| Atlantic Highlands/Highlands Regional Sewerage Authority | 224.35 | | 224.35 | | 224.35 |
| Capital Improvements: | | | | | |
| Capital Outlay | | | | | |
| Statutory Expenditures: | | | | | |
| Social Security | 1,718.79 | | 1,718.79 | | 1,718.79 |
| | \$ 48,811.25 | \$ 28,331.66 | \$ 77,142.91 | \$ 27,775.93 | \$ 49,366.98 |

Ref. D D D-11 D-5 D-1

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND
 SCHEDULE OF RESERVE FOR ENCUMBRANCES

| | <u>Ref.</u> | |
|--|-------------|---------------------|
| Balance, December 31, 2010 | D | \$ 28,331.66 |
| Increased by: | | |
| Transferred from Budget Appropriations | D-4 | <u>12,455.28</u> |
| | | 40,786.94 |
| Decreased by: | | |
| Transferred to Appropriation Reserves | D-10 | <u>28,331.66</u> |
| Balance, December 31, 2011 | D | \$ <u>12,455.28</u> |

SCHEDULE OF CUSTOMER OVERPAYMENTS

| | <u>Ref.</u> | |
|---|-------------|--------------------|
| Balance, December 31, 2010 | D | \$ 3,334.85 |
| Increased by: | | |
| Cash Received | D-5 | <u>7,927.02</u> |
| | | 11,261.87 |
| Decreased by: | | |
| Applied to Customer Accounts Receivable | D-7 | <u>3,334.85</u> |
| Balance, December 31, 2011 | D | \$ <u>7,927.02</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND
 SCHEDULE OF ACCRUED INTEREST ON BONDS AND LOANS

| | <u>Ref.</u> | |
|----------------------------|-------------|---------------------|
| Balance, December 31, 2010 | D | \$ 30,951.08 |
| Increased by: | | |
| Budget Appropriations | D-4 | 189,722.34 |
| | | <u>220,673.42</u> |
| Decreased by: | | |
| Interest Paid | D-5 | <u>191,845.15</u> |
| Balance, December 31, 2011 | D | <u>\$ 28,828.27</u> |

Analysis of Accrued Interest December 31, 2011

| Principal Outstanding Dec. 31, 2011 | Interest Rate | From | To | Period | Amount |
|---|------------------|----------|----------|----------|---------------------|
| Serial Bonds: | | | | | |
| \$ 1,000.00 | Various | 12/01/11 | 12/31/11 | 30 Days | \$ 4.17 |
| 1,478,000.00 | Various | 12/01/11 | 12/31/11 | 30 Days | 5,596.36 |
| 1,133,916.96 | Various | 12/01/11 | 12/31/11 | 30 Days | 4,274.78 |
| 775,000.00 | Various | 08/01/11 | 12/31/11 | 150 Days | 13,630.21 |
| Loans Payable: | | | | | |
| \$ 475,718.76 | 5.00% | 12/03/11 | 12/31/11 | 28 Days | 1,824.67 |
| 269,979.13 | Various | 08/01/11 | 12/31/11 | 152 Days | <u>3,498.08</u> |
| | | | | | <u>\$ 28,828.27</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

Ref.

Balance, December 31, 2010 and 2011

D

\$ 10,198,389.53

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

| <u>Ordinance Number</u> | <u>Improvement Description</u> | <u>Date</u> | <u>Ordinance Amount</u> | <u>Balance Dec. 31, 2010 and 2011</u> |
|-----------------------------|--|----------------------|-----------------------------|---|
| 05-04 | Various Improvements to Water/Sewer System | 04/14/04 | \$ 375,000.00 | \$ 10,787.01 |
| 21-05 | Various Improvements to Water/Sewer System | 10/26/05 | 550,000.00 | 35,599.55 |
| 11-06 | Water Main/Drywell/Sewer Reline | 07/25/06 | 440,000.00 | 56,978.50 |
| 02-08/ 12/08 | Various Improvements to Water/Sewer System | 02/27/08 09/24/08 | 900,000.00 | 900,000.00 |
| 03-08 | Completion of Stormwater/Drainage Improvement Work Related to the Settlement of Litigation | 03/09/08 | 495,000.00 | <u>495,000.00</u> |
| | | | | <u>\$ 1,498,365.06</u> |
| | | | <u>Ref.</u> | <u>D</u> |

BOROUGH OF ATLANTIC HIGHLANDS
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, 2011 | Interest Rate | Balance Dec. 31, 2010 | Paid by Budget Appropriation | Balance Dec. 31, 2011 |
|-------------------------------------|---------------|----------------|---|---------------|-----------------------|------------------------------|-----------------------|
| | | | | | | | |
| Water/Sewer Utility Refunding Bonds | 10/01/01 | \$ 624,000.00 | \$ | | \$ 80,000.00 | \$ 80,000.00 | |
| Water/Sewer Utility Bonds | 12/04/02 | 712,000.00 | \$ 1,000.00 | 5.000% | 2,000.00 | 1,000.00 | 1,000.00 |
| Water/Sewer Utility Bonds | 12/01/06 | 1,800,000.00 | 71,000.00 | 4.000% | | | |
| | | | 74,000.00 | 4.000% | | | |
| | | | 76,000.00 | 5.000% | | | |
| | | | 80,000.00 | 5.000% | | | |
| | | | 84,000.00 | 5.000% | | | |
| | | | 88,000.00 | 5.000% | | | |
| | | | 93,000.00 | 5.000% | | | |
| | | | 98,000.00 | 5.000% | | | |
| | | | 102,000.00 | 5.000% | | | |
| | | | 107,000.00 | 5.000% | | | |
| | | | 115,000.00 | 4.125% | | | |
| | | | 120,000.00 | 4.125% | | | |
| | | | 120,000.00 | 4.125% | | | |
| | | | 125,000.00 | 4.125% | | | |
| | | | 125,000.00 | 4.125% | 1,546,000.00 | 68,000.00 | 1,478,000.00 |

BOROUGH OF ATLANTIC HIGHLANDS
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, 2011 | Interest Rate | Balance Dec. 31, 2010 | Paid by Budget Appropriation | Balance Dec. 31, 2011 | |
|-------------------------------------|---------------------------|--------------------|---|--------------------|-----------------------|------------------------------|-----------------------|--|
| | | | | | | | | |
| Water/Sewer Utility Refunding Bonds | 04/12/07 | \$ 1,339,139.84 | 12/01/12 \$ 52,060.05 | 4.000% | | | | |
| | | | 12/01/13 80,000.00 | 4.000% | | | | |
| | | | 12/01/14 85,658.73 | 5.000% | | | | |
| | | | 12/01/15 87,445.15 | 5.000% | | | | |
| | | | 12/01/16 92,218.49 | 5.000% | | | | |
| | | | 12/01/17 104,286.04 | 5.000% | | | | |
| | | | 12/01/18 109,167.57 | 5.000% | | | | |
| | | | 12/01/19 115,290.12 | 5.000% | | | | |
| | | | 12/01/20 121,529.41 | 4.000% | | | | |
| | | | 12/01/21 126,384.15 | 4.000% | | | | |
| | | | 12/01/22 159,877.25 | 4.000% | \$ 1,183,431.52 | \$ 49,514.56 | \$ 1,133,916.96 | |
| | Water/Sewer Utility Bonds | 02/25/10 | 805,000.00 | 02/01/12 30,000.00 | 2.500% | | | |
| | | | | 02/01/13 30,000.00 | 3.000% | | | |
| | | | | 02/01/14 30,000.00 | 2.000% | | | |
| | | | | 02/01/15 30,000.00 | 4.000% | | | |
| | | | | 02/01/16 30,000.00 | 3.000% | | | |
| | | | | 02/01/17 35,000.00 | 3.000% | | | |
| | | | | 02/01/18 35,000.00 | 5.000% | | | |
| | | | 02/01/19 35,000.00 | 3.000% | | | | |
| | | | 02/01/20 35,000.00 | 5.000% | | | | |
| | | | 02/01/21 40,000.00 | 3.250% | | | | |
| | | | 02/01/22 40,000.00 | 5.000% | | | | |
| | | | 02/01/23 45,000.00 | 5.000% | | | | |
| | | 02/01/24 45,000.00 | 5.000% | | | | | |
| | | 02/01/25 45,000.00 | 4.750% | | | | | |
| | | 02/01/26 50,000.00 | 4.750% | | | | | |
| | | 02/01/27 50,000.00 | 4.750% | | | | | |
| | | 02/01/28 55,000.00 | 4.750% | | | | | |
| | | 02/01/29 55,000.00 | 4.750% | | | | | |
| | | 02/01/30 60,000.00 | 4.750% | | | | | |
| | | | | | \$ 805,000.00 | \$ 30,000.00 | \$ 775,000.00 | |
| | | | | | \$ 3,616,431.52 | \$ 228,514.56 | \$ 3,387,916.96 | |

Ref D D-21 D

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF WATER/SEWER UTILITY LOANS PAYABLE

| Purpose | Date of Issue | Original Issue | Maturities of Loans Outstanding December 31, 2011 | Interest Rate | Balance Dec. 31, 2010 | Paid by Budget Appropriation | Balance Dec. 31, 2011 |
|---|---------------|-----------------|---|---------------|-----------------------|------------------------------|-----------------------|
| Water System Improvements - Farmers Home Administration | 02/03/84 | \$ 1,000,000.00 | \$ 17,664.65 | 5.000% | | | |
| | | | 18,042.35 | 5.000% | | | |
| | | | 18,554.91 | 5.000% | | | |
| | | | 18,959.75 | 5.000% | | | |
| | | | 19,490.17 | 5.000% | | | |
| | | | 19,923.65 | 5.000% | | | |
| | | | 20,472.85 | 5.000% | | | |
| | | | 20,936.33 | 5.000% | | | |
| | | | 21,505.25 | 5.000% | | | |
| | | | 22,000.28 | 5.000% | | | |
| | | | 22,589.91 | 5.000% | | | |
| | | | 23,118.11 | 5.000% | | | |
| | | | 23,729.47 | 5.000% | | | |
| | | | 24,292.49 | 5.000% | | | |
| | | | 24,926.73 | 5.000% | | | |
| | | | 25,526.33 | 5.000% | | | |
| | | | 26,184.59 | 5.000% | | | |
| | | | 26,822.63 | 5.000% | | | |
| | | | 27,506.15 | 5.000% | | | |
| | | | 28,184.60 | 5.000% | | | |
| | | | 25,287.56 | 5.000% | \$ 509,705.19 | \$ 33,986.43 | \$ 475,718.76 |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF WATER/SEWER UTILITY LOANS PAYABLE

| Purpose | Date of Issue | Original Issue | Maturities of Loans Outstanding December 31, 2011 | Interest Rate | Balance Dec. 31, 2010 | Paid by Budget Appropriation | Balance Dec. 31, 2011 |
|--|---------------|----------------|---|---------------|-----------------------|------------------------------|-----------------------|
| | | | | | | | |
| Sewer System Improvements - NJ Wastewater Treatment Trust Fund | 11/07/96 | \$ 445,000.00 | 08/01/12-14 \$ 30,000.00 | 5.250% | \$ 185,000.00 | \$ 25,000.00 | \$ 160,000.00 |
| | | | 08/01/15-16 35,000.00 | 5.250% | | | |
| Sewer System Improvements - NJ Wastewater Treatment Trust Loan | 11/07/96 | 427,692.00 | 02/01/12 2,465.06 | 0.000% | | | |
| | | | 08/01/12 20,072.62 | 0.000% | | | |
| | | | 02/01/13 2,002.86 | 0.000% | | | |
| | | | 08/01/13 19,610.43 | 0.000% | | | |
| | | | 02/01/14 1,540.66 | 0.000% | | | |
| | | | 08/01/14 19,148.23 | 0.000% | | | |
| | | | 02/01/15 1,078.46 | 0.000% | | | |
| | | | 08/01/15 21,620.62 | 0.000% | | | |
| | | | 02/01/16 539.23 | 0.000% | | | |
| | | | 08/01/16 21,900.96 | 0.000% | | | |
| | | | | | 130,352.55 | 20,373.42 | 109,979.13 |
| | | | | | \$ 825,057.74 | \$ 79,359.85 | \$ 745,697.89 |

Ref. D D-21 D

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

| | <u>Ref.</u> | |
|--|-------------|----------------------------|
| Balance, December 31, 2010 | D | \$ 235,479.10 |
| Increased by: | | |
| Charged to Improvement Authorizations | D-19 | <u>58,947.45</u> |
| | | 294,426.55 |
| Decreased by: | | |
| Transfer to Improvement Authorizations | D-19 | <u>235,479.10</u> |
| Balance, December 31, 2011 | D | <u><u>\$ 58,947.45</u></u> |

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY
 WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| <u>Number</u> | <u>Improvement Description</u> | <u>Date</u> | <u>Ordinance</u> <u>Amount</u> | <u>Balance</u> <u>Dec. 31, 2010</u> <u>Funded</u> | <u>Increased by</u> | | <u>Decreased by</u> | | <u>Balance</u> <u>Dec. 31, 2011</u> <u>Funded</u> |
|-----------------|---|----------------------|-----------------------------------|---|---|---------------|---|---------------------|---|
| | | | | | <u>Reserve</u> <u>for</u> <u>Encumbrances</u> | <u>Paid</u> | <u>Reserve</u> <u>for</u> <u>Encumbrances</u> | <u>Encumbrances</u> | |
| 05-04 | Various Improvements to Water /Sewer System | 04/14/04 | \$ 375,000.00 | \$ 5,247.32 | \$ 3,000.00 | \$ | \$ | 2,247.32 | |
| 21-05 | Various Improvements to Water /Sewer System | 10/26/05 | 550,000.00 | 32,289.71 | 3,387.60 | \$ 3,309.84 | \$ 32,211.95 | 0.00 | |
| 11-06 | Water Main/Drywell/Sewer Reline | 07/25/06 | 440,000.00 | 4,235.50 | 2,580.21 | 7,371.33 | 4,235.50 | 4,791.12 | |
| 02-08/ 12-08 | Various Improvements to Water /Sewer System | 02/27/08 09/24/08 | 900,000.00 | 0.02 | 10,151.98 | 18,147.83 | | 7,995.87 | |
| 03-08 | Completion of Stormwater/ Drainage Improvement Work Related to the Settlement of Litigation | 03/09/08 | 495,000.00 | 17,558.00 | 184,150.00 | 206,650.10 | 22,500.00 | 17,558.10 | |
| | | | \$ | \$ 59,330.55 | \$ 203,269.79 | \$ 235,479.10 | \$ 58,947.45 | \$ 32,592.41 | |

Ref. D D D-18 D-5 D-18 D

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF INTERFUND - WATER/SEWER UTILITY OPERATING FUND

| | <u>Ref.</u> | |
|----------------------------|-------------|---------------------|
| Increased by: | | |
| Cash Receipts | D-5 | \$ <u>35,000.00</u> |
| Balance, December 31, 2011 | D | \$ <u>35,000.00</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

| | <u>Ref.</u> | |
|---------------------------------------|-------------|------------------------|
| Balance, December 31, 2010 | D | \$ 6,665,265.33 |
| Increased by: | | |
| Serial Bonds Paid by Operating Budget | D-16 | \$ 228,514.56 |
| Loans Paid by Operating Budget | D-17 | <u>79,359.85</u> |
| | | <u>307,874.41</u> |
| Balance, December 31, 2011 | D | \$ <u>6,973,139.74</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

| <u>Ordinance Number</u> | <u>Improvement Description</u> | <u>Ordinance Date</u> | <u>Balance Dec. 31, 2010 and 2011</u> |
|-----------------------------|--|---------------------------|---|
| 02-08/ 12-08 | Various Improvements to Water/Sewer System | 02/27/08 09/24/08 | \$ 95,000.00 |
| 03-08 | Completion of Stormwater/Drainage Improvement Work Related to the Settlement of Litigation | 03/09/08 | <u>495,000.00</u> |
| | | | <u>\$ 590,000.00</u> |

D

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY FUND
 SCHEDULE OF CASH

| | <u>Ref.</u> | <u>Operating</u> | <u>Capital</u> |
|---------------------------------------|-------------|----------------------|----------------------|
| Balance, December 31, 2010 | E | \$ 478,859.60 | \$ 742,517.93 |
| Increased by Receipts: | | | |
| Accounts Receivable - Operations | E-10 | \$ 2,873,590.76 | |
| Accounts Receivable - Building Rental | E-11 | 460,562.31 | |
| Gas Station Operations | E-3 | 2,116,529.02 | |
| Miscellaneous | E-3 | 57,014.65 | |
| Reserve for Debt Service | E-3 | 57,000.00 | |
| FEMA Reimbursement | E-3 | 238,999.39 | |
| Sales Tax Payable | E-13 | <u>30,912.73</u> | |
| | | 5,834,608.86 | |
| | | <u>6,313,468.46</u> | <u>742,517.93</u> |
| Decreased by Disbursements: | | | |
| 2011 Appropriations | E-4 | 5,323,362.32 | |
| Appropriation Reserves | E-16 | 121,818.83 | |
| Sales Tax Payable | E-13 | 30,912.73 | |
| Accrued Interest on Bonds | E-19 | 283,373.22 | |
| Accounts Payable | E-12 | 3,891.25 | |
| Reserve for Payment of Debt Service | E-21 | | \$ 57,000.00 |
| Improvement Authorizations | E-22 | | <u>220,183.60</u> |
| | | <u>5,763,358.35</u> | <u>277,183.60</u> |
| Balance, December 31, 2011 | E | <u>\$ 550,110.11</u> | <u>\$ 465,334.33</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY CAPITAL FUND
ANALYSIS OF HARBOR COMMISSION UTILITY CAPITAL CASH

| | | Balance |
|-----------------------------|--------------------------------|----------------------|
| | | <u>Dec. 31, 2011</u> |
| Fund Balance | | \$ 124,847.40 |
| Capital Improvement Fund | | 97,212.71 |
| Reserve for Heritage Square | | 26,691.00 |
| Reserve for Encumbrances | | 9,345.40 |
| | | |
| Ordinance | | |
| <u>Number</u> | <u>Improvement Description</u> | |
| 09-03 | Various Harbor Improvements | (434.33) |
| 13-06 | Various Harbor Improvements | 73,525.00 |
| 18-07 | Various Harbor Improvements | 66,657.20 |
| 13-08 | Various Harbor Improvements | <u>67,489.95</u> |
| | | \$ <u>465,334.33</u> |
| | <u>Ref.</u> | E |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY OPERATING FUND
 SCHEDULE OF CHANGE FUND

| | <u>Ref.</u> | |
|-------------------------------------|-------------|--------------------|
| Balance, December 31, 2010 and 2011 | E | \$ <u>2,060.00</u> |

SCHEDULE OF EMERGENCY AUTHORIZATIONS

| | <u>Ref.</u> | |
|----------------------------|-------------|----------------------|
| Balance, December 31, 2010 | E | \$ 250,000.00 |
| Increased by: | | |
| Emergency Authorization | E-1/E-4 | <u>250,000.00</u> |
| | | 500,000.00 |
| Decreased by: | | |
| Raised in Operating Budget | E-4 | <u>250,000.00</u> |
| Balance, December 31, 2011 | E | \$ <u>250,000.00</u> |

SCHEDULE OF REFUNDS PAYABLE -
 HARBOR COMMISSION UTILITY OPERATING FUND

| | <u>Ref.</u> | |
|-------------------------------------|-------------|--------------------|
| Balance, December 31, 2010 and 2011 | E | \$ <u>1,500.00</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY OPERATING FUND
SCHEDULE OF ACCOUNTS RECEIVABLE - OPERATIONS

| | <u>Ref.</u> | |
|----------------------------|-------------|----------------------|
| Balance, December 31, 2010 | E | \$ 82,417.43 |
| Increased by: | | |
| Charges | | <u>2,907,512.17</u> |
| | | 2,989,929.60 |
| Decreased by: | | |
| Collections | E-3/E-5 | <u>2,873,590.76</u> |
| Balance, December 31, 2011 | E | <u>\$ 116,338.84</u> |

Exhibit E-11

SCHEDULE OF ACCOUNTS RECEIVABLE - BUILDING RENTAL

| | <u>Ref.</u> | |
|----------------------------|-------------|----------------------|
| Balance, December 31, 2010 | E | \$ 17,405.14 |
| Increased by: | | |
| Charges | | <u>443,157.17</u> |
| | | 460,562.31 |
| Decreased by: | | |
| Collections | E-3/E-5 | <u>\$ 460,562.31</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY OPERATING FUND
SCHEDULE OF ACCOUNTS PAYABLE

| | <u>Ref.</u> | | |
|----------------------------|-------------|----|-----------------|
| Balance, December 31, 2010 | E | \$ | 3,891.25 |
| Decreased by: | | | |
| Cash Disbursements | E-5 | \$ | <u>3,891.25</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY OPERATING FUND
SCHEDULE OF SALES TAX PAYABLE

| | <u>Ref.</u> | |
|----------------------------|-------------|--------------------|
| Balance, December 31, 2010 | E | \$ 1,400.51 |
| Increased by: | | |
| Cash Receipts | E-5 | <u>30,912.73</u> |
| | | 32,313.24 |
| Decreased by: | | |
| Cash Disbursed | E-5 | <u>30,912.73</u> |
| Balance, December 31, 2011 | E | <u>\$ 1,400.51</u> |

HARBOR COMMISSION UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

| | <u>Ref.</u> | |
|-------------------------------------|-------------|-------------------------|
| Balance, December 31, 2010 and 2011 | E | <u>\$ 19,776,623.65</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| <u>Ordinance Number</u> | <u>Improvement Description</u> | <u>Date</u> | <u>Ordinance</u> | | <u>Balance Dec. 31, 2010 and Dec. 31, 2011</u> |
|-----------------------------|--------------------------------|-------------|------------------|---------------|--|
| | | | <u>Amount</u> | <u>Amount</u> | |
| 13-06 | Various Harbor Improvements | 10/09/06 | \$ 840,000.00 | \$ | 109,538.70 |
| 18-07 | Various Harbor Improvements | 08/15/07 | 700,000.00 | | 700,000.00 |
| 13-08 | Various Harbor Improvements | 10/08/08 | 800,000.00 | | <u>800,000.00</u> |
| | | | | | <u>\$ 1,609,538.70</u> |

Ref.

E

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY OPERATING FUND
 SCHEDULE OF APPROPRIATION RESERVES

| | Balance Dec. 31, 2010 | Reserve for Encumbrances | Balance After Transfers | Paid or Charged | Balance Lapsed |
|-------------------------|--------------------------|-----------------------------|-------------------------------|----------------------|---------------------|
| Operating: | | | | | |
| Salaries and Wages | \$ 12,526.09 | \$ | 12,526.09 | \$ 2,000.00 | \$ 10,526.09 |
| Other Expenses | 8,309.25 | 13,475.01 | 21,784.26 | 20,964.09 | 820.17 |
| Bank Fees | 517.35 | | 517.35 | | 517.35 |
| Gas Station Operations | 38,260.75 | 17,567.74 | 55,828.49 | 17,567.74 | 38,260.75 |
| Insurance | 88.87 | | 88.87 | | 88.87 |
| Capital Improvements: | | | | | |
| Capital Outlay | 79,920.77 | 22,137.00 | 102,057.77 | 81,287.00 | 20,770.77 |
| Statutory Expenditures: | | | | | |
| Social Security System | 2,207.70 | | 2,207.70 | | 2,207.70 |
| | <u>\$ 141,830.78</u> | <u>\$ 53,179.75</u> | <u>\$ 195,010.53</u> | <u>\$ 121,818.83</u> | <u>\$ 73,191.70</u> |

Ref.

E

E-17

E-5

E-1

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY OPERATING FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

| | <u>Ref.</u> | |
|--|-------------|---------------------|
| Balance, December 31, 2010 | E | \$ 53,179.75 |
| Increased by: | | |
| Transferred from Budget Appropriations | E-4 | <u>78,697.70</u> |
| | | 131,877.45 |
| Decreased by: | | |
| Transferred to Appropriation Reserves | E-16 | <u>53,179.75</u> |
| Balance, December 31, 2011 | E | <u>\$ 78,697.70</u> |

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY CAPITAL FUND
 SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

| Ordinance Number | Improvement Description | Ordinance Date | Balance Dec. 31, 2010 | Serial Bonds Paid by | | Ref. |
|---------------------|-----------------------------|-------------------|--------------------------|-------------------------|---------------|------|
| | | | | Operating | Budget | |
| 13-06 | Various Harbor Improvements | 10/09/06 | \$ 109,538.70 | \$ | 109,538.70 | E |
| 18-07 | Various Harbor Improvements | 08/15/07 | \$ | 64,791.29 | 64,791.29 | E |
| 13-08 | Various Harbor Improvements | 10/08/08 | | 74,047.19 | 74,047.19 | E |
| | | | \$ 109,538.70 | \$ 138,838.48 | \$ 248,377.18 | |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS

| | <u>Ref.</u> | |
|----------------------------|-------------|---------------------|
| Balance, December 31, 2010 | E | \$ 46,056.10 |
| Increased by: | | |
| Budget Appropriations | E-4 | 280,713.26 |
| | | <u>326,769.36</u> |
| Decreased by: | | |
| Interest Paid | E-5 | 283,373.22 |
| | | <u>283,373.22</u> |
| Balance, December 31, 2011 | E | <u>\$ 43,396.14</u> |

Analysis of Accrued Interest December 31, 2011

| | <u>Principal</u> <u>Outstanding</u> <u>Dec. 31, 2011</u> | <u>Interest</u> <u>Rate</u> | <u>From</u> | <u>To</u> | <u>Period</u> | <u>Amount</u> |
|---------------|--|--------------------------------|-------------|-----------|---------------|---------------------|
| Serial Bonds: | | | | | | |
| | \$ 92,000.00 | Various | 12/01/11 | 12/31/11 | 30 Days | \$ 383.33 |
| | 1,422,000.00 | Various | 12/01/11 | 12/31/11 | 30 Days | 5,383.44 |
| | 2,874,233.09 | Various | 12/01/11 | 12/31/11 | 30 Days | 11,259.58 |
| | 1,500,000.00 | Various | 08/01/11 | 12/31/11 | 150 Days | 26,369.79 |
| | | | | | | <u>26,369.79</u> |
| | | | | | | <u>\$ 43,396.14</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR UTILITY CAPITAL FUND
SCHEDULE OF HARBOR COMMISSION UTILITY SERIAL BONDS

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding December 31, 2011 | Interest Rate | Balance Dec. 31, 2010 | Paid by Budget Appropriation | Balance Dec. 31, 2011 |
|-------------------------------------|---------------|-----------------|---|---------------|-----------------------|------------------------------|-----------------------|
| | | | | | | | |
| Harbor Commission Utility Refunding | 10/01/01 | \$ 1,398,000.00 | | | \$ 140,000.00 | \$ 140,000.00 | |
| Harbor Commission Utility | 12/04/02 | 2,549,000.00 | \$ 92,000.00 | 5.000% | 93,000.00 | 1,000.00 | \$ 92,000.00 |
| Harbor Commission Utility | 12/01/06 | 1,734,000.00 | 66,000.00 | 4.000% | | | |
| | 12/01/13 | | 72,000.00 | 4.000% | | | |
| | 12/01/14 | | 73,000.00 | 5.000% | | | |
| | 12/01/15 | | 75,000.00 | 5.000% | | | |
| | 12/01/16 | | 79,000.00 | 5.000% | | | |
| | 12/01/17 | | 85,000.00 | 5.000% | | | |
| | 12/01/18 | | 89,000.00 | 5.000% | | | |
| | 12/01/19 | | 96,000.00 | 5.000% | | | |
| | 12/01/20 | | 97,000.00 | 5.000% | | | |
| | 12/01/21 | | 105,000.00 | 5.000% | | | |
| | 12/01/22 | | 110,000.00 | 4.125% | | | |
| | 12/01/23 | | 115,000.00 | 4.125% | | | |
| | 12/01/24-26 | | 120,000.00 | 4.125% | 1,490,000.00 | 68,000.00 | 1,422,000.00 |
| Harbor Commission Utility Refunding | 04/12/07 | 3,245,262.60 | 178,637.41 | 4.000% | | | |
| | 12/01/13 | | 281,000.00 | 4.000% | | | |
| | 12/01/14 | | 293,829.37 | 5.000% | | | |
| | 12/01/15 | | 308,045.40 | 5.000% | | | |
| | 12/01/16 | | 322,268.90 | 5.000% | | | |
| | 12/01/17 | | 346,270.15 | 5.000% | | | |
| | 12/01/18 | | 362,881.08 | 5.000% | | | |
| | 12/01/19 | | 381,266.46 | 5.000% | | | |
| | 12/01/20 | | 400,034.32 | 4.000% | 3,045,470.96 | 171,237.87 | 2,874,233.09 |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR PAYMENT OF DEBT SERVICE

| | <u>Ref.</u> | |
|---|-------------|---------------------|
| Balance, December 31, 2010 | E | \$ 57,000.00 |
| Decreased by: | | |
| Realized as Revenue in Operating Budget | E-3 | \$ <u>57,000.00</u> |

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY
 HARBOR COMMISSION UTILITY CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ordinance Number | Improvement Description | Date | Ordinance Amount | Balance Dec. 31, 2010 Funded | Increased by | | Decreased by | | Balance Dec. 31, 2011 Funded |
|------------------|-----------------------------|----------|------------------|------------------------------|--------------------------|----------------------|--------------------------|----------------------|------------------------------|
| | | | | | Reserve for Encumbrances | Paid | Reserve for Encumbrances | | |
| 13-06 | Various Harbor Improvements | 09/13/06 | \$ 840,000.00 | \$ 88,275.00 | \$ 42,000.00 | \$ 56,750.00 | | \$ 73,525.00 | |
| 18-07 | Various Harbor Improvements | 08/15/07 | 700,000.00 | 66,657.20 | | | | 66,657.20 | |
| 13-08 | Various Harbor Improvements | 10/08/08 | 800,000.00 | 104,253.71 | 136,015.24 | 163,433.60 | \$ 9,345.40 | 67,489.95 | |
| | | | | <u>\$ 259,185.91</u> | <u>\$ 178,015.24</u> | <u>\$ 220,183.60</u> | <u>\$ 9,345.40</u> | <u>\$ 207,672.15</u> | |

Ref.

E

E

E-5

E

E

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Ref.</u> | |
|-------------------------------------|-------------|---------------------|
| Balance, December 31, 2010 and 2011 | E | \$ <u>97,212.71</u> |

SCHEDULE OF RESERVE FOR AMORTIZATION

| | <u>Ref.</u> | |
|---------------------------------------|-------------|-------------------------|
| Balance, December 31, 2010 | E | \$ 14,952,718.36 |
| Increased by: | | |
| Serial Bonds Paid by Operating Budget | E-20 | <u>296,399.39</u> |
| Balance, December 31, 2011 | E | \$ <u>15,249,117.75</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR HERITAGE SQUARE

| | <u>Ref.</u> | |
|-------------------------------------|-------------|---------------------|
| Balance, December 31, 2010 and 2011 | E | \$ <u>26,691.00</u> |

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED
BUT NOT ISSUED

| <u>Ordinance Number</u> | <u>Improvement Description</u> | Balance, December 31, 2010 and 2011 |
|-----------------------------|--------------------------------|---|
| 09-03 | Various Harbor Improvements | \$ <u>434.33</u> |
| | | \$ <u><u>434.33</u></u> |

(Footnote E)

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

| | <u>Balance</u> <u>Dec. 31, 2010</u> | <u>Deletions</u> | <u>Balance</u> <u>Dec. 31, 2011</u> |
|-------------------------|--|---------------------|--|
| General Fixed Assets: | | | |
| Land | \$ 8,905,500.00 | | \$ 8,905,500.00 |
| Building | 2,994,900.00 | | 2,994,900.00 |
| Machinery and Equipment | <u>4,785,712.00</u> | <u>\$ 10,989.00</u> | <u>4,774,723.00</u> |
| | <u>\$ 16,686,112.00</u> | <u>\$ 10,989.00</u> | <u>\$ 16,675,123.00</u> |
| <u>Ref.</u> | G | | G |

BOROUGH OF ATLANTIC HIGHLANDS

COUNTY OF MONMOUTH

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2011

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

| | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|--|------------------|------------------|------------------|
| <u>Tax Rate (Per \$100 Assessed Valuation)</u> | <u>\$2.378</u> | <u>\$2.320</u> | <u>\$2.260</u> |
| <u>Apportionment of Tax Rate</u> | | | |
| Municipality | .673 | .647 | .612 |
| Municipal Open Space | .010 | .010 | .010 |
| County | .362 | .361 | .369 |
| Regional High School | .613 | .591 | .582 |
| Local School | .720 | .711 | .687 |
| <u>Assessed Valuation</u> | | | |
| 2011 | \$632,771,827.00 | | |
| 2010 | | \$634,407,870.00 | |
| 2009 | | | \$635,120,544.00 |

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

| <u>Year</u> | <u>Tax Levy</u> | <u>Cash Collections</u> | <u>Percentage of Collection</u> |
|-------------|------------------|-------------------------|---------------------------------|
| 2011 | \$ 15,098,079.57 | \$ 14,778,046.61 | 97.88% |
| 2010 | 14,762,504.94 | 14,214,964.95 | 96.29% |
| 2009 | 14,392,504.98 | 14,012,611.89 | 97.36% |

DELINQUENT TAXES AND TAX TITLE LIENS

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

| <u>Year Ended December 31</u> | <u>Amount of Tax Title Liens</u> | <u>Amount of Delinquent Taxes</u> | <u>Total Delinquent</u> | <u>Percentage of Tax Levy</u> |
|-------------------------------|----------------------------------|-----------------------------------|-------------------------|-------------------------------|
| 2011 | \$ 5,905.72 | \$ 293,877.97 | \$ 299,783.69 | 1.98% |
| 2010 | 5,025.86 | 490,756.98 | 495,782.84 | 3.36% |
| 2009 | 1,029.28 | 299,842.03 | 300,871.31 | 2.09% |

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:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2011 | \$ 92,600.00 |
| 2010 | 92,600.00 |
| 2009 | 92,600.00 |

COMPARISON OF WATER/SEWER UTILITY RENTS LEVIED

| <u>Year</u> | <u>Levy</u> | <u>Prior Year Delinquent</u> | <u>Cash Collections</u> |
|-------------|-----------------|----------------------------------|-----------------------------|
| 2011 | \$ 2,355,874.57 | \$ 301,300.90 | \$ 2,531,327.01 |
| 2010 | 2,196,303.01 | 170,393.54 | 2,065,395.65 |
| 2009 | 2,118,058.52 | 188,607.17 | 2,136,272.15 |

COMPARISON OF HARBOR COMMISSION UTILITY CHARGES

| <u>Year</u> | <u>Charges</u> | <u>Prior Year Delinquent</u> | <u>Cash Collections</u> |
|-------------|-----------------|----------------------------------|-----------------------------|
| 2011 | \$ 3,350,669.34 | \$ 99,822.57 | \$ 3,334,153.07 |
| 2010 | 3,526,597.53 | 79,233.73 | 3,506,008.69 |
| 2009 | 3,373,303.35 | 69,745.44 | 3,363,815.06 |

COMPARATIVE SCHEDULE OF FUND BALANCES

| <u>Year</u> | <u>Balance December 31</u> | <u>Utilized In Budget of Succeeding Year</u> |
|---------------------|--------------------------------|--|
| <u>Current Fund</u> | | |
| 2011 | \$ 982,991.18 | \$ 890,000.00 |
| 2010 | 771,643.16 | 725,000.00 |
| 2009 | 987,819.72 | 950,000.00 |
| 2008 | 519,935.33 | 400,000.00 |
| 2007 | 202,167.78 | 122,308.68 |

| <u>Year</u> | <u>Balance December 31</u> | <u>Utilized in Budget of Succeeding Year</u> |
|---------------------------------|--------------------------------|--|
| <u>Water/Sewer Utility Fund</u> | | |
| 2011 | \$ 34,302.55 | \$ 26,454.73 |
| 2010 | 34,302.55 | - |
| 2009 | 34,302.55 | - |
| 2008 | 74,302.55 | 40,000.00 |
| 2007 | 150,310.06 | 98,692.28 |

COMPARATIVE SCHEDULE OF FUND BALANCES (continued)

| <u>Year</u> | <u>Balance December 31,</u> | <u>Utilized In Budget of Succeeding Year</u> |
|---------------------------------------|---------------------------------|--|
| <u>Harbor Commission Utility Fund</u> | | |
| 2011 | \$ 493,949.04 | \$ 241,287.41 |
| 2010 | 483,061.21 | 227,000.00 |
| 2009 | 411,898.56 | 400,000.00 |
| 2008 | 1,032,506.84 | 775,925.00 |
| 2007 | 247,512.73 | 247,512.73 |

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

| | <u>Year 2011</u> | <u>Year 2010</u> | <u>Year 2009</u> |
|---|-------------------------|-------------------------|-------------------------|
| <u>Issued</u> | | | |
| General: | | | |
| Bonds, Notes and Loans | \$ 15,819,565.95 | \$ 16,650,732.67 | \$ 11,002,181.11 |
| Water/Sewer Utility: | | | |
| Bonds, Notes and Loans | 4,133,614.85 | 4,441,489.26 | 4,768,629.30 |
| Harbor Commission Utility: | | | |
| Bonds, Notes and Loan | <u>5,888,233.09</u> | <u>6,323,470.96</u> | <u>6,792,118.44</u> |
| Total Issued | <u>25,841,413.89</u> | <u>27,415,692.89</u> | <u>22,562,928.85</u> |
| Less: | | | |
| Reserve for Debt Service: | | | |
| General | 360,908.70 | 4,832.75 | 179,832.75 |
| Water/Sewer Utility | - | - | - |
| Harbor Commission Utility | <u>-</u> | <u>57,000.00</u> | <u>63,404.92</u> |
| | <u>360,908.70</u> | <u>61,832.75</u> | <u>243,237.67</u> |
| Net Debt Issued | <u>25,480,505.19</u> | <u>27,353,860.14</u> | <u>22,319,691.18</u> |
| <u>Authorized but not Issued</u> | | | |
| General: | | | |
| Bonds and Notes | 1,066,653.08 | 1,066,653.08 | 7,716,653.08 |
| Water/Sewer Utility: | | | |
| Bonds and Notes | - | - | - |
| Harbor Commission Utility: | | | |
| Bonds and Notes | <u>434.33</u> | <u>434.33</u> | <u>2,500,737.40</u> |
| Total Authorized but not Issued | <u>1,067,087.41</u> | <u>1,067,087.41</u> | <u>10,217,390.48</u> |
| Net Bonds, Notes and Loans Issued and Authorized but not Issued | \$ <u>26,547,592.60</u> | \$ <u>28,420,947.55</u> | \$ <u>32,537,081.66</u> |

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarization statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 2.04%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|------------------------------------|-------------------------|-------------------------|-------------------------|
| Local School District Debt | \$ 3,493,000.00 | \$ 3,493,000.00 | \$ None |
| Regional High School District Debt | 4,269,404.72 | 4,269,404.72 | None |
| General Debt | 16,886,219.03 | 360,908.70 | 16,525,310.33 |
| Water/Sewer Utility Debt | 4,133,614.85 | 4,133,614.85 | None |
| Harbor Commission Utility Debt | <u>5,888,667.42</u> | <u>5,888,667.42</u> | <u>None</u> |
| | <u>\$ 34,670,906.02</u> | <u>\$ 18,145,595.69</u> | <u>\$ 16,525,310.33</u> |

Net Debt \$16,525,310.33 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$808,287,568.00 equals 2.04%.

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

| | |
|--|-------------------------|
| 3-1/2% Equalized Valuation Basis Municipal | \$ 28,290,064.88 |
| Net Debt | <u>16,525,310.33</u> |
| Remaining Borrowing Power | <u>\$ 11,764,754.55</u> |

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

| | | |
|---|-------------------|---------------------|
| Cash Receipts From Fees, Rents or Other | | |
| Charges for the Year | | \$ 2,580,624.36 |
| Deductions: | | |
| Operating and Maintenance Costs | \$ 2,061,700.00 | |
| Debt Service Per Water/Sewer Account | <u>497,596.75</u> | |
| Total Deductions | | <u>2,559,296.75</u> |
| Excess in Revenue | | <u>\$ 21,327.61</u> |

All water/sewer utility debt is deductible.

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

| | | |
|--|-------------------|----------------------|
| Cash Receipts From Fees, Rents or Other | | |
| Charges for the Year | | \$ 5,973,696.13 |
| Deductions: | | |
| Operating and Maintenance Costs | \$ 4,448,048.87 | |
| Debt Service Per Harbor Commission Account | <u>715,951.13</u> | |
| Total Deductions | | <u>5,164,000.00</u> |
| Excess in Revenue | | \$ <u>809,696.13</u> |

All Harbor debt is deductible.

The chief financial officer should file an amended annual debt statement.

OFFICIALS IN OFFICE AND SURETY BONDS

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

| <u>Name</u> | <u>Title</u> |
|------------------------|---|
| Frederick Rast | Mayor |
| Frederick Louis Fligor | Council Member, President of Council |
| John C. Archibald, Jr. | Council Member |
| Roy Dellosso | Council Member |
| Peter Doyle | Council Member |
| Jacob Hoffmann | Council Member |
| Robert Sutton | Council Member |
| Bernard Reilly | Attorney |
| Adam Hubeny | Administrator |
| Lorraine Carafa | Chief Financial Officer |
| Debra Hough | Tax Collector |
| Debra Hough | Utility Collector |
| Kathleen Wigginton | Court Administrator |
| Peter Locascio | Magistrate |
| Dwayne Harris | Municipal Clerk |

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 ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH
PART II
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011

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:

- Miscellaneous Hardware Items
- Rear Loading Sanitation Truck
- Purchase of Lumber
- On-Call Electrical Services
- Library Equipment Book Stack Shelving System

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" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S. 40A:11-6.

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

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

GENERAL COMMENTS (continued)

Collection of Interest on Delinquent Taxes, Water/Sewer Utility Rents and Assessments

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, 2011, adopted the following resolution authorizing interest to be charged on delinquent taxes, assessments, municipal charges or water/sewer rents:

WHEREAS, N.J.S.A. 54:4-67 permits the governing body to fix the rate of interest to be charged for nonpayment of taxes or assessments, subject to any abatement or discount for the late payment of taxes or assessments as provided by law; and

WHEREAS, any unpaid taxes and municipal charges constitute an unfair burden on those taxpayers who pay their taxes and municipal charges in a timely manner and delinquent taxpayers should be required to carry their share of the tax burden; and

WHEREAS, N.J.S.A. 40-A:5.17.1 allows for the cancellation of property tax delinquent amounts or refunds in the amounts of less than \$10.00 and allows the governing body to authorize a municipal employee to process this cancellation at the end of the tax year.

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the Borough of Atlantic Highlands, County of Monmouth, State of New Jersey, that property taxes shall be due and payable quarterly on February 1st, May 1st, August 1st, and November 1st for the year 2011 with a ten-day grace period, after which dates, if unpaid, shall become delinquent, with interest charged as set forth below and reverting back to the due date on any quarterly installment of taxes. The Tax Collector is hereby authorized and directed to charge, subject to any abatement or discount for the late payment of taxes as provided by law:

1. Eight percent (8%) per annum on the first \$1,500 of taxes delinquent after due date; and
2. Eighteen percent (18%) per annum on any amount in excess of \$1,500 delinquent after due date; and
3. An additional penalty of six percent (6%) shall be added to any taxes, interest and municipal charges in excess of \$10,000 that remain unpaid at the end of any calendar year. This shall be calculated on the sum of all taxes from year to year and not on an individual year basis.

GENERAL COMMENTS (continued)

Collection of Interest on Delinquent Taxes, Water/Sewer Utility Rents and Assessments(continued)

It appears, from an examination of the Tax Collector's and Water/Sewer 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 2011 and prior years is being properly carried in the Tax Collector's records. An abstract taken from these records as of December 31, 2011, 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 June 9, 2011 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.

| <u>Year</u> | <u>Number of Liens</u> |
|-------------|------------------------|
| 2011 | 1 |
| 2010 | 1 |
| 2009 | 1 |

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

The detail of all unpaid water/sewer rents for 2011 and prior years is being properly carried in the Utility Collector's records. An abstract taken from these records as of December 31, 2011, 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, 2011 and consisted of verification notices as follows:

| <u>Type</u> | <u>Number Mailed</u> | <u>Number Returned</u> |
|---|----------------------|------------------------|
| Dates of Payments of Taxes | 25 | 6 |
| Delinquent Taxes | 19 | 2 |
| Dates of Payment of Water/Sewer Utility Charges | 25 | 8 |
| Delinquent Water/Sewer Utility Charges | 17 | 3 |

GENERAL COMMENTS (continued)

Verification of Delinquent Taxes and Other Charges (continued)

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, 2011.

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.

Financial Administration

Comment: The General Capital analysis of cash reflects negative cash balances in five ordinances. Some of these negative cash balances are in excess of three years old.

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

Comment: A cash receipt journal was not maintained in the clerk's office. A cash register is utilized but receipts are not maintained.

Recommendation: That a cash receipt journal be maintained in the clerk's office and cash register receipts be maintained.

Municipal Court

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

Recommendation: That the Municipal Court make all remittances to the various agencies by the fifteenth day of the succeeding month.

OTHER COMMENTS (continued)

Expenditures

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

Payroll

An examination was made of the employees' compensation records for the year 2011 to determine that salaries were paid in conformity with the amounts of salaries and wages authorized by ordinance. Vouchers for overtime and part-time wages were checked.

Miscellaneous Comments

The confirmations sent to the Regional High School District Board of Education and Local School District Board of Education verified the correct school tax payable at December 31, 2011.

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:

- 11-01. That adequate cash funding be in place prior to commitments being placed against an ordinance.
- 11-02. That a cash receipt journal be maintained in the clerk's office and cash register receipts be maintained.
- 11-03. That the Municipal Court make all remittances to the various agencies by the fifteenth day of the succeeding month.

Of the above recommendations, number 11-01 is similar to that reported in the 2010 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
Certified Public Accountant
Registered Municipal Accountant # 465
For the Firm
FALLON & LARSEN LLP