

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

**REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2012**

BOROUGH OF ATLANTIC HIGHLANDS

COUNTY OF MONMOUTH

TABLE OF CONTENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

PART I

Page

Independent Auditors' Report 1-3

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 4-5

Exhibit

CURRENT FUND

Comparative Balance Sheet - Regulatory Basis A
Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis A-1
Statement of Revenues - Regulatory Basis A-2
Statement of Expenditures - Regulatory Basis A-3

TRUST FUND

Comparative Balance Sheet - Regulatory Basis B

GENERAL CAPITAL FUND

Comparative Balance Sheet - Regulatory Basis C
Statement of Fund Balance - Regulatory Basis C-1

WATER/SEWER UTILITY FUND

Comparative Balance Sheet - Regulatory Basis D
Comparative Statement of Operations and Change in Operating Fund Balance - Regulatory Basis D-1
Statement of Water/Sewer Utility Capital Fund Balance - Regulatory Basis D-2
Statement of Revenues - Regulatory Basis D-3
Statement of Expenditures - Regulatory Basis D-4

BOROUGH OF ATLANTIC HIGHLANDS

COUNTY OF MONMOUTH

TABLE OF CONTENTS (Continued)

Exhibit

HARBOR COMMISSION UTILITY FUND

Comparative Balance Sheet - Regulatory Basis	E
Statement of Operations and Change in Fund Balance - Regulatory Basis	E-1
Statement of Harbor Commission Fund Balance - Regulatory Basis	E-2
Statement of Revenues - Regulatory Basis	E-3
Statement of Expenditures - Regulatory Basis	E-4

GENERAL FIXED ASSET ACCOUNT GROUP

Comparative Statement of General Fixed Assets - Regulatory Basis	F
--	---

PAYROLL FUND

Comparative Balance Sheet - Regulatory Basis	G
--	---

BOROUGH OF ATLANTIC HIGHLANDS

COUNTY OF MONMOUTH

TABLE OF CONTENTS (Continued)

	<u>Page</u>
<u>NOTES TO FINANCIAL STATEMENTS</u>	6-28
	<u>Exhibit</u>
<u>CURRENT FUND</u>	
Schedule of Cash	A-4
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-5
Schedule of Tax Title Liens Receivable	A-6
Schedule of Property Acquired for Taxes (at Assessed Valuation)	A-7
Schedule of Revenue Accounts Receivable	A-8
Schedule of Due from State of New Jersey, P.L. 1971, C. 20	A-9
Schedule of Reserve for Outside Liens	A-10
Schedule of Appropriation Reserves	A-11
Schedule of Reserve for Encumbrances	A-12
Schedule of Tax Overpayments	A-13
Schedule of Prepaid Taxes	A-14
Schedule of Reserve for Shade Tree Commission	A-15
Schedule of Reserve for State Library Aid	A-16
Schedule of County Taxes Payable	A-17
Schedule of Local District School Taxes Payable	A-18
Schedule of Reserve for Master Plan	A-19
Schedule of Deferred Charges N.J.S. 40A:4-55 Special Emergency	A-20
Schedule of Regional High School Taxes Payable	A-21
Schedule of Interfund Payable - Federal and State Grant Fund	A-22
Schedule of Interfunds Receivable/(Payable) - Other Funds	A-23
Schedule of Due to State of New Jersey - Marriage License Fees	A-24
Federal and State Grant Fund - Schedule of Grants Receivable	A-25
Federal and State Grant Fund - Schedule of Appropriated Reserves	A-26
Federal and State Grant Fund - Schedule of Unappropriated Reserves	A-27
Federal and State Grant Fund - Schedule of Reserve for Encumbrances	A-28

BOROUGH OF ATLANTIC HIGHLANDS

COUNTY OF MONMOUTH

TABLE OF CONTENTS (Continued)

Exhibit

TRUST FUND

Schedule of Cash	B-1
Schedule of Reserve for Animal Control Trust Fund Expenditures - Animal Control Trust Fund	B-2
Schedule of Due from/(to) State of New Jersey - Animal Control Trust Fund	B-3
Schedule of Interfund Payable - Current Fund - Animal Control Trust Fund	B-4
Schedule of Reserve for Encumbrances - Trust Other Fund	B-5
Schedule of Interfund Receivable Current Fund - Open Space Trust Fund	B-6
Schedule of Reserve for Encumbrances - Open Space Trust Fund	B-7
Schedule of Various Reserves - Trust Other Fund	B-8
Schedule of Reserve for Open Space - Open Space Trust Fund	B-9
Schedule of Funds Held by Trustee - Length of Service Awards Program	B-10
Schedule of Reserve for Length of Service Awards Program	B-11

GENERAL CAPITAL FUND

Schedule of Cash	C-2
Analysis of General Capital Cash	C-3
Schedule of Deferred Charges to Future Taxation - Funded	C-4
Schedule of Deferred Charges to Future Taxation - Unfunded	C-5
Schedule of Interfund - Water/Sewer Capital Fund	C-6
Schedule of Grants Receivable	C-7
Schedule of General Serial Bonds	C-8
Schedule of Due from Monmouth County Improvement Authority	C-9
Schedule of Green Acres Loan Payable	C-10
Schedule of Improvement Authorizations	C-11
Schedule of Reserve for Encumbrances	C-12
Schedule of Reserve for Payment of Bonds and Notes	C-13
Schedule of Capital Improvement Fund	C-14
Schedule of Bonds and Notes Authorized but not Issued	C-15

WATER/SEWER UTILITY FUND

Schedule of Cash	D-5
Analysis of Water/Sewer Utility Capital Cash	D-6
Schedule of Consumer Accounts Receivable	D-7
Schedule of Interfund - Current Fund	D-8

BOROUGH OF ATLANTIC HIGHLANDS

COUNTY OF MONMOUTH

TABLE OF CONTENTS (Continued)

	<u>Exhibit</u>
<u>WATER UTILITY FUND (continued)</u>	
Schedule of Due from NJ Natural Gas	D-9
Schedule of Appropriation Reserves	D-10
Schedule of Water/Sewer Operating Reserve for Encumbrances	D-11
Schedule of Customer Overpayments	D-12
Schedule of Accrued Interest on Bonds, Notes and Loans	D-13
Schedule of Fixed Capital	D-14
Schedule of Fixed Capital Authorized and Uncompleted	D-15
Schedule of Water/Sewer Utility Serial Bonds	D-16
Schedule of Water/Sewer Utility Loans Payable	D-17
Schedule of Bond Anticipation Notes	D-18
Schedule of Water/Sewer Capital Reserve for Encumbrances	D-19
Schedule of Improvement Authorizations	D-20
Schedule of Reserve for Amortization	D-21
Schedule of Deferred Reserve for Amortization	D-22
Schedule of Capital Improvement Fund	D-23
Schedule of Down Payment on Improvements	D-24
Schedule of Bonds and Notes Authorized but not Issued	D-25
 <u>HARBOR COMMISSION UTILITY FUND</u>	
Schedule of Cash	E-5
Analysis of Harbor Commission Utility Capital Cash	E-6
Schedule of Change Fund	E-7
Schedule of Emergency Authorizations	E-8
Schedule of Refunds Payable	E-9
Schedule of Accounts Receivable - Operations	E-10
Schedule of Accounts Receivable - Building Rental	E-11
Schedule of Accounts Payable	E-12
Schedule of Sales Tax Payable	E-13
Schedule of Fixed Capital	E-14
Schedule of Fixed Capital Authorized and Uncompleted	E-15
Schedule of Appropriation Reserves	E-16
Schedule of Harbor Operating Reserve for Encumbrances	E-17
Schedule of Deferred Reserve for Amortization	E-18
Schedule of Accrued Interest on Bonds	E-19

BOROUGH OF ATLANTIC HIGHLANDS

COUNTY OF MONMOUTH

TABLE OF CONTENTS (Continued)

	<u>Exhibit</u>
<u>HARBOR COMMISSION UTILITY FUND (continued)</u>	
Schedule of Harbor Commission Utility Serial Bonds	E-20
Schedule of Reserve for Payment of Debt Service	E-21
Schedule of Improvement Authorizations	E-22
Schedule of Capital Improvement Fund	E-23
Schedule of Reserve for Amortization	E-24
Schedule of Reserve for Heritage Square	E-25
Schedule of Bonds and Notes Authorized But Not Issued	E-26
 <u>GENERAL FIXED ASSET ACCOUNT GROUP</u>	
Schedule of Investments in General Fixed Assets	F-1
 <u>SUPPLEMENTARY DATA</u>	
Comparative Schedule of Tax Rate Information	29
Comparison of Tax Levies and Collection Currently	29
Delinquent Taxes and Tax Title Liens	29
Property Acquired by Tax Title Lien Liquidation	30
Comparison of Water/Sewer Utility Rents Levied	30
Comparison of Harbor Commission Utility Charges	30
Comparative Schedule of Fund Balances	30-31
Summary of Municipal Debt	31
Summary of Statutory Debt Condition - Annual Debt Statement	32
Borrowing Power Under N.J.S.A. 40A:2-6 as Amended	32
Calculation of "Self-Liquidating Purpose" - Water/Sewer Utility per N.J.S.. 40A:2-45	32
Calculation of "Self-Liquidating Purpose" - Harbor Commission Utility per N.J.S. 40A:2-45	33
Officials in Office and Surety Bonds	34
 <u>PART II</u>	
General Comments	1-4
Other Comments	4-5
Recommendations	5

BOROUGH OF ATLANTIC HIGHLANDS

COUNTY OF MONMOUTH

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

FOR THE YEAR ENDED DECEMBER 31, 2012

FALLON & LARSEN LLP

Certified Public Accountants

1390 Route 36, Suite 102
Hazlet, New Jersey 07730-1716
Telephone: (732) 888-2070
FAX: (732) 888-6245

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 of the various funds and account groups of the Borough of Atlantic Highlands (the "Borough"), as of December 31, 2012 and 2011, and the related statements of operations and changes in fund balance for the years then ended and the related statements of revenues for the year ended December 31, 2012 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The financial statements of the Length of Service Award Program ("LOSAP") were not 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 in accordance with auditing standards generally accepted in the United States, *Government Auditing Standards* 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion of U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2012 and 2011, the changes in financial position, or, where applicable, its cash flows for the year ended December 31, 2012.

Basis for Qualified Opinion on Length of Service Award Program

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 represents 31% and 30% of the assets and liabilities as of December 31, 2012 and 2011, respectively of the Borough's Trust Funds.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Length of Service Award Program" paragraph, the financial statements referred to above present fairly in all material respects, the financial position of the Borough Trust Funds, and the changes in financial position thereof for the year ended December 31, 2012 on the basis of accounting described in Note 2 to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above other than the Length of Service Award Program Fund present fairly, in all material respects, the financial position of the various funds and account groups of the Borough as of December 31, 2012 and 2011, and the results of its operations and changes in fund balance of the individual funds for the year ended December 31, 2012, on the basis of the financial reporting

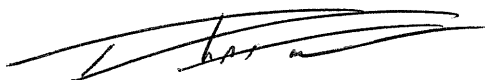
provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 2 to the financial statements.

Other Matters

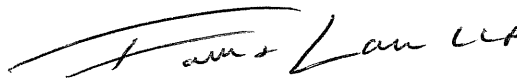
Our audit was conducted for the purpose of forming opinions on the financial statements of the Borough taken as a whole. The accompanying financial information listed as supplementary schedules and comments section in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying financial information listed as supplementary schedules and comments sections 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. Except for the LOSAP Fund supplementary schedules, such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements 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, the supplementary schedules and comments sections are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2013, on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.



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



Fallon & Larsen LLP

May 23, 2013

Certified Public Accountants

1390 Route 36, Suite 102
Hazlet, New Jersey 07730-1716
Telephone: (732) 888-2070
FAX: (732) 888-6245

**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, in accordance with the 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, the financial statements of the Borough of Atlantic Highlands, of the State of New Jersey (the "Borough"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated May 23, 2013. The financial statements of the Length of Service Award Program ("LOSAP") were not 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 in accordance with auditing standards generally accepted in the United States, *Government Auditing Standards* and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

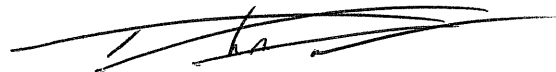
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However providing an opinion on compliance with these 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*.

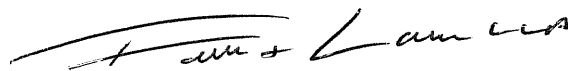
We noted certain matters that we have reported to management of the Borough in the Comments and Recommendations section of this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Fallon & Larsen LLP

May 23, 2013

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>2012</u>	<u>2011</u>
Cash	A-4	\$ 2,743,987.23	\$ 2,864,770.38
Cash - Change Fund	A	250.00	250.00
		<u>2,744,237.23</u>	<u>2,865,020.38</u>
Due from State of New Jersey, Chap. 20 P.L. 1971	A-9	6.16	489.73
		<u>6.16</u>	<u>489.73</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	235,730.20	293,877.97
Tax Title Liens Receivable	A-6	6,787.43	5,905.72
Property Acquired for Taxes	A-7	92,600.00	92,600.00
Revenue Accounts Receivable	A-8	9,381.50	15,753.37
Interfunds Receivable	A-23	2,178.03	241,676.51
		<u>346,677.16</u>	<u>649,813.57</u>
Deferred Charges:			
Special Emergency Authorization	A-20	100,000.00	
		<u>3,190,914.39</u>	<u>3,514,833.95</u>
Federal and State Grant Fund:			
Grants Receivable	A-25	13,717.00	
Interfund - Current Fund	A-22	74,332.22	51,517.58
		<u>88,049.22</u>	<u>51,517.58</u>
Total Assets		<u>\$ 3,278,969.77</u>	<u>\$ 3,566,841.26</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,

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3/A-11	\$ 297,904.14	\$ 240,556.84
Reserve for Encumbrances	A-12	213,268.41	67,910.56
Prepaid Taxes	A-14	114,301.47	80,273.92
County Taxes Payable	A-17	3,414.95	7,266.23
Local District School Tax Payable	A-18	791,668.37	795,975.37
Regional High School Tax Payable	A-21	603,225.19	631,358.36
Reserve for Master Plan	A-19	1,925.79	1,925.79
Interfund Payable - Federal and State Grant Fund	A-22	74,332.22	51,517.58
Interfunds Payable - Other Funds	A-23	443,306.58	200.83
Reserve for Shade Tree Commission	A-15	3,998.98	3,463.50
Reserve for State Library Aid	A-16	1,071.00	1,071.00
Due to State of New Jersey - Marriage License Fees	A-24	175.00	125.00
Reserve for Outside Liens	A-10	873.95	873.95
		<u>2,549,466.05</u>	<u>1,882,518.93</u>
Reserve for Receivables and Other Assets	A	346,677.16	649,813.57
Fund Balance	A-1	294,777.34	982,991.18
		<u>3,190,920.55</u>	<u>3,515,323.68</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-26	58,910.41	22,401.50
Unappropriated Reserves	A-27	29,138.81	27,429.83
Reserve for Encumbrances	A-28		1,686.25
		<u>88,049.22</u>	<u>51,517.58</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,278,969.77</u>	<u>\$ 3,566,841.26</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>2012</u>	<u>2011</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 890,000.00	\$ 725,000.00
Miscellaneous Revenue Anticipated	A-2	1,859,061.59	1,979,989.44
Receipts from Delinquent Taxes	A-2	295,377.97	492,128.90
Receipts from Current Taxes	A-2	14,845,610.31	14,778,046.61
Non-Budget Revenues	A-2	246,514.35	198,716.24
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	97,043.79	293,468.58
Water/Sewer Prior Year Appropriation for			
Deficit Returned	A-23	858.52	49,366.98
Statutory Dog Excess	A-23	2,178.03	
Accounts Payable Canceled			1,000.00
Interfunds Returned	A-23	40,131.50	
		<u>18,276,776.06</u>	<u>18,517,716.75</u>
Total Revenue			
Expenditures:			
Budget Appropriations Within Caps:			
Operations:			
Salaries and Wages	A-3	2,337,935.08	2,272,903.46
Other Expenses	A-3	2,167,558.00	2,104,586.70
Deferred Charges and Statutory Expenditures	A-3	616,666.00	515,278.16
Budget Appropriations Excluded from Caps:			
Operations:			
Other Expenses	A-3	277,146.83	126,692.13
Capital Improvements	A-3	141,000.00	
Municipal Debt Service	A-3	1,632,017.69	1,667,387.49
Deferred Charges	A-3	253,677.91	
		<u>7,426,001.51</u>	<u>6,686,847.94</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>2012</u>	<u>2011</u>
County Taxes	A-17	\$ 2,339,467.74	\$ 2,292,826.74
Amount Due County for Added and Omitted Taxes	A-17	3,414.95	7,266.18
Local District School Tax	A-18	4,555,522.00	4,484,584.00
Regional High School Tax	A-21	3,781,338.66	3,805,266.17
Municipal Open Space Tax	A-23	63,370.00	63,270.00
Amount Due Municipal Open Space for Added and Omitted Taxes	A-23	92.32	200.83
Prior Year Senior Disallowed	A-9	1,500.00	1,371.92
Interfunds Advanced			239,734.95
State Tax Appeals - Prior Year Revenue Refunded	A-13	4,282.72	
		<u>18,174,989.90</u>	<u>17,581,368.73</u>
Total Expenditures			
Excess in Revenue		101,786.16	936,348.02
Add Charges Which by Statute are Deferred Charges to Subsequent Years Budget	A-3	100,000.00	
Fund Balance January 1	A	<u>982,991.18</u>	<u>771,643.16</u>
		1,184,777.34	1,707,991.18
Decreased by:			
Utilized as Anticipated Revenue	A-1/A-2	<u>890,000.00</u>	<u>725,000.00</u>
Fund Balance December 31	A	<u>\$ 294,777.34</u>	<u>\$ 982,991.18</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, 2012

	Ref.	Budget	Anticipated	Special N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 890,000.00			\$ 890,000.00	
Miscellaneous Revenues:						
Licenses:						
Alcoholic Beverages	A-8	8,250.00			8,325.00	75.00
Fees and Permits	A-8	35,000.00			45,459.25	10,459.25
Fines and Costs:						
Municipal Court	A-8	110,000.00			119,554.42	9,554.42
Interest and Costs on Taxes	A-8	88,000.00			56,160.54	(31,839.46)
Interest on Investments and Deposits	A-8	56,000.00			33,517.29	(22,482.71)
Anticipated Utility Operating Surplus	A-8	600,000.00			305,927.22	(294,072.78)
Cable T. V. Franchise Fees	A-8	59,320.44			59,320.44	
Recreation Property Lease	A-8	37,000.00			37,300.00	300.00
Recreation Program	A-8	44,000.00			44,800.71	800.71
Recycling Fees	A-8	24,000.00			18,521.58	(5,478.42)
Payments in Lieu of Taxes - Senior Citizen Housing	A-8	32,500.00			34,322.25	1,822.25
Consolidated Municipal Property Tax Relief Aid	A-8	15,091.00			15,091.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	A-8	310,026.00			310,026.00	
Uniform Construction Code Fees	A-8	71,000.00			59,036.00	(11,964.00)
Henry Hudson Regional School - Fuel Usage	A-8	30,000.00			31,418.65	1,418.65
Borough of Highlands - Mechanical Services	A-8	31,000.00			43,200.00	12,200.00
Recycling Tonnage Grant	A-25	12,908.63			12,908.63	
Drunk Driving Enforcement Fund	A-25	2,087.47			2,087.47	
Clean Communities Program	A-25	8,797.08			8,797.08	

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, 2012

	Ref.	Anticipated		Special N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
		Budget				
Body Armor Fund	A-25	\$ 961.65			\$ 961.65	
DWI Saturation Patrol	A-25	2,675.00			2,675.00	
Pedestrian Safety Grant	A-25		\$ 13,717.00		13,717.00	
Uniform Fire Safety Act	A-8	12,500.00			12,889.52	
Reserve for Debt Service	A-8	303,677.91			303,677.91	\$ 389.52
General Capital Fund Balance	A-8	80,000.00			80,000.00	
Interfund - Water/Sewer Operating Fund	A-8	199,366.98			199,366.98	
Total Miscellaneous Revenues	A-1	<u>2,174,162.16</u>		<u>13,717.00</u>	<u>1,859,061.59</u>	<u>(328,817.57)</u>
Receipts from Delinquent Taxes	A-1/A-2	<u>290,000.00</u>			<u>295,377.97</u>	<u>5,377.97</u>
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>3,354,162.16</u>		<u>13,717.00</u>	<u>3,044,439.56</u>	<u>(323,439.60)</u>
Non-Budget Revenues	A-1/A-2	<u>4,356,497.53</u>			<u>4,500,287.49</u>	<u>143,789.96</u>
		<u>7,710,659.69</u>		<u>13,717.00</u>	<u>7,544,727.05</u>	<u>(179,649.64)</u>
Total		<u>\$ 7,710,659.69</u>		<u>\$ 13,717.00</u>	<u>\$ 7,791,241.40</u>	<u>\$ 66,864.71</u>

Ref. A-3 A-3 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, 2012

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	A-1/A-5	\$ 14,845,610.31
Allocated to School, County, and Open Space Taxes	A-5	<u>10,743,205.67</u>
Balance for Support of Municipal Budget Appropriations		4,102,404.64
Add:		
Reserve for Uncollected Taxes	A-3	<u>397,882.85</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 4,500,287.49</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-2/A-5	<u>\$ 295,377.97</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, 2012

Analysis of Non-Budget Revenues:

Clean Energy Rebate	\$	1,842.75
Reimbursement for Generator		2,606.20
Refunds		4,181.20
LOSAP Refund		6,555.19
FEMA - Hurricane Irene		59,612.33
Inspection Fines		1,222.00
T-Mobile Cell Tower Contract		61,769.98
Sale of Court Recording System		1,500.00
Tax Collector Miscellaneous		1,814.21
Stale Dated Checks		1,879.69
Administrative Fee - Senior Citizens and Veterans		944.79
Property Conveyance		27,000.00
Snow Storm Reimbursement - FEMA		15,638.64
Monmouth County JIF		33,381.50
Payroll Liabilities Canceled		15,886.61
Premium Forfeited		3,000.00
Recycling		2,500.00
Miscellaneous		<u>5,179.26</u>
	A-2/A-4	<u>\$ 246,514.35</u>

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, 2012

	Budget	Appropriated	Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
<u>Operations Within CAPS</u>							
General Government:							
General Administration							
Salaries and Wages	\$ 51,500.00	\$	\$ 54,000.00	\$ 54,000.00			
Other Expenses	37,000.00		37,500.00	37,438.90	\$	61.10	
Drug Education Program							
Other Expenses	8,656.00		8,656.00	4,328.00		4,328.00	
Human Resources (Personnel)							
Salaries and Wages	3,050.00		3,200.00	3,153.37		46.63	
Mayor and Council							
Salaries and Wages	22,500.00		22,500.00	22,500.00			
Other Expenses	2,375.00		2,375.00	1,810.80		564.20	
Municipal Clerk							
Salaries and Wages	71,000.00		71,000.00	70,535.56		464.44	
Other Expenses	10,400.00		11,900.00	10,556.32		1,343.68	
Financial Administration							
Salaries and Wages	39,500.00		39,500.00	38,872.73		627.27	
Other Expenses	15,500.00		15,500.00	15,177.60		322.40	
Audit Services							
Other Expenses	21,000.00		21,000.00	21,000.00			
Computerized Data Processing							
Other Expenses	22,000.00		22,000.00	20,434.30		1,565.70	
Revenue Administration							
Salaries and Wages	500.00		500.00			500.00	
Other Expenses	7,750.00		7,750.00	7,678.94		71.06	
Tax Assessment Administration							
Salaries and Wages	25,200.00		25,700.00	25,700.00			
Other Expenses	4,750.00		4,750.00	4,512.39		237.61	

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, 2012

	Budget	Appropriated Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
Legal Services						
Salaries and Wages	\$ 25,000.08	\$ 25,000.08	\$ 25,000.08	\$	15,119.00	
Other Expenses	49,000.00	38,962.15	23,843.15		3,000.00	
Tax Appeals	3,000.00	3,000.00				
Engineering Services						
Salaries and Wages	3,000.00	3,000.00	3,000.00			
Other Expenses	20,000.00	12,000.00	8,937.54		3,062.46	
Planning Board						
Salaries and Wages	8,800.00	9,300.00	9,039.54		260.46	
Other Expenses	26,000.00	21,000.00	14,107.54		6,892.46	
Master Plan	5,000.00					
COAH Planner						
Other Expenses	2,500.00					
Affordable Housing						
Other Expenses	1,000.00	1,000.00	1,000.00			
Insurance						
General Liability	100,000.00	95,000.00	93,191.64		1,808.36	
Surety Bonds	1,000.00	1,000.00			1,000.00	
Workers' Compensation	125,000.00	112,651.76	112,651.76			
Employee Group Health	680,000.00	710,000.00	707,714.68		2,285.32	
Police Department						
Salaries and Wages	1,337,500.00	1,382,500.00	1,372,765.16		9,734.84	
Other Expenses	99,450.00	104,450.00	104,429.65		20.35	
Office of Emergency Management						
Other Expenses	6,500.00	6,500.00	6,385.58		114.42	
Aid to Volunteer Fire Companies						
Other Expenses	72,250.00	73,000.00	72,200.06		799.94	
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	8,262.00		3,723.00	
Other Expenses	12,189.00	12,189.00	10,029.94		2,159.06	

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, 2012

	Budget	Appropriated Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
Fire	\$	\$	\$	\$		
Salaries and Wages	3,750.00	3,750.00	3,230.00		520.00	
Municipal Prosecutor's Office						
Salaries and Wages	16,500.00	16,500.00	16,500.00			
Other Expenses	100.00	100.00			100.00	
Municipal Court						
Salaries and Wages	92,000.00	92,000.00	92,000.00			
Other Expenses	11,300.00	11,300.00	10,239.29		1,060.71	
Streets and Road Maintenance						
Salaries and Wages	217,000.00	207,000.00	203,777.91		3,222.09	
Other Expenses	74,700.00	69,700.00	50,122.07		19,577.93	
Shade Tree Commission						
Other Expenses	13,500.00	13,500.00	13,500.00			
Solid Waste Collection						
Salaries and Wages	150,000.00	160,000.00	159,749.59		250.41	
Other Expenses	55,000.00	50,000.00	31,896.23		18,103.77	
Buildings and Grounds						
Salaries and Wages	49,500.00	52,000.00	52,000.00			
Other Expenses	72,350.00	72,350.00	71,897.64		452.36	
Vehicle Maintenance						
Salaries and Wages	43,000.00	47,000.00	46,842.16		157.84	
Other Expenses	32,800.00	27,800.00	21,792.85		6,007.15	
Animal Control Services						
Other Expenses	4,000.00	4,000.00	2,690.99		1,309.01	
Recreation Services and Programs						
Salaries and Wages	19,500.00	23,000.00	22,107.53		892.47	
Other Expenses	34,500.00	29,500.00	27,507.34		1,992.66	

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, 2012

	Appropriated		Budget After	Paid or	Expended	Reserved	Unexpended
	Budget	Budget Modification	Modification	Charged			Balance
							Canceled
Right to Know Safety	\$ 2,300.00	\$ 2,300.00	\$ 2,300.00	\$ 1,511.86	\$ 788.14		
Other Expenses							
Environmental Commission	2,250.00	2,250.00	2,250.00	944.26	1,305.74		
Other Expenses							
Celebration of Public Events	6,300.00	6,300.00	6,300.00	2,863.54	3,436.46		
Other Expenses							
Utility Expenses and Bulk Purchases	72,000.00	75,000.00	75,000.00	67,874.42	7,125.58		
Electricity							
Street Lighting	110,000.00	100,000.00	100,000.00	85,369.38	14,630.62		
Telephone	35,000.00	41,000.00	41,000.00	40,453.95	546.05		
Natural Gas	31,000.00	28,000.00	28,000.00	26,476.32	1,523.68		
Telecommunication Costs	9,000.00	9,000.00	9,000.00	6,732.57	2,267.43		
Gasoline	72,000.00	77,000.00	77,000.00	68,925.92	8,074.08		
Landfill / Solid Waste Disposal Costs	207,000.00	200,274.09	200,274.09	166,342.05	33,932.04		
State Uniform Construction Code	81,000.00	76,000.00	76,000.00	75,858.61	141.39		
Salaries and Wages	1,750.00	1,750.00	1,750.00	1,322.00	428.00		
Other Expenses							
Other Code Enforcement Functions	12,000.00	12,500.00	12,500.00	12,499.96	0.04		
Salaries and Wages	750.00	750.00	750.00	502.85	247.15		
Other Expenses							
Total Operations Within CAPS	4,475,705.08	4,493,993.08	4,493,993.08	4,305,788.52	188,204.56		

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, 2012

	Budget	Appropriated Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
Contingent	\$ 11,500.00	\$ 11,500.00		\$	11,500.00	
Total Operations Including Contingent Within CAPS	4,487,205.08	4,505,493.08	\$ 4,305,788.52		199,704.56	
Detail:						
Salaries and Wages	2,283,785.08	2,337,935.08	2,317,394.20		20,540.88	
Other Expenses	2,203,420.00	2,167,558.00	1,988,394.32		179,163.68	
Deferred Charges and Statutory Expenditures Within CAPS						
Deferred Charges:						
Anticipated Deficit in Water/Sewer Utility						
Operations	150,000.00	150,000.00	150,000.00			
Statutory Expenditures:						
Public Employees' Retirement System	152,000.00	136,712.00	136,712.00			
Social Security System (O.A.S.I.)	110,000.00	107,000.00	105,540.57		1,459.43	
Police and Firemen's Retirement System	204,954.00	204,954.00	204,954.00			
Unemployment Compensation	18,000.00	18,000.00	18,000.00			
Deferred Charges and Statutory Expenditures						
Within CAPS	634,954.00	616,666.00	615,206.57		1,459.43	
Total Appropriations Within CAPS	5,122,159.08	5,122,159.08	4,920,995.09		201,163.99	
Operations Excluded from CAPS						
Recycling Tax	10,000.00	10,000.00	6,710.04		3,289.96	
Contribution to:						
Length of Service Awards Program	60,000.00	60,000.00			60,000.00	
Hurricane Sandy Expenses		100,000.00	72,321.13		27,678.87	

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, 2012

	Budget	Appropriated Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
Interlocal Municipal Service Agreements						
911 Emergency System - Monmouth County						
Other Expenses	\$ 5,000.00	\$ 5,000.00	\$ 4,454.59	\$ 545.41		
Gasoline - HHRSD						
Other Expenses	30,000.00	30,000.00	24,774.09	5,225.91		
Mechanical Services - Highlands						
Salaries and Wages	31,000.00	31,000.00	31,000.00			
Public and Private Programs Offset by Revenues:						
Clean Communities Program	8,797.08	8,797.08	8,797.08			
Drunk Driving Enforcement Fund	2,087.47	2,087.47	2,087.47			
Body Armor Fund	961.65	961.65	961.65			
Recycling Tonnage Grant	12,908.63	12,908.63	12,908.63			
DWI Saturation Patrol	2,675.00	2,675.00	2,675.00			
Pedestrian Safety Grant	13,717.00	13,717.00	13,717.00			
Total Operations - Excluded from CAPS	163,429.83	277,146.83	180,406.68	96,740.15		
Detail:						
Salaries and Wages	31,000.00	31,000.00	31,000.00			
Other Expenses	132,429.83	246,146.83	149,406.68	96,740.15		
Capital Improvements Excluded from CAPS						
Acquisition of Dump Truck	120,000.00	120,000.00	120,000.00			
Purchase of SCBA Breathing Bottles	11,000.00	11,000.00	11,000.00			
Acquisition of Firefighter Turnout Gear	10,000.00	10,000.00	10,000.00			
Total Capital Improvements Excluded from CAPS	141,000.00	141,000.00	141,000.00			

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, 2012

	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	\$ 845,302.54	\$ 845,302.54	\$ 845,302.54			
Interest on Bonds	698,000.00	698,000.00	697,530.28			\$ 469.72
Green Trust Loan Program	9,327.48	9,327.48	9,327.48			
Loan Repayments for Principal and Interest	74,400.00	74,400.00	74,400.00			
Capital Lease Obligations Approved Prior to 07/12/07	5,480.00	5,480.00	5,457.39			22.61
Principal						
Interest						
<u>Total Municipal Debt Service Excluded from CAPS</u>	<u>1,632,510.02</u>	<u>1,632,510.02</u>	<u>1,632,017.69</u>			<u>492.33</u>
<u>Deferred Charges Municipal Excluded from CAPS</u>						
Deferred Charges to Future Taxation - Unfunded:						
Ord. 07-95, Various Improvements	41,407.08	41,407.08	41,407.08			
Ord. 10-97, Various Improvements	130,000.00	130,000.00	130,000.00			
Ord. 04-04, Various Improvements	16,050.00	16,050.00	16,050.00			
Ord. 20-07, 2007 Road Improvements	66,220.83	66,220.83	66,220.83			
<u>Total Deferred Charges Municipal Excluded from CAPS</u>	<u>253,677.91</u>	<u>253,677.91</u>	<u>253,677.91</u>			
<u>Total General Appropriations Excluded from CAPS</u>	<u>2,190,617.76</u>	<u>2,304,334.76</u>	<u>2,207,102.28</u>	<u>\$ 96,740.15</u>		<u>492.33</u>
Subtotal General Appropriations	7,312,776.84	7,426,493.84	7,128,097.37		297,904.14	492.33
Reserve for Uncollected Taxes	397,882.85	397,882.85	397,882.85			
<u>Total General Appropriations</u>	<u>\$ 7,710,659.69</u>	<u>\$ 7,824,376.69</u>	<u>\$ 7,525,980.22</u>	<u>\$ 297,904.14</u>	<u>\$ 492.33</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, 2012

	<u>Ref.</u>	<u>Budget After Modification</u>
Budget	A-3	\$ 7,710,659.69
Special Emergency Appropriation	A-1/A-20	100,000.00
Added by N.J.S. 40A:4-87	A-2	<u>13,717.00</u>
	A-3	<u>\$ 7,824,376.69</u>
		<u>Paid or Charged</u>
Disbursements	A-4	\$ 6,723,682.13
Reserve for Encumbrances	A-12	213,268.41
Interfund - Water/Sewer Utility	A-23	150,000.00
Appropriated Reserves for Federal and State Grants	A-26	41,146.83
Reserve for Uncollected Taxes	A-2	<u>397,882.85</u>
	A-3	<u>\$ 7,525,980.22</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	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Animal Control Trust Fund:			
Cash	B-1	\$ 8,283.16	\$ 7,001.93
Change Fund	B	50.00	50.00
Due from State of New Jersey	B-3		7.20
		<u>8,333.16</u>	<u>7,059.13</u>
Open Space Trust Fund:			
Cash	B-1	534,784.39	516,745.53
Interfund Receivable - Current Fund	B-6	92.32	200.83
		<u>534,876.71</u>	<u>516,946.36</u>
Trust Other Fund:			
Cash	B-1	313,014.38	199,725.57
		<u>313,014.38</u>	<u>199,725.57</u>
Length of Service Awards Program (LOSAP) - UNAUDITED:			
Funds Held by Trustee	B-10	384,702.44	309,004.85
Total Assets		<u>\$ 1,240,926.69</u>	<u>\$ 1,032,735.91</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>2012</u>	<u>2011</u>
Animal Control Trust Fund:			
Due to State of New Jersey	B-3	\$ 1.20	
Interfund Payable - Current Fund	B-4	2,178.03	\$ 1,287.42
Reserve for Animal Control Trust Fund Expenditures	B-2	6,153.93	5,771.71
		<u>8,333.16</u>	<u>7,059.13</u>
Open Space Trust Fund:			
Reserve for Encumbrances	B-7	7,075.00	
Reserve for Open Space	B-9	527,801.71	516,946.36
		<u>534,876.71</u>	<u>516,946.36</u>
Trust Other Fund:			
Various Reserves	B-8	312,319.38	198,903.57
Reserve for Encumbrances	B-5	695.00	822.00
		<u>313,014.38</u>	<u>199,725.57</u>
Length of Service Awards Program (LOSAP) - UNAUDITED:			
Reserve for Length of Service Awards Program	B-11	384,702.44	309,004.85
Total Liabilities and Reserves		<u>\$ 1,240,926.69</u>	<u>\$ 1,032,735.91</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>2012</u>	<u>2011</u>
Cash	C-2	\$ 37,806.78	\$ 593,345.84
Grants Receivable	C-7	563,286.45	904,926.00
Due From Monmouth County Improvement Authority	C-9	1,000.00	30,860.43
Deferred Charges to Future Taxation:			
Funded	C-4	14,965,164.98	15,819,565.95
Unfunded	C-5	<u>812,975.17</u>	<u>1,066,653.08</u>
		<u>\$ 16,380,233.38</u>	<u>\$ 18,415,351.30</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-8	\$ 14,960,547.41	\$ 15,805,849.95
Green Acres Loan Payable	C-10	4,617.57	13,716.00
Improvement Authorizations:			
Funded	C-11	409,187.32	778,288.67
Unfunded	C-11	205,598.16	253,571.44
Reserve for Encumbrances	C-12	314,378.61	994,343.02
Capital Improvement Fund	C-14	578.90	578.90
Reserve for Payment of Bonds and Notes	C-13	57,230.79	360,908.70
Interfund - Water/Sewer Capital Fund	C-6	300,000.00	
Fund Balance	C-1	<u>128,094.62</u>	<u>208,094.62</u>
		<u>\$ 16,380,233.38</u>	<u>\$ 18,415,351.30</u>

There were bonds and notes authorized but not issued on December 31, 2012 of \$812,975.17
 (Exhibit C-15)

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, 2011	C	\$ 208,094.62
Decreased by:		
Appropriated to 2012 Budget Revenue	C-2	<u>80,000.00</u>
Balance, December 31, 2012	C	<u>\$ 128,094.62</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	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Operating Fund</u>			
Cash	D-5	\$ 157,025.06	\$ 290,600.29
Change Fund	D	150.00	150.00
Interfund - Current Fund	D-8	149,141.48	
Interfund - Water/Sewer Capital Fund	D-5	<u> </u>	<u>35,000.00</u>
		<u>306,316.54</u>	<u>325,750.29</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-7	<u>189,384.37</u>	<u>125,848.46</u>
Deferred Charges:			
Overexpenditure of Appropriations	D-4/D-1	22,764.23	
Deficit in Operations	D-1	<u>75,772.85</u>	<u> </u>
		<u>98,537.08</u>	<u> </u>
Total Operating Fund		<u>594,237.99</u>	<u>451,598.75</u>
<u>Capital Fund</u>			
Cash	D-5	581,679.05	3,215.58
Due from N.J. Natural Gas	D-9	70,000.00	119,000.00
Due from Contractor	D	6,041.50	6,041.50
Interfund - Water/Sewer Operating Fund	D-5	300,000.00	
Interfund - General Capital Fund	D-5	300,000.00	
Fixed Capital	D-14	10,198,389.53	10,198,389.53
Fixed Capital Authorized and Uncompleted	D-15	<u>2,728,365.06</u>	<u>1,498,365.06</u>
Total Capital Fund		<u>14,184,475.14</u>	<u>11,825,011.67</u>
Total Assets		<u>\$ 14,778,713.13</u>	<u>\$ 12,276,610.42</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	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Operating Fund</u>			
Appropriation Reserves	D-4/D-10	\$ 28,015.46	\$ 1,460.08
Reserve for Encumbrances	D-11	18,696.90	12,455.28
Customer Overpayments	D-12	9,841.08	7,927.02
Accrued Interest on Bonds, Notes and Loans	D-13	39,943.56	28,828.27
Interfund - Current Fund	D-8		240,389.09
Interfund - Water/Sewer Capital Fund	D-5	300,000.00	
Accounts Payable	D-10	508.80	388.00
		<u>397,005.80</u>	<u>291,447.74</u>
Reserve for Receivables and Other Assets	D	189,384.37	125,848.46
Fund Balance	D-1	7,847.82	34,302.55
		<u>594,237.99</u>	<u>451,598.75</u>
<u>Capital Fund</u>			
Serial Bonds	D-16	3,233,856.91	3,387,916.96
Loans Payable	D-17	657,453.21	745,697.89
Bond Anticipation Notes	D-18	1,140,000.00	
Reserve for Encumbrances	D-19	572,301.92	58,947.45
Improvement Authorizations:			
Funded	D-20	55,789.41	32,592.41
Unfunded	D-20	626,086.00	
Interfund - Water/Sewer Utility Operating Fund	D-5		35,000.00
Reserve for Amortization	D-21	7,215,444.47	6,973,139.74
Deferred Reserve for Amortization	D-22	680,000.00	590,000.00
Fund Balance	D-2	3,543.22	1,717.22
		<u>14,184,475.14</u>	<u>11,825,011.67</u>
Total Capital Fund		<u>14,184,475.14</u>	<u>11,825,011.67</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 14,778,713.13</u>	<u>\$ 12,276,610.42</u>

There were no bonds and notes authorized but not issued on December 31, 2012 (Exhibit D-25)

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,

	Ref.	2012	2011
Revenue and Other Income Realized:			
Fund Balance Utilized	D-3	\$ 26,454.73	
Water/Sewer Rents	D-3	2,452,942.92	\$ 2,531,327.01
Miscellaneous Revenue	D-3	43,966.31	49,297.35
Deficit (General Budget)	D-3	150,000.00	34,956.92
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10	<u>858.52</u>	<u>49,366.98</u>
Total Revenue		<u>2,674,222.48</u>	<u>2,664,948.26</u>
Expenditures:			
Operating	D-4	2,130,300.00	1,997,182.80
Capital Improvements	D-4	90,000.00	
Debt Service	D-4	434,601.04	497,596.75
Deferred Charges	D-4	49,000.00	56,284.53
Statutory Expenditures	D-4	68,000.00	64,517.20
Prior Year Excess Anticipated Deficit	D-8	<u>858.52</u>	<u>49,366.98</u>
Total Expenditures		<u>2,772,759.56</u>	<u>2,664,948.26</u>
Deficit in Revenue		98,537.08	
Adjustments to Income Before Fund Balance:			
Expenditures Included above which are by Statute			
Deferred Charges to Budget of Succeeding Year	D/D-4	<u>22,764.23</u>	
Operating Deficit to be Raised in Budget of Succeeding Year	D	<u>\$ 75,772.85</u>	
Fund Balance January 1	D	34,302.55	34,302.55
Decreased by:			
Utilization as Anticipated Revenue	D-1/D-3	<u>26,454.73</u>	
Fund Balance December 31	D	<u>\$ 7,847.82</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, 2011	D	\$ 1,717.22
Increased by:		
Premium on Sale of Notes	D-5	<u>1,826.00</u>
Balance, December 31, 2012	D	<u>\$ 3,543.22</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, 2012

	<u>Ref.</u>	Anticipated <u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 26,454.73	\$ 26,454.73	
Water/Sewer Rents	D-1/D-7	2,530,000.00	2,452,942.92	\$ (77,057.08)
Miscellaneous	D-1/D-3/D-5	46,500.00	43,966.31	(2,533.69)
Deficit (General Budget)	D-1/D-8	<u>150,000.00</u>	<u>150,000.00</u>	
		<u>\$ 2,752,954.73</u>	<u>\$ 2,673,363.96</u>	<u>\$ (79,590.77)</u>
	<u>Ref.</u>	D-4		
Analysis of Miscellaneous Revenue:				
Interest Earned on Investments			\$ 5,894.41	
Interest Earned on Delinquent Accounts			9,519.05	
Tap Fees			24,500.00	
Water Meter Sale			1,683.32	
Cost of Sale			<u>2,369.53</u>	
	D-1/D-3		<u>\$ 43,966.31</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, 2012

	Budget	Appropriated Budget After Modification	Paid or Charged	Expended Reserved	Unexpended Balance Canceled	Overexpended
Operating:						
Salaries and Wages	\$ 485,000.00	\$ 487,500.00	\$ 486,808.49	\$ 691.51		
Other Expenses	315,800.00	305,552.71	279,816.72	25,735.99		
Bank Fees	2,000.00	2,000.00	1,932.98	67.02		
Insurance	175,500.00	179,901.29	179,770.65	130.64		
Atlantic Highlands/Highlands Regional Sewage Authority	1,152,000.00	1,155,346.00	1,155,346.00			
Capital Improvements:						
Down Payments on Improvements	60,000.00	60,000.00	60,000.00			
Capital Improvement Fund	30,000.00	30,000.00	30,000.00			
Debt Service:						
Payment of Bond Principal	154,060.05	154,060.05	154,060.05			
Interest on Bonds	127,350.00	127,350.00	150,114.23		\$ 22,764.23	
Interest on Notes	15,000.00	15,000.00	12,635.00		\$ 2,365.00	
Payment of Loan Principal	88,244.68	88,244.68	88,244.68			
Interest on Loans	31,000.00	31,000.00	29,547.08		1,452.92	
Deferred Charges:						
Due from NJ Natural Gas - Capital	49,000.00	49,000.00	49,000.00			
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	30,000.00	30,000.00	30,000.00			
Social Security System (O.A.S.I.)	38,000.00	38,000.00	36,609.70	1,390.30		
	<u>\$ 2,752,954.73</u>	<u>\$ 2,752,954.73</u>	<u>\$ 2,743,885.58</u>	<u>\$ 28,015.46</u>	<u>\$ 3,817.92</u>	<u>\$ 22,764.23</u>
Ref.	D-3	D-3		D		D/D-1
Analysis of Paid or Charged:						
Cash Disbursements			\$ 2,532,892.37			
Reserve for Encumbrances			18,696.90			
Accrued Interest Bonds, Notes and Loans			192,296.31			
			<u>\$ 2,743,885.58</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>2012</u>	<u>2011</u>
<u>Operating Fund</u>			
Cash	E-5	\$ 180,123.79	\$ 550,110.11
Change Fund	E-7	2,060.00	2,060.00
Interfund - Current Fund	E-5	<u>294,072.78</u>	
		<u>476,256.57</u>	<u>552,170.11</u>
Receivables and Other Assets with Full Reserves:			
Accounts Receivable - Operations	E-10	101,426.30	116,338.84
Accounts Receivable - Building Rental	E-11	<u>62,080.05</u>	
		<u>163,506.35</u>	<u>116,338.84</u>
Deferred Charges:			
Special Emergency Authorization	E-4	50,000.00	
Emergency Authorization	E-8	<u>500,000.00</u>	<u>250,000.00</u>
		<u>550,000.00</u>	<u>250,000.00</u>
Total Operating Fund		<u>1,189,762.92</u>	<u>918,508.95</u>
<u>Capital Fund</u>			
Cash	E-5	215,664.34	465,334.33
Fixed Capital	E-14	20,409,966.45	19,776,623.65
Fixed Capital Authorized and Uncompleted	E-15	<u>976,195.90</u>	<u>1,609,538.70</u>
Total Capital Fund		<u>21,601,826.69</u>	<u>21,851,496.68</u>
Total Assets		<u>\$ 22,791,589.61</u>	<u>\$ 22,770,005.63</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,

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
LIABILITIES, RESERVES AND FUND BALANCE			
<u>Operating Fund</u>			
Appropriation Reserves	E-4/E-16	\$ 519,185.57	\$ 183,226.72
Reserve for Encumbrances	E-17	185,540.38	78,697.70
Sales Tax Payable	E-13	2,808.43	1,400.51
Refunds Payable	E-9	7,336.13	1,500.00
Accounts Payable	E-12	17,100.00	
Accrued Interest on Bonds	E-19	41,624.43	43,396.14
		<u>773,594.94</u>	<u>308,221.07</u>
Reserve for Receivables and Other Assets	E	163,506.35	116,338.84
Fund Balance	E-1	<u>252,661.63</u>	<u>493,949.04</u>
Total Operating Fund		<u>1,189,762.92</u>	<u>918,508.95</u>
<u>Capital Fund</u>			
General Serial Bonds	E-20	5,496,595.68	5,888,233.09
Improvement Authorizations:			
Funded	E-22	110,838.06	207,672.15
Reserve for Encumbrances	E-22		9,345.40
Capital Improvement Fund	E-23	36,212.71	97,212.71
Reserve for Heritage Square	E-25	26,691.00	26,691.00
Reserve to Pay Debt Service	E-21	41,509.50	
Reserve for Amortization	E-24	15,676,710.31	15,249,117.75
Deferred Reserve for Amortization	E-18	212,422.03	248,377.18
Fund Balance	E-2	<u>847.40</u>	<u>124,847.40</u>
Total Capital Fund		<u>21,601,826.69</u>	<u>21,851,496.68</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 22,791,589.61</u>	<u>\$ 22,770,005.63</u>

There were bonds and notes authorized but not issued on December 31, 2012 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>2012</u>	<u>2011</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	E-3	\$ 241,287.41	\$ 227,000.00
Harbor Operations	E-3	3,138,651.76	3,334,153.07
Gas Station Operations	E-3	1,889,175.50	2,116,529.02
Miscellaneous	E-3	52,076.06	57,014.65
Reserve for Debt Service	E-3	61,000.00	57,000.00
FEMA Reimbursement	E-3	124,000.00	238,999.39
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	E-16	127,518.39	73,191.70
Refunds Payable Canceled	E-9	<u>1,500.00</u>	<u> </u>
Total Revenue		<u>5,635,209.12</u>	<u>6,103,887.83</u>
Expenditures:			
Operating	E-4	4,683,086.00	4,132,170.87
Capital Improvements	E-4	29,414.00	102,000.00
Debt Service	E-4	656,781.90	715,951.13
Deferred Charges	E-4	250,000.00	250,000.00
Statutory Expenditures	E-4	260,000.00	315,878.00
Surplus (General Budget)	E-4	<u>305,927.22</u>	<u>600,000.00</u>
Total Expenditures		<u>6,185,209.12</u>	<u>6,116,000.00</u>
Excess/(Deficit) in Revenue		(550,000.00)	(12,112.17)
Add:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budgets of Succeeding Year:			
Special Emergency Authorization		50,000.00	
Emergency Authorization	E-8	<u>500,000.00</u>	<u>250,000.00</u>
Statutory Excess to Fund Balance			237,887.83
Fund Balance January 1	E	<u>493,949.04</u>	<u>483,061.21</u>
		493,949.04	720,949.04
Decreased by:			
Utilization as Anticipated Revenue	E-1/E-3	<u>241,287.41</u>	<u>227,000.00</u>
Fund Balance December 31	E	<u>\$ 252,661.63</u>	<u>\$ 493,949.04</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, 2011	E	\$ 124,847.40
Decreased by:		
Anticipated in Harbor Utility Operating Budget	E-5	<u>124,000.00</u>
Balance, December 31, 2012	E	<u>\$ 847.40</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 REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2012

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	E-1	\$ 241,287.41	\$ 241,287.41	
Harbor Operations	E-1/E-3	3,331,000.00	3,138,651.76	\$ (192,348.24)
Gas Station Operations	E-1/E-5	2,115,000.00	1,889,175.50	(225,824.50)
Miscellaneous	E-1/E-3	57,000.00	52,076.06	(4,923.94)
Cancel Capital Improvement Fund	E-1/E-5	61,000.00	61,000.00	
Capital Fund Balance	E-1/E-5	<u>124,000.00</u>	<u>124,000.00</u>	
		<u>\$ 5,929,287.41</u>	<u>\$ 5,506,190.73</u>	<u>\$ (423,096.68)</u>

Ref. E-4

Analysis of Harbor Operations

Berth Rentals		\$ 1,744,707.71
Moorings		333,297.68
Dockage - Transient		65,355.29
Launching		131,427.34
Winter Storage		351,883.52
Wash Boat		924.00
Hoist		47,329.91
Land Storage		134,177.81
Credit Card Fees		<u>(72,953.73)</u>
	E-10	2,736,149.53
Building Rental	E-11	<u>402,502.23</u>
	E-1/E-3	<u>\$ 3,138,651.76</u>

Analysis of Miscellaneous

Interest on Investments		\$ 9,026.94
Finance Charges		3,778.98
Miscellaneous		21,601.14
FEMA - Hurricane Irene		17,057.14
Reimbursements		<u>611.86</u>
	E-1/E-3/E-5	<u>\$ 52,076.06</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, 2012

	Budget	Appropriated Budget After Modification	Paid or Charged	Expended	Reserved	Canceled
Operating:						
Salaries and Wages	\$ 1,219,000.00	\$ 1,279,000.00	\$ 1,276,941.47	\$	2,058.53	
Other Expenses	539,500.00	1,301,086.00	798,565.67		502,520.33	
Bank Fees	3,000.00	3,000.00	1,684.41		1,315.59	
Gas Station Operations	1,915,000.00	1,665,000.00	1,659,327.61		5,672.39	
Insurance	435,000.00	435,000.00	428,591.73		6,408.27	
Capital Improvements:						
Capital Outlay	36,000.00	29,414.00	29,414.00			
Debt Service:						
Payment of Bond Principal	391,637.41	391,637.41	391,637.41			
Interest on Bonds	265,150.00	265,150.00	265,144.49			5.51
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			
Social Security System (O.A.S.I.)	80,000.00	80,000.00	78,789.54		1,210.46	
Unemployment Compensation Insurance	30,000.00	15,000.00	15,000.00			
Police & Firemen's Retirement System	100,000.00	100,000.00	100,000.00			
Surplus (General Budget)	600,000.00	600,000.00	305,927.22			294,072.78
	<u>\$ 5,929,287.41</u>	<u>\$ 6,479,287.41</u>	<u>\$ 5,666,023.55</u>	<u>\$</u>	<u>\$ 519,185.57</u>	<u>\$ 294,078.29</u>
	Ref. E-3	E-4	E-1/E-4		E/E-1	
Analysis of Budget After Modification:						
Adopted Budget	E-3/E-4	\$ 5,929,287.41				
Emergency Authorization	E-8	500,000.00				
Special Emergency Authorization	E	50,000.00				
	E-4	<u>\$ 6,479,287.41</u>				
Analysis of Paid or Charged:						
Cash Disbursements	E-5	\$ 4,965,338.68				
Emergency Authorization	E-8	250,000.00				
Reserve for Encumbrances	E-17	185,540.38				
Accrued Interest on Bonds	E-19	265,144.49				
	E-4	<u>\$ 5,666,023.55</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>2012</u>	<u>2011</u>
General Fixed Assets:			
Land	F-1	\$ 8,905,500.00	\$ 8,905,500.00
Building	F-1	2,994,900.00	2,994,900.00
Machinery and Equipment	F-1	<u>5,161,257.16</u>	<u>4,774,723.00</u>
		\$ <u>17,061,657.16</u>	\$ <u>16,675,123.00</u>
Investments in General Fixed Assets		\$ <u>17,061,657.16</u>	\$ <u>16,675,123.00</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>2012</u>	<u>2011</u>
ASSETS		
Cash	\$ <u>29,999.49</u>	\$ <u>31,859.48</u>
	<u>\$ 29,999.49</u>	<u>\$ 31,859.48</u>
LIABILITIES		
Payroll Liabilities	\$ <u>29,999.49</u>	\$ <u>31,859.48</u>
	<u>\$ 29,999.49</u>	<u>\$ 31,859.48</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

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, 2012**

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.

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, 2012

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, 2012**

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, 2012 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, 2012**

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, 2012**

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, 2012**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. Deposits

At December 31, 2012, the Borough's deposits had a carrying amount of \$4,804,877.67.

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholding, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2012, the Borough's bank balances of \$ 4,970,860.16 were exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	-
Insured		<u>4,970,860.16</u>
Total	\$	<u><u>4,970,860.16</u></u>

B. Investments

As of December 31, 2012, the Borough had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Book Value</u>
LOSAP Fund:		
LOSAP	\$ <u>384,702.44</u>	\$ <u>384,702.44</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.

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

B. Investments (continued)

Credit Risk

State law limits investments as noted above.

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

NOTE 4 BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2012 the Borough of Atlantic Highlands had authorized but not issued bonds and notes as follows:

General Capital Fund:

Bonds and Notes	\$ 812,975.17
-----------------	---------------

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, 2012:

General Capital Bonds

\$5,302,000.00 2006 Bonds due in annual installments of \$252,000.00 to \$420,000.00 through 2024 at interest rates ranging from 4.000% to 5.000%.

\$ 3,965,000.00

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

NOTE 5 LONG-TERM DEBT (continued)

General Capital Bonds (continued)

\$5,611,597.56 2007 Refunding bonds due in annual installments of \$357,000.00 to \$552,122.75 through 2022 at interest rates ranging from 4.000% to 5.000%. \$ 4,520,547.41

\$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%. 6,475,000.00

\$ 14,960,547.41

Water/Sewer Capital Bonds

\$1,800,000.00 2006 Bonds due in annual installments of \$74,000.00 to \$125,000.00 through 2026 interest rates ranging from 4.000% to 5.000%. \$ 1,407,000.00

\$1,339,139.84 2007 Bonds due in annual installments of \$80,000.00 to \$159,877.25 through 2022 at interest rates ranging from 4.000% to 5.000%. 1,081,856.91

\$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%. 745,000.00

\$ 3,233,856.91

Harbor Commission Utility Capital Bonds

\$1,734,000.00 2006 Bonds due in annual installments of \$72,000.00 to \$120,000.00 through 2026 at interest rates ranging from 4.000% to 5.000%. \$ 1,356,000.00

\$3,245,262.60 Refunding bonds due in annual installments of \$281,000.00 to \$400,034.32 through 2020 at interest rates ranging from 4.000% to 5.000%. 2,695,595.68

\$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%. 1,445,000.00

\$ 5,496,595.68

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

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>
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	1,029,443.81	508,536.42	1,537,980.23
2018-2022	5,918,569.64	1,774,347.36	7,692,917.00
2023-2027	2,855,000.00	653,662.51	3,508,662.51
2028-2030	<u>1,475,000.00</u>	<u>107,231.25</u>	<u>1,582,231.25</u>
Total	\$ <u>14,960,547.41</u>	\$ <u>5,491,263.36</u>	\$ <u>20,451,810.77</u>

Water/Sewer Utility Capital Fund Bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	227,286.04	109,942.60	337,228.64
2018-2022	1,332,248.50	377,386.70	1,709,635.20
2023-2027	725,000.00	120,162.51	845,162.51
2028-2030	<u>170,000.00</u>	<u>12,350.00</u>	<u>182,350.00</u>
Total	\$ <u>3,233,856.91</u>	\$ <u>1,151,898.55</u>	\$ <u>4,385,755.46</u>

Harbor Utility Capital Fund Bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	496,270.15	171,991.02	668,261.17
2018-2022	2,001,181.86	501,962.37	2,503,144.23
2023-2027	930,000.00	182,837.51	1,112,837.51
2028-2030	<u>325,000.00</u>	<u>23,393.75</u>	<u>348,393.75</u>
Total	\$ <u>5,496,595.68</u>	\$ <u>1,776,012.25</u>	\$ <u>7,272,607.93</u>

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

NOTE 5 LONG-TERM DEBT (continued)

General Capital Green Acres Loan

\$150,000 1993 Green Acres Loan due in one installment of \$4,617.57 in 2013 at an interest rate of 2.000% \$ 4,617.57

Water/Sewer Utility Capital Loans

\$1,000,000.00 Farmer's Home Loan due in semi-annual installments of \$18,554.91 to \$28,184.60 through 2022 at an interest rate of 5.000% \$ 440,011.76

\$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% 130,000.00

\$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. 87,441.45

\$ 657,453.21

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>
2013	\$ <u>4,617.57</u>	\$ <u>46.18</u>	\$ <u>4,663.75</u>
Total	\$ <u>4,617.57</u>	\$ <u>46.18</u>	\$ <u>4,663.75</u>

Water/Sewer Utility Capital Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	45,708.02	13,342.10	59,050.12
2018-2022	<u>232,460.55</u>	<u>29,134.88</u>	<u>261,595.43</u>
Total	\$ <u>657,453.21</u>	\$ <u>134,421.77</u>	\$ <u>791,874.98</u>

BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

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:

2013	\$ 48,230.00
2014	<u>48,880.00</u>
	97,110.00
Less amount representing interest	<u>5,110.00</u>
Present value of future minimum lease payments	\$ <u><u>92,000.00</u></u>

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

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, 2012 are summarized as follows:

	<u>Balance Dec. 31, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2012</u>
<u>General Capital Fund</u>				
Serial Bonds	\$ 15,805,849.95	\$ -	\$ 845,302.54	\$ 14,960,547.41
Green Acres Loan	<u>13,716.00</u>	<u>-</u>	<u>9,098.43</u>	<u>4,617.57</u>
	<u>15,819,565.95</u>	<u>-</u>	<u>854,400.97</u>	<u>14,965,164.98</u>
<u>Water/Sewer Utility Capital Fund</u>				
Serial Bonds	3,387,916.96	-	154,060.05	3,233,856.91
Loans	<u>745,697.89</u>	<u>-</u>	<u>88,244.68</u>	<u>657,453.21</u>
	<u>4,133,614.85</u>	<u>-</u>	<u>242,304.73</u>	<u>3,891,310.12</u>
<u>Harbor Commission Utility Capital Fund</u>				
Serial Bonds	<u>5,888,233.09</u>	<u>-</u>	<u>391,637.41</u>	<u>5,496,595.68</u>
	<u>5,888,233.09</u>	<u>-</u>	<u>391,637.41</u>	<u>5,496,595.68</u>
	<u>\$ 25,841,413.89</u>	<u>\$ -</u>	<u>\$ 1,488,343.11</u>	<u>\$ 24,353,070.78</u>

Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.500% 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, 2012 was 2.297%. The Borough's remaining borrowing power is 1.203%.

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, 2012**

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, 2012, the Borough had outstanding bond anticipation notes as follows:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
<u>Water/Sewer Utility Capital Fund</u>				
Water Supply Infrastructure Improvements	04-05-12	04-04-13	\$ <u>1,140,000.00</u>	1.50%
			\$ <u><u>1,140,000.00</u></u>	

Changes in Short-Term Debt

Transactions for the year ended December 31, 2012 are summarized as follows:

	<u>Balance Dec. 31, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2012</u>
<u>General Capital Fund</u>				
Bond Anticipation Notes	\$ -	\$ -	\$ -	\$ -
<u>Water/Sewer Utility Capital Fund</u>				
Bond Anticipation Notes	-	1,140,000.00	-	1,140,000.00
<u>Harbor Utility Capital Fund</u>				
Bond Anticipation Notes	-	-	-	-
	\$ <u>-</u>	\$ <u>1,140,000.00</u>	\$ <u>-</u>	\$ <u>1,140,000.00</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, 2012**

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, 2012, the following deferred charges are shown on the Balance Sheets of the various funds:

	<u>Balance December 31, 2012</u>	<u>2013 Budget Appropriation</u>	<u>2013 Capital Ordinance</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:				
Special Emergency Authorization	\$ <u>100,000.00</u>	\$ <u>20,000.00</u>	\$ <u> -</u>	\$ <u>80,000.00</u>
Water/Sewer Utility Operating Fund:				
Deficit in Operations	75,772.85	75,772.85	-	-
Overexpenditure of Appropriation	<u>22,764.23</u>	<u>22,764.23</u>	<u> -</u>	<u> -</u>
	<u>98,537.08</u>	<u>98,537.08</u>	<u> -</u>	<u> -</u>
Harbor Utility Operating Fund:				
Special Emergency Authorization	50,000.00	10,000.00	-	40,000.00
Emergency Authorization	<u>500,000.00</u>	<u> -</u>	<u>500,000.00</u>	<u> -</u>
	<u>550,000.00</u>	<u>10,000.00</u>	<u>500,000.00</u>	<u>40,000.00</u>
Total	\$ <u>748,537.08</u>	\$ <u>128,537.08</u>	\$ <u>500,000.00</u>	\$ <u>120,000.00</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>2012</u>	<u>2011</u>
Prepaid Taxes	\$ 114,301.47	\$ 80,273.92

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.

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

NOTE 10 ASSESSMENT AND COLLECTION OF PROPERTY TAXES (continued)

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent as of the eleventh day of the eleventh month of the fiscal year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 11 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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Balance of Tax	\$ 2,179,504.00	\$ 2,183,811.00	\$ 1,988,192.03	\$ 2,016,325.20
Deferred	<u>1,387,835.63</u>	<u>1,387,835.63</u>	<u>1,384,966.84</u>	<u>1,384,966.84</u>
Tax Payable	\$ <u>791,668.37</u>	\$ <u>795,975.37</u>	\$ <u>603,225.19</u>	\$ <u>631,358.36</u>

NOTE 12 FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2012, which are appropriated and included as anticipated revenue in the 2013 municipal budgets for the year ended December 31, 2013, are as follows:

Current Fund	\$ 190,000.00
Water/Sewer Utility Operating Fund	-
Harbor Commission Utility Operating Fund	200,000.00

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

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.

Funding Policy

Employee contributions are currently 6.64% and 10% 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>
2012	\$ 236,712.00	\$ 304,954.00
2011	225,956.00	359,695.00
2010	186,279.00	295,137.00

All contributions were equal to the required contributions.

Under the provisions of Chapter 78, P.L. 2011, employee pension contribution rates for PERS members increased effective July 1, 2012 from 6.50% to 6.64%. The contribution rate will increase by 0.014% each year on July 1 until the rate reaches 7.50% in July 2018.

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.

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

NOTE 15 POST EMPLOYMENT BENEFITS OTHER THAN PENSION (“OPEB”)

Employees who retire with twenty-five years of service to the Borough may voluntarily elect to receive health insurance coverage at their own expense.

NOTE 16 FIXED ASSETS AND FIXED CAPITAL

Fixed assets and fixed capital activity for the year ended December 31, 2012 was as follows:

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Dec. 31, 2012</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>4,774,723.00</u>	<u>386,534.16</u>	<u>-</u>	<u>5,161,257.16</u>
	<u>\$ 16,675,125.00</u>	<u>\$ 386,534.16</u>	<u>\$ -</u>	<u>\$ 17,061,657.16</u>
<u>Fixed Capital - Water/Sewer Utility</u>				
Water/Sewer System	<u>\$ 10,198,389.53</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,198,389.53</u>
<u>Fixed Capital - Harbor Commission Utility</u>				
Harbor Fixed Capital	<u>\$ 19,776,623.65</u>	<u>\$ 633,342.80</u>	<u>\$ -</u>	<u>\$ 20,409,966.45</u>

NOTE 17 INTERFUND BALANCES

The composition of interfund balances as of December 31, 2012 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Current Fund	Animal Control Trust Fund	\$ 2,178.03
Water/Sewer Utility Operating Fund	Current Fund	149,141.48
Federal and State Grant Fund	Current Fund	74,332.22
Open Space Trust Fund	Current Fund	92.32
Harbor Commission Utility Operating Fund	Current Fund	294,072.78
Water/Sewer Utility Capital Fund	General Capital Fund	300,000.00
Water/Sewer Utility Capital Fund	Water/Sewer Utility Operating Fund	<u>300,000.00</u>
		<u>\$ 1,119,816.83</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.

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

NOTE 18 INTERFUND TRANSFERS

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Current Fund	Federal and State Grant Fund	\$ 22,814.64
Current Fund	Harbor Commission Utility Operating Fund	294,072.78
Animal Control Trust Fund	Current Fund	890.61
Current Fund	Open Space Trust Fund	108.51
Current Fund	Water/Sewer Utility Operating Fund	389,530.57
General Capital Fund	Water/Sewer Utility Capital Fund	300,000.00
Water/Sewer Utility Operating Fund	Water/Sewer Utility Capital Fund	335,000.00

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.

NOTE 19 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 2012, 2011, and 2010.

NOTE 20 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.

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

NOTE 20 LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”) - Unaudited (continued)

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.

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.

BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

NOTE 21 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 \$1,560,000 at December 31, 2012. 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, 2012 and 2011 were \$16,728.97 and \$99.56, respectively.

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, 2012, the Borough estimates that no material liabilities will result from such audits.

**BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

NOTE 22 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 \$402,502.23 in lease revenue for the year ended December 31, 2012.

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

<u>Year</u>	
2013	\$ 380,502
2014	340,090
2015	273,397
2016	266,947
2017	214,649
2018-2022	<u>1,092,389</u>
Total	\$ <u><u>2,567,974</u></u>

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 2012 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 23 SUBSEQUENT EVENTS

On January 9, 2013, the Borough adopted a resolution authorizing a special emergency appropriation in the amount of \$500,000 for the repair of the municipal harbor for damage caused by Superstorm Sandy.

BOROUGH OF ATLANTIC HIGHLANDS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

NOTE 23 SUBSEQUENT EVENTS (continued)

On February 13, 2013 the Borough adopted a bond ordinance appropriating \$7,000,000 for Harbor Improvements necessary due to damage caused by Superstorm Sandy. The ordinance authorized debt in the amount of \$7,000,000. The Borough has been approved for a Federal Emergency Management Agency grant in the amount of seventy-five percent of the eligible costs under this ordinance.

On March 13, 2013 the Borough adopted a bond ordinance appropriating \$9,600,000 for Harbor Improvements necessary due to damage caused by Superstorm Sandy. The ordinance authorized debt in the amount of \$9,600,000. The Borough has been approved for a Federal Emergency Management Agency grant in the amount of seventy-five percent of the eligible costs under this ordinance.

On March 27, 2013 the Borough approved a resolution authorizing a promissory note for a Community Disaster Loan, in the amount of \$2,108,876, from the Federal Emergency Management Agency pursuant to Section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended, and FEMA Regulation 44CFR 206, Subpart K.

On April 24, 2013 the Borough adopted a bond ordinance appropriating \$200,000 for Various Capital Improvements. The ordinance is funded by \$10,000 from the capital improvement fund and debt authorized in the amount of \$190,000.

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>		
Balance, December 31, 2011	A		\$ 2,864,770.38
Increased by Receipts:			
State of New Jersey (Ch. 20, P.L. 1971)	A-9	\$ 47,239.73	
Taxes Receivable	A-5	15,012,458.20	
Revenue Accounts Receivable	A-8	1,618,547.78	
Interfund - Federal and State Grant Fund	A-22	29,138.81	
Due to State of New Jersey - Marriage License Fees Payable	A-24	700.00	
Reserve for Shade Tree Commission	A-15	13,870.00	
Non-Budget Revenues	A-2	246,514.35	
Prepaid Taxes	A-14	114,301.47	
Tax Overpayments	A-13	5,403.63	
Interfunds	A-23	<u>535,749.29</u>	
			<u>17,623,923.26</u>
			20,488,693.64
Decreased by Disbursements:			
2012 Budget Appropriations	A-3	6,723,682.13	
2011 Appropriation Reserves	A-11	211,423.61	
Tax Overpayments	A-13	9,686.35	
County Taxes Payable	A-17	2,346,733.97	
Local School District Tax	A-18	4,559,829.00	
Regional High School Tax Payable	A-21	3,809,471.83	
Interfund - Federal and State Grant Fund	A-22	6,324.17	
Due to State of New Jersey - Marriage License Fees Payable	A-24	650.00	
Reserve for Shade Tree Commission	A-15	13,334.52	
Interfunds	A-23	<u>63,570.83</u>	
			<u>17,744,706.41</u>
Balance, December 31, 2012	A		\$ <u><u>2,743,987.23</u></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, 2011	2012 Levy	2011	2012	Transferred to Tax Title Liens	Chapter 20, P.L. 1971 Senior Citizens and Veterans	Canceled, Remitted or Abated	Balance Dec. 31, 2012
2011	\$ 293,877.97		\$ 295,377.97			\$ (1,500.00)		
	293,877.97		295,377.97			(1,500.00)		
2012	\$ 15,126,580.79	\$ 80,273.92	\$ 80,273.92	\$ 14,717,080.23	\$ 881.71	\$ 48,256.16	\$ 44,358.57	\$ 235,730.20
	\$ 15,126,580.79	\$ 80,273.92	\$ 80,273.92	\$ 15,012,458.20	\$ 881.71	\$ 46,756.16	\$ 44,358.57	\$ 235,730.20
Ref.	A	A-5	A-2/A-14	A-2/A-4	A-6	A-2/A-9		A

Analysis of 2012 Property Tax Levy

Tax Yield:

General Purpose Tax
 Added and Omitted Tax
 6% Penalty

\$ 15,101,912.42
 21,993.71
2,674.66
 \$ 15,126,580.79

Tax Levy:

Regional High School Tax
 Local District School Tax
 County Taxes:
 County Tax
 County Library Tax
 County Open Space Tax
 County Health Tax
 Due County for Added and Omitted Taxes
 Total County Taxes

\$ 3,781,338.66
 4,555,522.00

 \$ 2,059,194.61
 119,781.20
 119,424.13
 41,067.80
3,414.95
 2,342,882.69

Local Municipal Open Space Tax
 Due Municipal Open Space Tax for Added
 and Omitted Tax

A-23
 A-23
 63,370.00
92.32

Local Tax for Municipal Purposes
 Add: Additional Tax Levied

4,356,497.53
26,877.59
 4,383,375.12

A-5
 \$ 15,126,580.79

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance, December 31, 2011	A	\$ 5,905.72
Increased by:		
Transfer from Taxes Receivable	A-5	<u>881.71</u>
Balance, December 31, 2012	A	\$ <u>6,787.43</u>

Exhibit A-7

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	<u>Ref.</u>	
Balance, December 31, 2011 and 2012	A	\$ <u>92,600.00</u>

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Balance Dec. 31, 2011	Accrued in 2012	Collected	Balance Dec. 31, 2012
Clerk:					
Licenses:					
Alcoholic Beverages	A-2		\$ 8,325.00	\$ 8,325.00	
Fees & Permits:					
Other	A-2		45,459.25	45,459.25	
Municipal Court:					
Fines and Costs	A-2	\$ 12,312.37	116,623.55	119,554.42	\$ 9,381.50
Other Revenue:					
Interest and Costs on Taxes	A-2		56,160.54	56,160.54	
Interest on Investments and Deposits	A-2		33,517.29	33,517.29	
Anticipated Utility Operating Surplus	A-2		305,927.22	305,927.22	
Cable Television Franchise Fees	A-2		59,320.44	59,320.44	
Recreation Property Lease	A-2		37,300.00	37,300.00	
Recreation Program	A-2		44,800.71	44,800.71	
Recycling Fees	A-2		18,521.58	18,521.58	
Payments in Lieu of Taxes - Senior Citizen Housing	A-2		34,322.25	34,322.25	
Consolidated Municipal Property Tax Relief Aid	A-2		15,091.00	15,091.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	A-2		310,026.00	310,026.00	
Uniform Construction Code Fees	A-2	3,441.00	55,595.00	59,036.00	
Henry Hudson Regional School - Fuel Usage	A-2		31,418.65	31,418.65	
Borough of Highlands - Mechanical Services	A-2		43,200.00	43,200.00	
Uniform Fire Safety Act	A-2		12,889.52	12,889.52	
Reserve for Debt Service	A-2		303,677.91	303,677.91	
General Capital Fund Balance	A-2		80,000.00	80,000.00	
Interfund - Water/Sewer Operating Fund	A-2		199,366.98	199,366.98	
		<u>\$ 15,753.37</u>	<u>\$ 1,811,542.89</u>	<u>\$ 1,817,914.76</u>	<u>\$ 9,381.50</u>
	Ref.	A			A
Cash Receipts	A-4			\$ 1,618,547.78	
Interfunds	A-23			199,366.98	
				<u>\$ 1,817,914.76</u>	

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, 2011	A	\$ 489.73
Increased by:		
Senior Citizens		\$ 7,750.00
Veterans		40,500.00
Deductions Allowed by Collector		1,000.00
		<u>49,250.00</u>
Less:		
Deductions Disallowed by Collector		993.84
	A-5	<u>48,256.16</u>
		48,745.89
Decrease by:		
Received from State of New Jersey	A-4	47,239.73
Deductions Disallowed by Collector - Prior Taxes	A-1/A-5	1,500.00
		<u>48,739.73</u>
Balance, December 31, 2012	A	<u>\$ 6.16</u>

Exhibit A-10

SCHEDULE OF RESERVE FOR OUTSIDE LIENS

Balance, December 31, 2011 and 2012	A	\$ <u>873.95</u>
-------------------------------------	---	------------------

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2011	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
<u>Operations Within CAPS</u>					
General Government:					
General Administration	\$ 618.86	\$ 3,144.17	\$ 3,763.03	\$ 3,455.01	\$ 308.02
Other Expenses					
Mayor and Council	436.32	695.00	1,131.32	704.90	426.42
Other Expenses					
Municipal Clerk	6.66	387.48	394.14	368.47	25.67
Other Expenses					
Financial Administration					
Other Expenses	2,776.85		2,776.85		2,776.85
Computerized Data Processing					
Other Expenses	893.79		893.79		893.79
Revenue Administration					
Salaries and Wages	846.17		846.17		846.17
Other Expenses	1,438.44	15.49	1,453.93	173.99	1,279.94
Tax Assessment Administration					
Other Expenses	496.01	959.58	1,455.59	959.58	496.01
Legal Services					
Other Expenses	7,983.65		7,983.65	1,701.35	6,282.30
Engineering Costs					
Other Expenses	1,774.13		1,774.13	375.15	1,398.98
Planning Board					
Salaries and Wages	284.24		284.24		284.24
Other Expenses	9,638.00	159.50	9,797.50	3,024.43	6,773.07
Insurance					
General Liability	30,379.16		30,379.16	28,410.00	1,969.16
Surety Bonds	1,000.00		1,000.00		1,000.00
Workers' Compensation	441.94		441.94		441.94

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2011	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Public Safety:					
Police					
Salaries and Wages		\$ 8.91	\$ 8.91	8.91	
Other Expenses	\$ 11,494.98	21,792.97	33,287.95	31,221.96	\$ 2,065.99
Office of Emergency Management					
Other Expenses	325.38		325.38		325.38
Aid to Volunteer Fire Companies					
Other Expenses		7,321.23	7,321.23	7,188.41	132.82
Uniform Fire Safety Act (Fire Department)					
Salaries and Wages	4,393.00	830.00	5,223.00	830.00	4,393.00
Other Expenses	2,110.74	534.45	2,645.19	914.57	1,730.62
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					
Other Expenses	1,773.97	351.82	2,125.79	805.47	1,320.32
Streets and Roads Maintenance					
Other Expenses	7,179.00	9,972.98	17,151.98	11,228.52	5,923.46
Solid Waste Collection					
Other Expenses	7,738.74	7,065.12	14,803.86	13,085.38	1,718.48
Buildings and Grounds					
Salaries and Wages	386.82		386.82		386.82
Other Expenses	16,284.85	636.10	16,920.95	707.30	16,213.65
Vehicle Maintenance					
Other Expenses	2,150.35	7,000.53	9,150.88	7,234.54	1,916.34
Animal Control Services					
Other Expenses	229.00	305.00	534.00	305.00	229.00

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2011	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Recreation Services and Programs	\$ 7,525.56	\$ 1,536.85	\$ 9,062.41	\$ 2,414.87	\$ 6,647.54
Other Expenses					
Right to Know/Safety					
Other Expenses	99.81		99.81	35.00	64.81
Environmental Commission					
Other Expenses	1,715.01		1,715.01		1,715.01
Celebration of Public Events					
Other Expenses	3,024.22	450.00	3,474.22	450.00	3,024.22
Utility Expenses and Bulk Purchases					
Electricity	2,861.14		2,861.14	218.98	2,642.16
Street Lighting	8,941.38		8,941.38	8,438.79	502.59
Telephone	2,003.19		2,003.19		2,003.19
Natural Gas	194.14		194.14		194.14
Telecommunications Costs	511.79		511.79		511.79
Gasoline	9,002.03		9,002.03	3,562.50	5,439.53
Landfill/Solid Waste Disposal Costs					
Other Expenses	21,904.06	777.78	22,681.84	17,335.50	5,346.34
State Uniform Construction Code					
Salaries and Wages	161.04		161.04		161.04
Other Expenses	789.00	175.00	964.00	175.00	789.00
Other Code Enforcement Functions					
Other Expenses	43.85	40.60	84.45	40.60	43.85
Contingent	500.00		500.00		500.00
Statutory Expenditures:					
Social Security System (O.A.S.I.)	1,503.29		1,503.29		1,503.29
Total Appropriations (Including Contingent) Within CAPS	173,960.56	67,910.56	241,871.12	149,124.18	92,746.94

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

<u>Appropriations Excluded from CAPS</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Reserve</u> <u>for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Recycling Tax	\$ 2,383.45	\$	2,383.45	\$ 679.86	\$ 1,703.59
Other Expenses					
Contribution to:					
Length of Service Award Program	60,000.00		60,000.00	59,917.30	82.70
Gasoline - HHRSD					
Other Expenses	<u>4,212.83</u>		<u>4,212.83</u>	<u>1,702.27</u>	<u>2,510.56</u>
	<u>66,596.28</u>		<u>66,596.28</u>	<u>62,299.43</u>	<u>4,296.85</u>
Total Appropriations Excluded from CAPS	<u>\$ 240,556.84</u>	<u>\$ 67,910.56</u>	<u>\$ 308,467.40</u>	<u>\$ 211,423.61</u>	<u>\$ 97,043.79</u>

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, 2011	A	\$ 67,910.56
Increased by:		
Current Appropriations Charged	A-3	<u>213,268.41</u>
		281,178.97
Decreased by:		
Transferred to Appropriation Reserves	A-11	<u>67,910.56</u>
Balance, December 31, 2012	A	\$ <u><u>213,268.41</u></u>

SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>	
Increased by:		
Receipts	A-4	\$ 5,403.63
Charges to Operations	A-1	<u>4,282.72</u>
		\$ <u>9,686.35</u>
		9,686.35
Decreased by:		
Refunds	A-4	\$ <u><u>9,686.35</u></u>

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance, December 31, 2011	A	\$ 80,273.92
Increased by:		
Collections, 2013 Taxes	A-4	114,301.47
		<u>194,575.39</u>
Decreased by:		
Applied to Taxes Receivable	A-5	<u>80,273.92</u>
Balance, December 31, 2012	A	\$ <u>114,301.47</u>

Exhibit A-15

SCHEDULE OF RESERVE FOR SHADE TREE COMMISSION

	<u>Ref.</u>	
Balance, December 31, 2011	A	\$ 3,463.50
Increased by:		
Cash Receipts	A-4	13,870.00
		<u>17,333.50</u>
Decreased by:		
Cash Disbursed	A-4	<u>13,334.52</u>
Balance, December 31, 2012	A	\$ <u>3,998.98</u>

Exhibit A-16

SCHEDULE OF RESERVE FOR STATE LIBRARY AID

	<u>Ref.</u>	
Balance, December 31, 2011 and 2012	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, 2011	A	\$ 7,266.23
Increased by:		
County Tax	A-5	\$ 2,059,194.61
County Library Tax	A-5	119,781.20
County Open Space Tax	A-5	119,424.13
County Health Tax	A-5	41,067.80
Due County for Added and Omitted Taxes	A-5	<u>3,414.95</u>
	A-1	<u>2,342,882.69</u>
		<u>2,350,148.92</u>
Decreased by:		
Payments	A-4	<u>2,346,733.97</u>
Balance, December 31, 2012	A	<u>\$ 3,414.95</u>

Exhibit A-18

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

	<u>Ref.</u>	
Balance, December 31, 2011:		
School Tax Payable	A	\$ 795,975.37
School Tax Deferred		<u>1,387,835.63</u>
		\$ 2,183,811.00
Increased by:		
Levy - For School Year July 1, 2012 to June 30, 2013	A-5	<u>4,555,522.00</u>
		<u>6,739,333.00</u>
Decreased by:		
Payments	A-4	<u>4,559,829.00</u>
Balance, December 31, 2012:		
School Tax Payable	A	791,668.37
School Tax Deferred		<u>1,387,835.63</u>
		<u>\$ 2,179,504.00</u>
<u>2012 Liability for Local District School Tax</u>		
Tax Paid	A-4	\$ 4,559,829.00
School Tax Payable, December 31, 2012	A	<u>791,668.37</u>
		<u>5,351,497.37</u>
School Tax Payable, December 31, 2011	A	<u>795,975.37</u>
Amount Charged to 2012 Operations	A-1	<u>\$ 4,555,522.00</u>

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF RESERVE FOR MASTER PLAN

	<u>Ref.</u>	
Balance, December 31, 2011 and 2012	A	\$ <u>1,925.79</u>

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF DEFERRED CHARGES
 N.J.S. 40A: 4-55 SPECIAL EMERGENCY

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Authorized in 2012</u>	<u>Balance Dec. 31, 2012</u>
11-21-12	Hurricane Sandy Clean Up and Repairs	\$ 100,000.00	\$ 20,000.00	\$ 100,000.00	\$ 100,000.00
				\$ 100,000.00	\$ 100,000.00
				A-3	A
			<u>Ref.</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, 2011:			
School Tax Payable	A	\$ 631,358.36	
School Tax Deferred		<u>1,384,966.84</u>	
			\$ 2,016,325.20
Increased by:			
Levy - For School Year July 1, 2012 to June 30, 2013	A-5		<u>3,781,338.66</u>
			5,797,663.86
Decreased by:			
Payments	A-4		<u>3,809,471.83</u>
Balance, December 31, 2012:			
School Tax Payable	A	603,225.19	
School Tax Deferred		<u>1,384,966.84</u>	
			<u>\$ 1,988,192.03</u>
<u>2012 Liability for Regional High School Tax</u>			
Tax Paid	A-4		\$ 3,809,471.83
School Tax Payable, December 31, 2012	A		<u>603,225.19</u>
			4,412,697.02
School Tax Payable, December 31, 2011	A		<u>631,358.36</u>
Amount Charged to 2012 Operations	A-1		<u>\$ 3,781,338.66</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, 2011	A	\$	51,517.58
Increased by:			
Deposited in Current Fund:			
Unappropriated Reserves	A-4/A-27	\$	29,138.81
2012 Budget Appropriations:			
Grants Appropriated	A-3/A-26		<u>41,146.83</u>
			<u>70,285.64</u>
			121,803.22
Decreased by:			
Disbursed by Current Fund:			
Appropriated Reserves	A-4/A-26		6,324.17
2012 Anticipated Revenue	A-2/A-25		<u>41,146.83</u>
			<u>47,471.00</u>
Balance, December 31, 2012	A	\$	<u><u>74,332.22</u></u>

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

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

Ref.	Total (MEMO ONLY)	Harbor Commission Utility Operating Fund	Water/Sewer Utility Operating Fund	Open Space Trust Fund	Animal Control Fund
A	\$ 241,676.51	\$ 240,389.09			\$ 1,287.42
A	\$ (200.83)			\$ (200.83)	
A-1	858.52		858.52		
A-1	2,178.03				2,178.03
A-4	63,570.83		858.52	63,570.83	2,178.03
	66,607.38		858.52	63,570.83	2,178.03
	308,083.06		241,247.61	63,370.00	3,465.45
A-1/A-5	63,370.00			63,370.00	
A-1/A-5				92.32	
A-3	150,000.00		150,000.00		
A-4	535,749.29	294,072.78	240,389.09		1,287.42
	749,119.29	294,072.78	390,389.09	63,462.32	1,287.42
A	\$ 2,178.03				\$ 2,178.03
A	\$ (443,306.58)	\$ (294,072.78)	\$ (149,141.48)	\$ (92.32)	

Balance, December 31, 2011:
 Interfund Receivable
 Interfund Payable

Increased by:
 Prior Year Appropriation for Deficit Returned
 Statutory Excess
 Disbursements

Decreased by:
 Open Space Tax Levy
 Open Space Added and Omitted Levy
 Budget Appropriation
 Cash Receipts

Balance, December 31, 2012:
 Interfund Receivable
 Interfund Payable

Analysis of Net Credit to Operations
 Interfunds Accounts Receivable:
 Balance December 31, 2012
 Balance December 31, 2011

Less Anticipated as Revenue:
 Interfund - Water/Sewer Utility Operating Fund

Net Credit to Operations

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>	
Balance, December 31, 2011	A	\$ 125.00
Increased by:		
Receipts	A-4	<u>700.00</u>
		825.00
Decreased by:		
Disbursements	A-4	<u>650.00</u>
Balance, December 31, 2012	A	<u><u>\$ 175.00</u></u>

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

<u>Grant</u>	2012 Anticipated Revenue	Transfer from Grants Unappropriated	Balance Dec. 31, 2012
Recycling Tonnage Grant	\$ 12,908.63	\$ 12,908.63	
Drunk Driving Enforcement Fund	2,087.47	2,087.47	
Clean Communities Program	8,797.08	8,797.08	
Body Armor Fund	961.65	961.65	
DWI Saturation Patrol	2,675.00	2,675.00	
Pedestrian Safety Grant	<u>13,717.00</u>	<u> </u>	\$ <u>13,717.00</u>
	<u>\$ 41,146.83</u>	<u>\$ 27,429.83</u>	<u>\$ 13,717.00</u>
<u>Ref.</u>	A-2/A-22	A-27	A

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
 SCHEDULE OF APPROPRIATED RESERVES

<u>Grant</u>	<u>Balance</u> Dec. 31, 2011	<u>Transfer from</u> 2012 Budget <u>Appropriation</u>	<u>Transfer from</u> Reserve for <u>Encumbrances</u>	<u>Expended</u>	<u>Balance</u> Dec. 31, 2012
Drunk Driving Enforcement Fund	\$ 3,984.88	\$ 2,087.47			\$ 6,072.35
Recycling Tonnage Grant		12,908.63		103.00	12,805.63
Body Armor Fund		961.65	\$ 731.25	1,455.05	237.85
Alcohol Education and Rehabilitation Fund	1,409.13				1,409.13
Operation Clean Shores	4,035.02			1,662.16	2,372.86
DWI Saturation Patrol		2,675.00		1,600.00	1,075.00
Pedestrian Safety Grant		13,717.00			13,717.00
Clean Communities Program	<u>12,972.47</u>	<u>8,797.08</u>	<u>955.00</u>	<u>1,503.96</u>	<u>21,220.59</u>
	<u>\$ 22,401.50</u>	<u>\$ 41,146.83</u>	<u>\$ 1,686.25</u>	<u>\$ 6,324.17</u>	<u>\$ 58,910.41</u>

<u>Ref.</u>	A	A-3/A-22	A-28	A-22	A
-------------	---	----------	------	------	---

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

FEDERAL AND STATE GRANT FUND
 SCHEDULE OF UNAPPROPRIATED RESERVES

Grant	Balance Dec. 31, 2011	Cash Received	Realized as Revenue	Balance Dec. 31, 2012
Recycling Tonnage Grant	\$ 12,908.63	\$ 18,766.16	\$ 12,908.63	\$ 18,766.16
Drunk Driving Enforcement Fund	2,087.47		2,087.47	
Body Armor Fund	961.65	1,725.92	961.65	1,725.92
DWI Saturation Patrol	2,675.00		2,675.00	
Clean Communities Program	8,797.08	8,646.73	8,797.08	8,646.73
	<u>\$ 27,429.83</u>	<u>\$ 29,138.81</u>	<u>\$ 27,429.83</u>	<u>\$ 29,138.81</u>

Ref

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, 2011	A	\$	1,686.25
Transfer to Appropriated Reserves	A-26	\$	<u>1,686.25</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
Balance, December 31, 2011	\$ 7,001.93	\$ 199,725.57	\$ 516,745.53
Increased by Receipts:			
Reserve for Animal Control			
Trust Fund Expenditures	2,664.25		
B-2	\$ 2,664.25		
B-3	353.40		
B-6			\$ 63,570.83
B-9			4,654.43
B-8	\$ 335,136.71		
Various Reserves	3,017.65	335,136.71	68,225.26
	10,019.58	534,862.28	584,970.79
Decreased by Disbursements:			
Due from/(to) State of New Jersey			
Animal Control Trust Fund	345.00		
B-3	345.00		
Expenditures (R.S. 4:19-15.11)	104.00		
B-2	104.00		
B-8		221,847.90	
B-4	1,287.42		
B-9			50,186.40
Reserve for Open Space	1,736.42	221,847.90	50,186.40
Balance, December 31, 2012	\$ 8,283.16	\$ 313,014.38	\$ 534,784.39

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, 2011	B	\$ 5,771.71
Increased by:		
Dog License Fees Collected		\$ 2,470.00
Cat License Fees Collected		90.00
Miscellaneous Dog Fees Collected		<u>104.25</u>
	B-1	<u>2,664.25</u>
		8,435.96
Decreased by:		
Expenditures Under R.S. 4:19-15.11	B-1	104.00
Statutory Excess	B-4	<u>2,178.03</u>
		<u>2,282.03</u>
Balance, December 31, 2012	B	<u>\$ 6,153.93</u>

License and Penalty Fees Collected:

<u>Year</u>	<u>Amount</u>
2010	\$ 2,899.83
2011	<u>3,254.10</u>
	<u>\$ 6,153.93</u>

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

	<u>Ref.</u>	
Balance, December 31, 2011	B	\$ 7.20
Increased by:		
Disbursed	B-1	345.00
		<u>352.20</u>
Decreased by:		
Receipts	B-1	353.40
		<u>353.40</u>
Balance, December 31, 2012	B	\$ <u>(1.20)</u>

SCHEDULE OF INTERFUND PAYABLE- CURRENT FUND

	<u>Ref.</u>	
Balance, December 31, 2011	B	\$ 1,287.42
Increased by:		
Statutory Excess	B-2	2,178.03
		<u>3,465.45</u>
Decreased by:		
Cash Disbursements	B-1	1,287.42
		<u>1,287.42</u>
Balance, December 31, 2012	B	\$ <u>2,178.03</u>

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, December 31, 2011	B	\$ 822.00
Increased by:		
Various Reserves	B-8	695.00
		<u>1,517.00</u>
Decreased by:		
Various Reserves	B-8	822.00
		<u>822.00</u>
Balance, December 31, 2012	B	<u>\$ 695.00</u>

OPEN SPACE TRUST FUND
SCHEDULE OF INTERFUND RECEIVABLE - CURRENT FUND

	<u>Ref.</u>	
Balance, December 31, 2011	B	\$ 200.83
Increased by:		
Open Space Tax Levy	B-9	\$ 63,370.00
Open Space Added and Omitted Levy	B-9	92.32
		<u>63,462.32</u>
		<u>63,663.15</u>
Decreased by:		
Cash Receipts	B-1	63,570.83
		<u>63,570.83</u>
Balance, December 31, 2012	B	<u>\$ 92.32</u>

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

OPEN SPACE TRUST FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Increased by:		
Reserve for Open Space	B-9	\$ <u>7,075.00</u>
Balance, December 31, 2012	B	\$ <u><u>7,075.00</u></u>

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND
 SCHEDULE OF VARIOUS RESERVES

	Balance Dec. 31, 2011	Increase	Decrease	Balance Dec. 31, 2012
Reserve for:				
Street Opening Deposits	\$ 5,560.00	\$ 1,278.00	\$ 385.00	\$ 6,453.00
Developer Deposits	50,835.35	54,566.46	35,513.39	69,888.42
Special Events Escrow	425.00	200.00	100.00	525.00
P.O.A.A.	42.00	142.00		184.00
Restitution	127.57			127.57
Construction Code - DCA Fees	1,232.63	4,062.00	4,698.94	595.69
Police Off Duty	11,724.50	64,551.00	54,650.00	21,625.50
Fire Marshall	325.18	75.00		400.18
Law Enforcement Trust Fund	7,929.93	5,188.92	2,922.65	10,196.20
Police Bicycles	50.00			50.00
Public Defender	5,616.86	1,175.50	6,582.50	209.86
NJNG Center Avenue		100,000.00		100,000.00
Tax Sale Premiums	103,700.00	69,900.00	99,500.00	74,100.00
Unemployment Trust	99.56	34,819.83	18,190.42	16,728.97
Accumulated Absences	1,000.00			1,000.00
Recreation Trips	5,990.45			5,990.45
Other Trust Fund	4,244.54			4,244.54
	<u>\$ 198,903.57</u>	<u>\$ 335,958.71</u>	<u>\$ 222,542.90</u>	<u>\$ 312,319.38</u>

	<u>Ref.</u>	B		B
Cash Receipts	B-1		\$ 335,136.71	
Reserve for Encumbrances	B-5		<u>822.00</u>	
			<u>\$ 335,958.71</u>	
Cash Disbursements	B-1			\$ 221,847.90
Reserve for Encumbrances	B-5			<u>695.00</u>
				<u>\$ 222,542.90</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, 2011	B		\$ 516,946.36
Increased by:			
Open Space Tax Levy	B-6	\$ 63,370.00	
Open Space Added and Omitted Levy	B-6	92.32	
Interest Income	B-1	<u>4,654.43</u>	
			<u>68,116.75</u>
			585,063.11
Decreased by:			
Disbursements	B-1	50,186.40	
Reserve for Encumbrances	B-7	<u>7,075.00</u>	
			<u>57,261.40</u>
Balance, December 31, 2012	B		<u>\$ 527,801.71</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, 2011	B		\$ 309,004.85
Increased by:			
Borough Contributions	B-11	\$ 56,950.00	
Appreciation of Investments	B-11	<u>32,186.42</u>	
			<u>89,136.42</u>
			398,141.27
Decreased by:			
Withdrawals	B-11	11,275.79	
Accounting Charges/Tax	B-11	<u>2,163.04</u>	
			<u>13,438.83</u>
Balance, December 31, 2012	B		<u>\$ 384,702.44</u>

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

	<u>Ref.</u>		
Balance, December 31, 2011	B		\$ 309,004.85
Increased by:			
Borough Contributions	B-10	\$ 56,950.00	
Appreciation of Investments	B-10	<u>32,186.42</u>	
			<u>89,136.42</u>
			398,141.27
Decreased by:			
Withdrawals	B-10	11,275.79	
Accounting Charges/Tax	B-10	<u>2,163.04</u>	
			<u>13,438.83</u>
Balance, December 31, 2012	B		<u>\$ 384,702.44</u>

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>		
Balance, December 31, 2011	C		\$ 593,345.84
Increased by Receipts:			
Budget Appropriations:			
Improvement Costs	C-5	\$ 253,677.91	
Due From Monmouth County Improvement Authority	C-9	30,860.43	
Interfund - Water/Sewer Capital Fund	C-6	300,000.00	
Improvement Authorizations	C-11	3,300.00	
Grants Receivable	C-7	<u>332,185.55</u>	
			<u>920,023.89</u>
			1,513,369.73
Decreased by Disbursements:			
Capital Fund Balance	C-1	80,000.00	
Due From Monmouth County Improvement Authority	C-9	1,000.00	
Reserve for Payment of Bonds and Notes	C-13	303,677.91	
Improvement Authorizations	C-11	<u>1,090,885.04</u>	
			<u>1,475,562.95</u>
Balance, December 31, 2012	C		\$ <u><u>37,806.78</u></u>

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH

	<u>Balance</u> <u>Dec. 31, 2012</u>
Fund Balance	\$ 128,094.62
Capital Improvement Fund	578.90
Reserve for Encumbrances	314,378.61
Reserve for Payment of Bonds and Notes	57,230.79
Interfund - Water/Sewer Capital Fund	300,000.00
Due From Monmouth County Improvement Authority	(1,000.00)
Grants Receivable	(563,286.45)

Improvement Authorizations:

<u>Ordinance</u> <u>Number</u>	<u>Improvement Description</u>	
02-99	Various Improvements	(560,577.01)
14-05	Various Improvements	107,661.77
12-06	Various Improvements	614.94
20-07	2007 Road Improvements	(46,800.00)
22-07	Various Improvements	11,770.00
11-09/04-11	Various Improvements	49,142.95
15-09	Construction of Streetscape III	51,995.67
13-10	Construction of Streetscape IV	31,913.39
08-11	West Avenue Bikeway Program	150,000.00
09-11	West Avenue Road Improvements	<u>6,088.60</u>
		<u>\$ 37,806.78</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, 2011	C		\$ 15,819,565.95
Decreased by:			
Budget Appropriation to Pay Bonds	C-8	\$ 845,302.54	
Budget Appropriation to Pay Green Acres Loan	C-10	<u>9,098.43</u>	
			<u>854,400.97</u>
Balance, December 31, 2012	C		<u>\$ 14,965,164.98</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, 2011	Raised in Budget	Balance Dec. 31, 2012	Analysis of Balance December 31, 2012	
					Expenditures	Unexpended Improvement Authorizations
07-95	Various Improvements	\$ 41,407.08	\$ 41,407.08			
10-97	Various Improvements	130,000.00	130,000.00			
02-99	Various Improvements	597,746.00		\$ 597,746.00	\$ 560,577.01	\$ 37,168.99
04-04	Various Improvements	47,500.00	16,050.00	31,450.00		31,450.00
20-07	2007 Road Improvements	250,000.00	66,220.83	183,779.17	46,800.00	136,979.17
		<u>\$ 1,066,653.08</u>	<u>\$ 253,677.91</u>	<u>\$ 812,975.17</u>	<u>\$ 607,377.01</u>	<u>\$ 205,598.16</u>
Ref.		C	C-2	C	C-3	C-11

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF INTERFUND - WATER/SEWER CAPITAL FUND

	<u>Ref.</u>	
Increased by:		
Cash Receipt	C-2	\$ 300,000.00
Balance, December 31, 2012	C	\$ <u>300,000.00</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, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Canceled</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
13-10	NJ DOT Streetscape IV Grant	\$ 104,250.00			\$ 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	\$ 191,222.00	\$ 9,454.00	150,000.00
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	140,963.55		59,036.45
		<u>\$ 904,926.00</u>	<u>\$ 332,185.55</u>	<u>\$ 9,454.00</u>	<u>\$ 563,286.45</u>
	<u>Ref.</u>	<u>C</u>	<u>C-2</u>	<u>C-11</u>	<u>C</u>

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, 2012	Interest Rate	Balance Dec. 31, 2011	Paid by Budget Appropriation	Balance Dec. 31, 2012
General Improvement Bonds	02/25/10	\$ 6,995,000.00	02/01/13 \$ 260,000.00	3.000%			
			02/01/14 260,000.00	2.000%			
			02/01/15 270,000.00	4.000%			
			02/01/16 280,000.00	3.000%			
			02/01/17 285,000.00	3.000%			
			02/01/18 300,000.00	5.000%			
			02/01/19 310,000.00	3.000%			
			02/01/20 325,000.00	5.000%			
			02/01/21 330,000.00	3.250%			
			02/01/22 350,000.00	5.000%			
			02/01/23 370,000.00	5.000%			
			02/01/24 385,000.00	5.000%			
			02/01/25 405,000.00	4.750%			
			02/01/26 425,000.00	4.750%			
			02/01/27 445,000.00	4.750%			
			02/01/28 470,000.00	4.750%			
			02/01/29 490,000.00	4.750%			
			02/01/30 515,000.00	4.750%			
					\$ 6,735,000.00	\$ 260,000.00	\$ 6,475,000.00
					\$ 15,805,849.95	\$ 845,302.54	\$ 14,960,547.41
				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>	
Balance December 31, 2011	C	\$ 30,860.43
Increased by:		
Cash Disbursed	C-2	<u>1,000.00</u>
		31,860.43
Decreased by:		
Cash Receipts	C-2	<u>30,860.43</u>
Balance December 31, 2012	C	<u><u>\$ 1,000.00</u></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, 2011	C	\$ 13,716.00
Decreased by:		
Budget Appropriation	C-4	<u>9,098.43</u>
Balance, December 31, 2012	C	\$ <u>4,617.57</u>

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, December 31, 2011	C	\$ 994,343.02
Increased by:		
Charged to Improvement Authorizations	C-11	<u>314,378.61</u>
		1,308,721.63
Decreased by:		
Applied to Improvement Authorizations	C-11	<u>994,343.02</u>
Balance, December 31, 2012	C	\$ <u><u>314,378.61</u></u>

SCHEDULE OF RESERVE FOR PAYMENT OF BONDS AND NOTES

	<u>Ref.</u>	
Balance, December 31, 2011	C	\$ 360,908.70
Decreased by:		
Anticipated as Current Fund Budget Revenue	C-2	<u>303,677.91</u>
Balance, December 31, 2012	C	\$ <u><u>57,230.79</u></u>

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance, December 31, 2011 and 2012	C	\$ <u>578.90</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>	<u>Balance Dec. 31, 2011</u>	<u>Raised in Budget</u>	<u>Balance Dec. 31, 2012</u>
07-95	Various Improvements	\$ 41,407.08	\$ 41,407.08	
10-97	Various Improvements	130,000.00	130,000.00	
02-99	Various Improvements	597,746.00	\$	597,746.00
04-04	Various Improvements	47,500.00	16,050.00	31,450.00
20-07	Various Improvements	<u>250,000.00</u>	<u>66,220.83</u>	<u>183,779.17</u>
		<u>\$ 1,066,653.08</u>	<u>\$ 253,677.91</u>	<u>\$ 812,975.17</u>

Ref.

C-5

(Footnote C)

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2011	D	\$ 290,600.29	\$ 3,215.58
Increased by Receipts:			
Consumer Accounts Receivable	D-7	\$ 2,445,015.90	
Miscellaneous Revenue	D-3	43,966.31	
Interfund - Water/Sewer Capital Fund	D	335,000.00	
Bond Anticipation Notes	D-18		\$ 1,140,000.00
Budget Appropriations:			
Due From N.J. Natural Gas	D-9		49,000.00
Capital Improvement Fund	D-23		30,000.00
Down Payments on Improvements	D-24		60,000.00
Customer Overpayments	D-12	9,841.08	
Premium on Sale of Notes	D-2		1,826.00
		<u>2,833,823.29</u>	<u>1,280,826.00</u>
		3,124,423.58	1,284,041.58
Decreased by Disbursements:			
2012 Appropriations	D-4	2,532,892.37	
Appropriation Reserves	D-10	12,936.04	
Accrued Interest Bonds, Notes and Loans	D-13	181,181.02	
Interfund - Current Fund	D-8	240,389.09	
Interfund - Water/Sewer Operating Fund	D		335,000.00
Interfund - General Capital Fund	D		300,000.00
Improvement Authorizations	D-20		67,362.53
		<u>2,967,398.52</u>	<u>702,362.53</u>
Balance, December 31, 2012	D	\$ 157,025.06	\$ 581,679.05

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, 2012</u>
Reserve for Encumbrances	\$ 572,301.92
Due from N.J. Natural Gas	(70,000.00)
Due from Contractor	(6,041.50)
Interfund - Water/Sewer Operating Fund	(300,000.00)
Interfund - General Capital Fund	(300,000.00)
Fund Balance	3,543.22

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	40,058.10
02-12	Water Supply Infrastructure Improvements	626,086.00
06-12	Acquisition of Utility Truck	<u>697.00</u>
		<u>\$ 581,679.05</u>

Ref.

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, 2011	D		\$ 125,848.46
Increased by:			
Water/Sewer Rents Levied			2,516,478.83
			2,642,327.29
Decreased by:			
Collections	D-5	\$ 2,445,015.90	
Overpayments Applied	D-12	7,927.02	
	D-3		2,452,942.92
Balance, December 31, 2012	D		\$ 189,384.37

SCHEDULE OF INTERFUND - CURRENT FUND

	<u>Ref.</u>		
Balance, December 31, 2011 - (Due To)	D		\$ (240,389.09)
Increased by:			
Cash Disbursed	D-5	\$ 240,389.09	
Prior Year Excess Anticipated Deficit	D-1	858.52	
			241,247.61
			858.52
Decreased by:			
Deficit (General Budget)	D-3		150,000.00
Balance, December 31, 2012 - Due From	D		\$ 149,141.48

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, 2011	D	\$ 119,000.00
Decreased by:		
Raised in Operating Budget	D-5	<u>49,000.00</u>
Balance, December 31, 2012	D	<u>\$ 70,000.00</u>

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND
 SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2011	Transfer from Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:					
Other Expenses	\$ 1,460.08	\$ 12,455.28	\$ 13,915.36	\$ 13,056.84	\$ 858.52
	<u>\$ 1,460.08</u>	<u>\$ 12,455.28</u>	<u>\$ 13,915.36</u>	<u>\$ 13,056.84</u>	<u>\$ 858.52</u>

Ref. D D-11 D-1

Cash Disbursements	\$ 12,936.04
Accounts Payable	<u>120.80</u>
D-10	<u>\$ 13,056.84</u>

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, 2011	D	\$ 12,455.28
Increased by:		
Transferred from Budget Appropriations	D-4	18,696.90
		<u>31,152.18</u>
Decreased by:		
Transferred to Appropriation Reserves	D-10	12,455.28
		<u>12,455.28</u>
Balance, December 31, 2012	D	\$ <u>18,696.90</u>

SCHEDULE OF CUSTOMER OVERPAYMENTS

	<u>Ref.</u>	
Balance, December 31, 2011	D	\$ 7,927.02
Increased by:		
Cash Received	D-5	9,841.08
		<u>17,768.10</u>
Decreased by:		
Applied to Customer Accounts Receivable	D-7	7,927.02
		<u>7,927.02</u>
Balance, December 31, 2012	D	\$ <u>9,841.08</u>

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

	<u>Ref.</u>	
Balance, December 31, 2011	D	\$ 28,828.27
Increased by:		
Budget Appropriations	D-4	192,296.31
		<u>221,124.58</u>
Decreased by:		
Interest Paid	D-5	181,181.02
		<u>181,181.02</u>
Balance, December 31, 2012	D	\$ <u>39,943.56</u>

Analysis of Accrued Interest December 31, 2012

Principal Outstanding Dec. 31, 2012	Interest Rate	From	To	Period	Amount
Serial Bonds:					
\$ 1,407,000.00	Various	12/01/12	12/31/12	30 Days	\$ 5,359.69
1,081,856.91	Various	12/01/12	12/31/12	30 Days	4,101.25
745,000.00	Various	08/01/12	12/31/12	150 Days	13,317.71
Loans Payable:					
\$ 440,011.76	5.00%	12/03/12	12/31/12	28 Days	1,687.72
217,441.45	Various	08/01/12	12/31/12	152 Days	2,842.19
Bond Anticipation Notes:					
\$ 1,140,000.00	1.50%	04/05/12	12/31/12	266 days	<u>12,635.00</u>
					<u>\$ 39,943.56</u>

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

Ref.

Balance, December 31, 2011 and 2012

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

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2011	2012 Authorizations		Balance Dec. 31, 2012
					Deferred Reserve for Amortization	Deferred Charges to Future Revenue	
05-04	Various Improvements to Water/Sewer System	04/14/04	\$ 375,000.00	\$ 10,787.01		\$	10,787.01
21-05	Various Improvements to Water/Sewer System	10/26/05	550,000.00	35,599.55			35,599.55
11-06	Water Main/Drywell/Sewer Reline	07/25/06	440,000.00	56,978.50			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			900,000.00
03-08	Completion of Stormwater/Drainage Improvement Work Related to the Settlement of Litigation	03/09/08	495,000.00	495,000.00			495,000.00
02-12	Water Supply Infrastructure Improvements	02/08/12	1,200,000.00		\$ 60,000.00	\$ 1,140,000.00	1,200,000.00
06-12	Acquisition of Utility Truck	05/23/12	30,000.00		30,000.00		30,000.00
				\$ 1,498,365.06	\$ 90,000.00	\$ 1,140,000.00	\$ 2,728,365.06
			Ref.	D	D-22	D-20	D

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, 2012	Interest Rate	Balance Dec. 31, 2011	Paid by Budget Appropriation	Balance Dec. 31, 2012
Water/Sewer Utility Bonds	12/04/02	\$ 712,000.00			\$ 1,000.00	\$ 1,000.00	
Water/Sewer Utility Bonds	12/01/06	1,800,000.00	12/01/13 \$ 74,000.00 12/01/14 76,000.00 12/01/15 80,000.00 12/01/16 84,000.00 12/01/17 88,000.00 12/01/18 93,000.00 12/01/19 98,000.00 12/01/20 102,000.00 12/01/21 107,000.00 12/01/22 115,000.00 12/01/23 120,000.00 12/01/24 120,000.00 12/01/25 125,000.00 12/01/26 125,000.00	4.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 5.000% 4.125% 4.125% 4.125% 4.125%	1,000.00 1,478,000.00	1,000.00 1,407,000.00	

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, 2012	Interest Rate	Paid by Budget Appropriation	Balance Dec. 31, 2011	Balance Dec. 31, 2012	
Water/Sewer Utility Refunding Bonds	04/12/07	\$ 1,339,139.84	\$ 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%				
						\$ 1,133,916.96	\$ 1,081,856.91	
						\$ 52,060.05		
	Water/Sewer Utility Bonds	02/25/10	805,000.00	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%					
					\$ 775,000.00	\$ 745,000.00		
					\$ 30,000.00			
					\$ 154,060.05	\$ 3,233,856.91		

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, 2012	Interest Rate	Balance Dec. 31, 2011	Paid by Budget Appropriation	Balance Dec. 31, 2012
Water System Improvements - Farmers Home Administration	02/03/84	\$ 1,000,000.00					
			\$ 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%			
					\$ 475,718.76	\$ 35,707.00	\$ 440,011.76

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, 2012	Interest Rate	Balance Dec. 31, 2011	Paid by Budget Appropriation	Balance Dec. 31, 2012
Sewer System Improvements - NJ Wastewater Treatment Trust Fund	11/07/96	\$ 445,000.00	08/01/12-14 \$ 30,000.00	5.250%	\$ 160,000.00	\$ 30,000.00	\$ 130,000.00
			08/01/15-16 35,000.00	5.250%			
Sewer System Improvements - NJ Wastewater Treatment Trust Loan	11/07/96	427,692.00	02/01/13 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%			
					109,979.13	22,537.68	87,441.45
					<u>\$ 745,697.89</u>	<u>\$ 88,244.68</u>	<u>\$ 657,453.21</u>

Ref. D D-21 D

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

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

Ordinance Number	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Increased</u>	<u>Balance Dec. 31, 2012</u>
02-12	Water Supply Infrastructure Improvements	04/05/12	04/05/12	04/04/13	1.500%	\$ 1,140,000.00	\$ 1,140,000.00
						\$ 1,140,000.00	\$ 1,140,000.00
					Ref.	D-5/D-25	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, 2011	D	\$ 58,947.45
Increased by:		
Charged to Improvement Authorizations	D-20	<u>572,301.92</u>
		631,249.37
Decreased by:		
Transfer to Improvement Authorizations	D-20	<u>58,947.45</u>
Balance, December 31, 2012	D	<u><u>\$ 572,301.92</u></u>

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2011 Funded	Increased by		Decreased by		Balance Dec. 31, 2012 Funded	Balance Dec. 31, 2012 Unfunded
					2012 Authorizations	Reserve for Encumbrances	Paid	Reserve for Encumbrances		
05-04	Various Improvements to Water/Sewer System	04/14/04	\$ 375,000.00	\$ 2,247.32					\$ 2,247.32	
21-05	Various Improvements to Water/Sewer System	10/26/05	550,000.00		\$ 32,211.95	\$ 30,137.56	\$ 2,074.39			
11-06	Water Main/Drywell/Sewer Reline	07/25/06	440,000.00	4,791.12	4,235.50	1,018.72	3,216.78		4,791.12	
02-08/ 12-08	Various Improvements to Water/Sewer System	02/27/08 09/24/08	900,000.00	7,995.87					7,995.87	
03-08	Completion of Stormwater/ Drainage Improvement Work Related to the Settlement of Litigation	03/09/08	495,000.00	17,558.10	22,500.00				40,058.10	
02-12	Water Supply Infrastructure Improvements	02/08/12	1,200,000.00		\$ 1,200,000.00	6,903.25	567,010.75		\$ 626,086.00	
06-12	Acquisition of Utility Truck	05/23/12	30,000.00		30,000.00	29,303.00			697.00	
				\$ 32,592.41	\$ 1,230,000.00	\$ 67,362.53	\$ 572,301.92		\$ 55,789.41	\$ 626,086.00
	Detail:		Ref.	D	D-19	D-5	D-19	D	D	D
	Capital Improvement Fund									
	Down Payment on Improvements			\$ 30,000.00						
	Deferred Charges to Future Revenue			60,000.00						
				1,140,000.00						
				\$ 1,230,000.00						

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, 2011	D	\$ 6,973,139.74
Increased by:		
Serial Bonds Paid by Operating Budget	D-16	\$ 154,060.05
Loans Paid by Operating Budget	D-17	<u>88,244.68</u>
		<u>242,304.73</u>
Balance, December 31, 2012	D	\$ <u>7,215,444.47</u>

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

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

Ordinance Number	Improvement Description	Ordinance Date	Balance Dec. 31, 2011	Increased by Fixed Capital Authorized	Balance Dec. 31, 2012
02-08/ 12-08	Various Improvements to Water/Sewer System	02/27/08 09/24/08	\$ 95,000.00		\$ 95,000.00
03-08	Completion of Stormwater/Drainage Improvement Work Related to the Settlement of Litigation	03/09/08	495,000.00		495,000.00
02-12	Water Supply Infrastructure Improvements	02/08/12		\$ 60,000.00	60,000.00
06-12	Acquisition of Utility Truck	05/23/12	<u> </u>	<u>30,000.00</u>	<u>30,000.00</u>
			<u>\$ 590,000.00</u>	<u>\$ 90,000.00</u>	<u>\$ 680,000.00</u>
			D	D-15	D

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Increased by:		
Budget Appropriation	D-5	\$ 30,000.00
Decreased by:		
Appropriated to Finance Improvement Authorizations	D-20	\$ <u>30,000.00</u>

SCHEDULE OF DOWN PAYMENTS ON IMPROVEMENTS

	<u>Ref.</u>	
Increased by:		
Budget Appropriation	D-5	\$ 60,000.00
Decreased by:		
Appropriated to Finance Improvement Authorizations	D-20	\$ <u>60,000.00</u>

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>2012 Authorizations</u>	<u>Notes Issued</u>
02-12	Water Supply Infrastructure Improvements	\$ <u>1,140,000.00</u>	\$ <u>1,140,000.00</u>
		\$ <u>1,140,000.00</u>	\$ <u>1,140,000.00</u>
		<u>Ref.</u>	<u>D-20</u>
			<u>D-18</u>

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, 2011	E	\$ 550,110.11	\$ 465,334.33
Increased by Receipts:			
Accounts Receivable - Operations	E-10	\$ 2,736,149.53	
Accounts Receivable - Building Rental	E-11	402,502.23	
Gas Station Operations	E-3	1,889,175.50	
Miscellaneous	E-3	52,076.06	
Cancel Capital Improvement Fund	E-3	61,000.00	
Capital Fund Balance	E-3	124,000.00	
Sales Tax Payable	E-13	27,718.02	
Refunds Payable	E-9	7,336.13	
Reserve for Payment of Debt Service	E-21	<u>5,299,957.47</u>	<u>41,509.50</u>
		<u>5,850,067.58</u>	<u>506,843.83</u>
Decreased by Disbursements:			
2012 Appropriations	E-4	4,965,338.68	
Appropriation Reserves	E-16	117,306.03	
Sales Tax Payable	E-13	26,310.10	
Accrued Interest on Bonds	E-19	266,916.20	
Interfund - Current Fund	E	294,072.78	
Improvement Authorizations	E-22		106,179.49
Capital Improvement Fund	E-23		61,000.00
Fund Balance	E-2	<u>5,669,943.79</u>	<u>291,179.49</u>
Balance, December 31, 2012	E	<u>\$ 180,123.79</u>	<u>\$ 215,664.34</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, 2012</u>
Fund Balance		\$ 847.40
Capital Improvement Fund		36,212.71
Reserve for Heritage Square		26,691.00
Reserve for Debt Service		41,509.50
Ordinance		
<u>Number</u>	<u>Improvement Description</u>	
09-03	Various Harbor Improvements	(434.33)
13-06	Various Harbor Improvements	73,525.00
13-08	Various Harbor Improvements	13,420.86
07-12	Various Harbor Improvements	<u>23,892.20</u>
		\$ <u>215,664.34</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, 2011 and 2012	E	\$ <u>2,060.00</u>

Exhibit E-8

SCHEDULE OF EMERGENCY AUTHORIZATIONS

	<u>Ref.</u>	
Balance, December 31, 2011	E	\$ 250,000.00
Increased by:		
Emergency Authorization	E-1/E-4	<u>500,000.00</u>
		750,000.00
Decreased by:		
Raised in Operating Budget	E-4	<u>250,000.00</u>
Balance, December 31, 2012	E	\$ <u>500,000.00</u>

Exhibit E-9

SCHEDULE OF REFUNDS PAYABLE -
HARBOR COMMISSION UTILITY OPERATING FUND

	<u>Ref.</u>	
Balance, December 31, 2011	E	\$ 1,500.00
Increased by:		
Cash Receipts	E-5	<u>7,336.13</u>
		8,836.13
Decreased by:		
Cancellation	E-1	<u>1,500.00</u>
Balance, December 31, 2012	E	\$ <u>7,336.13</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, 2011	E	\$ 116,338.84
Increased by:		
Charges		<u>2,721,236.99</u>
		2,837,575.83
Decreased by:		
Collections	E-3/E-5	<u>2,736,149.53</u>
Balance, December 31, 2012	E	\$ <u><u>101,426.30</u></u>

SCHEDULE OF ACCOUNTS RECEIVABLE - BUILDING RENTAL

	<u>Ref.</u>	
Increased by:		
Charges		\$ <u>464,582.28</u>
		464,582.28
Decreased by:		
Collections	E-3/E-5	<u>402,502.23</u>
Balance, December 31, 2012	E	\$ <u><u>62,080.05</u></u>

BOROUGH OF ATLANTIC HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY OPERATING FUND
SCHEDULE OF ACCOUNTS PAYABLE

	<u>Ref.</u>	
Increased by:		
Charges to Appropriation Reserves	E-16	\$ <u>17,100.00</u>
Balance, December 31, 2012	E	\$ <u><u>17,100.00</u></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, 2011	E	\$ 1,400.51
Increased by:		
Cash Receipts	E-5	<u>27,718.02</u>
		29,118.53
Decreased by:		
Cash Disbursed	E-5	<u>26,310.10</u>
Balance, December 31, 2012	E	\$ <u><u>2,808.43</u></u>

HARBOR COMMISSION UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance, December 31, 2011	E	\$ 19,776,623.65
Increased by:		
Transfer from Fixed Capital Authorized and Uncompleted	E-15	<u>633,342.80</u>
Balance, December 31, 2012	E	\$ <u><u>20,409,966.45</u></u>

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

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

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2011	2012 Reappropriation	Transfer to Fixed Capital	Balance Dec. 31, 2012
13-06	Various Harbor Improvements	10/09/06	\$ 840,000.00	\$ 109,538.70		\$	\$ 109,538.70
18-07	Various Harbor Improvements	08/15/07	700,000.00	700,000.00	\$ (66,657.20)	\$ 633,342.80	800,000.00
13-08	Various Harbor Improvements	10/08/08	800,000.00	800,000.00			800,000.00
07-12	Various Harbor Improvements	06/27/12	66,657.20		66,657.20		66,657.20
				<u>\$ 1,609,538.70</u>	<u>\$</u>	<u>\$ 633,342.80</u>	<u>\$ 976,195.90</u>
			Ref.	E	E-22	E-14	E

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION UTILITY OPERATING FUND
 SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2011	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:					
Salaries and Wages	\$ 27,285.30	\$	\$ 27,285.30	\$ 1,000.00	\$ 26,285.30
Other Expenses	74,389.20	35,634.15	110,023.35	43,199.52	66,823.83
Bank Fees	1,365.86		1,365.86		1,365.86
Gas Station Operations	31,742.03	6,770.00	38,512.03	37,462.77	1,049.26
Insurance	8,800.01		8,800.01		8,800.01
Capital Improvements:					
Capital Outlay	32,442.93	36,293.55	68,736.48	52,743.74	15,992.74
Statutory Expenditures:					
Social Security System	7,201.39		7,201.39		7,201.39
	<u>\$ 183,226.72</u>	<u>\$ 78,697.70</u>	<u>\$ 261,924.42</u>	<u>\$ 134,406.03</u>	<u>\$ 127,518.39</u>
	E	E-17			E-1
Ref.					
Cash Disbursements				\$ 117,306.03	
Accounts Payable				<u>17,100.00</u>	
				<u>\$ 134,406.03</u>	

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, 2011	E	\$ 78,697.70
Increased by:		
Transferred from Budget Appropriations	E-4	<u>185,540.38</u>
		264,238.08
Decreased by:		
Transferred to Appropriation Reserves	E-16	<u>78,697.70</u>
Balance, December 31, 2012	E	<u><u>\$ 185,540.38</u></u>

BOROUGH OF ATLANTIC HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY

HARBOR COMMISSION 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, 2011</u>	<u>Serial Bonds Paid by Operating Budget</u>	<u>Transfer to Reserve for Amortization Dec. 31, 2012</u>
13-06	Various Harbor Improvements	10/09/06	\$ 109,538.70		\$ 109,538.70
18-07	Various Harbor Improvements	08/15/07	64,791.29	\$	64,791.29
13-08	Various Harbor Improvements	10/08/08	74,047.19	26,618.27	100,665.46
07-12	Various Harbor Improvements	06/27/12		2,217.87	2,217.87
			<u>\$ 248,377.18</u>	<u>\$ 28,836.14</u>	<u>\$ 212,422.03</u>

Ref.

E

E-20

E-24

E

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, 2011	E	\$ 43,396.14
Increased by:		
Budget Appropriations	E-4	265,144.49
		<u>308,540.63</u>
Decreased by:		
Interest Paid	E-5	266,916.20
		<u>266,916.20</u>
Balance, December 31, 2012	E	<u>\$ 41,624.43</u>

Analysis of Accrued Interest December 31, 2012

	<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:						
	\$ 1,356,000.00	Various	12/01/12	12/31/12	30 Days	\$ 5,163.44
	2,695,595.68	Various	12/01/12	12/31/12	30 Days	10,664.12
	1,445,000.00	Various	08/01/12	12/31/12	150 Days	<u>25,796.87</u>
						<u>\$ 41,624.43</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, 2012	Interest Rate	Balance Dec. 31, 2011	Paid by Budget Appropriation	Balance Dec. 31, 2012
Harbor Commission Utility			\$ 92,000.00	5.000%	\$ 92,000.00	\$ 92,000.00	
Harbor Commission Utility	12/01/06	\$ 1,734,000.00	12/01/13	4.000%			
			12/01/14	5.000%			
			12/01/15	5.000%			
			12/01/16	5.000%			
			12/01/17	5.000%			
			12/01/18	5.000%			
			12/01/19	5.000%			
			12/01/20	5.000%			
			12/01/21	5.000%			
			12/01/22	4.125%			
			12/01/23	4.125%			
			12/01/24-26	4.125%			
					1,422,000.00	66,000.00	\$ 1,356,000.00
Harbor Commission Utility Refunding	04/12/07	3,245,262.60	12/01/13	4.000%			
			12/01/14	5.000%			
			12/01/15	5.000%			
			12/01/16	5.000%			
			12/01/17	5.000%			
			12/01/18	5.000%			
			12/01/19	5.000%			
			12/01/20	4.000%		178,637.41	2,695,595.68
					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>	
Increased by:		
Cash Receipts	E-5	\$ <u>41,509.50</u>
Balance, December 31, 2012	E	\$ <u><u>41,509.50</u></u>

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, 2011	E	\$ 97,212.71
Decreased by:		
Utilized as Revenue in Operating Budget	E-5	<u>61,000.00</u>
Balance, December 31, 2012	E	\$ <u>36,212.71</u>

Exhibit E-24

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance, December 31, 2011	E	\$ 15,249,117.75
Increased by:		
Serial Bonds Paid by Operating Budget	E-20	\$ 362,801.27
Transfer from Deferred Reserve for Amortization	E-18	<u>64,791.29</u>
		<u>427,592.56</u>
Balance, December 31, 2012	E	\$ <u>15,676,710.31</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, 2011 and 2012	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</u> <u>Number</u>	<u>Improvement Description</u>	Balance, December 31, 2011 and 2012
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, 2011</u>	<u>Additions</u>	<u>Balance</u> <u>Dec. 31, 2012</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	4,774,723.00	\$ 386,534.16	5,161,257.16
	<u>\$ 16,675,123.00</u>	<u>\$ 386,534.16</u>	<u>\$ 17,061,657.16</u>
<u>Ref.</u>	F		F

BOROUGH OF ATLANTIC HIGHLANDS

COUNTY OF MONMOUTH

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2012

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate (Per \$100 Assessed Valuation)</u>	<u>\$2.383</u>	<u>\$2.378</u>	<u>\$2.320</u>
<u>Apportionment of Tax Rate</u>			
Municipality	.687	.673	.647
Municipal Open Space	.010	.010	.010
County	.370	.362	.361
Regional High School	.597	.613	.591
Local School	.719	.720	.711
 <u>Assessed Valuation</u>			
2012	\$633,735,269.00		
2011		\$632,771,827.00	
2010			\$634,407,870.00

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>
2012	\$ 15,126,580.79	\$ 14,845,610.31	98.14%
2011	15,098,079.57	14,778,046.61	97.88%
2010	14,762,504.94	14,214,964.95	96.29%

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>
2012	\$ 6,787.43	\$ 235,730.20	\$ 242,517.63	1.60%
2011	5,905.72	293,877.97	299,783.69	1.98%
2010	5,025.86	490,756.98	495,782.84	3.36%

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>
2012	\$ 92,600.00
2011	92,600.00
2010	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>
2012	\$ 2,516,478.83	\$ 125,848.46	\$ 2,452,942.92
2011	2,355,874.57	301,300.90	2,531,327.01
2010	2,196,303.01	170,393.54	2,065,395.65

COMPARISON OF HARBOR COMMISSION UTILITY CHARGES

<u>Year</u>	<u>Charges</u>	<u>Prior Year Delinquent</u>	<u>Cash Collections</u>
2012	\$ 3,185,819.27	\$ 116,338.84	\$ 3,302,158.11
2011	3,350,669.34	99,822.57	3,334,153.07
2010	3,526,597.53	79,233.73	3,506,008.69

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>		
2012	\$ 294,777.34	\$ 190,000.00
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

<u>Water/Sewer Utility Fund</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2012	\$ 7,847.82	\$ -
2011	34,302.55	26,454.73
2010	34,302.55	-
2009	34,302.55	-
2008	74,302.55	40,000.00

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>		
2012	\$ 252,661.63	\$ 200,000.00
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

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

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 14,965,164.98	\$ 15,819,565.95	\$ 16,650,732.67
Water/Sewer Utility:			
Bonds, Notes and Loans	5,031,310.12	4,133,614.85	4,441,489.26
Harbor Commission Utility:			
Bonds, Notes and Loans	<u>5,496,595.68</u>	<u>5,888,233.09</u>	<u>6,323,470.96</u>
Total Issued	<u>25,493,070.78</u>	<u>25,841,413.89</u>	<u>27,415,692.89</u>
Less:			
Reserve for Debt Service:			
General	57,230.79	360,908.70	4,832.75
Water/Sewer Utility	-	-	-
Harbor Commission Utility	<u>41,509.50</u>	<u>-</u>	<u>57,000.00</u>
	<u>98,740.29</u>	<u>360,908.70</u>	<u>61,832.75</u>
Net Debt Issued	<u>25,394,330.49</u>	<u>25,480,505.19</u>	<u>27,353,860.14</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	812,975.17	1,066,653.08	1,066,653.08
Water/Sewer Utility:			
Bonds and Notes	-	-	-
Harbor Commission Utility:			
Bonds and Notes	<u>434.33</u>	<u>434.33</u>	<u>434.33</u>
Total Authorized but not Issued	<u>813,409.50</u>	<u>1,067,087.41</u>	<u>1,067,087.41</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	\$ <u>26,207,739.99</u>	\$ <u>26,547,592.60</u>	\$ <u>28,420,947.55</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 2.297%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 3,248,000.00	\$ 3,248,000.00	\$ None
Regional High School District Debt	4,088,790.06	4,088,790.06	None
General Debt	15,778,140.15	57,230.79	15,720,909.36
Water/Sewer Utility Debt	5,031,310.12	2,840,569.12	2,190,741.00
Harbor Commission Utility Debt	<u>5,497,030.01</u>	<u>5,497,030.01</u>	<u>None</u>
	<u>\$ 33,643,270.34</u>	<u>\$ 15,731,619.98</u>	<u>\$ 17,911,650.36</u>

Net Debt \$17,911,650.36 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$779,792,906.00 equals 2.297%.

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

3-1/2% Equalized Valuation Basis Municipal Net Debt	\$ 27,292,751.71
	<u>17,911,650.36</u>
Remaining Borrowing Power	<u>\$ 9,381,101.35</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	\$ 2,523,363.96
Deductions:	
Operating and Maintenance Costs	\$ 2,198,300.00
Debt Service Per Water/Sewer Account	<u>434,601.04</u>
Total Deductions	<u>2,632,901.04</u>
Deficit in Revenue	\$ (<u>109,537.08</u>)
Gross Water/Sewer Utility Debt	\$ 5,031,310.72
Less: Deficit Capitalized at 5% \$109,537.08 x 20	<u>2,190,741.60</u>
Allowable Deduction	<u>\$ 2,840,569.12</u>

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		\$ 5,506,190.73
Deductions:		
Operating and Maintenance Costs	\$ 4,443,086.00	
Debt Service Per Harbor Commission Account	<u>656,781.90</u>	
Total Deductions		<u>5,099,867.90</u>
Excess in Revenue		\$ <u>406,322.83</u>

All Harbor debt is deductible.

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

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Frederick Rast	Mayor
Jacob Hoffmann	Council Member, President of Council
John C. Archibald, Jr.	Council Member
Roy Dellosso	Council Member
Peter Doyle	Council Member
Frederick Louis Fligor	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, 2012

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:

- West Avenue Resurfacing Project
- Well #1 Replacement Project
- Well #5 Replacement Project
- Purchase of Floating Docks at the Municipal Harbor
- Demolition and Debris Removal of Piers at the Municipal Harbor

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, 2012, 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 2012 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 2012 and prior years is being properly carried in the Tax Collector's records. An abstract taken from these records as of December 31, 2012, 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 14, 2012 and it was complete.

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>
2012	1
2011	1
2010	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 2012 and prior years is being properly carried in the Utility Collector's records. An abstract taken from these records as of December 31, 2012, 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, 2012 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	14	3
Dates of Payment of Water/Sewer Utility Charges	25	7
Delinquent Water/Sewer Utility Charges	24	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, 2012.

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 two ordinances. 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: Interfunds exist on the various balance sheets of the Borough.

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

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 2012 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.

OTHER COMMENTS (continued)

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, 2012.

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

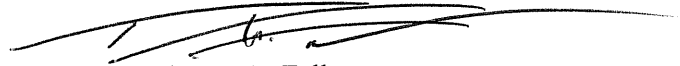
It is recommended:

- 12-01. That adequate cash funding be in place prior to commitments being placed against an ordinance.
- 12-02. That all interfunds be liquidated prior to year end.

Of the above recommendations, number 12-01 is similar to that reported in the 2011 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