

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY  
YEARS ENDED DECEMBER 31, 2007 AND 2006

FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION

with

INDEPENDENT AUDITOR'S REPORTS

and

COMMENTS AND RECOMMENDATIONS

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

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COUNTY OF MONMOUTH, NEW JERSEY

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COUNTY OF MONMOUTH, NEW JERSEY

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Spring Lake Heights, New Jersey

We have audited the accompanying regulatory-basis financial statements of the Borough of Spring Lake Heights, County of Monmouth, New Jersey ("Borough") as of December 31, 2007 and 2006, and for the year ended December 31, 2007, listed as financial statement exhibits in the Table of Contents. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the Borough prepares its financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. In addition, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit nor were we engaged to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 37.69% and 37.88% of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2007 and 2006.

Honorable Mayor and Members  
of the Borough Council  
Borough of Spring Lake Heights, New Jersey  
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In our opinion, because of the effects of the Borough's preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2007 and 2006, or the changes in its financial position, or, where applicable, its cash flows for the years then ended. Further, the Borough has not presented a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Also in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the regulatory-basis financial statements referred to above present fairly, in all material respects, the financial position, on a regulatory accounting basis, of the various funds of the Borough as of December 31, 2007 and 2006, and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the Statements of Revenues - Regulatory Basis and the Statement of Expenditures - Regulatory Basis of the various funds for the years ended December 31, 2007 and 2006 on the basis of accounting described in Note 1.

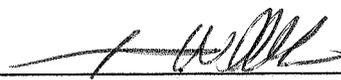
In accordance with Government Auditing Standards, we have also issued our report dated May 22, 2008 on our consideration of the Borough's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the regulatory-basis financial statements taken as a whole. The accompanying supplementary schedules and Comments section listed in the Table of Contents are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a required part of the regulatory-basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

*Hutchins, Farrell, Meyer & Allison, P.A.*

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Independent Auditors



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Robert W. Allison  
Registered Municipal Accountant  
(#483)

May 22, 2008

## FINANCIAL STATEMENTS

CURRENT FUND

EXHIBITS

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2007 and 2006

<u>Assets</u>	<u>Reference</u>	<u>2007</u>	<u>2006</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2007</u>	<u>2006</u>
Current Fund:							
Cash and Cash Equivalents	1-A	\$ 3,957,924.65	\$ 3,623,193.35	Appropriation Reserves	A-3,9-A	\$ 363,634.68	\$ 329,489.19
Change Fund	2-A	605.00	605.00	Encumbrances Payable	10-A	50,803.22	23,783.34
				Prepaid Taxes	11-A	73,075.56	74,774.78
				County Taxes Payable	12-A	11,753.61	18,899.11
				Local District School Tax Payable	13-A	2,148,129.92	1,971,084.22
				Reserve for School Tax Levy	13-A	18,040.98	18,040.98
				Accounts Payable	15-A	9,893.26	9,893.26
				Tax Overpayments	16-A	4,914.03	296.31
				Due To:			
				State of New Jersey	18-A	883.00	740.00
				State of New Jersey - Seniors' and and Veterans' Deductions			
				Federal and State Grant Fund	3-A	10,458.09	8,603.32
				Animal Control Trust Fund	A	26,207.32	19,188.59
				Reserve for Revaluation	6-A	651.65	651.65
					19-A	149,256.90	5,256.90
						<u>2,857,157.31</u>	<u>2,480,701.65</u>
Deferred Charges:				Reserve for Receivables and Other Assets	A	351,909.81	315,143.21
Special Emergency Authorization	8-A	144,000.00	315,143.21	Fund Balance	A-1	1,245,372.34	1,143,096.70
						<u>1,597,282.15</u>	<u>1,458,239.91</u>
						<u>4,454,439.46</u>	<u>3,938,941.56</u>
Federal and State Grants:				Federal and State Grants:			
Federal and State Grants Receivable	20-A	4,568.07	14,160.86	Reserve for:			
Due From Current Fund	23-A	26,207.32	19,188.59	Appropriated Grants	21-A	28,748.43	24,208.95
				Unappropriated Grants	22-A	2,026.96	9,140.50
						<u>30,775.39</u>	<u>33,349.45</u>
Total Assets		<u>\$ 4,485,214.85</u>	<u>\$ 3,972,291.01</u>	Total Liabilities, Reserves and Fund Balance		<u>\$ 4,485,214.85</u>	<u>\$ 3,972,291.01</u>

See accompanying notes.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY ACCOUNTING BASIS

Years ended December 31, 2007 and 2006

	<u>Reference</u>	<u>2007</u>	<u>2006</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 524,500.00	\$ 460,525.00
Miscellaneous Revenue Anticipated	A-2	1,237,087.23	1,172,648.42
Receipts From Delinquent Taxes	A-2	120,773.01	138,122.04
Non-Budget Revenue	A-2	169,776.35	177,732.08
Receipt From Current Taxes	4-A	13,407,020.87	12,802,606.08
Other Credits To Income:			
Senior Citizens' Allowed	3-A	250.00	
Unexpended Balance of			
Appropriation Reserves	9-A	245,385.14	60,275.47
Accounts Payable Cancelled	15-A	8,693.26	
Interfunds Returned	5-A	18,037.37	
Total Revenue		<u>15,731,523.23</u>	<u>14,811,909.09</u>
Expenditures:			
Budget Appropriations	A-3	4,878,046.46	4,375,586.12
County Taxes	12-A	3,146,233.22	3,145,389.30
County Share of Added Taxes	12-A	11,753.61	18,899.11
Local District School Taxes	13-A	6,783,320.00	6,403,032.00
Fire District Taxes	14-A	327,957.00	323,542.00
Senior Citizens' Disallowed	3-A	1,000.00	1,250.00
Municipal Open Space Tax	17-A	72,650.84	72,000.00
Prior Year Interfund Advanced	A-1		651.65
Refund of Prior Year Revenue	1-A	5,200.00	6,112.42
Interfund Advances	A,5-A	22,586.46	159,305.04
Total Expenditures		<u>15,248,747.59</u>	<u>14,505,767.64</u>
Excess in Revenue		482,775.64	306,141.45
Add: Expenditures Included			
Above Which Are By Statute			
Deferred Charges To Budgets			
of Succeeding Years	8-A	144,000.00	
Statutory Excess To Fund Balance		626,775.64	306,141.45
Fund Balance, January 1	A	<u>1,143,096.70</u>	<u>1,297,480.25</u>
		1,769,872.34	1,603,621.70
Decreased By:			
Utilized as Anticipated Revenue	A-1,A-2	524,500.00	460,525.00
Fund Balance, December 31	A	<u>\$ 1,245,372.34</u>	<u>\$ 1,143,096.70</u>

See accompanying notes.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	A-1	\$ 524,500.00	524,500.00	
Miscellaneous Revenues:				
Alcoholic Beverages	7-A	16,000.00	16,400.00	\$ 400.00
Fees and Permits	7-A	65,000.00	73,596.00	8,596.00
Municipal Court	7-A	65,000.00	80,369.00	15,369.00
Interest and Costs on Taxes	7-A	25,000.00	25,480.64	480.64
Interest on Investments and Deposits	7-A	125,000.00	160,260.13	35,260.13
Legislative Initiative Municipal Block Grant	7-A	23,370.00	23,370.00	
Consolidated Municipal Property Tax				
Relief Aid	7-A	103,838.00	103,838.00	
Energy Receipts Tax	7-A	413,562.00	413,562.00	
Supplemental Energy Receipts Tax	7-A	17,564.00	17,564.00	
Municipal Homeland Security	7-A	50,000.00	50,000.00	
Municipal Property Tax Assistance	7-A	10,739.00	10,739.00	
Uniform Construction Code Fees	7-A	55,000.00	54,458.00	(542.00)
Spring Lake Heights School -				
Ground Maintenance	7-A	10,000.00	10,000.00	
Spring Lake Licensed Water Op.	7-A	61,585.06	61,585.08	0.02
Spring Lake Municipal Court	7-A	88,413.10	88,413.12	0.02
Uniform Fire Safety Act	7-A	6,117.93	5,808.40	(309.53)
Anticipated Capital Surplus	7-A	22,572.92	22,572.92	
Clean Communities Program	20-A	8,266.58	8,266.58	
Body Armor Fund	20-A	4,453.36	4,453.36	
Municipal Stormwater Management Grant	20-A	6,351.00	6,351.00	
Total Miscellaneous Revenues	A-1	<u>1,177,832.95</u>	<u>1,237,087.23</u>	<u>59,254.28</u>
Receipts From Delinquent Taxes	A-2	<u>120,000.00</u>	<u>120,773.01</u>	<u>773.01</u>
Property Taxes for Support of Municipal				
Budget Appropriations:				
Local Tax for Municipal Purposes				
Including Reserve for Uncollected Taxes	A-2	<u>3,181,519.31</u>	<u>3,300,106.20</u>	<u>118,586.89</u>
Budget Totals		5,003,852.26	5,182,466.44	178,614.18
Non-Budget Revenue	A-1,A-2		<u>169,776.35</u>	<u>169,776.35</u>
Total General Revenues	A-3	<u>\$ 5,003,852.26</u>	<u>\$ 5,352,242.79</u>	<u>\$ 348,390.53</u>

See accompanying notes.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

Reference

Analysis of Realized Revenue

Allocation of Current Tax Collections:		
Revenue From Collections	A-1,4-A	\$ 13,407,020.87
School, County and Special District Taxes	12-A,13-A,14-A,17-A	<u>10,341,914.67</u>
Balance for Support of Municipal Budget Appropriations		3,065,106.20
Add: "Appropriation Reserve for Uncollected Taxes"	A-3	<u>235,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 3,300,106.20</u>
Receipts From Delinquent Taxes:		
Delinquent Tax Collections	A-2,4-A	<u>\$ 120,773.01</u>
Fees and Permits - Other:		
Housing Certificate of Occupancy		\$ 48,300.00
Zoning Fees		2,125.00
Registrar Fees		2,457.00
Planning Board Fees		3,525.00
Board of Adjustment Fees		6,989.00
Board of Health Fees		4,050.00
Raffle License		1,460.00
Community Center Rental		4,400.00
Property Lists		<u>290.00</u>
	A-2	<u>\$ 73,596.00</u>
Miscellaneous Revenue Not Anticipated:		
Senior Citizen and Veterans Administrative Fee		\$ 1,872.52
Cell Tower Agreements		94,416.63
Police Fees		1,892.00
Street Openings		15,000.00
Local Fire Safety		6,100.00
Cablevision		23,544.00
Copier Fees		666.50
Miscellaneous		<u>26,284.70</u>
	A-2	<u>\$ 169,776.35</u>
Cash Receipts	1-A	\$ 167,033.73
Interfunds Receivable	5-A	2,090.97
Interfunds Payable	6-A	<u>651.65</u>
		<u>\$ 169,776.35</u>

See accompanying notes.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

	Original Budget	Appropriations Emergency Appropriation	Budget After Modifications	Expended		Unexpended Balance Cancelled
				Paid or Charged	Reserved	
GENERAL APPROPRIATIONS Operations - Within "CAPS"	\$		\$	\$		
GENERAL GOVERNMENT						
General Administration:						
Salaries and Wages	83,835.00		88,535.00	88,475.53	59.47	
Other Expenses	48,900.00		48,900.00	32,419.78	16,480.22	
Mayor and Council:						
Salaries and Wages	20,400.00		20,450.00	20,399.94	50.06	
Other Expenses	2,500.00		2,500.00	1,373.84	1,126.16	
Municipal Clerk:						
Salaries and Wages	74,992.00		84,092.00	83,947.57	144.43	
Other Expenses	5,000.00		5,000.00	4,651.29	348.71	
Financial Administration (Treasury):						
Salaries and Wages	12,500.00		14,600.00	14,494.86	105.14	
Other Expenses	6,000.00		6,000.00	1,141.42	4,858.58	
Audit Services:						
Other Expenses	32,000.00		32,000.00	32,000.00		
Revenue Administration (Tax Collection):						
Salaries and Wages	37,388.00		39,588.00	38,028.27	1,559.73	
Other Expenses	3,000.00		3,000.00	575.50	2,424.50	
Tax Assessment Administration:						
Salaries and Wages	24,339.00		24,339.00	24,339.00		
Other Expenses	11,700.00		11,700.00	3,608.99	8,091.01	
Reassessment of Real Property		\$ 144,000.00	144,000.00	144,000.00		
Department of Law:						
Other Expenses	51,000.00		51,000.00	41,558.94	9,441.06	
Division of Engineering:						
Other Expenses	20,000.00		20,000.00	17,435.85	2,564.15	
Historic Commission:						
Other Expenses	250.00		250.00		250.00	

See accompanying notes.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

	Appropriations		Budget After Modifications	Expended		Unexpended Balance Cancelled
	Original Budget	Emergency Appropriation		Paid or Charged	Reserved	
<b>GENERAL APPROPRIATIONS</b>						
Operations - Within "CAPS"						
<b>LAND USE ADMINISTRATION</b>						
Planning Board:						
Salaries and Wages	2,500.00		3,100.00	2,979.70	120.30	
Other Expenses	5,000.00		5,000.00	2,751.60	2,248.40	
Zoning Board of Adjustment:						
Salaries and Wages	2,500.00		3,100.00	2,979.70	120.30	
Other Expenses	4,000.00		4,500.00	4,265.59	234.41	
Beautification Committee:						
Other Expenses	2,200.00		2,200.00	1,080.66	1,119.34	
<b>INSURANCE</b>						
Surety Bonds	323,984.00		326,284.00	268,277.57	58,006.43	
Workmen's Compensation	69,392.57		69,392.57	33,863.14	35,529.43	
<b>PUBLIC SAFETY</b>						
Police Department:						
Salaries and Wages	1,222,536.00		1,232,536.00	1,228,316.07	4,219.93	
Other Expenses	118,500.00		118,500.00	96,205.58	22,294.42	
Emergency Management Services:						
Salaries and Wages	9,346.00		9,546.00	9,490.43	55.57	
Other Expenses	6,615.00		6,615.00	4,287.00	2,328.00	
Supplemental Fire Services	2,717.00		2,717.00	2,717.00		
First Aid Contributions	25,000.00		25,000.00	25,000.00		
Fire Safety Act:						
Salaries and Wages	12,457.00		12,507.00	12,457.00	50.00	
Other Expenses	3,000.00		3,000.00	2,937.44	62.56	
Prosecutor's Office:						
Salaries and Wages	25,900.00		25,900.00	24,232.42	1,667.58	
Other Expenses	1,000.00		1,000.00	450.00	550.00	
Municipal Court:						
Salaries and Wages	60,429.27		60,679.27	53,834.23	6,845.04	
Other Expenses	4,950.00		8,050.00	4,212.71	3,837.29	
Public Defender:						
Other Expenses	500.00		500.00	500.00		

See accompanying notes.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

	Appropriations		Budget After Modifications	Expended		Unexpended Balance Cancelled
	Original Budget	Emergency Appropriation		Paid or Charged	Reserved	
<b>GENERAL APPROPRIATIONS</b>						
Operations - Within "CAPS"						
<b>PUBLIC WORKS</b>						
Streets and Road Maintenance:						
Salaries and Wages	86,528.00		49,628.00	41,154.35	8,473.65	
Other Expenses	36,410.00		36,410.00	26,287.34	10,122.66	
Demolition of Buildings:						
Other Expenses	100.00		100.00		100.00	
Solid Waste Collection:						
Salaries and Wages	483,934.00		483,934.00	482,412.85	1,521.15	
Other Expenses	8,400.00		8,400.00	1,105.96	7,294.04	
Buildings and Grounds:						
Other Expenses	47,900.00		47,900.00	44,528.08	3,371.92	
Vehicle Maintenance:						
Salaries and Wages	76,570.00		76,770.00	76,770.00		
Other Expenses	45,000.00		45,000.00	40,767.22	4,232.78	
<b>HEALTH AND HUMAN SERVICES</b>						
Public Health Services (Board of Health):						
Salaries and Wages	1,500.00		1,500.00	1,264.48	235.52	
Other Expenses	750.00		750.00	110.25	639.75	
Environmental Health Services:						
Other Expenses	5,000.00		5,000.00	1,715.00	3,285.00	
Welfare/Administration of Public Assistance:						
Salaries and Wages	6,078.00		6,128.00	6,078.00	50.00	
Other Expenses	300.00		300.00		300.00	
Animal Control Services:						
Other Expenses	5,000.00		5,000.00	3,775.00	1,225.00	
<b>PARK AND RECREATION</b>						
Recreation Services and Programs:						
Salaries and Wages	20,006.00		20,856.00	19,988.47	867.53	
Other Expenses	8,000.00		8,000.00	2,632.25	5,367.75	
Seniors/Special Events	2,300.00		2,300.00	895.02	1,404.98	

See accompanying notes.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

	Appropriations		Budget After Modifications	Expended		Unexpended Balance Cancelled
	Original Budget	Emergency Appropriation		Paid or Charged	Reserved	
GENERAL APPROPRIATIONS Operations - Within "CAPS"						
UNIFORM CONSTRUCTION CODE						
Construction Code Official:						
Salaries and Wages	57,286.00		57,336.00	57,296.41	39.59	
Other Expenses	4,000.00		4,000.00	982.31	3,017.69	
Accumulated Leave Compensation	3,000.00		3,000.00		3,000.00	
UTILITY EXPENSE AND BULK PURCHASES						
Utilities	226,750.00		226,750.00	181,514.19	45,235.81	
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Sanitary Landfill:						
Other Expenses	170,500.00		170,500.00	143,055.38	27,444.62	
Total Operations Within "CAPS"	3,631,642.84	144,000.00	3,775,642.84	3,461,621.18	314,021.66	
Contingent	5,000.00		5,000.00	4,936.15	63.85	
Total Operations Including Contingent Within "CAPS"	3,636,642.84	144,000.00	3,780,642.84	3,466,557.33	314,085.51	
Detail:						
Salaries and Wages	2,321,024.27		2,315,124.27	2,288,939.28	26,184.99	
Other Expenses	1,315,618.57	144,000.00	1,465,518.57	1,177,618.05	287,900.52	

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

	Appropriations		Budget After Modifications	Expended		Unexpended Balance Cancelled
	Original Budget	Emergency Appropriation		Paid or Charged	Reserved	
GENERAL APPROPRIATIONS Operations - Within "CAPS"						
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	500.00		500.00	256.16		\$ 243.84
Deferred Charges: Prior Year Bill						
Statutory Expenditures: Contribution To:						
Social Security System (O.A.S.I.)	208,185.00		208,185.00	188,199.46	19,985.54	
Unemployment Compensation Insurance	5,000.00		5,000.00		5,000.00	
Total Deferred and Statutory Expenditures - Municipal - Within "CAPS"	213,685.00		213,685.00	188,455.62	24,985.54	243.84
Total General Appropriations for Municipal Purposes Within "CAPS"	3,850,327.84	144,000.00	3,994,327.84	3,655,012.95	339,071.05	243.84
General Appropriations Operations Excluded From "CAPS"						
INSURANCE						
Employee Group Health Insurance	11,016.00		11,016.00	11,016.00		
Stormwater Management: Salaries and Wages	24,440.00		24,440.00	24,440.00		
Other Expenses	15,000.00		15,000.00	4,682.85	10,317.15	
Police and Firemen's Retirement System of NJ Public Employees Retirement System	131,189.60		131,189.60	131,189.60		
	64,984.80		64,984.80	64,984.80		
Total Other Operations Excluded From "CAPS"	246,630.40		246,630.40	236,313.25	10,317.15	

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

	Appropriations		Budget After Modifications	Expended		Unexpended Balance Cancelled
	Original Budget	Emergency Appropriation		Paid or Charged	Reserved	
GENERAL APPROPRIATIONS Operations - Excluded From "CAPS"						
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS Southern Monmouth Community Alliance To Prevent Alcoholism and Drug Abuse: Other Expenses	4,400.00		4,400.00	4,400.00		
County of Monmouth - 911 System: Other Expenses	5,730.00		5,730.00	5,730.00		
County of Monmouth - Police Computer: Other Expenses	5,000.00		5,000.00		5,000.00	
Spring Lake Heights - BOE - Grounds Maintenance: Other Expenses	10,000.00		10,000.00	10,000.00		
LOSAP First Aid	8,900.00		8,900.00		8,900.00	
Monmouth County Regional Health Commission	34,561.00		34,561.00	34,561.00		
Spring Lake/Spring Lake Heights Joint Dispatch Authority	180,000.00		180,000.00	179,653.52	346.48	
Spring Lake - Construction	49,590.00		49,590.00	49,590.00		
Spring Lake - Water Operator	61,585.06		61,585.06	61,585.06		
Spring Lake - Court	88,413.10		88,413.10	88,413.10		
<b>Total Interlocal Municipal Service Agreements</b>	<b>448,179.16</b>		<b>448,179.16</b>	<b>433,932.68</b>	<b>14,246.48</b>	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Clean Communities Program	8,266.58		8,266.58	8,266.58		
Body Armor Fund	4,453.36		4,453.36	4,453.36		
Stormwater Management	6,351.00		6,351.00	6,351.00		
<b>Total Public and Private Programs Offset By Revenues</b>	<b>19,070.94</b>		<b>19,070.94</b>	<b>19,070.94</b>		
<b>Total Operations - Excluded From "CAPS"</b>	<b>713,880.50</b>		<b>713,880.50</b>	<b>689,316.87</b>	<b>24,563.63</b>	
Detail:						
Salaries and Wages	24,440.00		24,440.00	24,440.00		
Other Expenses	689,440.50		689,440.50	664,876.87	24,563.63	

See accompanying notes.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

	Original Budget	Appropriations Emergency Appropriation	Budget After Modifications	Paid or Charged	Expended	Reserved	Unexpended Balance Cancelled
GENERAL APPROPRIATIONS Operations - Excluded From "CAPS"							
Capital Improvements - Excluded From "CAPS"							
Building Improvements	10,000.00		10,000.00	10,000.00			
Total Capital Improvements - Excluded From "CAPS"	10,000.00		10,000.00	10,000.00			
Municipal Debt Service - Excluded From "CAPS"							
Payment of Bond Principal Interest on Bonds	117,000.00 21,071.00		117,000.00 21,071.00	117,000.00 20,509.04			561.96
Total Municipal Debt Service - Excluded From "CAPS"	138,071.00		138,071.00	137,509.04			561.96
Deferred Charges - Municipal - Excluded From "CAPS"							
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55) Overexpenditure of Improvement Authorizations	34,000.00 22,572.92		34,000.00 22,572.92	22,572.92			34,000.00
Total Deferred Charges - Municipal - Excluded From "CAPS"	56,572.92		56,572.92	22,572.92			34,000.00
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	918,524.42		918,524.42	859,398.83	24,563.63		34,561.96
Subtotal General Appropriations	4,768,852.26	144,000.00	4,912,852.26	4,514,411.78	363,634.68		34,805.80
Reserve for Uncollected Taxes	235,000.00		235,000.00	235,000.00			
Total General Appropriations	\$ 5,003,852.26	\$ 144,000.00	\$ 5,147,852.26	\$ 4,749,411.78	\$ 363,634.68		\$ 34,805.80

A-3

A

A-1,8-A

A-2

Reference

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF APPROPRIATIONS - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

	Reference	Appropriations		Budget After Modifications	Expended		Unexpended Balance Cancelled
		Original Budget	Emergency Appropriation		Paid or Charged	Reserved	
Budget As Adopted	A-2			\$ 5,003,852.26			
Deferred Charges:							
Special Emergency Authorization	8-A			<u>144,000.00</u>			
				<u>\$ 5,147,852.26</u>			
Analysis of Paid or Charged:							
Cash Disbursed	1-A				\$ 4,300,537.62		
Special Emergency Authorization	8-A				144,000.00		
Encumbrances Payable	10-A				50,803.22		
Reserve for:							
Uncollected Taxes	A-2,A-3				235,000.00		
Federal and State Grants - Appropriated	21-A				<u>19,070.94</u>		
					<u>\$ 4,749,411.78</u>		

TRUST FUND

EXHIBIT



GENERAL CAPITAL FUND  
EXHIBITS

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2007 and 2006

Assets	Reference	2007	2006	Liabilities, Reserves and Fund Balance	Reference	2007	2006
Cash and Cash Equivalents	1-C,2-C	\$ 54,346.71	\$ 216,002.26	Serial Bonds Payable	5-C	\$ 503,000.00	\$ 620,000.00
Grant Receivable	6-C	353,116.33	266,243.53	Due To Current Fund	10-C	20,089.66	
Deferred Charges To Future Taxation:				Improvement Authorizations:			
Funded	3-C	503,000.00	620,000.00	Funded	7-C	361,431.95	419,307.38
Unfunded	4-C	394,670.16	337,670.16	Unfunded	7-C	148,138.19	97,658.17
Overexpenditure of an Ordinance	9-C	3.00	22,575.92	Capital Improvement Fund	8-C	103,800.32	106,800.32
				Reserve for Encumbrances	7-C	15,094.83	42,571.83
				Fund Balance	C-1	153,581.25	176,154.17
Total Assets		\$ 1,305,136.20	\$ 1,462,491.87	Total Liabilities, Reserves and Fund Balance		\$ 1,305,136.20	\$ 1,462,491.87

See accompanying notes.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

COMPARATIVE STATEMENT OF FUND BALANCE  
REGULATORY ACCOUNTING BASIS

Years ended December 31, 2007 and 2006

	<u>Reference</u>	
Balance, December 31, 2006	C	\$ 176,154.17
Decreased By:		
Anticipated in Current Fund Budget	1-C	<u>22,572.92</u>
Balance, December 31, 2007	C	<u>\$ 153,581.25</u>

See accompanying notes.

WATER/SEWER UTILITY FUND

EXHIBITS

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2007 and 2006

<u>Assets</u>	<u>Reference</u>	<u>2007</u>	<u>2006</u>	<u>Liabilities, Reserves and Fund Balances</u>	<u>Reference</u>	<u>2007</u>	<u>2006</u>
Operating Fund:				Operating Fund:			
Cash and Cash Equivalents	1-D	\$ 502,914.48	\$ 337,364.53	Appropriation Reserves	D-4,6-D	\$ 131,207.42	\$ 83,559.88
Receivables With Full Reserves:				Encumbrances Payable	7-D	18,118.48	6,119.99
Consumer Accounts Receivable	3-D	52,519.66	44,665.01	Accrued Interest on Bonds and Notes	8-D	6,513.94	6,473.00
				Due To Current Fund	D,1-D	141,268.18	159,299.79
Deferred Charges:						297,108.02	255,452.66
Overexpenditure of Appropriation Reserves	D-4		3,623.12	Reserve for Receivables	D	52,519.66	44,665.01
Overexpenditure of Appropriations	D-4	1,000.00	5,112.00	Fund Balance	D-1	206,806.46	90,646.99
		1,000.00	8,735.12			259,326.12	135,312.00
Total Operating Fund		556,434.14	390,764.66	Total Operating Fund		556,434.14	390,764.66
Capital Fund:				Capital Fund:			
Cash and Cash Equivalents	1-D	162,240.05	165,803.05	Serial Bonds	13-D	326,000.00	363,000.00
Fixed Capital	4-D	3,044,775.51	3,044,775.51	Bond Anticipation Notes	14-D	400,000.00	400,000.00
Fixed Capital Authorized and Uncompleted	5-D	1,200,000.00	1,200,000.00	Encumbrances Payable	9-D	84,031.01	83,680.01
				Improvement Authorizations:			
				Funded	9-D	36,866.95	36,866.95
				Unfunded	9-D	33,260.96	37,174.96
				Capital Improvement Fund	10-D	386,410.62	386,410.62
				Reserve for Amortization	11-D	3,018,775.51	2,981,775.51
				Deferred Reserve for Amortization	12-D	93,750.00	93,750.00
				Fund Balance	D-2	27,920.51	27,920.51
Total Capital Fund		4,407,015.56	4,410,578.56	Total Capital Fund		4,407,015.56	4,410,578.56
Total Assets		\$ 4,963,449.70	\$ 4,801,343.22	Total Liabilities, Reserves and Fund Balances		\$ 4,963,449.70	\$ 4,801,343.22

See accompanying notes.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY ACCOUNTING BASIS

Years ended December 31, 2007 and 2006

	<u>Reference</u>	<u>2007</u>	<u>2006</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-3	\$ 5,453.12	\$ 294,700.00
Water and Sewer Rents and Charges	D-3	1,889,361.05	1,617,998.92
Non-Budget Revenue	D-3	29,764.31	42,260.92
Other Credits To Income:			
Unexpended Balance of Appropriation Reserves	6-D	<u>51,008.17</u>	<u>6,534.34</u>
Total Revenue		<u>1,975,586.65</u>	<u>1,961,494.18</u>
Expenditures:			
Operating	D-4	1,752,552.00	1,646,127.00
Debt Service	D-4	65,120.94	91,118.61
Overexpenditure of Appropriation Reserves	D-1		3,623.12
Deferred Charges	D-4	8,735.12	
Anticipated in Current Fund	D-1		150,000.00
Statutory Expenditures	D-4	<u>28,566.00</u>	<u>28,566.00</u>
		<u>1,854,974.06</u>	<u>1,919,434.73</u>
Excess in Revenue		120,612.59	42,059.45
Add: Expenditures Included Above Which Are By Statute Deferred Charges To Budgets of Succeeding Years	D-1	<u>1,000.00</u>	<u>8,735.12</u>
Statutory Excess		121,612.59	50,794.57
Fund Balance, January 1	D	<u>90,646.99</u>	<u>334,552.42</u>
		212,259.58	385,346.99
Decreased By:			
Utilized as Anticipated Revenue	D-3	<u>5,453.12</u>	<u>294,700.00</u>
Fund Balance, December 31	D	<u>\$ 206,806.46</u>	<u>\$ 90,646.99</u>

See accompanying notes.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

COMPARATIVE STATEMENT OF FUND BALANCE  
REGULATORY ACCOUNTING BASIS

Years ended December 31, 2007 and 2006

Reference

Balance, December 31, 2007 and 2006

D

\$ 27,920.51

See accompanying notes.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Surplus Anticipated	\$ 5,453.12	\$ 5,453.12	
Water/Sewer Rents	1,510,000.00	1,521,101.05	\$ 11,101.05
Water/Sewer Tap Charges	7,000.00	3,300.00	(3,700.00)
Water/Sewer Rents - Additional Request	100,000.00	100,000.00	
Water/Sewer Surcharge	232,000.00	264,960.00	32,960.00
Miscellaneous Revenue Not Anticipated	<u>                    </u>	<u>29,764.31</u>	<u>29,764.31</u>
	<u>\$ 1,854,453.12</u>	<u>\$ 1,924,578.48</u>	<u>\$ 70,125.36</u>
<u>Reference</u>	D-4	D-1	D-3

Analysis of Miscellaneous Revenue Not Anticipated

Interest on Investments	\$ 21,811.27
Other	<u>7,953.04</u>
1-D	<u>\$ 29,764.31</u>

See accompanying notes.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

	Original Budget	Appropriations Budget After Modifications	Paid or Charged	Reserved	Cancelled	Over-Expenditure
Operating:						
Salaries and Wages	\$ 355,483.00	\$ 356,483.00	\$ 355,417.62	\$ 1,065.38		
Other Expenses	301,300.00	300,300.00	267,612.09	32,687.91		
NJSWA Raw Water Charge	130,000.00	130,000.00	130,000.00			
NJSWA Treat/Trans Charge	561,285.00	561,285.00	561,284.05	0.95		
South Monmouth Regional Sewer Authority	392,484.00	392,484.00	300,985.14	91,498.86		
Wall Twp. Sewer Charges	12,000.00	12,000.00	7,472.60	4,527.40		
Total Operating	1,752,552.00	1,752,552.00	1,622,771.50	129,780.50		
Debt Service:						
Payment on Bond Principal	36,000.00	36,000.00	37,000.00			\$ 1,000.00
Interest on Bonds	12,600.00	12,600.00	12,600.00			
Interest on Notes	16,000.00	16,000.00	15,520.94		\$ 479.06	
Total Debt Service	64,600.00	64,600.00	65,120.94		479.06	1,000.00
Deferred Charges:						
Overexpenditure of Appropriations	5,112.00	5,112.00	5,112.00			
Overexpenditure of Appropriation Reserves	3,623.12	3,623.12	3,623.12			
Total Deferred Charges	8,735.12	8,735.12	8,735.12			
Statutory Expenditures:						
Contributions To:						
Social Security System (O.A.S.I.)	28,566.00	28,566.00	27,139.08	1,426.92		
Total Statutory Expenditures	28,566.00	28,566.00	27,139.08	1,426.92		
Total Water/Sewer Utility Appropriations	\$ 1,854,453.12	\$ 1,854,453.12	\$ 1,723,766.64	\$ 131,207.42	\$ 479.06	\$ 1,000.00
Cash Disbursements			\$ 1,668,792.10			
Encumbrances Payable			18,118.48			
Deferred Charges:						
Overexpenditure of Appropriation Reserves			3,623.12			
Overexpenditure of Appropriations			5,112.00			
Accrued Interest on Bonds and Notes			28,120.94			
			\$ 1,723,766.64			
Reference	D-3	D-3		D	D-4	D

See accompanying notes.

PUBLIC ASSISTANCE FUND  
EXHIBITS

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2007 and 2006

<u>Assets</u>	<u>Reference</u>	<u>2007</u>	<u>2006</u>	<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2007</u>	<u>2006</u>
Cash	1-E	\$ 30,021.08	\$ 34,928.99	Due To Current Fund Reserve for Public Assistance Expenditures	4-E 3-E	\$ 385.85 29,635.23	\$ 5.76 34,923.23
Total Assets		\$ 30,021.08	\$ 34,928.99	Total Liabilities and Reserves		\$ 30,021.08	\$ 34,928.99

See accompanying notes.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

	P.A.T.F. Account I <u>(75%)</u>	P.A.T.F. Account II <u>(100%)</u>	Fund <u>Total</u>
General Assistance		\$ 3,400.00	\$ 3,400.00
Interest Income	<u>                    </u>	<u>385.85</u>	<u>385.85</u>
Total Receipts (P.A.T.F)	<u>\$ 0.00</u>	<u>\$ 3,785.85</u>	<u>\$ 3,785.85</u>
<u>Reference</u>	1-E	1-E	1-E

See accompanying notes.

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

	P.A.T.F. Account I <u>(75%)</u>	P.A.T.F. Account II <u>(100%)</u>	Fund <u>Total</u>
Current Year Assistance (State Matching):			
Maintenance Payments		\$ 7,504.00	\$ 7,504.00
Temporary Rental Assistance		1,184.00	1,184.00
Other	\$ 5.76		5.76
Total Expenditures (P.A.T.F)	<u>\$ 5.76</u>	<u>\$ 8,688.00</u>	<u>\$ 8,693.76</u>
<u>Reference</u>	1-E	1-E	1-E

See accompanying notes.

GENERAL FIXED ASSETS ACCOUNT GROUP  
EXHIBITS

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS -  
 REGULATORY ACCOUNTING BASIS

December 31, 2007 and 2006

	<u>Reference</u>	Balance December 31, <u>2007</u>	Balance December 31, <u>2006</u>
Land	1-F	\$ 4,175,600.00	\$ 4,175,600.00
Buildings and Improvements	2-F	2,780,758.00	2,780,758.00
Machinery, Equipment and Vehicles	3-F	<u>3,168,442.00</u>	<u>3,168,442.00</u>
Total General Fixed Assets		<u>\$ 10,124,800.00</u>	<u>\$ 10,124,800.00</u>
Investment in General Fixed Assets	F-1	<u>\$ 10,124,800.00</u>	<u>\$ 10,124,800.00</u>

See accompanying notes.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

STATEMENT OF INVESTMENTS IN GENERAL FIXED ASSETS -  
REGULATORY ACCOUNTING BASIS

Year ended December 31, 2007

Reference

Balance, December 31, 2007 and 2006

F

\$ 10,124,800.00

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by 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 municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

The financial statements of the Borough of Spring Lake Heights, County of Monmouth, New Jersey ("Borough") include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Borough, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads which are subject to separate audit and are considered component units under GAAP. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Funds

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Codification establishes three fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with GAAP.

The accounting policies of the Borough conform to the accounting principles and practices applicable to municipalities prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The accompanying financial statements are presented in the format prescribed by the State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and are a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds:

Current Fund - is used to account for all revenues and expenditures applicable to the general operations of Borough departments.

Trust Funds - are used to account for assets held by the Borough in a trustee capacity or as an agent for individuals and other governmental agencies. Funds held by the Borough which have restrictions placed on the use of such funds are recorded in the Trust Fund.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

B. Description of Funds (continued)

General Capital Fund - is used to account for financial resources to be used for the acquisition of general capital facilities. The major resources are derived from the sale of serial bonds and bond anticipation notes.

Water/Sewer Utility Operating and Capital Funds - are used to account for water/sewer operations that are financed through user fees. The funds are operated on a basis similar to private business enterprises where the intent is that the costs of providing the water/sewer utility to the general public be financed through user fees. Operations relating to the acquisition of water/sewer capital facilities are recorded within the Water/Sewer Utility Capital Fund.

Public Assistance Fund - is used to account for resources restricted in use for the general welfare of citizens living within the Borough.

General Fixed Assets Account Group - The Borough has complied with Technical Accounting Directive No. 85-2 issued by the Division of Local Government Services. Technical Accounting Directive No. 85-2 utilizes the following accounting policies:

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 is provided for in the financial statements.

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

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

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services differ in certain respects from GAAP applicable to local government units. The more significant differences follow.

A modified accrual basis of accounting is followed by the Borough. Modifications from the accrual basis follow:

Revenues

Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and federal grants for operating purposes are realized as revenues when anticipated in the Borough budget. Receivables for property taxes are recorded with offsetting reserves within the Current Fund. Other amounts that are due to the Borough which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable.

Expenditures

- (a) Disbursements for Current Fund inventory-type items are considered expenditures at the time of purchase;
- (b) Prepaid expenses are not recorded;
- (c) Interest on long-term debt included in the General Capital Fund is recorded as an expenditure when paid;
- (d) The encumbrance method of accounting, which records commitments such as purchase orders and contracts as a charge against the current year's budget in addition to expenditures made or accrued, is utilized. The cash basis of accounting, however, is followed for recording the Borough's share of contributions for fringe benefits, such as retirement plans, accrued sick leave and vacation leave.

Appropriation reserves are recorded at December 31 for unexpended appropriation balances except for amounts which, according to state statutes, may be cancelled by the governing body. The appropriation reserves are available to satisfy specific claims, commitments or contracts incurred during the preceding fiscal year. At the end of the succeeding fiscal year, the remaining unexpended balances lapse to fund balance through other credits to revenue.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Had the Borough's financial statements been prepared under generally accepted accounting principles, the encumbrance method of accounting would be followed for expenditures presently reflected on a paid or charged basis, appropriation reserves would not be recorded, revenues susceptible to accrual would have been reflected without offsetting reserves and inventories would not be reflected as expenditures at the time of purchase.

Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

D. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services in accordance with N.J.S.A. 40A:4 et seq.

E. Grants

Current Fund - State and federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs.

Trust Fund - State and federal grants and assistance awards are dedicated by rider in the Trust Fund. A receivable and corresponding spending reserve are recorded when the grant is awarded.

Capital Fund - State and federal grants and assistance awards are recorded as a funding source for improvement authorizations or are established as receivables with an offsetting reserve.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

F. Assessment and Collection of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Local Unit, Local School District, County and Special Districts, the tax rate is struck by the County Tax Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Local Unit Tax Collector on or before May 13. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

Taxes are levied on an annual basis and are due quarterly on February 1, May 1, August 1, and November 1. Any taxes not paid as of December 31 are subject to tax sale and lien in the subsequent year, with the exception of bankruptcies. The date of tax sale is at the discretion of the tax collector.

G. Foreclosed Property

Real property acquired for taxes is recorded in the Current Fund at assessed valuation when such property is acquired and is fully reserved.

H. Interfund Receivables

Interfund receivables created by cash transfers from the Current Fund are recorded with offsetting reserves created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in other funds are not offset by reserves.

I. Deferred Charges to Future Taxation Funded and Unfunded

Upon the authorization of capital projects, the Borough establishes deferred charges for the costs 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 N.J.S.A. 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 that particular year in the Current Fund budget. As funds are raised, the deferred charges are reduced.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

J. Pension Plans

Substantially, all Borough employees participate in the Public Employees' Retirement System ("PERS") and the Police and Fireman's Retirement System ("PFRS"). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities annually for their respective contributions. The plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The plans are cost sharing multiple-employer defined benefit plans and as such do not maintain separate records for each municipality in the state and, therefore, the actuarial data for the Borough is not available. The Division of Pensions issues publicly available financial reports for each of the plans that include financial statements and required supplementary information. The reports may be obtained by writing the State of New Jersey, Division of Pensions.

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, PERS and PFRS bill the Borough annually at an actuarially determinable rate for its required contribution. The current rate is 5.0% for PERS and 8.5% for PFRS of annual covered payroll.

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2007	\$ 64,984.80	\$ 131,189.60
2006	29,875.20	79,726.20
2005	10,416.20	53,359.60

K. Volunteer Length of Service Award Plan

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

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be \$1,000.00 per year of active emergency service, commencing with the year 2002.

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 2003.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

K. Volunteer Length of Service Award Plan (continued)

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

Estimated Cost - The estimated cost of the program to the Borough has been calculated to be approximately \$8,900.00 per year. (This amount may vary annually, however, based upon the total number of eligible active volunteer members in the program).

L. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits, the State of New Jersey Cash Management Fund and government money market mutual funds through registered broker/dealers and banks. The New Jersey Governmental Unit Deposit Protection Act ("GUDPA") requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or

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

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments

New Jersey statutes establish the following securities as eligible for the investment of Borough funds:

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Government Money Market Mutual Funds.
- (c) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an Act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (d) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- (e) Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- (f) Local Government Investment Pools.
- (g) Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, C. 281 (C.52:18A:90.4).

Repurchase agreements (15.1(a)(8)) must comply with the following conditions:

- (a) The underlying securities are permitted investments, pursuant to the list contained in (a) and (c) above.
- (b) The custody of the collateral is transferred to a third party. This means the bank must contract with a trusted third party to hold the collateral to ensure it is not pledged against any other investments.
- (c) The maturity of the agreement is not more than 30 days.
- (d) The underlying securities are purchased through a GUDPA bank.
- (e) A master repurchase agreement providing for the custody and security of collateral is executed.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments (continued)

Local Government Investment Pools ("LGIP") (15.1(e)(2)) are subject to the following requirements:

- (a) It is managed in accordance with the SEC's government money market rules (2a-7).
- (b) It is rated in the highest category by a nationally recognized statistical rating organization.
- (c) Have their portfolio limited to U.S. Government securities as defined in 2a-7 and repurchase agreements that are collateralized by such U.S. Government securities.

Every local unit must have a Cash Management Plan ("Plan"); the Plan is subject to audit. In addition, when the Plan permits investments for more than one year, the investment must approximate the prospective use of funds. This primarily relates to U.S. securities and local bond issue purchases. The law also requires that cash management plans provide for the CFO to give the governing body a monthly report that summarizes:

- (a) All investments made or redeemed over the past month.
- (b) Each organization holding local unit funds.
- (c) The amount of securities purchased or sold, class or type of securities purchased, book value, earned income, fees incurred, and market value of all investments as of the report date.
- (d) Other information that may be required by the governing body.

The Borough is permitted to invest public funds in accordance with N.J.S.A. 40A:5-15.1. These investments include bonds or other obligations of the United States or obligations guaranteed by the United States, Government Money Market Mutual Funds, bond or other obligations of the Borough or bonds or other obligations of the school district, local government investment pools, and agreements for the repurchase of fully-collateralized securities, if purchased in accordance with N.J.S.A. 40A:5-15.1. The Borough is also permitted to invest Length of Service Award Program ("LOSAP") funds with the types of eligible investments authorized in N.J.A.C. 5:30-14.19. These investments include interest-bearing accounts or securities in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

1. Summary of Significant Accounting Policies (continued)

M. Inventories of Supplies

The costs of inventories of supplies for all funds are recorded as expenditures at the time the individual items are purchased. The costs of inventories are not included on the various balance sheets.

2. Deposits and Investments

Deposits

The carrying amount of the Borough's cash and cash equivalents at December 31, 2007 was \$5,134,847.52 and the bank balance was \$5,183,033.56. Of the bank balance, \$300,000.00 was covered by federal depository insurance, and the remaining \$4,883,033.56 was covered under the unit certificate of eligibility as required by New Jersey statutes.

<u>Depository Account</u>	<u>2007</u>	<u>Bank Balance</u>	<u>2006</u>
Insured:			
FDIC	\$ 300,000.00		\$ 300,000.00
Collateralized:			
GUDPA	<u>4,883,033.56</u>		<u>4,508,464.36</u>
	<u>\$ 5,183,033.56</u>		<u>\$ 4,808,464.36</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2007, the Borough's bank balance was not exposed to custodial credit risk.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

2. Deposits and Investments (continued)

Investments

As of December 31, 2007 and 2006, the Borough had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Book Value</u>
2007:		
LOSAP	<u>\$ 258,202.26</u>	<u>\$ 249,000.00</u>
2006:		
LOSAP	<u>\$ 210,390.60</u>	<u>\$ 210,390.60</u>

Interest Rate Risk

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

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The municipality places no limit on the amount the Borough may invest in any one issuer.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

3. Interfund Balances and Activity

Balances due to/from other funds at December 31, 2007 consist of the following:

Due to Current Fund from Animal Control Trust Fund representing cash advance	\$ 2,090.97
Due to Current Fund from Unemployment Trust Fund representing cash advance	19.98
Due to Current Fund from Payroll Fund representing cash advance	3,390.10
Due to Federal and State Grant Fund from Current Fund representing cash advance	26,207.32
Due to Current Fund from General Capital Fund representing cash advance	20,089.66
Due to Current Fund from Water/Sewer Utility Fund representing cash advance	141,268.18
Due to Current Fund from Public Assistance Fund representing cash advance	385.85
Joint Dispatch Authority representing cash advance	302.13

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

4. Taxes, Water/Sewer Receivables

Taxes

Taxes receivable as of December 31, 2007 consist of the following:

<u>2007</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 149,756.54	\$ 172.89	\$ 0.00	\$ 149,929.43

In 2007, the Borough collected \$120,773.01 from Delinquent Taxes, which represented 100% of the Delinquent Tax Receivable at December 31, 2006.

Taxes receivable as of December 31, 2006 consist of the following:

<u>2006</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 119,581.94	\$ 69.75	\$ 0.00	\$ 119,651.69

In 2006, the Borough collected \$130,309.62 from Delinquent Taxes, which represented 100% of the Delinquent Tax Receivable at December 31, 2005.

Water/Sewer Utility

Water/Sewer Utility Receivables as of December 31, 2007 consist of the following:

<u>2007</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 52,519.66	\$ 0.00	\$ 0.00	\$ 52,519.66

In 2007, the Borough collected \$44,665.01 from Water/Sewer Utility Rents, which represented 100% of the Water/Sewer Utility Rents Receivable at December 31, 2006.

Water/Sewer Utility Receivables as of December 31, 2006 consist of the following:

<u>2006</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 44,665.01	\$ 0.00	\$ 0.00	\$ 44,665.01

In 2006, the Borough collected \$42,619.83 from Water/Sewer Utility Rents, which represented 100% of the Water/Sewer Utility Rents Receivable at December 31, 2005.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

5. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the years 2007 and 2006.

<u>2007</u>	Balance, December 31, <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2007</u>
Land	\$ 4,175,600.00			\$ 4,175,600.00
Buildings and Improvements	2,780,758.00			2,780,758.00
Machinery, Equipment and Vehicles	<u>3,168,442.00</u>	<u>          </u>	<u>          </u>	<u>3,168,442.00</u>
<b>Total</b>	<b><u>\$ 10,124,800.00</u></b>	<b><u>\$ 0.00</u></b>	<b><u>\$ 0.00</u></b>	<b><u>\$ 10,124,800.00</u></b>

<u>2006</u>	Balance, December 31, <u>2005</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2006</u>
Land	\$ 4,175,600.00			\$ 4,175,600.00
Buildings and Improvements	2,780,758.00			2,780,758.00
Machinery, Equipment and Vehicles	<u>3,160,942.00</u>	<u>\$ 7,500.00</u>	<u>          </u>	<u>3,168,442.00</u>
<b>Total</b>	<b><u>\$ 10,117,300.00</u></b>	<b><u>\$ 7,500.00</u></b>	<b><u>\$ 0.00</u></b>	<b><u>\$ 10,124,800.00</u></b>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

6. Long-Term Debt

Summary of Municipal Debt (Excluding  
Current and Operating Debt and Type I School Debt)

<u>Issued</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General:			
Bonds and Notes	\$ 503,000.00	\$ 620,000.00	\$ 728,000.00
Water/Sewer Utility:			
Bonds and Notes	<u>726,000.00</u>	<u>763,000.00</u>	<u>399,000.00</u>
Net Debt Issued	<u>1,229,000.00</u>	<u>1,383,000.00</u>	<u>1,127,000.00</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	394,670.16	337,670.16	272,670.16
Water/Sewer Utility:			
Bonds and Notes	<u>406,250.00</u>	<u>406,250.00</u>	<u>56,250.00</u>
Total Authorized But Not Issued	<u>800,920.16</u>	<u>743,920.16</u>	<u>328,920.16</u>
Net Bonds and Notes Issued & Authorized But Not Issued	<u>\$ 2,029,920.16</u>	<u>\$ 2,126,920.16</u>	<u>\$ 1,455,920.16</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

6. Long-Term Debt (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.08%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$ 5,643,599.88	\$ 5,643,599.88	
General Debt	897,670.16		\$ 897,670.16
Sewer Utility Debt	<u>1,132,250.00</u>	<u>1,132,250.00</u>	<u>                    </u>
	<u>\$ 7,673,520.04</u>	<u>\$ 6,775,849.88</u>	<u>\$ 897,670.16</u>

Net Debt \$897,670.16 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,135,156,857.00 = 0.08%.

Borrowing Power Under N.J.S. 40A:2-6 as Amended

3.5% of Equalized Valuation Basis (Municipal)	\$ 39,730,490.00
Less: Net Debt	<u>897,670.16</u>
Remaining Borrowing Power	<u>\$ 38,832,819.84</u>

Calculation of Self-Liquidating Purpose - Water/Sewer Utility Fund per NJS 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 1,919,125.36
Deductions:	
Operating, Maintenance Costs and Statutory Expenditures	\$ 1,650,910.58
Debt Service per Water/Sewer Account	<u>64,120.94</u>
Total Deductions	<u>1,715,031.52</u>
Excess Revenue	<u>\$ 204,093.84</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

6. Long-Term Debt (continued)

The Borough's long-term debt consisted of the following at December 31, 2007:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2007</u>
<u>General Bonds and Loans</u>				
General Improvements	12/03/03	\$ 606,000.00	Various	\$ 356,000.00
Refunding Bonds	04/03/06	254,000.00	Various	<u>147,000.00</u>
				<u>\$ 503,000.00</u>
<u>Water/Sewer Utility Bonds</u>				
General Improvements	12/18/03	\$ 470,000.00	Various	<u>\$ 326,000.00</u>

Debt Service requirements during the next several years are as follows:

General Capital Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 119,000.00	\$ 17,040.50	\$ 136,040.50
2009	120,000.00	12,950.50	132,950.50
2010	115,000.00	9,095.50	124,095.50
2011	73,000.00	5,070.50	78,070.50
2012	<u>76,000.00</u>	<u>2,698.00</u>	<u>78,698.00</u>
	<u>\$ 503,000.00</u>	<u>\$ 46,855.00</u>	<u>\$ 549,855.00</u>

Sewer Utility Capital Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 38,000.00	\$ 11,556.50	\$ 49,556.50
2009	39,000.00	10,416.50	49,416.50
2010	41,000.00	9,246.50	50,246.50
2011	42,000.00	7,811.50	49,811.50
2012	43,000.00	6,446.50	49,446.50
2013	<u>123,000.00</u>	<u>4,920.00</u>	<u>127,920.00</u>
	<u>\$ 326,000.00</u>	<u>\$ 50,397.50</u>	<u>\$ 376,397.50</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

7. Bond Anticipation Notes

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding ten years. 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 an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance.

On December 31, 2007, the Borough's outstanding bond anticipation note in the Water/Sewer Utility Capital Fund was as follows:

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Original Issue Date</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
02-06	Water Meter Upgrades	08/17/06	02/15/08	3.78%	<u>\$ 400,000.00</u>

8. Bonds and Notes Authorized But Not Issued

At December 31, 2007, the Borough had authorized but not issued bonds and notes of the General Capital Fund totaling \$394,670.16, and of the Water/Sewer Utility Fund totaling \$406,250.00.

9. Deferred Charges to be Raised In Succeeding Years' Budgets

The following deferred charges are shown on the December 31, 2007 Balance Sheets and will be raised in succeeding years' budgets.

	Balance December 31, <u>2007</u>
<u>Current Fund</u>	
Special Emergency Authorization	<u>\$ 144,000.00</u>
<u>General Capital Fund</u>	
Overexpenditure of an Ordinance	<u>\$ 3.00</u>
<u>Water/Sewer Utility Operating Fund</u>	
Overexpenditure of Appropriations	<u>\$ 1,000.00</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

10. School Taxes

Regulations provide for deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. Tax revenue for the Borough of Spring Lake Heights Board of Education has been collected and the liability deferred by statute, resulting in school taxes payable set forth in the Current Fund Balance Sheet as follows:

	<u>Balance</u> <u>December 31, 2007</u>	<u>Balance</u> <u>December 31, 2006</u>
Balance of Tax	\$ 3,232,024.67	\$ 3,054,978.97
Deferred	<u>1,083,894.75</u>	<u>1,083,894.75</u>
Payable	<u>\$ 2,148,129.92</u>	<u>\$ 1,971,084.22</u>

11. Fund Balance Appropriated

Current Fund

The Current Fund balance at December 31, 2007 was \$1,245,372.34 of which \$\_\_\_\_\_\* was appropriated and included as anticipated revenue for the year ended December 31, 2008.

Water/Sewer Utility Operating Fund

The Water/Sewer Utility Operating Fund balance at December 31, 2007 was \$206,806.46 of which \$\_\_\_\_\_\* was appropriated and included as anticipated revenue for the year ended December 31, 2008.

12. Accrued Sick and Vacation Benefits - Unaudited

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. Effective for financial statements dated December 31, 1987, the state has required all municipalities to disclose the estimated current cost of unused sick and vacation benefits at year-end.

The Borough has permitted employees to accrue unused vacation and sick leave, which may be taken off or paid at a later date with the exception of sick leave. The Borough estimated the current cost of such unpaid compensation as of December 31, 2007 to be approximately \$231,095.36. The amount is not reported either as an expenditure or liability.

\* Budget not adopted as of the date of this report

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

13. 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. All funds collected from employees are transmitted to the state for this period. The Reserve for Unemployment Compensation Insurance at December 31, 2007 and 2006 totaled \$2,183.86 and \$2,851.87, respectively.

14. Contingent Liabilities

State and Federal Grants

The Borough receives financial assistance from the State of New Jersey and the U.S. government 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, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2007, the Borough estimates that no material liabilities will result from such audits.

Pending Litigation

There are actions, which have been instituted against the Borough which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Borough.

15. 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 Middlesex County Municipal Joint Insurance Fund. The joint insurance pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. The Joint Insurance Fund participates in the Municipal Excess Liability Program which has a contract for excess liability insurance for property, general liability, auto liability, public official liability, law enforcement liability and workman's compensation.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

16. Deferred Compensation Program

The Borough has instituted a Deferred Compensation Plan ("Plan") pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C.381; P.L. 1978, C.39; P.L. 1980, C.78; and P.L. 1997, C.116 of the Statutes of New Jersey.

The Plan is an arrangement whereby a public employer may establish a Plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations.

The Borough has engaged a private contractor to administer the Plan.

17. 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. 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 \$1,000.00 per year of active emergency service, commencing with the year 2002.

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 2003.

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

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

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2007 and 2006

17. Length of Service Award Program ("LOSAP") - Unaudited (continued)

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

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

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

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

## SUPPLEMENTARY SCHEDULES

CURRENT FUND  
SCHEDULES

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2007

Reference

Balance, December 31, 2006	A		\$ 3,623,193.35
Increased By Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$ 167,033.73	
Due To:			
State of New Jersey - Senior Citizens' and Veterans' Deductions	3-A	93,626.00	
State of New Jersey	18-A	3,779.00	
Tax Collections	4-A	13,360,497.87	
Interfunds Returned	5-A	18,037.37	
Revenue Accounts Receivable	7-A	1,217,610.46	
Prepaid Taxes	11-A	73,075.56	
Tax Overpayments	16-A	4,914.03	
Grants Receivable	20-A	19,523.23	
Reserve for Unappropriated Grants	22-A	<u>2,026.96</u>	
			<u>14,960,124.21</u>
			18,583,317.56
Decreased By Disbursements:			
2007 Budget Appropriation	A-3	4,300,537.62	
Refund of Prior Year Revenue	A-1	5,200.00	
Interfunds Advanced	5-A	20,089.66	
Appropriation Reserves	9-A	107,887.39	
County Taxes	12-A	3,165,132.33	
Local District School Taxes	13-A	6,606,274.30	
Special District Taxes	14-A	327,957.00	
Accounts Payable	15-A	1,200.00	
Tax Overpayments	16-A	296.31	
Municipal Open Space Tax	17-A	72,650.84	
Due To State of New Jersey	18-A	3,636.00	
Reserve for Appropriated Grants	21-A	<u>14,531.46</u>	
			<u>14,625,392.91</u>
Balance, December 31, 2007	A		<u><u>\$ 3,957,924.65</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF CHANGE FUND

Year ended December 31, 2007

<u>Office</u>	Balance December 31, <u>2007 and 2006</u>
Tax/Utility Collector	\$ 355.00
Registrar	100.00
Municipal Court Clerk	<u>150.00</u>
	<u>\$ 605.00</u>
<u>Reference</u>	A

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY -  
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	A		\$ 8,603.32
Increased By:			
Cash Receipts	1-A	\$ 93,626.00	
Senior Citizens Deductions Disallowed by Collector:			
2007	4-A	228.77	
2006	A-1,4-A	<u>1,000.00</u>	
			<u>94,854.77</u>
			103,458.09
Decreased By:			
Senior Citizens' Deductions Per Billing	4-A	9,000.00	
Veterans' Deductions Per Tax Billing	4-A	83,500.00	
2007 Seniors Citizens' Deduction Allowed by Tax Collector	4-A	250.00	
2006 Seniors Citizens' Deduction Allowed by Tax Collector	A-1,4-A	<u>250.00</u>	
			<u>93,000.00</u>
Balance, December 31, 2007	A		<u>\$ 10,458.09</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year ended December 31, 2007

Year	Balance December 31, 2006	2007 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Added	Collections		Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Balance December 31, 2007
					2006	2007			
2005	\$ 69.75			\$ 1,907.23	\$	\$ 62.57	\$ 250.00	\$ 7.18	\$ 172.89
2006	119,581.94		\$ 1,000.00	48,508.24	\$ 74,774.78	120,710.44	92,750.00	1,355.84	149,756.54
2007		\$ 13,520,326.60	228.77			13,239,724.86		12,057.43	
	\$ 119,651.69	\$ 13,520,326.60	\$ 1,228.77	\$ 50,415.47	\$ 74,774.78	\$ 13,360,497.87	\$ 93,000.00	\$ 13,420.45	\$ 149,929.43

Reference A 4-A 4-A 3-A 11-A 1-A 3-A 4-A A

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:									
General Property Tax						\$ 13,186,132.75			
Special District Tax						334,193.85			
Added and Omitted Taxes						48,508.24			
						\$ 13,568,834.84			

Tax Levy:

County Taxes									
Due County for Added Taxes						\$ 3,146,233.22			
						11,753.61			
Local District School Tax									
Fire District Taxes						\$ 3,157,986.83			
Municipal Open Space Tax						6,783,320.00			
Local Taxes for Municipal Purposes						327,957.00			
Add: Additional Tax Levied						72,650.84			
						3,181,519.31			
						45,400.86			
						\$ 13,568,834.84			

Analysis of Current Year Tax Collections

2006 Cash Collections of 2007 Taxes						\$ 74,774.78			
2007 Cash Collections of 2007 Taxes						13,239,724.86			
Senior Citizens' and Veterans':									
Allowed on 2007 Taxes						92,750.00			
Disallowed on 2007 Taxes						(228.77)			
						\$ 13,407,020.87			

A-1, A-2

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF INTERFUNDS RECEIVABLE

Year ended December 31, 2007

	Reference	Total	Water/Sewer Utility Operating Fund	Joint Dispatch Authority	General Capital Fund	Payroll Account	Animal Control Trust Fund	Unemployment Trust Fund	Public Assistance Trust Fund
Balance, December 31, 2006	A	\$ 162,997.78	\$ 159,299.79	\$ 302.13	\$ 0.00	\$ 3,390.10	\$ 0.00	\$ 0.00	\$ 5.76
Increased By:									
Interest Income	A-1,7-A	405.83						19.98	385.85
Statutory Excess	A-1,A-2	2,090.97			20,089.66		2,090.97		
Cash Disbursement	A-1,1-A	20,089.66			20,089.66		2,090.97	19.98	385.85
		22,586.46			20,089.66		2,090.97	19.98	391.61
Decreased By:									
Cash Receipts	1-A	18,037.37	159,299.79	302.13	20,089.66	3,390.10			5.76
		18,037.37	18,031.61						
Balance, December 31, 2007	A	\$ 167,546.87	\$ 141,268.18	\$ 302.13	\$ 20,089.66	\$ 3,390.10	\$ 2,090.97	\$ 19.98	\$ 385.85

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF INTERFUNDS PAYABLE

Year ended December 31, 2007

	<u>Reference</u>	<u>Animal Control</u>
Balance, December 31, 2006	A	\$ 651.65
Decreased By:		
Statutory Excess	A-2	<u>651.65</u>
Balance, December 31, 2007	A	<u><u>\$ 0.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Year ended December 31, 2007

		Balance December 31, <u>2006</u>	Accrued in <u>2007</u>	<u>Collections</u>	Balance December 31, <u>2007</u>
Alcoholic Beverages	A-2		\$ 16,400.00	\$ 16,400.00	
Fees and Permits	A-2		73,596.00	73,596.00	
Municipal Court	A-2	\$ 3,593.74	82,308.77	80,369.00	\$ 5,533.51
Interest and Costs on Taxes	A-2		25,480.64	25,480.64	
Interest on Investments and Deposits	A-2		160,260.13	160,260.13	
Legislative Initiative Municipal Block Grant	A-2		23,370.00	23,370.00	
Consolidated Municipal Property Tax					
Relief Aid	A-2		103,838.00	103,838.00	
Energy Receipts Tax	A-2		413,562.00	413,562.00	
Supplemental Energy Receipts Tax	A-2		17,564.00	17,564.00	
Municipal Homeland Security	A-2		50,000.00	50,000.00	
Municipal Property Tax Assistance	A-2		10,739.00	10,739.00	
Uniform Construction Code Fees	A-2		54,458.00	54,458.00	
Spring Lake Heights School -					
Ground Maintenance	A-2		10,000.00	10,000.00	
Spring Lake Licensed Water Op.	A-2		61,585.08	61,585.08	
Spring Lake Municipal Court	A-2		88,413.12	88,413.12	
Uniform Fire Safety Act	A-2		5,808.40	5,808.40	
Anticipated Capital Surplus	A-2		22,572.92	22,572.92	
		<u>\$ 3,593.74</u>	<u>\$ 1,219,956.06</u>	<u>\$ 1,218,016.29</u>	<u>\$ 5,533.51</u>
	<u>Reference</u>	A	7-A		A
Cash Receipts	1-A			\$ 1,217,610.46	
Due From:					
Public Assistance Trust Fund	5-A			385.85	
Unemployment Trust Fund	5-A			<u>19.98</u>	
				<u>\$ 1,218,016.29</u>	

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

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

Year ended December 31, 2007

<u>Year</u>	<u>Description</u>	<u>Amount</u>	Balance December 31, <u>2006</u>	<u>Authorized</u>	Balance December 31, <u>2007</u>
2007	Preparation and Execution of a Complete Reassessment of Real Property	\$ 144,000.00	<u>\$ 0.00</u>	<u>\$ 144,000.00</u>	<u>\$ 144,000.00</u>
		<u>Reference</u>	A	A-3	A

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF 2006 APPROPRIATION RESERVES

Year ended December 31, 2007

	Balance December 31, <u>2006</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<b>GENERAL GOVERNMENT</b>				
General Administration:				
Salaries and Wages	\$ 8,135.76	\$ 8,135.76		\$ 8,135.76
Other Expenses	13,802.51	16,392.48	\$ 7,754.24	8,638.24
Mayor and Council:				
Salaries and Wages	1,700.22	1,700.22		1,700.22
Other Expenses	511.36	861.36	629.42	231.94
Municipal Clerk:				
Other Expenses	163.38	262.38		262.38
Financial Administration (Treasury):				
Salaries and Wages	208.30	208.30		208.30
Other Expenses	3,289.78	3,388.78		3,388.78
Revenue Administration (Tax Collection):				
Other Expenses	909.57	954.57	25.00	929.57
Tax Assessment Administration:				
Salaries and Wages	1,999.94	1,999.94		1,999.94
Other Expenses	9,764.62	9,764.62	150.00	9,614.62
Department of Law:				
Other Expenses	19,748.47	19,748.47	15,217.50	4,530.97
Division of Engineering:				
Other Expenses	10,269.25	10,269.25		10,269.25
Historic Commission:				
Other Expenses	250.00	250.00		250.00
<b>LAND USE ADMINISTRATION</b>				
Planning Board:				
Other Expenses	3,663.16	3,663.16	222.00	3,441.16
Zoning Board of Adjustment:				
Other Expenses	2,131.56	2,131.56	387.00	1,744.56
Beautification Committee:				
Other Expenses	646.92	646.92		646.92
<b>PUBLIC SAFETY</b>				
Police Department:				
Salaries and Wages	6,772.24	6,772.24		6,772.24
Other Expenses	13,556.91	21,229.18	8,385.49	12,843.69
Emergency Management Services:				
Salaries and Wages	3,559.34	3,559.34		3,559.34
Other Expenses	3,538.44	5,718.05	1,308.33	4,409.72
Supplemental Fire Services				
Other Expenses	457.47	457.47		457.47
Fire Safety Act:				
Salaries and Wages	528.55	528.55		528.55
Other Expenses	152.42	152.42		152.42
Prosecutor's Office:				
Salaries and Wages	765.00	765.00		765.00
Other Expenses	950.00	950.00		950.00
Municipal Court:				
Salaries and Wages	843.59	843.59		843.59
Other Expenses	3,207.50	3,348.50	141.00	3,207.50
Public Defender:				
Other Expenses	250.00	250.00		250.00

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2006 APPROPRIATION RESERVES

Year ended December 31, 2007

	Balance December 31, <u>2006</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<b>PUBLIC WORKS</b>				
Streets and Road Maintenance:				
Salaries and Wages	18,257.61	18,257.61		18,257.61
Other Expenses	10,135.32	15,585.32	6,338.27	9,247.05
Demolition of Buildings:				
Other Expenses	100.00	100.00		100.00
Solid Waste Collection:				
Salaries and Wages	6,323.49	6,323.49		6,323.49
Other Expenses	998.89	998.89	420.24	578.65
Buildings and Grounds:				
Other Expenses	10,747.71	11,651.71	3,845.04	7,806.67
Vehicle Maintenance:				
Salaries and Wages	6,976.93	6,976.93		6,976.93
Other Expenses	519.28	4,352.77	3,489.66	863.11
<b>HEALTH AND HUMAN SERVICES</b>				
Public Health Services (Board of Health):				
Salaries and Wages	134.70	134.70		134.70
Other Expenses	750.00	750.00		750.00
Environmental Health Services:				
Other Expenses	1,360.50	1,360.50	15.00	1,345.50
Welfare/Administration of Public Assistance:				
Other Expenses	300.00	300.00		300.00
Animal Control Services:				
Other Expenses	803.00	1,125.00	387.00	738.00
<b>PARK AND RECREATION</b>				
Recreation Services and Programs:				
Salaries and Wages	2,013.08	2,013.08		2,013.08
Other Expenses	4,325.14	4,325.14		4,325.14
Seniors/Special Events	2,079.10	2,079.10		2,079.10
<b>UNIFORM CONSTRUCTION CODE</b>				
Construction Code Official:				
Salaries and Wages	384.41	384.41		384.41
Other Expenses	1,729.65	1,827.65	98.00	1,729.65
Accumulated Leave Compensation	3,000.00	3,000.00		3,000.00
<b>UTILITY EXPENSE AND BULK PURCHASES</b>				
Utilities	36,581.92	36,581.92	10,898.06	25,683.86
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>				
Sanitary Landfill:				
Other Expenses	23,341.55	23,341.55	15,803.14	7,538.41
Contingent	1,013.70	1,013.70	555.15	458.55

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2006 APPROPRIATION RESERVES

Year ended December 31, 2007

	Balance December 31, <u>2006</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Statutory Expenditures:				
Contribution To:				
Social Security System (O.A.S.I.)	3,490.52	3,490.52		3,490.52
Unemployment Compensation Insurance	5,000.00	5,000.00		5,000.00
INSURANCE				
General Liability	20,013.36	20,013.36	8,120.87	11,892.49
Stormwater Management:				
Salaries and Wages	24,264.00	20,764.00		20,764.00
Other Expenses	7,055.25	10,555.25	10,492.98	62.27
Police and Firemen's Retirement System of NJ	0.80	0.80		0.80
Public Employees Retirement System	0.80	0.80		0.80
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS				
County of Monmouth - 911 System:				
Other Expenses	8.21	8.21		8.21
County of Monmouth - Police Computer:				
Other Expenses	5,000.00	5,000.00	4,704.00	296.00
LOSAP First Aid	8,900.00	8,900.00	8,500.00	400.00
Monmouth County Regional Health Commission	59.01	59.01		59.01
Capital Improvements:				
Building Improvements	<u>12,045.00</u>	<u>12,045.00</u>	<u>                    </u>	<u>12,045.00</u>
Total General Appropriations	<u>\$ 329,489.19</u>	<u>\$ 353,272.53</u>	<u>\$ 107,887.39</u>	<u>\$ 245,385.14</u>
	<u>Reference</u>	A	1-A	A-1
Appropriation Reserves	A,9-A	\$ 329,489.19		
Encumbrances Payable	10-A	<u>23,783.34</u>		
		<u>\$ 353,272.53</u>		

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	A	\$ 23,783.34
Increased By:		
Transferred From 2007 Appropriations	A-3	<u>50,803.22</u>
		74,586.56
Decreased By:		
Transferred To Appropriation Reserves	9-A	<u>23,783.34</u>
Balance, December 31, 2007	A	<u><u>\$ 50,803.22</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF PREPAID TAXES

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	A	\$ 74,774.78
Increased By:		
Cash Receipts	1-A	<u>73,075.56</u>
		147,850.34
Decreased By:		
Applied To Taxes Receivable	4-A	<u>74,774.78</u>
Balance, December 31, 2007	A	<u><u>\$ 73,075.56</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF COUNTY TAXES PAYABLE

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	A		\$ 18,899.11
Increased By:			
2007 Tax Levy:			
County Tax	A-1,4-A	\$ 2,809,819.49	
County Library Tax	A-1,4-A	160,853.06	
County Open Space Fund Tax	A-1,4-A	175,560.67	
Due County for Added Taxes	A-1,4-A	<u>11,753.61</u>	
			<u>3,157,986.83</u>
			3,176,885.94
Decreased By:			
Cash Disbursements	1-A		<u>3,165,132.33</u>
Balance, December 31, 2007	A		<u><u>\$ 11,753.61</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Year ended December 31, 2007

Reference

Balance, December 31, 2006:			
Reserve for School Tax Levy	A	\$ 18,040.98	
School Tax Payable	A	1,971,084.22	
School Tax Deferred	13-A	<u>1,083,894.75</u>	\$ 3,073,019.95
Increased By:			
Levy (School Year July 1, 2007 to June 30, 2008)	A-1,4-A		<u>6,783,320.00</u>
			9,856,339.95
Decreased By:			
Cash Disbursements	1-A		<u>6,606,274.30</u>
Balance, December 31, 2007:			
Reserve for School Tax Levy	A	18,040.98	
School Tax Payable	A	2,148,129.92	
School Tax Deferred	13-A	<u>1,083,894.75</u>	<u>\$ 3,250,065.65</u>
 <u>2007 Liability for Local District School Tax</u>			
Tax Payable, December 31, 2007	A		\$ 2,148,129.92
Tax Paid	1-A		<u>6,606,274.30</u>
			8,754,404.22
Less:			
Tax Payable, December 31, 2006	13-A		<u>1,971,084.22</u>
Amount Charged To 2007 Operations	A-1		<u>\$ 6,783,320.00</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF SPECIAL DISTRICT TAXES PAYABLE

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	A	\$ 0.00
Increased By:		
2007 Levy	A-1,4-A	<u>327,957.00</u>
		327,957.00
Decreased By:		
Payment	1-A	<u>327,957.00</u>
Balance, December 31, 2007	A	<u><u>\$ 0.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	A		\$ 9,893.26
Decreased By:			
Cancelled To Operations	A-1	\$ 8,693.26	
Cash Disbursements	1-A	<u>1,200.00</u>	
			<u>9,893.26</u>
Balance, December 31, 2007	A		<u>\$ 0.00</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS PAYABLE

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	A	\$ 296.31
Increased By:		
Cash Receipts	1-A	<u>4,914.03</u>
		5,210.34
Decreased By:		
Cash Disbursements	1-A	<u>296.31</u>
Balance, December 31, 2007	A	<u><u>\$ 4,914.03</u></u>
		2006 \$ 48.81
		2007 <u>4,865.22</u>
		<u><u>\$ 4,914.03</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	A	\$ 0.00
Increased By:		
2007 Levy	A-1,4-A	<u>72,650.84</u>
		72,650.84
Decreased By:		
Cash Disbursements	1-A	<u>72,650.84</u>
Balance, December 31, 2007	A	<u><u>\$ 0.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## SCHEDULE OF DUE TO STATE OF NEW JERSEY

Year ended December 31, 2007

	Balance December 31, <u>2006</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2007</u>
Marriage License Fees	\$ 100.00	\$ 700.00	\$ 725.00	\$ 75.00
DCA Training Fees	<u>640.00</u>	<u>3,079.00</u>	<u>2,911.00</u>	<u>808.00</u>
	<u>\$ 740.00</u>	<u>\$ 3,779.00</u>	<u>\$ 3,636.00</u>	<u>\$ 883.00</u>
<u>Reference</u>	A	1-A	1-A	A

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF RESERVE FOR REVALUATION

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	A	\$ 5,256.90
Increased By:		
Budget Appropriation	A-3	<u>144,000.00</u>
Balance, December 31, 2007	A	<u>\$ 149,256.90</u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF STATE GRANTS RECEIVABLE

Year ended December 31, 2007

	Balance December 31, <u>2006</u>	Increased By Revenue Anticipated <u>2007</u>	Transferred From Grants <u>Unappropriated</u>	Cash <u>Receipts</u>	Balance December 31, <u>2007</u>
Alcohol Education Rehabilitation Fund	\$ 32.33				\$ 32.33
Click It or Ticket	2,800.00				2,800.00
New Jersey Transit Grant	10,000.00			\$ 9,592.79	407.21
DEP Environmental Service Program	1,328.53	\$ 6,351.00	\$ 4,234.00	2,117.00	1,328.53
Stormwater Management		4,453.36	4,453.36		
Body Armor Replacement Fund		8,266.58	453.14	7,813.44	
Clean Communities Program					
	<u>\$ 14,160.86</u>	<u>\$ 19,070.94</u>	<u>\$ 9,140.50</u>	<u>\$ 19,523.23</u>	<u>\$ 4,568.07</u>

Reference

A

A-2

22-A

1-A

A

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF RESERVE FOR STATE GRANTS - APPROPRIATED

Year ended December 31, 2007

	Balance December 31, <u>2006</u>	2007 <u>Authorizations</u>	<u>Expended</u>	Balance December 31, <u>2007</u>
Alcohol Education Rehabilitation Fund - 2000	\$ 272.51			\$ 272.51
Emergency Road Repair - 2001	22.50			22.50
Drunk Driving Enforcement Fund	16,992.86		\$ 7,274.16	9,718.70
Body Armor Replacement Fund - 2002	149.91			149.91
Click It or Ticket	2,800.00			2,800.00
New Jersey Transit Grant	444.96			444.96
DEP Environmental Service Program	2,657.07			2,657.07
Stormwater Management	26.00	\$ 6,351.00	1,307.25	5,069.75
Body Armor Replacement Fund	477.46	4,453.36	3,712.80	1,218.02
Clean Communities Program	365.68	8,266.58	2,237.25	6,395.01
	<u>\$ 24,208.95</u>	<u>\$ 19,070.94</u>	<u>\$ 14,531.46</u>	<u>\$ 28,748.43</u>
<u>Reference</u>	A	A-3	1-A	A

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF RESERVE FOR STATE GRANTS - UNAPPROPRIATED

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	A	\$ 9,140.50
Increased By:		
Cash Receipts	1-A	<u>2,026.96</u>
		11,167.46
Decreased By:		
Raised in Budget	18-A	<u>9,140.50</u>
Balance, December 31, 2007	A	<u><u>\$ 2,026.96</u></u>

Analysis of Balance - December 31, 2007

Body Armor Replacement Fund	\$ 1,370.46
Drunk Driving Enforcement Fund	<u>656.50</u>
	<u><u>\$ 2,026.96</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

## GRANT FUND

## SCHEDULE OF DUE FROM CURRENT FUND

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	A		\$ 19,188.59
Increased By:			
Cash Receipts - Grants Receivable	20-A	\$ 19,523.23	
Cash Receipts - Unappropriated	22-A	<u>2,026.96</u>	
			<u>21,550.19</u>
			40,738.78
Decreased By:			
Cash Receipts	21-A		<u>14,531.46</u>
Balance, December 31, 2007	A		<u>\$ 26,207.32</u>

TRUST FUND  
SCHEDULES

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2007

	<u>Reference</u>	<u>Animal Control Fund</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Other Trust Funds</u>
Balance, December 31, 2006	B	<u>\$ 5,959.18</u>	<u>\$ 2,851.87</u>	<u>\$ 280,725.57</u>
Increased By Receipts:				
Prepaid Licenses	B	427.60		
Due To:				
Current Fund	B		19.98	
State of New Jersey	2-B	584.40		
Various Trust Funds	5-B			375,919.39
Due From Vendors	6-B			3,741.03
Reserve for:				
Animal Control Trust Fund	3-B	2,703.00		
Unemployment Compensation	8-B		<u>12,711.22</u>	
		<u>3,715.00</u>	<u>12,731.20</u>	<u>379,660.42</u>
		<u>9,674.18</u>	<u>15,583.07</u>	<u>660,385.99</u>
Decreased By Disbursements:				
Due To State of New Jersey	2-B	583.00		
Various Trust Funds	5-B			252,711.02
Reserve for:				
Animal Control Trust Fund	3-B	1,201.81		
Unemployment Compensation	8-B		<u>13,399.21</u>	
		<u>1,784.81</u>	<u>13,399.21</u>	<u>252,711.02</u>
Balance, December 31, 2007	B	<u>\$ 7,889.37</u>	<u>\$ 2,183.86</u>	<u>\$ 407,674.97</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	B	\$ 0.00
Increased By:		
2007 License Fees	1-B	<u>584.40</u>
		584.40
Decreased By:		
Payments	1-B	<u>583.00</u>
Balance, December 31, 2007	B	<u><u>\$ 1.40</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	B		\$ 6,610.83
Increased By:			
Dog License Fees Collected		\$ 2,435.00	
Cat License Fees Collected		<u>268.00</u>	
	1-B		<u>2,703.00</u>
			9,313.83
Decreased By:			
Expenditures Under R.S. 4:19-15:11	1-B	1,201.81	
Statutory Excess	4-B	<u>2,742.62</u>	
			<u>3,944.43</u>
Balance, December 31, 2007	B		<u><u>\$ 5,369.40</u></u>

License Fees Collected

2006	\$ 2,421.00	
2005	<u>2,948.40</u>	
	<u><u>\$ 5,369.40</u></u>	

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND

SCHEDULE OF DUE (FROM)/TO CURRENT FUND

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	B	\$ (651.65)
Increased By:		
Statutory Excess	3-B	<u>2,742.62</u>
Balance, December 31, 2007	B	<u>\$ 2,090.97</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

SCHEDULE OF VARIOUS TRUST FUND RESERVES

Year ended December 31, 2007

	Balance December 31, <u>2006</u>	<u>Increase</u>	<u>Decrease</u>	Balance December 31, <u>2007</u>
Recycling Trust	\$ 411.62	\$ 26,462.18	\$ 12,832.75	\$ 14,041.05
Snow Removal Rider	20,980.74		2,757.15	18,223.59
Fire Safety Trust	50.00	5,000.00		5,050.00
Kids Safe Program	57.00			57.00
P.O.A.A.	39.01	60.00		99.01
Community Center - Donation Rider	201.00	200.00		401.00
Water/Sewer Escrow	4,050.00			4,050.00
Tax Sale Premium		7,000.00		7,000.00
Public Defender	412.50	1,724.00	312.50	1,824.00
Escrow Trust	41,973.61	79,646.55	102,998.20	18,621.96
Cash Performance Bond	71,413.40	162,451.38	100,269.14	133,595.64
Third Party Employment - Police		20,664.97	18,334.50	2,330.47
Open Space Trust	133,413.99	72,650.84	7,396.50	198,668.33
Law Enforcement	11,463.73	59.47	7,810.28	3,712.92
	<u>\$ 284,466.60</u>	<u>\$ 375,919.39</u>	<u>\$ 252,711.02</u>	<u>\$ 407,674.97</u>
<u>Reference</u>	B	1-B	1-B	B

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST - OTHER FUND

SCHEDULE OF DUE FROM VENDORS

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	B	\$ 3,741.03
Decreased By:		
Cash Receipts	1-B	<u>3,741.03</u>
Balance, December 31, 2007	B	<u>\$ 0.00</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

PAYROLL FUND

SCHEDULE OF DUE TO CURRENT FUND

Year ended December 31, 2007

Reference

Balance, December 31, 2007 and 2006

B

\$ 3,390.10

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

UNEMPLOYMENT COMPENSATION TRUST FUND

SCHEDULE OF RESERVE FOR UNEMPLOYMENT COMPENSATION

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	B	\$ 2,851.87
Increased By:		
Cash Receipts	1-B	<u>12,711.22</u>
		15,563.09
Decreased By:		
Cash Disbursements	1-B	<u>13,399.21</u>
Balance, December 31, 2007	B	<u><u>\$ 2,163.88</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

SCHEDULE OF INVESTMENTS

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	B		\$ 210,390.60
Increased By:			
Borough Contributions	10-B	\$ 39,000.00	
Appreciation on Investments	10-B	<u>10,712.92</u>	
			<u>49,712.92</u>
			260,103.52
Decreased By:			
Withdrawals and Charges	10-B		<u>1,901.26</u>
Balance, December 31, 2007	B		<u>\$ 258,202.26</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

SCHEDULE OF MISCELLANEOUS RESERVES

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	B		\$ 210,390.60
Increased By:			
Borough Contributions	9-B	\$ 39,000.00	
Appreciation on Investments	9-B	<u>10,712.92</u>	
			<u>49,712.92</u>
			260,103.52
Decreased By:			
Withdrawals and Charges	9-B		<u>1,901.26</u>
Balance, December 31, 2007	B		<u>\$ 258,202.26</u>

GENERAL CAPITAL FUND  
SCHEDULES

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## GENERAL CAPITAL FUND

## SCHEDULE OF CASH - TREASURER

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	C		\$ 216,002.26
Increased By:			
Grants Received	6-C	\$ 63,127.20	
Overexpenditure of Ordinance	9-C	22,572.92	
Due To Current Fund	10-C	<u>20,089.66</u>	
			<u>105,789.78</u>
			321,792.04
Decreased By:			
Fund Balance	C-1	22,572.92	
Improvement Authorizations	7-C	<u>244,872.41</u>	
			<u>267,445.33</u>
Balance, December 31, 2007	C		<u>\$ 54,346.71</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

Year ended December 31, 2007

	Balance December 31, <u>2007</u>
Capital Improvement Fund	\$ 103,800.32
Fund Balance	153,581.25
Grant Receivable	(353,116.33)
Overexpenditure of an Ordinance	(3.00)
Due To Current Fund	20,089.66
Reserve for Encumbrances	15,094.83

<u>Ordinance Number</u>	<u>Improvement Description</u>	
04-92	Sewer Infrastructure	3,686.08
05-97	Reconstruction of Roads	(40,000.00)
05-98	Reconstruction of Sidewalk and Drainage	55,092.42
09-98	Closure of Contaminated Facilities	46,596.87
01-99	Reconstruction/Resurfacing of Old Mill Road	65,686.03
05-01	Purchase of Garbage Truck	3,004.91
03-02	Road Improvements To Church Street	14,177.33
12-03	Construction of First Aid Building	11.71
14-03	Improvement To Ocean Road Park Tennis Court Lighting	3,046.40
03-04	Resurfacing of Pitney Drive and Woodcrest Drive	22,305.70
02-05	Safe Streets To School	(113,982.88)
02-05	Police Communication Equipment	(18,087.00)
08-05	Upgrade Computers and Software	710.77
15-05	Improvements To Tennis Courts	(74,462.09)
07-06	Reconstruction of Brighton Avenue/Pitney Drive	9,642.58
02-07	Improvement To St. Clair Avenue	137,471.15
		<u>\$ 54,346.71</u>

Reference

C,1-C

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	C	\$ 620,000.00
Decreased By:		
Bonds Paid	5-C	<u>117,000.00</u>
Balance, December 31, 2007	C	<u><u>\$ 503,000.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Year ended December 31, 2007

Ordinance No.	Improvement Description	Balance	Balance	Analysis of Balance	
		December 31, 2006	December 31, 2007	Expenditures	Unexpended Improvement Authorizations
05-97	Reconstruction of Roads	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 192.16
01-99	Reconstruction/Resurfacing of Old Mill Road	192.16	192.16		
03-04	Resurfacing of Pitney Drive and Woodcrest Drive	7,853.00	7,853.00		7,853.00
02-05	Safe Streets To School	130,625.00	130,625.00	113,982.88	16,642.12
02-05	Police Communication Equipment	19,000.00	19,000.00	18,087.00	913.00
15-05	Improvements To Tennis Courts	75,000.00	75,000.00	74,462.09	537.91
07-06	Reconstruction of Brighton Avenue/Pitney Drive	65,000.00	65,000.00		65,000.00
02-07	Improvement To St. Clair Avenue		\$ 57,000.00		57,000.00
		<u>\$ 337,670.16</u>	<u>\$ 394,670.16</u>	<u>\$ 246,531.97</u>	<u>\$ 148,138.19</u>
	<u>Reference</u>	C	C	2-C	7-C

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

Year ended December 31, 2007

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2007</u>	<u>Interest Rate</u>	<u>Balance December 31, 2006</u>	<u>Decreased</u>	<u>Balance December 31, 2007</u>
General Improvements	12/03/03	\$ 606,000.00	2008 \$ 67,000.00 2009 69,000.00 2010 71,000.00 2011 73,000.00 2012 76,000.00	Various	\$ 421,000.00	65,000.00	\$ 356,000.00
Refunding Bonds	04/03/06	254,000.00	2008 52,000.00 2009 51,000.00 2010 44,000.00	4.00% 3.50% 3.50%	199,000.00	52,000.00	147,000.00
					<u>\$ 620,000.00</u>	<u>\$ 117,000.00</u>	<u>\$ 503,000.00</u>
	<u>Reference</u>				C	3-C	C

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	C	\$ 266,243.53
Increased By:		
NJ Department of Transportation	7-C	<u>150,000.00</u>
		416,243.53
Decreased By:		
Cash Receipts	1-C	<u>63,127.20</u>
Balance, December 31, 2007	C	<u><u>\$ 353,116.33</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Year ended December 31, 2007

Ordinance Date	Improvement Description	Balance December 31, 2006		2007 Authorizations	Transferred From Encumbrances	Expended	Transferred To Encumbrances	Balance December 31, 2007		Reference
		Funded	Unfunded					Funded	Unfunded	
04-92	Sewer Infrastructure	\$ 3,686.08						\$ 3,686.08		
05-98	Reconstruction of Sidewalk and Drainage	55,092.42						55,092.42		
09-98	Closure of Contaminated Facilities	46,596.87						46,596.87		
01-99	Reconstruction/Resurfacing of Old Mill Road	65,686.03	\$ 192.16					65,686.03	\$ 192.16	
05-01	Purchase of Garbage Truck	3,004.91						3,004.91		
03-02	Road Improvements To Church Street	14,177.33						14,177.33		
12-03	Construction of First Aid Building	11.71						11.71		
14-03	Improvement To Ocean Road Park Tennis Court Lighting	3,046.40			\$ 5,219.83		\$ 5,219.83	3,046.40		
03-04	Resurfacing of Pitney Drive and Woodcrest Drive	22,305.70	7,853.00					22,305.70	7,853.00	
02-05	Safe Streets To School		23,162.10			\$ 6,519.98			16,642.12	
02-05	Police Communication Equipment		913.00						913.00	
08-05	Upgrade Computers and Software	440.77								
15-05	Improvements To Tennis Courts		537.91						537.91	
07-06	Reconstruction of Brighton Avenue/Pitney Drive	205,259.16	65,000.00		27,207.00	222,823.58		9,642.58	65,000.00	
02-07	Improvement To St. Clair Avenue			\$ 210,000.00		15,528.85		137,471.15	57,000.00	
		\$ 419,307.38	\$ 97,658.17	\$ 210,000.00	\$ 42,571.83	\$ 244,872.41	\$ 15,094.83	\$ 361,431.95	\$ 148,138.19	
		C	C		C	1-C	C	C	C,4-C	

Deferred Charges To Future Taxation - Unfunded 4-C  
 Grants Receivable 6-C  
 Capital Improvement Fund 8-C

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	C	\$ 106,800.32
Decreased By:		
Downpayment for Improvement Authorizations	7-C	<u>3,000.00</u>
Balance, December 31, 2007	C	<u>\$ 103,800.32</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF OVEREXPENDITURE OF ORDINANCE APPROPRIATION

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	C	\$ 22,575.92
Decreased By:		
Raised in Budget	1-C	<u>22,572.92</u>
Balance, December 31, 2007	C	<u><u>\$ 3.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF DUE TO CURRENT FUND

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	C	\$ 0.00
Increased By:		
Cash Receipts	1-C	<u>20,089.66</u>
Balance, December 31, 2007	C	<u><u>\$ 20,089.66</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Year ended December 31, 2007

Ordinance No.	<u>Improvement Description</u>	Balance December 31, <u>2006</u>	<u>Increased</u>	Balance December 31, <u>2007</u>
05-97	Reconstruction of Roads	\$ 40,000.00		\$ 40,000.00
01-99	Reconstruction/Resurfacing of Old Mill Road	192.16		192.16
03-04	Resurfacing of Pitney Drive and Woodcrest Drive	7,853.00		7,853.00
02-05	Safe Streets To School	130,625.00		130,625.00
02-05	Police Communication Equipment	19,000.00		19,000.00
15-05/09-06	Improvements To Tennis Courts	75,000.00		75,000.00
07-06	Reconstruction of Brighton Avenue/Pitney Drive	65,000.00		65,000.00
02-07	Improvement To St. Clair Avenue	<u>                    </u>	<u>\$ 57,000.00</u>	<u>57,000.00</u>
		<u>\$ 337,670.16</u>	<u>\$ 57,000.00</u>	<u>\$ 394,670.16</u>
	<u>Reference</u>	11-C	4-C	11-C

WATER/SEWER UTILITY FUND  
SCHEDULES

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2007

	Reference	Operating	Capital
Balance, December 31, 2006	D	\$ 337,364.53	\$ 165,803.05
Increased By Receipts:			
Miscellaneous Revenue Not Anticipated	D-3	\$ 29,764.31	
Consumer Accounts Receivable	3-D	1,886,061.05	
Tap Charges	D-3	3,300.00	
Bond Anticipation Notes	14-D	<u>1,919,125.36</u>	<u>400,000.00</u>
		2,256,489.89	565,803.05
Decreased By Disbursements:			
Due To Current Fund	D	18,031.61	
2007 Budget Appropriations	D-4	1,668,792.10	
2006 Appropriation Reserves	6-D	38,671.70	
Interest on Bonds	8-D	28,080.00	
Improvement Authorizations	9-D		3,563.00
Bond Anticipation Notes	14-D	<u>1,753,575.41</u>	<u>400,000.00</u>
		502,914.48	403,563.00
Balance, December 31, 2007	D	<u>\$ 502,914.48</u>	<u>\$ 162,240.05</u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF WATER/SEWER UTILITY CAPITAL CASH

Year ended December 31, 2007

		Balance December 31, <u>2007</u>
Capital Improvement Fund		\$ 386,410.62
Encumbrances Payable		84,031.01
Fund Balance		27,920.51
<u>Ordinance Number</u>	<u>Improvement Description</u>	
08-98	Purchase and Installation of Computer Hardware and Software	36,866.95
04-00	Various Improvements	(31,262.69)
02-06	Water Meter Upgrades	<u>(341,726.35)</u>
		<u>\$ 162,240.05</u>
<u>Reference</u>		1-D

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## WATER/SEWER UTILITY OPERATING FUND

## SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	D	\$ 44,665.01
Increased By:		
Water Sewer Rents Levied	3-D	<u>1,893,915.70</u>
		1,938,580.71
Decreased By:		
Collections	D-3,1-D	<u>1,886,061.05</u>
Balance, December 31, 2007	D	<u><u>\$ 52,519.66</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## WATER/SEWER UTILITY CAPITAL FUND

## SCHEDULE OF FIXED CAPITAL

Year ended December 31, 2007

	Balance December 31, <u>2007 and 2006</u>
Water Division:	
Walls, Pumping Stations and Equipment	\$ 420,852.83
Distribution Mains and Accessories	156,422.80
Land	340.00
Engineering Fees	7,545.55
Interest During Construction	2,823.66
Legal and Accounting Fees	2,477.01
Miscellaneous	1,842.46
Water Towers, Pumps and Equipment	96,487.80
Construction of Well (Year 1978)	75,000.00
Construction of Storage Tank with Pumping Station (Year 1979)	300,000.00
Purchase and Installation of Pipes and Accessories	10,000.00
Improvement To Wells (Year 1986)	134,000.00
Improvement To Wells (Year 1990)	60,000.00
Improvement To Water Treatment Plant Old Mill Road (Year 1990)	219,454.48
Construction of Three Bay Garage and Various Improvements (Year 1994)	109,264.33
Construction of Sewer Mains	669,725.22
Construction of Force Mains	95,670.00
Construction of Sewer Plant	316,369.33
Land and Easements	28,829.00
Engineering Fees	60,840.65
Interest During Construction	52,268.81
Inspection Fees	20,342.31
Legal and Accounting Fees	15,818.00
Other Costs	3,401.27
Equipment	5,000.00
Rehabilitation of Water Storage Tanks	<u>180,000.00</u>
	<u>\$ 3,044,775.51</u>

Reference

D

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Year ended December 31, 2007

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance December 31, 2007 and 2006</u>
08-98	Purchase and Installation of Computer Hardware and Software	\$ 75,000.00
04-00	Various Improvements	375,000.00
02-06	Water Meter Upgrades	<u>750,000.00</u>
		<u>\$ 1,200,000.00</u>
	<u>Reference</u>	D

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY FUND

SCHEDULE OF APPROPRIATION RESERVES

Year ended December 31, 2007

	Balance December 31, <u>2006</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>	
Operating:					
Salaries and Wages	\$ 12,521.73	\$ 12,521.73		\$ 12,521.73	
Other Expenses	57,737.41	63,857.40	\$ 38,671.70	25,185.70	
NJSWA Raw Water Charge	5,951.89	5,951.89		5,951.89	
South Monmouth Regional Sewerage Authority	44.28	44.28		44.28	
Sewer Connection Tap Charges - SMRSA	2,000.00	2,000.00		2,000.00	
Wall Twp. Sewer and Pump Station	4,333.30	4,333.30		4,333.30	
Statutory Expenditures:					
Contributions To:					
Social Security System (O.A.S.I.)	<u>971.27</u>	<u>971.27</u>		<u>971.27</u>	
	<u>\$ 83,559.88</u>	<u>\$ 89,679.87</u>	<u>\$ 38,671.70</u>	<u>\$ 51,008.17</u>	
	Reference	D	1-D	D-1	
Appropriation Reserves		\$ 83,559.88			
Encumbrances		<u>6,119.99</u>			
		<u>\$ 89,679.87</u>			

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## WATER/SEWER UTILITY OPERATING FUND

## SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	D	\$ 6,119.99
Increased By:		
Charged To Budget Appropriations	D-4	<u>18,118.48</u>
		24,238.47
Decreased By:		
Transferred To Appropriation Reserves	6-D	<u>6,119.99</u>
Balance, December 31, 2007	D	<u><u>\$ 18,118.48</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	D	\$ 6,473.00
Increased By:		
Accrued for Year Ended December 31, 2007	D-4	<u>28,120.94</u>
		34,593.94
Decreased By:		
Payment of December 31, 2006 Accrued	1-D	<u>28,080.00</u>
Balance, December 31, 2007	D	<u><u>\$ 6,513.94</u></u>

Analysis of Balance - December 31, 2007

	Outstanding December 31, <u>2007</u>	Interest <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Bond Anticipation Notes:						
\$ 400,000.00		3.78%	08/16/07	12/31/07	134 days	\$ 5,550.90
Serial Bonds:						
326,000.00		Various	12/01/07	12/31/07	30 days	<u>963.04</u>
						<u><u>\$ 6,513.94</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY  
 WATER/SEWER UTILITY CAPITAL FUND  
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Year ended December 31, 2007

Ordinance Number	Description	Balance December 31, 2006		Transferred From Encumbrances	Expended	Transferred To Encumbrances	Balance December 31, 2007	
		Funded	Unfunded				Funded	Unfunded
08-98	Purchase and Installation of Computer Hardware and Software	\$ 36,866.95					\$ 36,866.95	
04-00	Various Improvements		\$ 25,338.31	\$ 2,998.00		\$ 3,349.00		\$ 24,987.31
02-06	Water Meter Upgrades		11,836.65	80,682.01	\$ 3,563.00	80,682.01		8,273.65
		\$ 36,866.95	\$ 37,174.96	\$ 83,680.01	\$ 3,563.00	\$ 84,031.01	\$ 36,866.95	\$ 33,260.96
	Reference	D	D	D	1-D	D	D	D

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Year ended December 31, 2007

Reference

Balance, December 31, 2007 and 2006

D

\$ 386,410.62

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

Year ended December 31, 2007

	<u>Reference</u>	
Balance, December 31, 2006	D	\$ 2,981,775.51
Increased By:		
Serial Bond Payment	13-D	<u>37,000.00</u>
Balance, December 31, 2007	D	<u><u>\$ 3,018,775.51</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Year ended December 31, 2007

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Balance December 31, 2007 and 2006</u>
08-98	Purchase and Installation of Computer Hardware and Software	11/09/98	\$ 75,000.00
04-00	Various Improvements	12/11/00	<u>18,750.00</u>
			<u>\$ 93,750.00</u>
		<u>Reference</u>	D

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF SERIAL BONDS

Year ended December 31, 2007

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2007</u>		<u>Interest Rate</u>	<u>Balance December 31, 2006</u>	<u>Decreased</u>	<u>Balance December 31, 2007</u>	<u>Reference</u>
			<u>Date</u>	<u>Amount</u>					
Serial Bonds	12/18/03	\$ 470,000.00	12/01/08	\$ 38,000.00	3.00%				D
			12/01/09	39,000.00	3.00%				D
			12/01/10	41,000.00	3.50%				D
			12/01/11	42,000.00	3.25%				D
			12/01/12	43,000.00	3.55%				D
			12/01/13	123,000.00	4.00%				D
						\$ 363,000.00	\$ 37,000.00	\$ 326,000.00	11-D

BOROUGH OF SPRING LAKE HEIGHTS  
 COUNTY OF MONMOUTH, NEW JERSEY  
 WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

Year ended December 31, 2007

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Original Issue Date</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2006</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2007</u>
02-06	Water Meter Upgrades	08/17/06	08/16/07	02/15/08	3.78%	\$ 400,000.00	\$ 400,000.00	\$ 400,000.00	\$ 400,000.00
					<u>Reference</u>	D	1-D	1-D	D

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Year ended December 31, 2007

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance December 31, 2007 and 2006</u>
04-00	Various Improvements	\$ 56,250.00
02-06	Water Meter Upgrades	<u>350,000.00</u>
		<u>\$ 406,250.00</u>
	<u>Reference</u>	15-D

PUBLIC ASSISTANCE FUND  
SCHEDULES

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MOMOUTH, NEW JERSEY

## PUBLIC ASSISTANCE FUND

## SCHEDULE OF CASH - TREASURER

Year ended December 31, 2007

	<u>Reference</u>	P.A.T.F. Account I (75%)	P.A.T.F. Account II (100%)	<u>Total</u>
Balance, December 31, 2006	E	<u>\$ 5,005.76</u>	<u>\$ 29,923.23</u>	<u>\$ 34,928.99</u>
Increased By:				
State Aid for Public Assistance			3,400.00	3,400.00
Interest Income			<u>385.85</u>	<u>385.85</u>
	E-1		<u>3,785.85</u>	<u>3,785.85</u>
		<u>5,005.76</u>	<u>33,709.08</u>	<u>38,714.84</u>
Decreased By:				
Public Assistance	E-2		7,504.00	7,504.00
Temporary Rental Assistance	E-2		1,184.00	1,184.00
Other	E-2	<u>5.76</u>		<u>5.76</u>
		<u>5.76</u>	<u>8,688.00</u>	<u>8,693.76</u>
Balance, December 31, 2007	E	<u><u>\$ 5,000.00</u></u>	<u><u>\$ 25,021.08</u></u>	<u><u>\$ 30,021.08</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF CASH AND RECONCILIATION PER N.J.S.A. 40A:5-5

December 31, 2007 to February 28, 2008

	<u>Reference</u>		
Balance, December 31, 2007	1-E		\$ 30,021.08
Increased By:			
SSI	2-E	\$ 1,260.00	
Interest Income	2-E	<u>49.89</u>	
			<u>1,309.89</u>
			31,330.97
Decreased By:			
Cash Disbursements	2-E		<u>1,254.22</u>
Balance, February 28, 2008	2-E		<u><u>\$ 30,076.75</u></u>

	P.A.T.F. Account I (75%)	P.A.T.F. Account II (100%)	Fund Total
Balance on Deposit Per Statement of Monmouth Community Bank:			
Account # 100058478		\$ 25,076.75	\$ 25,076.75
Account # 100058452	<u>\$ 5,000.00</u>	<u>                    </u>	<u>5,000.00</u>
Balance, February 28, 2008	<u><u>\$ 5,000.00</u></u>	<u><u>\$ 25,076.75</u></u>	<u><u>\$ 30,076.75</u></u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF RESERVE FOR EXPENDITURES

Year ended December 31, 2007

	<u>Reference</u>		
Balance, December 31, 2006	E		\$ 34,923.23
Increased By:			
Interest Earned	E-1	\$ 385.85	
General Assistance	E-1	<u>3,400.00</u>	
			<u>3,785.85</u>
			38,709.08
Decreased By:			
Maintenance Payments	E-2	7,504.00	
Temporary Rental Assistance	E-2	1,184.00	
Due To Current Fund	E-2	<u>385.85</u>	
			<u>9,073.85</u>
Balance, December 31, 2007	E		<u>\$ 29,635.23</u>

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

## PUBLIC ASSISTANCE FUND

## SCHEDULE OF DUE TO CURRENT FUND

Year ended December 31, 2007

	<u>Reference</u>	P.A.T.F. Account I <u>(75%)</u>	P.A.T.F. Account II <u>(100%)</u>	<u>Total</u>
Balance, December 31, 2006	E	<u>\$ 5.76</u>	<u>\$ 0.00</u>	<u>\$ 5.76</u>
Increased By:				
Interest Income	E-1	<u>385.85</u>	<u>          </u>	<u>385.85</u>
		<u>391.61</u>	<u>          </u>	<u>391.61</u>
Decreased By:				
Cash Disbursements	E-2	<u>5.76</u>	<u>          </u>	<u>5.76</u>
Balance, December 31, 2007	E	<u>\$ 385.85</u>	<u>\$ 0.00</u>	<u>\$ 385.85</u>

GENERAL FIXED ASSETS ACCOUNT GROUP  
SCHEDULES

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

SCHEDULE OF LAND

Year ended December 31, 2007

Reference

Balance, December 31, 2007 and 2006

F

\$ 4,175,600.00

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

SCHEDULE OF BUILDINGS AND IMPROVEMENTS

Year ended December 31, 2007

Reference

Balance, December 31, 2007 and 2006

F

\$ 2,780,758.00

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

SCHEDULE OF MACHINERY, EQUIPMENT AND VEHICLES

Year ended December 31, 2007

Reference

Balance, December 31, 2007 and 2006

F

\$ 3,168,442.00

## COMMENTS SECTION

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2007

An audit of the financial accounts and transactions of the Borough of Spring Lake Heights, County of Monmouth, New Jersey ("Borough") for the year ended December 31, 2007, has recently been completed. The results of the audit are herewith set forth.

Scope of Audit

The audit covered the financial transactions of the Tax Collector/Treasurer, the activities of the Mayor and Borough Council and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed.

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

Revenues and receipts were verified as to source and amount insofar as the records permitted.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Therefore, our audit included the procedures noted above as well as tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

N.J.S. 40A:11-4 states "Every contract awarded by the contracting agent, for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold (40A:11-3), 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 a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder".

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 and, where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion shall be sought before a commitment is made.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2007

Contracts and Agreements Required to be Advertised per N.J.S. 40A:11-4 (continued)

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

Improvements To St. Claire Avenue

The system of records did not provide for an accumulation of payments by categories of materials or supplies, or related work or labor. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid threshold "for the performance of any work or the furnishing of labor materials and supplies or the hiring of teams or vehicles", other than 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. 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.

Collection of Interest on Delinquent Taxes and Utility Assessments

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

WHEREAS, real estate taxes are payable on February 1, May 1, August 1 and November 1 of each year, and other assessments are due and payable on dates set forth on the statements assessing said charges; and

WHEREAS, N.J.S.A. 54:67 provides for the fixing rates of interest on delinquent taxes;

NOW, THEREFORE, BE IT RESOLVED that all taxes and assessments are and shall be due on the date stated and, if not paid by said date same shall become delinquent.

The Borough Collector shall collect interest on taxes at the maximum legally allowable rate of 8% under \$1,500.00 and 18% for \$1,500.00 and over, including the provision for an additional 6% for accounts of \$10,000.00 or more. The Collector's ruling of legally allowable amounts shall rule in all instances of all balances delinquent. The provisions for a "grace period" of 10 days for taxes and 30 days for water and sewer shall be computed from the due date printed on the bill to and including the date of actual payment.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2007

Tax Sale

The last tax sale was held on December 20, 2007 and was complete.

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

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2007	0
2006	0
2005	1

Confirmation of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
2007 and 2007 Taxes	50

For those confirmation notices which were not returned by taxpayers, we audited subsequent and current cash collections as an alternative procedure when possible.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2007

Comparative Statement of Operations  
and Changes in Fund Balance - Current Fund

	2007		2006	
	Amount	Percent	Amount	Percent
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 524,500.00	3.34 %	\$ 460,525.00	3.11 %
Miscellaneous Anticipated	1,237,087.23	7.86	1,172,648.42	7.92
Miscellaneous - From Other				
Than Local Property Tax Levies	272,365.77	1.73	60,275.47	0.41
Non-Budget Revenue	169,776.35	1.08	177,732.08	1.20
Collection of Delinquent Taxes and Tax Title Liens	120,773.01	0.77	138,122.04	0.93
Collection of Current Tax Levy	13,407,020.87	85.22	12,802,606.08	86.43
 Total Revenues	 15,731,523.23	 100.00 %	 14,811,909.09	 100.00 %
 <u>Expenditures</u>				
Budget Appropriations	4,878,046.46	31.99 %	4,375,586.12	30.17 %
County Taxes	3,157,986.83	20.71	3,164,288.41	21.81
Local District School Taxes	6,783,320.00	44.48	6,403,032.00	44.14
Fire District Taxes	327,957.00	2.15	323,542.00	2.23
Municipal Open Space Tax	72,650.84	0.48	72,000.00	0.50
Other Expenditures	28,786.46	0.19	167,319.11	1.15
 Total Expenditures	 15,248,747.59	 100.00 %	 14,505,767.64	 100.00 %
 Excess in Revenue	 482,775.64		 306,141.45	
Add: Expenditures Included Above Which Are By Statute Deferred Charges To Budgets of Succeeding Years	   144,000.00		   	
 Statutory Excess To Fund Balance	 626,775.64		 306,141.45	
 Fund Balance, January 1	 1,143,096.70		 1,297,480.25	
	1,769,872.34		1,603,621.70	
Decreased By:				
Utilized as Anticipated Revenue	524,500.00		460,525.00	
 Fund Balance, December 31	 \$ 1,245,372.34		 \$ 1,143,096.70	

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2007

Comparative Statement of Operations  
and Changes in Fund Balance - Water/Sewer Utility Operating Fund

	<u>2007</u>		<u>2006</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 5,453.12	0.28 %	\$ 294,700.00	15.02 %
Sewer Rents	1,889,361.05	95.63	1,617,998.92	82.49
Non-Budget Revenue	29,764.31	1.51	42,260.92	2.15
Unexpended Balance of Debt Service Payments	<u>51,008.17</u>	<u>2.58</u>	<u>6,534.34</u>	<u>0.34</u>
Total Revenues	<u>1,975,586.65</u>	<u>100.00 %</u>	<u>1,961,494.18</u>	<u>100.00 %</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	1,752,552.00	94.48 %	1,646,127.00	85.76 %
Debt Service	65,120.94	3.51	91,118.61	4.75
Anticipated in Current Fund			150,000.00	7.81
Deferred Charges	8,735.12	0.47		
Statutory Expenditures	28,566.00	1.54	28,566.00	1.49
Overexpenditure of Appropriation Reserves			<u>3,623.12</u>	<u>0.19</u>
Total Expenditures	<u>1,854,974.06</u>	<u>100.00 %</u>	<u>1,919,434.73</u>	<u>100.00 %</u>
Excess in Revenue	120,612.59		42,059.45	
Add: Expenditures Included Above Which Are By Statute Deferred Charges To Budgets of Succeeding Years	<u>1,000.00</u>		<u>8,735.12</u>	
Statutory Excess To Fund Balance	121,612.59		50,794.57	
Fund Balance, January 1	<u>90,646.99</u>		<u>334,552.42</u>	
	212,259.58		385,346.99	
Decreased By:				
Utilized as Anticipated Revenue	<u>5,453.12</u>		<u>294,700.00</u>	
Fund Balance, December 31	<u>\$ 206,806.46</u>		<u>\$ 90,646.99</u>	

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2007

Comparative Schedule of Tax Rate Information

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Tax Rate	\$ 1.861	\$ 1.784	\$ 1.723

Apportionment of Tax Rate

Municipal	0.448	0.413	0.400
County	0.433	0.437	0.416
Local School	0.934	0.889	0.867
Special District	0.046	0.045	0.040

Assessed Valuations

2007	\$ 726,508,381.00		
2006		\$ 720,581,606.00	
2005			\$ 711,852,970.00

Comparison of Tax Levies and Collection Currently

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2007	\$ 13,568,834.84	\$ 13,407,020.87	98.81%
2006	12,923,864.99	12,802,606.08	99.06
2005	12,385,972.70	12,241,563.27	98.83

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2007

Comparative Schedule of Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2007	\$ 0.00	\$ 149,929.43	\$ 149,929.43	1.10%
2006	0.00	119,651.69	119,651.69	0.93
2005	16,517.36	130,309.62	146,825.98	1.19

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2007	\$ 28,900.00
2006	28,900.00
2005	28,900.00

Comparative Schedule of Fund Balances

Current Fund

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2007	\$ 1,245,372.34	\$ *
2006	1,143,096.70	517,000.00
2005	1,297,480.25	460,525.00
2004	1,181,608.54	410,000.00
2003	922,429.99	410,000.00

Sewer Utility Fund

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2007	\$ 206,806.46	\$ *
2006	90,646.99	0.00
2005	334,552.42	294,700.00
2004	556,871.06	150,000.00
2003	706,871.06	138,000.00

\* Budget was not adopted as of the date of this report.

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2007

Officials in Office and Surety Bonds

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

<u>Name of Official</u>	<u>Title</u>	<u>Amount of Bond</u>
Edward L. Malick	Mayor	
Gary McLean	Councilperson	
Thomas O'Brien	Councilperson	
Mary Beth McKnight	Councilperson	
Lynn Kegelman	Councilperson	
Thomas Martin	Councilperson	
Kathleen Crippen	Councilperson	
Gavino Maccanico	Councilperson	
Mary Grace Neuhaus	Tax Collector/Utility Collector	\$ 200,000.00
Colleen Lapp	Chief Financial Officer	10,000.00
Theresa Casagrande	Acting Municipal Clerk	10,000.00
George Pappas	Magistrate	17,000.00
Anna M. Kuntz	Court Administrator	17,000.00
Frederick Raffetto	Borough Attorney	

Employees were covered by a blanket honesty bond which provides coverage of \$50,000.00 per individual.

INTERNAL CONTROL SECTION

# Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Robert H. Hutchins, CPA, CVA  
Eugene M. Farrell, CPA, RMA, CFP  
Robert W. Allison, CPA, RMA  
Alan E. Meyer, CPA/ABV  
Joann DiLieto, CPA

Patrice R. Antonucci, CPA  
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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members  
of the Borough Council  
Borough of Spring Lake Heights, New Jersey

We have audited the regulatory-basis financial statements of the Borough of Spring Lake Heights, County of Monmouth, New Jersey ("Borough") as of and for the year ended December 31, 2007, and have issued our report thereon dated May 22, 2008 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and a qualified opinion since the Division of Local Government Services does not require the Length of Service Award Program ("LOSAP") to be audited, only reviewed. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Borough's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Borough's financial statements that is more than inconsequential will not be prevented or detected by the Borough's internal control.

Honorable Mayor and Members  
of the Borough Council  
Borough of Spring Lake Heights, New Jersey  
Page 2

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

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

Compliance and Other Matters

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

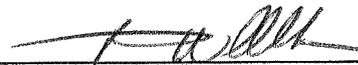
However, we noted certain matters that have been reported to the administration and reported within our Comments and Recommendations.

This report is intended solely for the information and use of the Borough of Spring Lake Heights' management, and Council members, others within the organization, and the Division of Local Government Services, and is not intended to be and should not be used by anyone other than these specified parties.

*Hutchins, Farrell, Meyer & Allison, P.A.*

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Independent Auditors



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Robert W. Allison  
Registered Municipal Accountant  
(#483)

May 22, 2008

## COMMENTS AND RECOMMENDATIONS

BOROUGH OF SPRING LAKE HEIGHTS  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS AND RECOMMENDATIONS

Year ended December 31, 2007

Other Matters

Accounting Records

During our audit of the Borough's Accounting Records, we noted the following:

Finding #2007-1

- The General Ledger was not in agreement with subsidiary records.

Finding #2007-2

- Interfunds existed at year-end.\*

In order to improve controls over the Borough's Accounting Records, we recommend the following:

- The General Ledger should agree to subsidiary records.
- Interfunds be liquidated by year-end, to the extent practicable.

\* Repeat comment from prior year