

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY
YEARS ENDED DECEMBER 31, 2011 AND 2010

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

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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, 2011 and 2010, and for the year ended December 31, 2011, which collectively comprise the Borough's basic financial statements 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 paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"); and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and requirements prescribed by the Division 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 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As 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 by the Division, 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.

Honorable Mayor and Members
of the Borough Council
Borough of Spring Lake Heights, New Jersey
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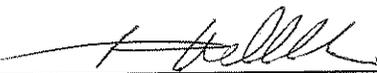
In our opinion, because of the effects of the Borough's preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2011 and 2010, 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, 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, 2011 and 2010, 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, 2011 and 2010 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated May 17, 2012 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 made for the purpose of forming an opinion on the financial statements that collectively comprise the Borough's financial statements taken as a whole. The information included in the supplementary data and supplementary schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary data and supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis taken as a whole.

Hutchins, Farrell, Meyer & Allison, P.A.
Independent Auditors


Robert W. Allison
Registered Municipal Accountant
(#483)

May 17, 2012

FINANCIAL STATEMENTS

CURRENT FUND

EXHIBITS

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, 2011 and 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 380,000.00	\$ 600,000.00
Miscellaneous Revenue Anticipated	A-2	876,935.04	878,902.44
Receipts From Delinquent Taxes	A-2	296,359.64	188,443.07
Non-Budget Revenue	A-2	247,852.68	173,098.56
Receipt From Current Taxes	A-2,4-A	14,372,934.75	14,090,960.34
Other Credits To Income:			
Senior Citizens' Allowed	3-A	250.00	12,458.09
Unexpended Balance of Appropriation Reserves	8-A	136,977.71	105,584.30
Cancelled:			
Tax Overpayments	A-1		51.44
Interfunds Returned	A,5-A	<u>4,512.46</u>	<u>3,522.94</u>
Total Revenue		<u>16,315,822.28</u>	<u>16,053,021.18</u>
Expenditures:			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	2,172,450.99	2,193,840.00
Other Expenses	A-3	1,319,969.66	1,322,430.00
Deferred Charges and Statutory			
Expenditures	A-3	663,910.33	531,161.00
Appropriations Excluded From "CAPS":			
Operations:			
Salaries and Wages	A-3	208,493.98	212,900.00
Other Expenses	A-3	316,390.72	498,976.49
Capital Improvements	A-3	10,000.00	10,000.00
Municipal Debt Service	A-3	81,320.50	127,345.50
Deferred Charges	A-3	34,920.00	34,920.00
County Taxes	11-A	3,243,764.13	3,154,507.66
County Share of Added Taxes	11-A	8,521.11	4,685.49
Local District School Taxes	12-A	7,245,823.00	7,160,883.00
Fire District Taxes	13-A	371,898.00	363,879.00
Senior Citizens' Disallowed	3-A	500.00	4.79
Municipal Open Space Tax	16-A	115,670.92	116,222.43
Refund of Prior Year Revenue	A-1		6,538.31
Interfund Advances	A,5-A	<u>18,328.70</u>	<u>2,083.00</u>
Total Expenditures		<u>15,811,962.04</u>	<u>15,740,376.67</u>
Excess in Revenue		503,860.24	312,644.51
Fund Balance, January 1	A	<u>523,093.82</u>	<u>810,449.31</u>
		1,026,954.06	1,123,093.82
Decreased By:			
Utilized as Anticipated Revenue	A-1,A-2	<u>380,000.00</u>	<u>600,000.00</u>
Fund Balance, December 31	A	<u>\$ 646,954.06</u>	<u>\$ 523,093.82</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, 2011

	<u>Reference</u>	<u>Budget</u>	<u>Budget Amendments</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	A-1	\$ 380,000.00		\$ 380,000.00	
Miscellaneous Revenues:					
Alcoholic Beverages	6-A	19,200.00		19,200.00	
Fees and Permits	6-A	60,000.00		61,926.00	\$ 1,926.00
Municipal Court	6-A	110,000.00		111,864.31	1,864.31
Interest and Costs on Taxes	6-A	40,000.00		56,728.92	16,728.92
Interest on Investments and Deposits	6-A	17,000.00		10,327.83	(6,672.17)
Consolidated Municipal Property Tax Relief Aid	6-A	5,441.00		5,168.95	(272.05)
Energy Receipts Tax	6-A	393,884.00		390,338.44	(3,545.56)
Uniform Construction Code Fees	6-A	60,000.00		40,497.10	(19,502.90)
Spring Lake Heights School - Ground Maintenance	6-A	10,000.00		10,000.00	
Spring Lake Municipal Court	6-A	65,344.32		79,396.44	14,052.12
Utility Operating Surplus of Prior Year	6-A	60,600.00		60,600.00	
Uniform Fire Safety Act	6-A	5,900.00		7,229.95	1,329.95
Clean Communities Program	19-A		\$ 10,184.10	10,184.10	
Over the Limit Under Arrest	19-A	5,000.00		5,000.00	
Drunk Driving Enforcement Fund	19-A		3,473.00	3,473.00	
Drive Sober or Get Pulled Over	19-A		5,000.00	5,000.00	
Total Miscellaneous Revenues	A-1	<u>852,369.32</u>	<u>18,657.10</u>	<u>876,935.04</u>	<u>5,908.62</u>
Receipts From Delinquent Taxes	A-1	<u>260,000.00</u>		<u>296,359.64</u>	<u>36,359.64</u>
Property Taxes for Support of Municipal Budget Appropriations:					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	<u>3,558,579.76</u>		<u>3,649,407.59</u>	<u>90,827.83</u>
Budget Totals	A-3	5,050,949.08	18,657.10	5,202,702.27	133,096.09
Non-Budget Revenue	A-1,A-2			247,852.68	247,852.68
Total General Revenues	A-3	<u>\$ 5,050,949.08</u>	<u>\$ 18,657.10</u>	<u>\$ 5,450,554.95</u>	<u>\$ 380,948.77</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, 2011

	<u>Reference</u>	
<u>Analysis of Realized Revenue</u>		
Allocation of Current Tax Collections:		
Revenue From Collections	A-1,4-A	\$ 14,372,934.75
School, County and Special District Taxes	11-A,12-A,13-A,16-A	<u>10,985,677.16</u>
Balance for Support of Municipal Budget		
Appropriations		3,387,257.59
Add: "Appropriation Reserve for		
Uncollected Taxes"	A-3	<u>262,150.00</u>
Amount for Support of Municipal Budget		
Appropriations	A-2	<u>\$ 3,649,407.59</u>
Fees and Permits - Other:		
Housing Certificate of Occupancy		\$ 42,135.00
Zoning Fees		1,105.00
Registrar Fees		2,096.00
Planning Board Fees		2,040.00
Board of Adjustment Fees		1,500.00
Board of Health Fees		5,190.00
Raffle License		3,120.00
Community Center Rental		4,600.00
Property Lists		<u>140.00</u>
	A-2	<u>\$ 61,926.00</u>
Miscellaneous Revenue Not Anticipated:		
Senior Citizen and Veterans Administrative Fee		\$ 1,565.00
Cable Franchise Fees		22,532.00
Fiber Optic Franchise Fees		16,476.94
Cell Tower Agreements		116,400.00
Police Fees		917.50
Street Openings		11,000.00
Local Fire Safety		5,544.00
Copier Fees		96.48
State of NJ - FEMA		26,869.27
Miscellaneous		<u>46,451.49</u>
	A-1	<u>\$ 247,852.68</u>
Cash Receipts	1-A	\$ 233,342.66
Interfunds Receivable	5-A	<u>14,510.02</u>
	A-2	<u>\$ 247,852.68</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, 2011

	Appropriations		Expended	
	Original Budget	Budget After Modifications	Paid or Charged	Reserved
GENERAL APPROPRIATIONS				
Operations - Within "CAPS"				
General Administration:				
Salaries and Wages	\$ 87,650.00	\$ 100,250.00	\$ 98,038.03	\$ 2,211.97
Other Expenses	31,853.00	44,891.08	42,810.96	2,080.12
Mayor and Council:				
Salaries and Wages	15,200.00	15,210.00	15,200.38	9.62
Other Expenses	4,096.00	2,086.00	2,045.64	40.36
Municipal Clerk:				
Salaries and Wages	32,340.00	10,991.59	10,991.59	
Other Expenses	6,415.00	6,915.00	5,945.76	969.24
Financial Administration (Treasury):				
Salaries and Wages	24,500.00	14,538.42	14,538.42	
Other Expenses	4,200.00	16,161.58	10,622.72	5,538.86
Audit Services:				
Other Expenses	21,350.00	21,350.00	21,350.00	
Revenue Administration (Tax Collection):				
Salaries and Wages	52,900.00	46,400.00	45,306.75	1,093.25
Other Expenses	3,300.00	11,800.00	8,289.95	3,510.05
Tax Assessment Administration:				
Salaries and Wages	25,300.00	29,700.00	29,311.94	388.06
Other Expenses	16,543.00	15,643.00	13,616.47	2,026.53
Department of Law:				
Other Expenses	64,500.00	58,000.00	52,958.92	5,041.08
Division of Engineering:				
Other Expenses	25,000.00	15,500.00	7,450.00	8,050.00

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, 2011

	Appropriations		Expended	
	Original Budget	Budget After Modifications	Paid or Charged	Reserved
GENERAL APPROPRIATIONS				
Operations - Within "CAPS"				
LAND USE ADMINISTRATION				
Planning Board:				
Salaries and Wages	2,500.00	2,500.00	2,499.90	0.10
Other Expenses	5,638.00	4,638.00	2,030.48	2,607.52
Board of Adjustment:				
Salaries and Wages	2,500.00	2,500.00	2,499.90	0.10
Other Expenses	3,298.00	2,798.00	1,635.22	1,162.78
Beautification Committee:				
Other Expenses	1,500.00	1,500.00	1,428.25	71.75
Zoning /Code Enforcement:				
Salaries and Wages	25,000.00	21,500.00	18,216.00	3,284.00
Other Expenses	1,000.00	1,000.00	443.00	557.00
INSURANCE				
Group Insurance	424,600.00	424,600.00	370,196.39	54,403.61
Workmen's Compensation	106,000.00	106,000.00	106,000.00	
PUBLIC SAFETY				
Police Department:				
Salaries and Wages	1,152,650.00	1,185,750.00	1,183,264.61	2,485.39
Other Expenses	46,800.00	46,800.00	32,422.63	14,377.37
Emergency Management Services:				
Salaries and Wages	11,565.00	11,565.00	11,120.25	444.75
Other Expenses	5,600.00	5,600.00	4,495.00	1,105.00
Supplemental Fire Services	2,028.00	2,028.00	2,028.00	
First Aid Contributions	25,000.00	25,000.00	25,000.00	
Fire Safety Act:				
Salaries and Wages	12,950.00	13,190.00	13,186.58	3.42
Other Expenses	2,150.00	2,150.00	1,931.34	218.66
Municipal Prosecutor's Office:				
Salaries and Wages	12,400.00	12,400.00	11,167.55	1,232.45
Other Expenses	1,000.00	750.00		750.00
Municipal Court:				
Salaries and Wages	67,545.98	67,545.98	66,861.21	684.77
Other Expenses	5,510.00	6,010.00	6,003.63	6.37

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, 2011

	Appropriations		Expended	
	Original Budget	Budget After Modifications	Paid or Charged	Reserved
GENERAL APPROPRIATIONS				
Operations - Within "CAPS"				
PUBLIC WORKS				
Streets and Road Maintenance:				
Salaries and Wages	143,250.00	146,150.00	143,086.51	3,063.49
Other Expenses	21,599.00	27,099.00	26,960.85	138.15
Solid Waste Collection:				
Salaries and Wages	405,150.00	380,150.00	375,333.01	4,816.99
Other Expenses	3,000.00	3,000.00	2,390.51	609.49
Buildings and Grounds:				
Other Expenses	45,000.00	48,000.00	43,801.89	4,198.11
Vehicle Maintenance:				
Salaries and Wages	81,950.00	82,950.00	82,385.89	564.11
Other Expenses	60,500.00	52,500.00	44,748.74	7,751.26
HEALTH AND HUMAN SERVICES				
Public Health Services (Board of Health):				
Salaries and Wages	1,250.00	1,255.00	1,250.08	4.92
Other Expenses	200.00	200.00		200.00
Environmental Health Services:				
Other Expenses	1,500.00	1,000.00	587.85	412.15
Welfare/Administration of Public Assistance:				
Salaries and Wages	6,350.00	6,350.00	6,306.04	43.96
Animal Control Services:				
Other Expenses	2,000.00	1,000.00	3.00	997.00
PARK AND RECREATION				
Recreation Services and Programs:				
Salaries and Wages	5,000.00	5,600.00	5,201.89	398.11
Other Expenses	50.00	50.00		50.00
Seniors/Special Events	1,400.00	650.00		650.00
UNCLASSIFIED:				
Accumulated Leave Compensation	4,250.00	2,250.00	2,250.00	

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, 2011

	Appropriations		Expended	
	Original Budget	Budget After Modifications	Paid or Charged	Reserved
GENERAL APPROPRIATIONS				
Operations - Within "CAPS"	218,000.00	218,000.00	205,507.73	12,492.27
UTILITY EXPENSE AND BULK PURCHASES				
Utilities				
LANDFILL/SOLID WASTE DISPOSAL COSTS				
Sanitary Landfill:				
Other Expenses	134,000.00	144,000.00	122,589.65	21,410.35
Salary and Wage Adjustment	22,000.00	15,955.00		15,955.00
Total Operations Within "CAPS"	3,488,830.98	3,491,420.65	3,303,311.11	188,109.54
Contingent	1,000.00	1,000.00		1,000.00
Total Operations Including Contingent Within "CAPS"	3,489,830.98	3,492,420.65	3,303,311.11	189,109.54
Detail:				
Salaries and Wages	2,189,950.98	2,172,450.99	2,135,766.53	36,684.46
Other Expenses	1,299,880.00	1,319,969.66	1,167,544.58	152,425.08
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"				
Statutory Expenditures:				
Contribution To:				
Public Employees Retirement System	142,000.00	139,717.33	139,717.33	
Social Security System (O.A.S.I.)	180,000.00	180,000.00	175,516.94	4,483.06
Police and Firemen's Retirement System of NJ	344,000.00	343,693.00	343,693.00	
DCRP - Employer Contribution	500.00	500.00	313.17	186.83
Total Deferred and Statutory Expenditures - Municipal - Within "CAPS"	666,500.00	663,910.33	659,240.44	4,669.89
Total General Appropriations for Municipal Purposes Within "CAPS"	4,156,330.98	4,156,330.98	3,962,551.55	193,779.43

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, 2011

	Appropriations		Expended	
	Original Budget	Budget After Modifications	Paid or Charged	Reserved
GENERAL APPROPRIATIONS				
Operations - Excluded from "CAPS"				
Stormwater Management:				
Salaries and Wages	113,550.00	113,550.00	103,860.18	9,689.82
Other Expenses	2,500.00	2,500.00	2,000.00	500.00
Recycling Tax	5,500.00	5,500.00		5,500.00
Reserve for Tax Appeals	40,000.00	40,000.00	40,000.00	
Total Other Operations Excluded From "CAPS"	161,550.00	161,550.00	145,860.18	15,689.82
SHARED SERVICE AGREEMENTS				
Southern Monmouth Community Alliance To Prevent Alcoholism and Drug Abuse:				
Other Expenses	4,400.00	4,400.00	4,069.67	330.33
County of Monmouth - Police Computer:				
Other Expenses	5,000.00	5,000.00	4,679.88	320.12
Spring Lake Heights - BOE - Grounds Maintenance:				
Salaries and Wages	10,000.00	10,000.00		10,000.00
LOSAP First Aid	10,000.00	10,000.00		10,000.00
Monmouth County Regional Health Commission	43,500.00	43,500.00	43,189.00	311.00
Belmar Dispatch Services	97,000.00	97,000.00	97,000.00	
Spring Lake - Construction	56,000.00	56,000.00	55,532.47	467.53
Shared Services - Municipal Court:				
Salaries and Wages	79,943.98	79,943.98	62,231.67	17,712.31
Other Expenses	25,583.62	25,583.62	10,094.42	15,489.20
Monmouth County - RIM:				
Other Expenses	3,000.00	3,000.00	3,000.00	
Sea Girt - Roll Off Truck:				
Other Expenses	5,250.00	5,250.00		5,250.00
Total Shared Service Agreements	339,677.60	339,677.60	279,797.11	59,880.49

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, 2011

	Appropriations		Expended	
	Original Budget	Budget After Modifications	Paid or Charged	Reserved
GENERAL APPROPRIATIONS				
Operations - Excluded from "CAPS"				
PUBLIC AND PRIVATE PROGRAMS OFFSET				
BY REVENUES				
Clean Communities Program - Other Expenses	10,184.10	10,184.10	10,184.10	
Drunk Driving Enforcement	3,473.00	3,473.00	3,473.00	
Over the Limit Under Arrest - Salaries and Wages	5,000.00	5,000.00	5,000.00	
Drive Drunk Get Pulled Over	5,000.00	5,000.00	5,000.00	
Total Public and Private Programs Offset	23,657.10	23,657.10	23,657.10	
By Revenues				
Total Operations - Excluded From "CAPS"	524,884.70	524,884.70	449,314.39	75,570.31
Detail:				
Salaries and Wages	208,493.98	208,493.98	171,091.85	37,402.13
Other Expenses	316,390.72	316,390.72	278,222.54	38,168.18
Capital Improvements - Excluded From "CAPS"				
Capital Improvement Fund	5,000.00	5,000.00	5,000.00	
Building Improvements	5,000.00	5,000.00	4,332.50	667.50
Total Capital Improvements - Excluded From "CAPS"	10,000.00	10,000.00	9,332.50	667.50
Municipal Debt Service - Excluded From "CAPS"				
Payment of Bond Principal	73,000.00	73,000.00	73,000.00	
Interest on Bonds	5,070.50	5,070.50	5,070.50	
Interest on Notes	3,250.00	3,250.00	3,250.00	
Total Municipal Debt Service - Excluded From "CAPS"	81,320.50	81,320.50	81,320.50	

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, 2011

	Appropriations		Expended	
	Original Budget	Budget After Modifications	Paid or Charged	Reserved
GENERAL APPROPRIATIONS				
Operations - Excluded from "CAPS"				
Deferred Charges - Municipal - Excluded From "CAPS"				
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	34,920.00	34,920.00	34,920.00	
Total Deferred Charges - Municipal - Excluded From "CAPS"	34,920.00	34,920.00	34,920.00	
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	651,125.20	651,125.20	574,887.39	76,237.81
Subtotal General Appropriations	4,807,456.18	4,807,456.18	4,537,438.94	270,017.24
Reserve for Uncollected Taxes	262,150.00	262,150.00	262,150.00	
Total General Appropriations	\$ 5,069,606.18	\$ 5,069,606.18	\$ 4,799,588.94	\$ 270,017.24
	Reference	A-3		A
Budget as Adopted	A-2	\$ 5,050,949.08		
Special Item of Revenue	A-2	18,657.10		
		\$ 5,069,606.18		
Analysis of Paid or Charged:				
Cash Disbursements	1-A		\$ 4,372,336.65	
Reserve for Uncollected Taxes	A-2		262,150.00	
Special Emergency Authorization	7-A		34,920.00	
Encumbrances Payable	9-A		64,275.19	
Due To Trust-Other Fund	5-A		2,250.00	
Reserve for:				
Tax Appeals	18-A		40,000.00	
Federal and State Grants - Appropriated	20-A		23,657.10	
			\$ 4,799,588.94	

See accompanying notes.

TRUST FUND

EXHIBIT

BOROUGH OF SPRING LAKE HEIGHTS
 COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2011 and 2010

<u>Assets</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>	<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Animal Control Fund:				Animal Control Fund:			
Cash	1-B	\$ 2,492.90	\$ 4,985.29	Due To Current Fund	4-B	\$ 1,626.07	
Due From State of New Jersey	2-B	1.00	1.00	Reserve For Animal Control Fund Expenditures	3-B	\$ 2,493.90	3,360.22
		<u>2,493.90</u>	<u>4,986.29</u>			<u>2,493.90</u>	<u>4,986.29</u>
Other Trust Funds:				Other Trust Funds:			
Cash	1-B	611,564.66	598,761.66	Due To Current Fund	7-B	2,734.11	
Due From Current Fund	7-B	96,357.72		Various Trust Fund Reserves	5-B	707,922.38	596,027.55
		<u>707,922.38</u>	<u>598,761.66</u>			<u>707,922.38</u>	<u>598,761.66</u>
Unemployment Compensation Trust Fund:				Unemployment Compensation Trust Fund:			
Cash	1-B	17,817.65	5,604.55	Due To Current Fund	1-B	118.87	47.04
Due From Payroll Fund	6-B	1,799.83	12,469.43	Reserve for Unemployment Compensation	6-B	19,498.61	18,026.94
		<u>19,617.48</u>	<u>18,073.98</u>			<u>19,617.48</u>	<u>18,073.98</u>
Payroll Fund:				Payroll Fund:			
Cash	B	23,900.18	53,212.65	Due To Various Agencies	B	22,100.35	12,469.43
				Due To Unemployment Trust Fund	B	1,799.83	40,743.22
Total Assets		<u>\$ 753,933.94</u>	<u>\$ 675,034.58</u>	Total Liabilities and Reserves		<u>\$ 753,933.94</u>	<u>\$ 675,034.58</u>

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, 2011 and 2010

<u>Assets</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents	1-C,2-C	\$ 4,148,443.28	\$ 306,244.66	Serial Bonds Payable	5-C	\$ 1,816,000.00	\$ 149,000.00
Grant Receivable	6-C	275,999.75	260,661.75	Bond Anticipation Notes	9-C	1,904,000.00	660,000.00
Deferred Charges To Future Taxation:				Due To Utility Capital Fund	1-C,2-C	747,145.91	
Funded	3-C	1,816,000.00	149,000.00	Reserve for Encumbrances	7-C	798,232.96	25,622.00
Unfunded	4-C	417,626.94	1,189,626.94	Improvement Authorizations:			
				Funded	7-C	896,792.45	34,287.61
				Unfunded	7-C	244,083.24	584,235.81
				Capital Improvement Fund	8-C	51,367.76	111,867.76
				Reserve to Pay Debt Service	1-C,2-C	8,089.48	
				Reserve for Grant Receivable	C	84,438.92	196,938.92
				Fund Balance	C-1	107,919.25	143,581.25
Total Assets		\$ 6,658,069.97	\$ 1,905,533.35	Total Liabilities, Reserves and Fund Balance		\$ 6,658,069.97	\$ 1,905,533.35

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, 2011 and 2010

	<u>Reference</u>	
Balance, December 31, 2010	C	\$ 143,581.25
Decreased By:		
Downpayment for Improvement Authorizations	7-C	<u>35,662.00</u>
Balance, December 31, 2011	C	<u>\$ 107,919.25</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, 2011 and 2010

<u>Assets</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>	<u>Liabilities, Reserves and Fund Balances</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Operating Fund:				Operating Fund:			
Cash and Cash Equivalents	1-D	\$ 214,136.62	\$ 355,596.03	Appropriation Reserves	D-4,6-D	\$ 30,952.61	\$ 125,165.89
Receivables With Full Reserves:				Accounts Payable	D,1-D		550.00
Consumer Accounts Receivable	3-D	66,052.96	82,675.64	Encumbrances Payable	7-D	54,027.43	20,766.26
Intergovernmental Receivable	D,1-D		587.25	Due To Current Fund	D-4,1-D	18,141.41	
		<u>66,052.96</u>	<u>83,262.89</u>	Accrued Interest on Bonds and Notes	8-D	<u>1,863.60</u>	<u>1,790.79</u>
Total Operating Fund		<u>280,189.58</u>	<u>438,858.92</u>			<u>104,985.05</u>	<u>148,272.94</u>
Capital Fund:				Reserve for Receivables	D	66,052.96	83,262.89
Cash and Cash Equivalents	1-D	440,859.81	477,116.50	Fund Balance	D-1	<u>109,151.57</u>	<u>207,323.09</u>
Fixed Capital	4-D	3,082,908.56	3,082,908.56			<u>175,204.53</u>	<u>290,585.98</u>
Fixed Capital Authorized and Uncompleted	5-D	1,234,625.00	1,170,500.00	Total Operating Fund		<u>280,189.58</u>	<u>438,858.92</u>
Due From General Capital Fund	15-D	<u>747,145.91</u>		Capital Fund:			
Total Capital Fund		<u>5,505,539.28</u>	<u>4,730,525.06</u>	Serial Bonds	13-D	811,000.00	208,000.00
Total Assets		<u>\$ 5,785,728.86</u>	<u>\$ 5,169,383.98</u>	Bond Anticipation Notes	14-D	744,000.00	744,000.00
				Improvement Authorizations:			
				Funded	9-D	90,653.68	2,254.06
				Unfunded	9-D	26,883.05	87,414.36
				Capital Improvement Fund	10-D	322,285.62	386,410.62
				Reserve to Pay Debt Service	D,15-D	3,145.91	
				Reserve for Amortization	11-D	3,216,908.56	3,174,908.56
				Deferred Reserve for Amortization	12-D	262,741.95	99,616.95
				Fund Balance	D-2	<u>27,920.51</u>	<u>27,920.51</u>
				Total Capital Fund		<u>5,505,539.28</u>	<u>4,730,525.06</u>
				Total Liabilities, Reserves and Fund Balances		<u>\$ 5,785,728.86</u>	<u>\$ 5,169,383.98</u>

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, 2011 and 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-3	\$ 195,835.15	\$ 293,952.90
Water and Sewer Rents and Charges	D-3	1,859,277.60	1,832,656.84
Shared Services - Water Operator	D-3	59,439.85	58,972.01
Cancelled 2010 Appropriation Reserves	D-3	80,000.00	
Non-Budget Revenue	D-3	14,853.23	15,493.82
Other Credits To Income:			
Due From Spring Lake - Water Operator	1-D	587.25	
Unexpended Balance of Appropriation Reserves	6-D	<u>31,229.86</u>	<u>31,407.91</u>
Total Revenue		<u>2,241,222.94</u>	<u>2,232,483.48</u>
Expenditures:			
Operating	D-4	1,970,775.00	1,972,824.90
Debt Service	D-4	59,184.31	103,263.17
Statutory Expenditures	D-4	53,000.00	52,200.00
Surplus (General Budget)	D-4	<u>60,600.00</u>	
		<u>2,143,559.31</u>	<u>2,128,288.07</u>
Excess in Revenue		97,663.63	104,195.41
Fund Balance, January 1	D	<u>207,323.09</u>	<u>397,080.58</u>
		304,986.72	501,275.99
Decreased By:			
Utilized as Anticipated Revenue	D-3	<u>195,835.15</u>	<u>293,952.90</u>
Fund Balance, December 31	D	<u>\$ 109,151.57</u>	<u>\$ 207,323.09</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, 2011 and 2010

Reference

Balance, December 31, 2011 and 2010

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, 2011

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Surplus Anticipated	\$ 195,835.15	\$ 195,835.15	
Water/Sewer Rents	1,570,000.00	1,597,077.60	\$ 27,077.60
Water/Sewer Tap Charges	2,000.00	2,200.00	200.00
Water/Sewer Surcharge	260,000.00	260,000.00	
Shared Services - Water Operator	59,439.85	59,439.85	
Cancelled 2010 Appropriation Reserves	<u>80,000.00</u>	<u>80,000.00</u>	
	<u>\$ 2,167,275.00</u>	<u>\$ 2,194,552.60</u>	<u>\$ 27,277.60</u>

Reference

D-4

D-1

D-3

Analysis of Miscellaneous Revenue Not Anticipated

Interest on Investments	\$ 2,114.87
Interest on Rents	9,550.60
Street Openings	1,200.00
Other	<u>1,987.76</u>
1-D, D-1	<u>\$ 14,853.23</u>

See accompanying notes.

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2011

	Appropriations		Paid or Charged	Reserved	Cancelled
	Original Budget	Budget After Modifications			
Operating:					
Salaries & Wages	\$ 347,725.00	\$ 338,975.00	\$ 338,971.64	\$ 3.36	
Other Expenses	265,050.00	273,800.00	252,389.79	21,410.21	
NJSWA Raw Water Charge	154,050.00	154,050.00	153,682.70	367.30	
NJSWA Treat/Trans Charge	653,500.00	653,500.00	653,178.80	321.20	
South Monmouth Regional Sewer Authority	482,500.00	482,500.00	482,055.37	444.63	
Wall Twp. Sewer Charges	8,500.00	8,500.00	7,334.98	1,165.02	
Shared Service - Water Operator:					
Salaries & Wages	44,575.00	44,575.00	39,235.30	5,339.70	
Other Expenses	14,875.00	14,875.00	14,875.00		
Total Operating	<u>1,970,775.00</u>	<u>1,970,775.00</u>	<u>1,941,723.58</u>	<u>29,051.42</u>	
Debt Service:					
Payment on Bond Principal	42,000.00	42,000.00	42,000.00		
Payment on Bond Anticipation Notes	22,000.00	22,000.00			\$ 22,000.00
Interest on Bonds	8,400.00	8,400.00	7,861.64		538.36
Interest on Notes	10,500.00	10,500.00	9,322.67		1,177.33
Total Debt Service	<u>82,900.00</u>	<u>82,900.00</u>	<u>59,184.31</u>		<u>23,715.69</u>
Statutory Expenditures:					
Contributions To:					
Public Employees' Retirement System	24,500.00	24,500.00	24,132.83	367.17	
Social Security System (O.A.S.I.)	27,500.00	27,500.00	26,965.98	534.02	
Unemployment Insurance	1,000.00	1,000.00		1,000.00	
Total Statutory Expenditures	<u>53,000.00</u>	<u>53,000.00</u>	<u>51,098.81</u>	<u>1,901.19</u>	
Surplus (General Budget)	<u>60,600.00</u>	<u>60,600.00</u>	<u>60,600.00</u>		
Total Water/Sewer Utility Appropriations	<u>\$ 2,167,275.00</u>	<u>\$ 2,167,275.00</u>	<u>\$ 2,112,606.70</u>	<u>\$ 30,952.61</u>	<u>\$ 23,715.69</u>
	Reference	D-3	D-3	D	D-4
Cash Disbursements	1-D		\$ 2,046,835.17		
Due To Current Fund	D		11,671.29		
Encumbrances Payable	7-D		54,027.43		
Accrued Interest on Bonds and Notes	8-D		72.81		
			<u>\$ 2,112,606.70</u>		

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, 2011 and 2010

<u>Assets</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>	<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Cash	1-E	\$ <u>24,674.89</u>	\$ <u>15,014.86</u>	Due To Current Fund Reserve for Public Assistance Expenditures	4-E 3-E	\$ <u>68.42</u> <u>24,606.47</u>	\$ <u>105.24</u> <u>14,909.62</u>
Total Assets		\$ <u><u>24,674.89</u></u>	\$ <u><u>15,014.86</u></u>	Total Liabilities and Reserves		\$ <u><u>24,674.89</u></u>	\$ <u><u>15,014.86</u></u>

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, 2011

	P.A.T.F. Account I <u>(75%)</u>	P.A.T.F. Account II <u>(100%)</u>	Fund <u>Total</u>
Social Security Reimbursement		\$ 27,800.00	\$ 27,800.00
State Aid	<u> </u>	<u>2,035.75</u>	<u>2,035.75</u>
Total Receipts (P.A.T.F)	<u>\$ 0.00</u>	<u>\$ 29,835.75</u>	<u>\$ 29,835.75</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, 2011

	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		\$ 7,299.00	\$ 7,299.00
Temporary Rental Assistance		11,298.00	11,298.00
Emergency Assistance	<u> </u>	<u>1,541.90</u>	<u>1,541.90</u>
Total Expenditures (P.A.T.F)	<u>\$ 0.00</u>	<u>\$ 20,138.90</u>	<u>\$ 20,138.90</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, 2011 and 2010

	<u>Reference</u>	Balance December 31, <u>2011</u>	Balance December 31, <u>2010</u>
Land	1-F	\$ 3,107,300.00	\$ 3,107,300.00
Buildings and Improvements	2-F	495,500.00	495,500.00
Machinery, Equipment and Vehicles	3-F	<u>1,751,624.46</u>	<u>1,690,002.46</u>
Total General Fixed Assets		<u>\$ 5,354,424.46</u>	<u>\$ 5,292,802.46</u>
Investment in General Fixed Assets	F-1	<u>\$ 5,354,424.46</u>	<u>\$ 5,292,802.46</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, 2011

	<u>Reference</u>	
Balance, December 31, 2010	F	\$ 5,292,802.46
Increased By Additions:		
Machinery and Equipment	3-F	<u>61,622.00</u>
Balance, December 31, 2011	F	<u>\$ 5,354,424.46</u>

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, 2011 and 2010

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 Borough of Spring Lake Heights, County of Monmouth, New Jersey ("Borough") is governed under the Borough form of New Jersey government, Mayor and Council. The financial statements of the 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, 2011 and 2010

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, 2011 and 2010

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, 2011 and 2010

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, 2011 and 2010

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, 2011 and 2010

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.

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2011	\$ 173,469.00	\$ 343,693.00
2010	132,553.00	269,543.00
2009	116,509.00	252,633.00

Under the provisions of Chapter 78, P.L. 2011, employee pension contribution rates increased during 2011 by the following amounts:

- For PERS members, the employee pension contribution rate increased from 5.5% to 6.5% of salary. An additional increase to be phased over the next 7 years will bring the total pension contribution rate to 7.5% of salary.

For PERS Prosecutors Part members, the employee pension contribution rate increased from 8.5% to 10% of salary.

- For PFRS members, the employee pension contribution rate increased from 8.5% to 10% of salary.

For local government employees and State employees who are not paid through the State Centralized Payroll Unit or not reported on a biweekly payroll schedule, the increase was effective with the first payroll amount to be paid on or after October 1, 2011.

The second phase of the employee contribution increase from 6.5% to 7.5% applies to PERS members. This increase is to be phased in equally over a 7-year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July, 2018.

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

J. Pension Plans (continued)

Defined Contribution Retirement Program

The Defined Contribution Retirement Program ("DCRP") was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax-deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law required that 3 classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is re-elected to an elected office held prior to that date without a break in service may remain in the PERS.
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured chief administrative officer such as the Business Administrator, County Administrator or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain in the PERS.

Contributions made by employees for the DCRP are currently 6.5% of their base wages. Member contributions are matched by a 3.0% employer contribution.

During the year 2011, there was 1 official or employee enrolled in the DCRP.

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

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.

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.

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Deposits (continued)

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.

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).

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments (continued)

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.

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.

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments (continued)

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.

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.

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

2. Deposits and Investments

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as Cash and Cash Equivalents.

Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances at December 31, 2011 and 2010 are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. At December 31, 2011 and 2010, the book values of the Borough's deposits were \$9,427,627.64 and \$5,145,411.20, respectively.

Custodial Credit Risk Related to Deposits

Custodial Credit Risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the FDIC. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

At December 31, 2011 and 2010, the Borough's bank balances of \$9,767,551.81 and \$5,202,638.96, respectively, were exposed to Custodial Credit Risk as follows:

	<u>2011</u>	<u>2010</u>
Insured	\$ 9,729,548.92	\$ 5,195,309.16
Uninsured and Uncollateralized	<u>38,002.89</u>	<u>7,329.80</u>
	<u>\$ 9,767,551.81</u>	<u>\$ 5,202,638.96</u>

Investments

As of December 31, 2011, the Borough had no investments.

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

3. Interfund Balances and Activity

Balances due to/from other funds at December 31, 2011 consist of the following:

Due to Current Fund from Utility Operating Fund representing cash advance.	\$ 18,141.41
Due to Current Fund from Unemployment Trust Fund representing cash advance.	118.87
Due to Trust Fund from Current Fund representing cash advance.	96,357.72
Due to Current Fund from Public Assistance Fund representing interest income.	68.42
Due to Federal and State Grant Fund from Current Fund representing cash advance.	29,626.95
Due to UCAP Fund from General Capital Fund representing cash advance.	747,145.91
Due to Unemployment Trust Fund from Payroll Fund representing employee deductions.	1,799.83

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

4. Taxes, Water/Sewer Receivables

Taxes

Taxes receivable as of December 31, 2011 consist of the following:

<u>2011</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 200,457.51	\$ 0.00	\$ 0.00	\$ 200,457.51

In 2011, the Borough collected \$296,359.64 Delinquent Taxes, which represented 96.96% of the Delinquent Tax Receivable at December 31, 2010.

Taxes receivable as of December 31, 2010 consist of the following:

<u>2010</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 305,655.32	\$ 0.00	\$ 0.00	\$ 305,655.32

In 2010, the Borough collected \$188,443.43.07 Delinquent Taxes, which represented 99.33% of the Delinquent Tax Receivable at December 31, 2009.

Water/Sewer Utility

Water/Sewer Utility Receivables as of December 31, 2011 consist of the following:

<u>2011</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 66,052.96	\$ 0.00	\$ 0.00	\$ 66,052.96

In 2011, the Borough collected \$82,675.64 from Water/Sewer Utility Rents, which represented 100.00% of the Water/Sewer Utility Rents Receivable at December 31, 2010

Water/Sewer Utility Receivables as of December 31, 2009 consist of the following:

<u>2010</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 82,675.64	\$ 0.00	\$ 0.00	\$ 82,675.64

In 2010, the Borough collected \$59,777.42 from Water/Sewer Utility Rents, which represented 100.00% of the Water/Sewer Utility Rents Receivable at December 31, 2009.

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

5. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the years 2011 and 2010:

<u>2011</u>	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Adjustments</u>	Balance, December 31, <u>2011</u>
Land	\$ 3,107,300.00			\$ 3,107,300.00
Buildings and Improvements	495,500.00			495,500.00
Machinery, Equipment and Vehicles	<u>1,690,002.46</u>	<u>\$ 61,622.00</u>	<u> </u>	<u>1,751,624.46</u>
Total	<u>\$ 5,292,802.46</u>	<u>\$ 61,622.00</u>	<u>\$ 0.00</u>	<u>\$ 5,354,424.46</u>

<u>2010</u>	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Adjustments</u>	Balance, December 31, <u>2010</u>
Land	\$ 3,107,300.00			\$ 3,107,300.00
Buildings and Improvements	495,500.00			495,500.00
Machinery, Equipment and Vehicles	<u>1,690,002.46</u>	<u> </u>	<u> </u>	<u>1,690,002.46</u>
Total	<u>\$ 5,292,802.46</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 5,292,802.46</u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

6. Long-Term Debt

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

<u>Issued</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General:			
Bonds and Notes	\$ 3,720,000.00	\$ 809,000.00	\$ 1,001,000.00
Water/Sewer Utility:			
Bonds and Notes	<u>1,555,000.00</u>	<u>952,000.00</u>	<u>1,037,000.00</u>
Net Debt Issued	<u>5,275,000.00</u>	<u>1,761,000.00</u>	<u>2,038,000.00</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	623,188.02	622,688.02	322,688.02
Water/Sewer Utility:			
Bonds and Notes	<u>26,883.05</u>	<u>26,883.05</u>	<u>26,883.05</u>
Total Authorized But Not Issued	<u>650,071.07</u>	<u>649,571.07</u>	<u>349,571.07</u>
Net Bonds and Notes Issued & Authorized But Not Issued	<u>\$ 5,925,071.07</u>	<u>\$ 2,410,571.07</u>	<u>\$ 2,387,571.07</u>

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 0.21%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$ 4,408,828.00	\$ 4,408,828.00	
General Debt	4,343,188.02	1,912,089.48	\$ 2,431,098.54
Water/Sewer Utility Debt	<u>1,581,883.00</u>	<u>1,581,883.00</u>	
	<u>\$ 10,333,899.02</u>	<u>\$ 7,902,800.48</u>	<u>\$ 2,431,098.54</u>

Net Debt \$ divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended,
\$1,144,108,057.00 = 0.21%.

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

6. Long-Term Debt (continued)

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 40,043,782.00
Less: Net Debt	<u>2,431,098.54</u>
Remaining Borrowing Power	<u>\$ 37,612,683.46</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	\$ 2,194,552.60
Deductions:	
Operating, Maintenance Costs and Statutory Expenditures	\$ 2,023,775.00
Debt Service per Water/Sewer Account	<u>59,184.31</u>
Total Deductions	<u>2,082,959.31</u>
Excess Revenue	<u>\$ 111,593.29</u>

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2011</u>
<u>General Bonds and Loans</u>				
General Improvements	12/03/03	\$ 606,000.00	Various	\$ 76,000.00
General Improvements	12/29/11	1,740,000.00	Various	<u>1,740,000.00</u>
				<u>\$ 1,816,000.00</u>
<u>Water/Sewer Utility Bonds</u>				
General Improvements	12/18/03	\$ 470,000.00	Various	\$ 166,000.00
General Improvements	12/29/11	645,000.00	Various	<u>645,000.00</u>
				<u>\$ 811,000.00</u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

6. Long-Term Debt (continued)

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>
2012	\$ 166,000.00	\$ 68,268.00	\$ 234,268.00
2013	85,000.00	69,300.00	154,300.00
2014	90,000.00	65,900.00	155,900.00
2015	95,000.00	62,300.00	157,300.00
2016	100,000.00	57,550.00	157,550.00
2017	105,000.00	52,550.00	157,550.00
2018	110,000.00	47,300.00	157,300.00
2019	115,000.00	41,800.00	156,800.00
2020	120,000.00	36,050.00	156,050.00
2021	125,000.00	30,050.00	155,050.00
2022	130,000.00	23,800.00	153,800.00
2023	135,000.00	18,600.00	153,600.00
2024	145,000.00	13,200.00	158,200.00
2025	145,000.00	8,850.00	153,850.00
2026	<u>150,000.00</u>	<u>4,500.00</u>	<u>154,500.00</u>
	<u>\$ 1,816,000.00</u>	<u>\$ 600,018.00</u>	<u>\$ 2,416,018.00</u>

Water/Sewer Utility Capital Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 98,000.00	\$ 33,652.06	\$ 131,652.06
2013	178,000.00	33,320.00	211,320.00
2014	55,000.00	26,200.00	81,200.00
2015	60,000.00	24,000.00	84,000.00
2016	60,000.00	21,000.00	81,000.00
2017	65,000.00	18,000.00	83,000.00
2018	70,000.00	14,750.00	84,750.00
2019	70,000.00	11,250.00	81,250.00
2020	75,000.00	7,750.00	82,750.00
2021	<u>80,000.00</u>	<u>4,000.00</u>	<u>84,000.00</u>
	<u>\$ 811,000.00</u>	<u>\$ 193,922.06</u>	<u>\$ 1,004,922.06</u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

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, 2011, the Borough's outstanding bond anticipation notes were as follows:

General Capital Fund

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Original Issue Date</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
05-97	Reconstruction of Roads	11/17/09	02/15/12	1.25%	\$ 30,000.00
02-05	Various Capital Improvements	11/17/09	02/15/12	1.25	59,000.00
15-05/09-06	Improvements To Tennis Courts	11/17/09	02/15/12	1.25	74,400.00
15-07	Various Capital Improvements	11/17/09	02/15/12	1.25	96,600.00
05-08	Acquisition of Land	11/18/08	02/15/12	1.25	400,000.00
17-11	Various Capital Improvements And Acquisition of Various Capital Equipment	11/15/11	02/15/12	1.25	<u>1,244,000.00</u>
					<u>\$ 1,904,000.00</u>

Water/Sewer Utility Fund

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Original Issue Date</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
04-00	Various Improvements	11/17/09	02/15/12	1.25%	\$ 30,000.00
02-06	Water Meter Upgrades	11/17/09	02/15/12	1.25	706,000.00
14-07	Utility Improvements	11/17/09	02/15/12	1.25	<u>8,000.00</u>
					<u>\$ 744,000.00</u>

8. Bonds and Notes Authorized But Not Issued

At December 31, 2011, the Borough had authorized but not issued bonds and notes of the General Capital Fund totaling \$623,188.02 and of the Water/Sewer Utility Fund totaling \$26,883.05.

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

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

The following deferred charge is shown on the December 31, 2011 Current Fund Balance Sheet and will be raised in succeeding years' budgets.

Special Emergency Authorization \$ 37,560.00

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, 2011</u>	<u>Balance</u> <u>December 31, 2010</u>
Balance of Tax	\$ 3,363,547.46	\$ 3,253,595.71
Deferred	<u>1,083,894.75</u>	<u>1,083,894.75</u>
Payable	<u>\$ 2,279,652.71</u>	<u>\$ 2,169,700.96</u>

11. Fund Balance Appropriated

Current Fund

The Current Fund balance at December 31, 2011 was \$646,954.06 of which \$445,150.00 was appropriated and included as anticipated revenue for the year ended December 31, 2012.

Water/Sewer Utility Operating Fund

The Water/Sewer Utility Operating Fund balance at December 31, 2011 was \$109,151.57 of which \$0.00 was appropriated and included as anticipated revenue for the year ended December 31, 2012.

* 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, 2011 and 2010

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, 2011 to be approximately \$527,305.00. The amount is not reported either as an expenditure or liability.

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, 2011 and 2010 totaled \$19,498.61 and \$18,026.94, 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, 2011, 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.

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

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.

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")

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". The Plan is administered by the Borough of Spring Lake.

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).

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

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

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.

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 a separate review report of the Plan be performed in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services. The Borough of Spring Lake is responsible for the performance of this review.

18. Tax Appeals

The Borough has various commercial and residential tax appeal cases pending before the Tax Court of New Jersey. The Borough has been advised by legal counsel that some of these appeals will be successful, but the potential loss from these appeals is not quantifiable.

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, 2011

	<u>Reference</u>		
Balance, December 31, 2010	A		\$ 3,328,270.00
Increased By Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$ 233,342.66	
Due To:			
State of New Jersey - Senior Citizens' and Veterans' Deductions	3-A	78,250.00	
Tax Collections	4-A	14,503,675.53	
Interfunds Returned	5-A	2,523.61	
Revenue Accounts Receivable	6-A	853,026.32	
Prepaid Taxes	10-A	98,706.26	
Tax Overpayments	15-A	546.79	
Due To State of New Jersey	17-A	4,352.90	
Reserve for Polling Place Rental Fees	18-A	800.00	
Grants Receivable	19-A	18,657.10	
Reserve for State Grants - Unappropriated	21-A	<u>15,154.27</u>	
			<u>15,809,035.44</u>
			19,137,305.44
Decreased By Disbursements:			
2011 Budget Appropriation	A-3	4,372,336.65	
Interfunds Advanced	5-A	37,193.53	
Appropriation Reserves	8-A	209,174.86	
County Taxes	11-A	3,248,449.62	
Local District School Taxes	12-A	7,136,295.00	
Special District Taxes	13-A	78,837.50	
Accounts Payable	14-A	4,157.50	
Tax Overpayments	15-A	1,442.43	
Due To State of New Jersey	17-A	5,172.88	
Reserve for:			
Codification	18-A	2,000.00	
Tax Appeals	18-A	60,897.16	
Revaluation	18-A	10,150.00	
State Grants - Appropriated	20-A	<u>28,065.66</u>	
			<u>15,194,172.79</u>
Balance, December 31, 2011	A		<u>\$ 3,943,132.65</u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF CHANGE FUND

Year ended December 31, 2011

<u>Office</u>	<u>Balance December 31, 2011 and 2010</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 (FROM)/TO STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	A		\$ (500.00)
Increased By:			
Cash Receipts	1-A	\$ 78,250.00	
Senior Citizens Deductions Disallowed by Collector: 2010	A-1,4-A	<u>500.00</u>	
			<u>78,750.00</u>
			78,250.00
Decreased By:			
Senior Citizens' Deductions Per Billing	4-A	6,500.00	
Veterans' Deductions Per Tax Billing	4-A	70,750.00	
2011 Veterans' Deduction Allowed	4-A	250.00	
2010 Veterans' Deduction Allowed	A-1,4-A	<u>250.00</u>	
			<u>77,750.00</u>
Balance, December 31, 2011	A		<u><u>\$ 500.00</u></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, 2011

Year	Balance December 31, 2010	2011 Levy	Collections		Senior Citizens' and Veterans' Deductions Disallowed	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Balance December 31, 2011
			2010	2011				
2010	\$ 305,655.32	\$ 14,589,721.09	\$ 88,118.86	\$ 296,359.64	\$ 500.00	\$ 250.00	9,545.68	0.00
2011	\$ 305,655.32	\$ 14,589,721.09	\$ 88,118.86	\$ 14,207,315.89	\$ 500.00	\$ 77,500.00	16,328.83	\$ 200,457.51
Reference	A	4-A	10-A	1-A	3-A	3-A	4-A	A

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:	
General Property Tax	\$ 14,169,693.25
Special District Tax	381,715.18
Added and Omitted Taxes	38,312.66
	<u>\$ 14,589,721.09</u>

Tax Levy:

County Taxes	\$ 3,243,764.13	11-A
Due County for Added Taxes	8,521.11	11-A
Local District School Tax		12-A
Fire District Taxes	3,252,285.24	13-A
Municipal Open Space Tax	7,245,823.00	16-A
Local Taxes for Municipal Purposes	371,898.00	A-2
Add: Additional Tax Levied	115,670.92	4-A
	3,558,579.76	
	45,464.17	
	<u>\$ 14,589,721.09</u>	

Analysis of Current Year Tax Collections

2010 Cash Collections of 2011 Taxes	\$ 88,118.86	4-A
2011 Cash Collections of 2011 Taxes	14,207,315.89	4-A
Senior Citizens' and Veterans':		
Allowed on 2011 Taxes	77,500.00	3-A
	<u>\$ 14,372,934.75</u>	A-1,A-2

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF INTERFUNDS RECEIVABLE/(PAYABLE)

Year ended December 31, 2011

Reference	Total	Spring Lake Court	Utility Operating Fund	Trust Other Fund	Animal Control Trust Fund	Unemployment Trust Fund	Public Assistance Fund
Balance, December 31, 2010	A \$ (9,539.66)	\$ (14,052.12)	\$	\$ 2,734.11	\$ 1,626.07	\$ 47.04	\$ 105.24
Increased By:							
Interest Income	6-A 251.62			111.13		72.07	68.42
Police O.T. Admin Fees	A-2 14,510.02			14,510.02			
Cash Disbursement	1-A 37,193.53	14,052.12	18,141.41	5,000.00			
		<u>14,052.12</u>	<u>18,141.41</u>	<u>19,621.15</u>	<u>1,626.07</u>	<u>72.07</u>	<u>68.42</u>
Decreased By:							
Budget Appropriation	A-3 2,250.00		18,141.41	22,355.26	1,626.07	119.11	173.66
Municipal Open Space Tax	16-A 115,670.92			2,250.00			
Cash Receipts	1-A 2,523.61			115,670.92			
				<u>792.06</u>	<u>1,626.07</u>	<u>0.24</u>	<u>105.24</u>
				<u>118,712.98</u>			
Balance, December 31, 2011	5-A \$ (78,029.02)	\$ 0.00	\$ 18,141.41	\$ (96,357.72)	\$ 0.00	\$ 118.87	\$ 68.42
Interfunds Receivable	A \$ 18,328.70						
Interfunds Payable	A (96,357.72)						
	5-A \$ (78,029.02)						

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Year ended December 31, 2011

	Balance December 31, <u>2010</u>	Accrued in <u>2011</u>	<u>Collections</u>	Balance December 31, <u>2011</u>
Alcoholic Beverages		\$ 19,200.00	\$ 19,200.00	
Fees and Permits		61,926.00	61,926.00	
Municipal Court	\$ 8,782.82	111,786.07	111,864.31	\$ 8,704.58
Interest and Costs on Taxes		56,728.92	56,728.92	
Interest on Investments and Deposits		10,327.83	10,327.83	
Consolidated Municipal Property Tax				
Relief Aid		5,168.95	5,168.95	
Energy Receipts Tax		390,338.44	390,338.44	
Uniform Construction Code Fees		40,497.10	40,497.10	
Spring Lake Heights School -				
Ground Maintenance		10,000.00	10,000.00	
Spring Lake Municipal Court		79,396.44	79,396.44	
Utility Operating Surplus of Prior Year		60,600.00	60,600.00	
Uniform Fire Safety Act		7,229.95	7,229.95	
	<u>\$ 8,782.82</u>	<u>\$ 853,199.70</u>	<u>\$ 853,277.94</u>	<u>\$ 8,704.58</u>
	<u>Reference</u>	A	6-A	A
Cash Receipts	1-A		\$ 853,026.32	
Due From:				
Trust Other Fund	5-A		111.13	
Unemployment Trust Fund	5-A		72.07	
Public Assistance Fund	5-A		<u>68.42</u>	
	A-2		<u>\$ 853,277.94</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, 2011

<u>Year</u>	<u>Description</u>	<u>Amount</u>	Balance December 31, <u>2010</u>	Raised in 2011 <u>Budget</u>	Balance December 31, <u>2011</u>
2007	Preparation and Execution of a Complete Reassessment of Real Property	\$ 144,000.00	\$ 57,600.00	\$ 28,800.00	\$ 28,800.00
2008	Codification of Ordinances	19,000.00	11,400.00	3,800.00	7,600.00
2009	Codification of Ordinances	5,800.00	<u>3,480.00</u>	<u>2,320.00</u>	<u>1,160.00</u>
			<u>\$ 72,480.00</u>	<u>\$ 34,920.00</u>	<u>\$ 37,560.00</u>
		<u>Reference</u>	A	A-3	A

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2010 APPROPRIATION RESERVES

Year ended December 31, 2011

	Balance December 31, <u>2010</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
GENERAL GOVERNMENT				
General Administration:				
Salaries and Wages	\$ 1,397.64	\$ 897.64		\$ 897.64
Other Expenses	1,597.37	5,922.75	\$ 4,571.92	1,350.83
Mayor and Council:				
Salaries and Wages	653.43	353.43		353.43
Other Expenses	1,341.44	1,644.00	458.56	1,185.44
Municipal Clerk:				
Salaries and Wages	2,166.50	1,166.50		1,166.50
Other Expenses	1,100.55	1,219.52	118.97	1,100.55
Financial Administration (Treasury):				
Salaries and Wages	1,699.96	899.96		899.96
Other Expenses	62.26	2,052.99	1,990.63	62.36
Revenue Administration (Tax Collection):				
Salaries and Wages	4,170.44	370.44		370.44
Other Expenses	411.75	599.78	238.03	361.75
Tax Assessment Administration:				
Salaries and Wages	1,598.02	998.02		998.02
Other Expenses	484.78	7,760.08	6,164.55	1,595.53
Department of Law:				
Other Expenses	220.37	36,001.94	35,522.34	479.60
Division of Engineering:				
Other Expenses	15,413.75	7,107.50	7,078.75	28.75
LAND USE ADMINISTRATION				
Planning Board:				
Salaries and Wages	384.70	234.70		234.70
Other Expenses	5,457.71	5,457.71		5,457.71
Zoning Board of Adjustment:				
Salaries and Wages	384.70	234.70		234.70
Other Expenses	1,231.06	1,231.06		1,231.06
Beautification Committee:				
Other Expenses	41.00	424.02	99.38	324.64
Zoning /Code Enforcement:				
Salaries and Wages	2,738.00	288.00		288.00
Other Expenses	565.90	743.05	27.15	715.90
INSURANCE				
Group Insurance	82,250.07	72,901.79	64,988.44	7,913.35
Worker's Compensation	46.94	46.94		46.94

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2010 APPROPRIATION RESERVES

Year ended December 31, 2011

	Balance December 31, <u>2010</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
PUBLIC SAFETY				
Police Department:				
Salaries and Wages	2,056.56	2,056.56		2,056.56
Other Expenses	25,961.94	37,321.06	12,163.41	25,157.65
Emergency Management Services:				
Salaries and Wages	210.13	110.13		110.13
Other Expenses	500.00	500.00	65.00	435.00
Fire Safety Act:				
Salaries and Wages	120.92	120.92		120.92
Other Expenses	15.68	147.56	107.93	39.63
Prosecutor's Office:				
Salaries and Wages	201.90	101.90		101.90
Municipal Court:				
Salaries and Wages	4,990.20	990.20		990.20
Other Expenses	1,262.85	2,133.98	898.45	1,235.53
Public Defender:				
Other Expenses	500.00	500.00		500.00
PUBLIC WORKS				
Streets and Road Maintenance:				
Salaries and Wages				
Other Expenses	1,344.68	22,202.44	1,549.29	20,653.15
Solid Waste Collection:				
Salaries and Wages	849.16	449.16		449.16
Other Expenses	880.85	880.85	400.00	480.85
Buildings and Grounds:				
Other Expenses	3,901.61	14,223.40	13,466.90	756.50
Vehicle Maintenance:				
Salaries and Wages	8.98	8.98		8.98
Other Expenses	6,203.29	3,593.42	2,496.63	1,096.79
HEALTH AND HUMAN SERVICES				
Public Health Services (Board of Health):				
Salaries and Wages	48.00	48.00		48.00
Environmental Health Services:				
Other Expenses	245.00	245.00		245.00
Welfare/Administration of Public Assistance:				
Salaries and Wages	143.96	143.96		143.96
Animal Control Services:				
Other Expenses	81.00	500.00		500.00
PARKS AND RECREATION				
Recreation Services and Programs:				
Salaries and Wages	3,086.75	86.75		86.75
Other Expenses	43.40	43.40		43.40
Seniors/Special Events	400.00	400.00		400.00
UTILITY EXPENSE AND BULK PURCHASES				
Utilities	24,900.96	28,481.12	24,132.02	4,349.10

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF 2010 APPROPRIATION RESERVES

Year ended December 31, 2011

	Balance December 31, 2010	Balance After Modifications	Paid or Charged	Balance Lapsed
LANDFILL/SOLID WASTE DISPOSAL COSTS				
Sanitary Landfill:				
Other Expenses	12,003.78	12,003.78	8,471.44	3,532.34
Salary and Wage Adjustment	4,333.35	9,983.35		9,983.35
Contingent	5,050.38	5,088.28		5,088.28
Statutory Expenditures:				
Contribution To:				
Public Employees Retirement System	2,331.17	2,331.17		2,331.17
Social Security System (O.A.S.I.)	8,767.37	3,767.37		3,767.37
Police and Firemen's Retirement System of NJ	420.45	420.45		420.45
DCRP - Employer Contribution	230.80	409.78	178.98	230.80
Stormwater Management:				
Salaries and Wages	64.97	64.97		64.97
Other Expenses	1,158.50	1,158.50		1,158.50
Recycling Tax	1,143.57	1,143.57		1,143.57
Reserve for Tax Appeals	15,424.81	15,424.81	15,424.81	
Capital Improvements				
Building Improvements	1,040.00	1,040.00		1,040.00
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES				
Matching Funds	5,000.00	5,000.00		5,000.00
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS				
Southern Monmouth Community Alliance to Prevent Alcoholism and Drug Abuse:				
Other Expenses	330.42	330.42		330.42
County of Monmouth - 911 System:				
Other Expenses	23.20	23.20		23.20
County of Monmouth - Police Computer:				
Other Expenses	320.12	320.12		320.12
LOSAP First Aid	10,000.00	10,000.00	8,500.00	1,500.00
Monmouth County Regional Health Commission	493.00	493.00		493.00
Spring Lake/Spring Lake Heights Joint Dispatch Authority	809.92	809.92		809.92
Spring Lake - Construction	343.53	343.53		343.53
Shared Services - Municipal Court	11,192.10	11,192.10		11,192.10
Spring Lake - Court	897.66	958.94	61.28	897.66
Total General Appropriations	<u>\$ 284,755.26</u>	<u>\$ 346,152.57</u>	<u>\$ 209,174.86</u>	<u>\$ 136,977.71</u>
	<u>Reference</u>	A	1-A	A-1
Appropriation Reserves	A	\$ 284,755.26		
Encumbrances Payable	9-A	<u>61,397.31</u>		
		<u>\$ 346,152.57</u>		

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 61,397.31
Increased By:		
Transferred From 2011 Appropriations	A-3	<u>64,275.19</u>
		125,672.50
Decreased By:		
Transferred To Appropriation Reserves	8-A	<u>61,397.31</u>
Balance, December 31, 2011	A	<u><u>\$ 64,275.19</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF PREPAID TAXES

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 88,118.86
Increased By:		
Cash Receipts	1-A	<u>98,706.26</u>
		186,825.12
Decreased By:		
Applied To Taxes Receivable	4-A	<u>88,118.86</u>
Balance, December 31, 2011	A	<u><u>\$ 98,706.26</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	A		\$ 4,685.49
Increased By:			
2011 Tax Levy:			
County Tax	A-1,4-A	\$ 2,903,658.71	
County Library Tax	A-1,4-A	165,597.35	
County Open Space Fund Tax	A-1,4-A	174,508.07	
Due County for Added Taxes	A-1,4-A	<u>8,521.11</u>	
			<u>3,252,285.24</u>
			3,256,970.73
Decreased By:			
Cash Disbursements	1-A		<u>3,248,449.62</u>
Balance, December 31, 2011	A		<u><u>\$ 8,521.11</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, 2011

	<u>Reference</u>		
Balance, December 31, 2010:			
Reserve for School Tax Levy	A	\$ 18,040.98	
School Tax Payable	A	2,169,700.96	
School Tax Deferred	12-A	<u>1,083,894.75</u>	\$ 3,271,636.69
Increased By:			
Levy (School Year July 1, 2011 to June 30, 2012)	A-1,4-A		<u>7,245,823.00</u>
			10,517,459.69
Decreased By:			
Cash Disbursements	1-A		<u>7,136,295.00</u>
Balance, December 31, 2011:			
Reserve for School Tax Levy	A	17,617.23	
School Tax Payable	A	2,279,652.71	
School Tax Deferred	12-A	<u>1,083,894.75</u>	<u>\$ 3,381,164.69</u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF SPECIAL DISTRICT TAXES PAYABLE

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	A		\$ 0.00
Increased By:			
2011 Levy	A-1,4-A		<u>371,898.00</u>
			371,898.00
Decreased By:			
Payment	1-A	\$ 78,837.50	
Reserve For Fire District Dissolution	18-A	<u>293,060.50</u>	
			<u>371,898.00</u>
Balance, December 31, 2011	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, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 70,460.29
Decreased By:		
Cash Disbursements	1-A	<u>4,157.50</u>
Balance, December 31, 2011	A	<u>\$ 66,302.79</u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS PAYABLE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 1,442.43
Increased By:		
Cash Receipts	1-A	<u>546.79</u>
		1,989.22
Decreased By:		
Cash Disbursements	1-A	<u>1,442.43</u>
Balance, December 31, 2011	A	<u>\$ 546.79</u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 0.00
Increased By:		
2011 Levy	A-1,4-A	<u>115,670.92</u>
		115,670.92
Decreased By:		
Due To Trust - Other Fund	5-A	<u>115,670.92</u>
Balance, December 31, 2011	A	<u>\$ 0.00</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, 2011

	Balance December 31, <u>2010</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2011</u>
Marriage License Fees	\$ 275.00	\$ 1,250.00	\$ 1,450.00	\$ 75.00
DCA Training Fees	<u>1,302.94</u>	<u>3,102.90</u>	<u>3,722.88</u>	<u>682.96</u>
	<u>\$ 1,577.94</u>	<u>\$ 4,352.90</u>	<u>\$ 5,172.88</u>	<u>\$ 757.96</u>
<u>Reference</u>	A	1-A	1-A	A

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF VARIOUS RESERVES

Year ended December 31, 2011

	Balance December 31, <u>2010</u>	<u>Increased</u>	Cash <u>Disbursed</u>	Balance December 31, <u>2011</u>
Reserve For:				
Codification	\$ 20,391.40		\$ 2,000.00	\$ 18,391.40
Tax Appeals	82,000.00	\$ 40,000.00	60,897.16	61,102.84
Fire District Dissolution		293,060.50		293,060.50
Polling Place Rental Fees		800.00		800.00
Revaluation	<u>38,256.90</u>		<u>10,150.00</u>	<u>28,106.90</u>
	<u>\$ 140,648.30</u>	<u>\$ 333,860.50</u>	<u>\$ 73,047.16</u>	<u>\$ 401,461.64</u>
	<u>Reference</u>	A	1-A	A
Budget Appropriation	A-3	\$ 40,000.00		
Cash Receipts	1-A	800.00		
Fire District Taxes Payable	13-A	<u>293,060.50</u>		
		<u>\$ 333,860.50</u>		

BOROUGH OF SPRING LAKE HEIGHTS
 COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

SCHEDULE OF STATE GRANTS RECEIVABLE

Year ended December 31, 2011

	Balance December 31, <u>2010</u>	Increased By Revenue Anticipated <u>2011</u>	Cash Receipts	Balance December 31, <u>2011</u>
Clean Communities Program Over The Limit Under Arrest Municipal Recycling Grant Drive Sober or Get Pulled Over Drunk Driving Enforcement Fund	\$ 10,000.00	\$ 10,184.10 5,000.00 5,000.00 <u>3,473.00</u>	\$ 10,184.10 5,000.00 <u>3,473.00</u>	\$ 10,000.00 5,000.00 <u>15,000.00</u>
	<u>\$ 10,000.00</u>	<u>\$ 23,657.10</u>	<u>\$ 18,657.10</u>	<u>\$ 15,000.00</u>
<u>Reference</u>	A	A-2	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, 2011

	Balance December 31, <u>2010</u>	2011 <u>Authorizations</u>	<u>Expended</u>	Balance December 31, <u>2011</u>
Alcohol Education Rehabilitation Fund	\$ 335.08			\$ 335.08
Emergency Road Repair - 2001	22.50			22.50
Drunk Driving Enforcement Fund	2,015.97	\$ 3,473.00	\$ 4,865.25	623.72
Body Armor Replacement Fund - 2002	149.91			149.91
Stormwater Management	4,937.90		1,462.50	4,937.90
Body Armor Replacement Fund	2,241.06			778.56
Clean Communities Program	2,732.66	10,184.10	12,916.76	
Body Armor Replacement Fund	1,446.16			1,446.16
Municipal Recycling Grant	20,000.00			20,000.00
Drive Sober or Get Pulled Over		5,000.00	4,235.76	764.24
Over The Limit Under Arrest		<u>5,000.00</u>	<u>4,585.39</u>	<u>414.61</u>
	<u>\$ 33,881.24</u>	<u>\$ 23,657.10</u>	<u>\$ 28,065.66</u>	<u>\$ 29,472.68</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, 2011

	<u>Reference</u>	
Balance, December 31, 2010	A	\$ 0.00
Increased By:		
Cash Receipts	1-A	<u>15,154.27</u>
Balance, December 31, 2011	A	<u>\$ 15,154.27</u>

Analysis of Balance - December 31, 2011

Body Armor Replacement Fund	\$ 1,522.49
Click It or Ticket	4,000.00
Over The Limit Under Arrest	4,400.00
Drunk Driving Enforcement Fund	<u>5,231.78</u>
	<u>\$ 15,154.27</u>

TRUST FUND
SCHEDULES

BOROUGH OF SPRING LAKE HEIGHTS
 COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

SCHEDULE OF CASH - TREASURER

Year ended December 31, 2011

	<u>Reference</u>	<u>Animal Control Fund</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Other Trust Funds</u>
Balance, December 31, 2010	B	<u>\$ 4,985.29</u>	<u>\$ 5,604.55</u>	<u>\$ 598,761.66</u>
Increased By Receipts:				
Due To:				
Current Fund	B,7-B		72.07	14,621.15
State of New Jersey	2-B, 7-B	541.20		
Due From Payroll Fund			12,469.43	
Various Trust Funds	5-B			193,953.61
Reserve for:				
Animal Control Trust Fund	3-B	2,592.00		
Unemployment Compensation	6-B		<u>9,701.20</u>	
		<u>3,133.20</u>	<u>22,242.70</u>	<u>208,574.76</u>
		<u>8,118.49</u>	<u>27,847.25</u>	<u>807,336.42</u>
Decreased By Disbursements:				
Due To State of New Jersey	2-B	541.20		
Various Trust Funds	5-B			194,979.70
Due To Current Fund	B,4-B,7-B	1,626.07	0.24	792.06
Reserve for:				
Animal Control Trust Fund	3-B	3,458.32		
Unemployment Compensation	6-B		<u>10,029.36</u>	
		<u>5,625.59</u>	<u>10,029.60</u>	<u>195,771.76</u>
Balance, December 31, 2011	B	<u>\$ 2,492.90</u>	<u>\$ 17,817.65</u>	<u>\$ 611,564.66</u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND

SCHEDULE OF DUE FROM STATE OF NEW JERSEY

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	B	\$ 1.00
Increased By:		
Payments	1-B	<u>541.20</u>
		542.20
Decreased By:		
2011 License Fees	1-B	<u>541.20</u>
Balance, December 31, 2011	B	<u><u>\$ 1.00</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, 2011

	<u>Reference</u>		
Balance, December 31, 2010	B		\$ 3,360.22
Increased By:			
Dog License Fees Collected		\$ 2,566.00	
Cat License Fees Collected		<u>26.00</u>	
	1-B		<u>2,592.00</u>
			5,952.22
Decreased By:			
Expenditures Under R.S. 4:19-15:11	1-B		<u>3,458.32</u>
Balance, December 31, 2011	B		<u><u>\$ 2,493.90</u></u>

	<u>License Fees Collected</u>
2009	\$ 2,867.00
2010	<u>2,890.00</u>
	<u><u>\$ 5,757.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND

SCHEDULE OF DUE TO CURRENT FUND

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	B	\$ 1,626.07
Decreased By:		
Cash Disbursement	1-B	<u>1,626.07</u>
Balance, December 31, 2011	B	<u><u>\$ 0.00</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

SCHEDULE OF VARIOUS TRUST FUND RESERVES

Year ended December 31, 2011

	Balance December 31, <u>2010</u>	<u>Increase</u>	<u>Decrease</u>	Balance December 31, <u>2011</u>
Accumulated Absence Trust	\$ 66,480.99	\$ 2,250.00	\$ 28,882.32	\$ 39,848.67
Cash Performance Bond	46,785.27	14,299.90	25,451.90	35,633.27
Community Center - Donation Rider	601.00	100.00	155.66	545.34
Escrow Trust	37,848.26	9,978.02	12,197.06	35,629.22
Fire Safety Trust	3,572.74		875.00	2,697.74
Kids Safe Program	57.00			57.00
Law Enforcement	2,282.42	11.43		2,293.85
Tax Sale Premium	8,500.00	47,500.00		56,000.00
Open Space Trust	359,790.66	116,258.40	19,654.39	456,394.67
P.O.A.A.	201.01	34.00		235.01
Public Defender	1,953.00	1,785.00	2,875.00	863.00
Recreation Trust	49,519.52	27,067.00	35,703.19	40,883.33
Recycling Trust	12,922.73	43,936.81	31,986.22	24,873.32
Snow Removal Rider	0.48			0.48
Third Party Employment - Police	1,462.47	48,653.97	42,198.96	7,917.48
Water/Sewer Escrow	4,050.00			4,050.00
	<u>\$ 596,027.55</u>	<u>\$ 311,874.53</u>	<u>\$ 199,979.70</u>	<u>\$ 707,922.38</u>

	<u>Reference</u>	B	B
Cash Receipts	1-B	\$ 193,953.61	
Budget Appropriation:			
Accumulated Leave	7-B	2,250.00	
Open Space Tax Levy	7-B	<u>115,670.92</u>	
		<u>\$ 311,874.53</u>	
Cash Disbursements	1-B		\$ 194,979.70
Open Space BAN Interest			
Paid By Current Fund	7-B		<u>5,000.00</u>
			<u>\$ 199,979.70</u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

UNEMPLOYMENT COMPENSATION TRUST FUND

SCHEDULE OF RESERVE FOR UNEMPLOYMENT COMPENSATION

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	B		\$ 18,026.94
Increased By:			
Cash Receipts	1-B	\$ 9,701.20	
Due From Payroll Fund	B	<u>1,799.83</u>	
			<u>11,501.03</u>
			29,527.97
Decreased By:			
Cash Disbursements	1-B		<u>10,029.36</u>
Balance, December 31, 2011	B		<u>\$ 19,498.61</u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

SCHEDULE OF DUE (TO)/FROM CURRENT FUND

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	B		\$ (2,734.11)
Decreased By:			
Budget Appropriation - Accumulated Leave	5-B	\$ 2,250.00	
Open Space Tax Levy	5-B	115,670.92	
Disbursements	1-B	<u>792.06</u>	
			<u>118,712.98</u>
			115,978.87
Increased By:			
Interest Income	1-B	111.13	
Cash Disbursed By Current Fund - BAN interest	5-B	5,000.00	
Police Overtime - Admin & Vehicle Fees	1-B	<u>14,510.02</u>	
			<u>19,621.15</u>
Balance, December 31, 2011	B		<u>\$ 96,357.72</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, 2011

	<u>Reference</u>		
Balance, December 31, 2010	C		\$ 306,244.66
Increased By:			
Due To Utility Capital Fund	C	\$ 747,145.91	
Premium on Bond Sale	C-1	8,089.48	
Deferred Charges To Future Taxation - Unfunded	4-C	164,000.00	
Grants Received	6-C	112,500.00	
Serial Bonds Payable	5-C	1,740,000.00	
Capital Improvement Fund	8-C	5,000.00	
Bond Anticipation Notes	9-C	<u>1,904,000.00</u>	
			<u>4,680,735.39</u>
			4,986,980.05
Decreased By:			
Improvement Authorizations	7-C	178,536.77	
Bond Anticipation Notes	9-C	<u>660,000.00</u>	
			<u>838,536.77</u>
Balance, December 31, 2011	C		<u>\$ 4,148,443.28</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, 2011

	Balance December 31, <u>2011</u>
Capital Improvement Fund	\$ 51,367.76
Fund Balance	107,919.25
Reserve for Encumbrances	798,232.96
Grant Receivable (Net)	(191,560.83)
Reserve to Pay Debt Service	8,089.48
Due To Utility Capital Fund	747,145.91
Excess Financing - BAN	1,904,000.00

<u>Ordinance Number</u>	<u>Improvement Description</u>	
05-01	Purchase of Garbage Truck	3,004.91
14-03	Improvement To Ocean Road Park Tennis Court Lighting	8,266.23
03-04	Resurfacing of Pitney Drive and Woodcrest Drive	22,305.70
02-05	Safe Streets To School	(335.95)
02-05	Police Communication Equipment	(123.17)
08-05	Upgrade Computers and Software	710.77
15-05	Improvements To Tennis Courts	(598.62)
07-06	Reconstruction of Brighton Avenue/Pitney Drive	(6,268.19)
02-07	Improvement To St. Clair Avenue	(5,644.75)
15-07	Various Capital Improvements	36,596.20
10-08	Improvements To Beverly Avenue	(22,484.09)
15-10	Improvements To Park Avenue	(138,088.93)
09-11	Handicapped Accessible Improvements to Allaire Park Road	158,385.00
17-11	Various Capital Improvements and Acquisition of Various Capital Equipment	667,523.64
		<u>\$ 4,148,443.28</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, 2011

	<u>Reference</u>	
Balance, December 31, 2010	C	\$ 149,000.00
Increased By:		
Transferred From Deferred Charges To Future Taxation - Unfunded	4-C	<u>1,740,000.00</u>
		1,889,000.00
Decreased By:		
Bonds Paid By Budget Appropriation	5-C	<u>73,000.00</u>
Balance, December 31, 2011	C	<u><u>\$ 1,816,000.00</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, 2011

Ordinance No.	Improvement Description	Balance December 31, 2010	Increased	Transferred To Deferred Charges To Future Taxation Funded	Funded by Grant Received	Balance December 31, 2011	Analysis of Balance			
							Bond Anticipation Notes	Excess Financing	Expenditures	Unexpended Improvement Authorizations
05-97	Reconstruction of Roads	\$ 30,000.00		\$ 30,000.00		\$ 192.16	\$ 30,000.00	\$ 30,000.00	\$ 192.16	
01-99	Reconstruction/Resurfacing of Old Mill Road	192.16				7,853.00			7,853.00	
03-04	Resurfacing of Pitney Drive and Woodcrest Drive	7,853.00				15,925.86		\$ 41,000.00	335.95	7,853.00
02-05	Safe Streets To School	56,925.86		41,000.00		1,000.00		18,000.00	123.17	15,589.91
02-05	Police Communication Equipment	19,000.00		18,000.00		1,000.00		18,000.00	586.62	876.83
15-05	Improvements To Tennis Courts	75,000.00		74,400.00		600.00		74,400.00	6,258.19	1.38
07-06	Reconstruction of Brighton Avenue/Pitney Drive	65,000.00				65,000.00			5,644.75	58,731.81
02-07	Improvement To St. Clair Avenue	57,000.00				57,000.00			96,600.00	51,355.25
15-07	Various Capital Improvements	104,167.00		96,600.00		7,567.00		96,600.00	400,000.00	7,567.00
05-08	Acquisition of Land	400,000.00		400,000.00		74,488.92		400,000.00	22,484.09	52,004.83
10-08	Improvements To Beverly Avenue	74,488.92				187,500.00			138,088.93	49,411.07
15-10	Improvements To Park Avenue	300,000.00		\$ 112,500.00		187,500.00				
17-11	Various Capital Improvements and Acquisition of Various Capital Equipment		\$ 1,244,500.00	1,244,000.00		500.00		1,244,000.00		500.00
		<u>\$ 1,189,626.94</u>	<u>\$ 1,244,500.00</u>	<u>\$ 1,904,000.00</u>	<u>\$ 112,500.00</u>	<u>\$ 417,626.94</u>	<u>\$ 1,904,000.00</u>	<u>\$ 1,904,000.00</u>	<u>\$ 173,543.70</u>	<u>\$ 244,053.24</u>
		C	7-C,10-C	1-C	C	9-C	2-C	7-C		

Transferred To Deferred Charges To Future Taxation - Funded Cash Receipt - Premium on Bonds

\$ 1,740,000.00
164,000.00
\$ 1,904,000.00

3-C
1-C

BOROUGH OF SPRING LAKE HEIGHTS
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

Year ended December 31, 2011

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2011	Interest Rate	Balance December 31, 2010	Increased	Decreased	Balance December 31, 2011	Reference	
General Improvements	12/03/03	\$ 606,000.00	12/01/12 \$ 76,000.00	3.55%	\$ 149,000.00		\$ 73,000.00	\$ 76,000.00		
General Improvements	12/29/11	1,740,000.00	12/01/12 90,000.00 12/01/13 85,000.00 12/01/14 90,000.00 12/01/15 95,000.00 12/01/16 100,000.00 12/01/17 105,000.00 12/01/18 110,000.00 12/01/19 115,000.00 12/01/20 120,000.00 12/01/21 125,000.00 12/01/22 130,000.00 12/01/23 135,000.00 12/01/24 145,000.00 12/01/25 145,000.00 12/01/26 150,000.00	2.00% 4.00% 4.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 4.00% 4.00% 3.00% 3.00% 3.00%		\$ 1,740,000.00			1,740,000.00	1-C 3-C
						\$ 1,740,000.00	\$ 73,000.00	\$ 1,816,000.00	C	

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	C	\$ 260,661.75
Increased By:		
Grant Awards	7-C	<u>127,838.00</u>
		388,499.75
Decreased By:		
Cash Receipts	1-C	<u>112,500.00</u>
Balance, December 31, 2011	C	<u>\$ 275,999.75</u>

Analysis of Balance

I/A # 03-2004 New Jersey Department of Transportation	\$ 35,333.78
I/A # 07-2006 New Jersey Department of Transportation	16,037.85
I/A # 02-2007 New Jersey Department of Transportation	12,351.20
I/A # 10-2008 New Jersey Department of Transportation - 2008	46,938.92
I/A # 15-2010 New Jersey Department of Transportation - 2010	37,500.00
I/A # 09-2011 Community Development Block Grant - 2011	<u>127,838.00</u>
	<u>\$ 275,999.75</u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Year ended December 31, 2011

Ordinance Date	Improvement Description	Balance December 31, 2010		2011 Authorizations	Transferred From Encumbrances	Expended	Transferred To Encumbrances	Balance December 31, 2011	
		Funded	Unfunded					Funded	Unfunded
01-99	Reconstruction/Resurfacing of Old Mill Road	\$ 3,004.91	\$ 192.16					\$ 3,004.91	\$ 192.16
05-01	Purchase of Garbage Truck								
14-03	Improvement To Ocean Road Park Tennis Court Lighting	8,266.23						8,266.23	
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		15,621.26	\$		31.35			15,589.91
02-05	Police Communication Equipment		890.60			13.77			876.83
08-05	Upgrade Computers and Software								
15-05	Improvements To Tennis Courts	710.77	41.74			40.36		710.77	1.38
07-06	Reconstruction of Brighton Avenue/Pitney Drive		58,731.81						58,731.81
02-07	Improvement To St. Clair Avenue		51,355.25						51,355.25
15-07	Various Capital Improvements		99,655.16		\$ 25,622.00	68,413.96	\$ 12,700.00	36,596.20	7,567.00
10-08	Improvements To Beverly Avenue		52,004.83						52,004.83
15-10	Improvements To Park Avenue		297,890.00						49,411.07
09-11	Handicapped Accessible Improvements to Allaire Park Road			\$ 163,500.00				151,166.00	
17-11	Various Capital Improvements and Acquisition of Various Capital Equipment							158,385.00	
				1,310,000.00		7,609.40	634,366.96	667,523.64	500.00
		\$ 34,287.61	\$ 584,235.81	\$ 1,473,500.00	\$ 25,622.00	\$ 178,536.77	\$ 798,232.96	\$ 896,792.45	\$ 244,083.24
		C	C	C	C	1-C	C	C	C,4-C
Fund Balance									
Deferred Charges To Future Taxation - Unfunded				35,662.00					
Grant Receivable				1,244,500.00					
Capital Improvement Fund				127,838.00					
				65,500.00					
				\$ 1,473,500.00					

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	C	\$ 111,867.76
Increased By:		
Budget Appropriation	1-C	<u>5,000.00</u>
		116,867.76
Decreased By:		
Down Payment for Improvement Authorizations	7-C	<u>65,500.00</u>
Balance, December 31, 2011	C	<u><u>\$ 51,367.76</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

Year ended December 31, 2011

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance December 31, 2011</u>	<u>Reference</u>
05-97	Reconstruction of Roads	11/17/09	02/15/12	1.25%	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	
02-05	Various Capital Improvements	11/17/09	02/15/12	1.25%	59,000.00	59,000.00	59,000.00	59,000.00	
15-05/09-06	Improvements To Tennis Courts	11/17/09	02/15/12	1.25%	74,400.00	74,400.00	74,400.00	74,400.00	
15-07	Various Capital Improvements	11/17/09	02/15/12	1.25%	96,600.00	96,600.00	96,600.00	96,600.00	
05-08	Acquisition of Land - Open Space	11/18/08	02/15/12	1.25%	400,000.00	400,000.00	400,000.00	400,000.00	
17-11	Various Capital Improvements and Acquisition of Various Capital Equipment	11/15/11	02/15/12	1.25%		1,244,000.00		1,244,000.00	
					<u>\$ 660,000.00</u>	<u>\$ 1,904,000.00</u>	<u>\$ 660,000.00</u>	<u>\$ 1,904,000.00</u>	
					C	1-C,4-C	1-C	C	

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, 2011

Ordinance No.	<u>Improvement Description</u>	Balance December 31, 2010	2011 Authorizations	BANS Issued	Balance December 31, 2011
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	15,925.86			15,925.86
02-05	Police Communication Equipment	1,000.00			1,000.00
15-05/09-06	Improvements To Tennis Courts	600.00			600.00
07-06	Reconstruction of Brighton Avenue/Pitney Drive	65,000.00			65,000.00
02-07	Improvement To St. Clair Avenue	57,000.00			57,000.00
15-07	Various Capital Improvements	7,567.00			7,567.00
10-08	Improvements To Beverly Avenue	167,550.00			167,550.00
15-10	Improvements To Park Avenue	300,000.00			300,000.00
17-11	Various Capital Improvements and Acquisition of Various Capital Equipment		\$ 1,244,500.00	\$ 1,244,000.00	500.00
		<u>\$ 622,688.02</u>	<u>\$ 1,244,500.00</u>	<u>\$ 1,244,000.00</u>	<u>\$ 623,188.02</u>
	<u>Reference</u>	10-C	4-C	9-C	10-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, 2011

	Reference	Operating	Capital
Balance, December 31, 2010	D	\$ 355,596.03	\$ 477,116.50
Increased By Receipts:			
Miscellaneous Revenue Not Anticipated	D-3	\$ 14,853.23	
Consumer Accounts Receivable	3-D	1,857,077.60	
Tap Charges	D-3	2,200.00	
Shared Services - Water Operator	D-3	59,439.85	
Improvement Authorizations	9-D		\$ 13,374.62
Due To Current Fund	D	6,470.12	
Intergovernmental Receivable	D	587.25	
Bond Anticipation Notes	14-D		744,000.00
		<u>1,940,628.05</u>	<u>757,374.62</u>
		2,296,224.08	1,234,491.12
Decreased By Disbursements:			
Accounts Payable	D	550.00	
2011 Budget Appropriations	D-4	2,046,835.17	
2010 Appropriation Reserves	6-D	34,702.29	
Improvement Authorizations	9-D		49,631.31
Bond Anticipation Notes	14-D		744,000.00
		<u>2,082,087.46</u>	<u>793,631.31</u>
Balance, December 31, 2011	D	\$ 214,136.62	\$ 440,859.81

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, 2011

		Balance December 31, <u>2011</u>
Capital Improvement Fund		\$ 322,285.62
Fund Balance		27,920.51
Due From General Capital Fund		(747,145.91)
Reserve to Pay Debt Service		3,145.91
Excess Financing - BAN		744,000.00
<u>Ordinance Number</u>	<u>Improvement Description</u>	
04-00	Various Improvements	176.04
02-06/04-11	Water Meter Upgrades - Acquisition of Equipment	71,709.70
14-07/11-11	Utility Improvements	<u>18,767.94</u>
		<u>\$ 440,859.81</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, 2011

	<u>Reference</u>	
Balance, December 31, 2010	D	\$ 82,675.64
Increased By:		
Water Sewer Rents Levied	3-D	<u>1,840,454.92</u>
		1,923,130.56
Decreased By:		
Collections	D-3,1-D	<u>1,857,077.60</u>
Balance, December 31, 2011	D	<u><u>\$ 66,052.96</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, 2011

	Balance December 31, <u>2011 and 2010</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	4,715.01
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	27,500.00
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)	231,328.42
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	180,000.00
Hydrant Replacement/Repair	4,629.00
Water Service Installation/Maintenance	1,892.11
	<u>\$ 3,082,908.56</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, 2011

<u>Ordinance Number</u>	<u>Description</u>	Balance December 31, <u>2010</u>	<u>Increased</u>	Balance December 31, <u>2011</u>
04-00	Various Improvements	\$ 375,000.00		\$ 375,000.00
02-06/04-11	Water Meter Upgrades - Acquisition of Equipment	750,000.00	\$ 55,125.00	805,125.00
14-07/11-11	Utility Improvements	<u>45,500.00</u>	<u>9,000.00</u>	<u>54,500.00</u>
		<u>\$ 1,170,500.00</u>	<u>\$ 64,125.00</u>	<u>\$ 1,234,625.00</u>
	<u>Reference</u>	D	9-D	D

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF APPROPRIATION RESERVES

Year ended December 31, 2011

	Balance December 31, 2010	Balance After Transfers	Paid or Charged	Cancelled	Balance Lapsed
Operating:					
Salaries & Wages	\$ 6,132.07	\$ 6,132.07	\$ 23.51		\$ 6,108.56
Other Expenses	62,789.38	83,555.64	34,678.78	\$ 25,300.00	23,576.86
NJSWA Raw Water Charge	936.40	936.40		900.00	36.40
NJSWA Treat/Trans Charge	138.60	138.60		100.00	38.60
South Monmouth Regional Sewer Authority	43,129.90	43,129.90		43,000.00	129.90
Wall Twp. Sewer Charges	4,815.63	4,815.63		4,800.00	15.63
Shared Service - Water Operator	2,317.81	2,317.81		2,300.00	17.81
Statutory Expenditures:					
Contributions To:					
Public Employees' Retirement System	3,622.21	3,622.21		3,600.00	22.21
Social Security System (O.A.S.I.)	1,283.89	1,283.89			1,283.89
	<u>\$ 125,165.89</u>	<u>\$ 145,932.15</u>	<u>\$ 34,702.29</u>	<u>\$ 80,000.00</u>	<u>\$ 31,229.86</u>
Reference	D		1-D	D-3	D-1
Appropriation Reserves		\$ 125,165.89			
Encumbrances Payable		<u>20,766.26</u>			
		<u>\$ 145,932.15</u>			

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	D	\$ 20,766.26
Increased By:		
Charged To Budget Appropriations	D-4	<u>54,027.43</u>
		74,793.69
Decreased By:		
Transferred To Appropriation Reserves	6-D	<u>20,766.26</u>
Balance, December 31, 2011	D	<u>\$ 54,027.43</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, 2011

	<u>Reference</u>	
Balance, December 31, 2010	D	\$ 1,790.79
Increased By:		
Accrued for Year Ended		
December 31, 2011	D-4	<u>72.81</u>
Balance, December 31, 2011	D	<u>\$ 1,863.60</u>

Analysis of Balance - December 31, 2011

Outstanding December 31, 2011	Interest Rate	From	To	Period	Amount
Bond Anticipation Notes:					
\$ 706,000.00	1.25%	11/15/11	12/31/11	45 days	\$ 1,103.13
30,000.00	1.25%	11/15/11	12/31/11	45 days	46.88
8,000.00	1.25%	11/15/11	12/31/11	45 days	12.50
Serial Bonds:					
208,000.00	Various	12/01/11	12/31/11	30 days	537.21
744,000.00	Various	12/29/11	12/31/11	2 days	<u>163.89</u>
					<u>\$ 1,863.60</u>

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

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Year ended December 31, 2011

Ordinance Number	Description	Ordinance Amount	Balance December 31, 2010		Authorized	Reimbursed	Expended	Balance December 31, 2011		Reference
			Funded	Unfunded				Funded	Unfunded	
04-00	Various Improvements	\$ 375,000.00		\$ 26,448.98			\$ 22.94	176.04	\$ 26,250.00	D
02-06/04-11	Water Meter Upgrades - Acquisition of Equipment	805,125.00		52,332.33	\$ 55,125.00	\$ 13,374.62	49,122.25	\$ 71,709.70		D
14-07/11-11	Utility Improvements	54,500.00	\$ 2,254.06	8,633.05	9,000.00		486.12	18,767.94	633.05	D
			\$ 2,254.06	\$ 87,414.36	\$ 64,125.00	\$ 13,374.62	\$ 49,631.31	\$ 90,653.68	\$ 26,883.05	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, 2011

	<u>Reference</u>	
Balance, December 31, 2010	D	\$ 386,410.62
Decreased By:		
Down Payment for Improvement Authorizations	12-D	<u>64,125.00</u>
Balance, December 31, 2011	D	<u><u>\$ 322,285.62</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

Year ended December 31, 2011

	<u>Reference</u>	
Balance, December 31, 2010	D	\$ 3,174,908.56
Increased By:		
Serial Bond Payment	13-D	<u>42,000.00</u>
Balance, December 31, 2011	D	<u>\$ 3,216,908.56</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, 2011

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Balance December 31, 2010</u>	<u>Capital Improvement Fund</u>	<u>Funded By Bond Premium</u>	<u>Balance December 31, 2011</u>
04-00	Various Improvements	12/11/00	\$ 18,750.00		\$ 3,990.00	\$ 22,740.00
02-06	Water Meter Upgrades	02/27/06	44,000.00		93,950.00	137,950.00
14-07	Utility Improvements	12/17/07	36,866.95		1,060.00	37,926.95
04-11	Water Meter Upgrades - Acquisition of Equipment	02/28/11		\$ 55,125.00		55,125.00
11-11	Utility Improvements	06/13/11		9,000.00		9,000.00
			<u>\$ 99,616.95</u>	<u>\$ 64,125.00</u>	<u>\$ 99,000.00</u>	<u>\$ 262,741.95</u>
		<u>Reference</u>	D	10-D	15-D	D

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

SCHEDULE OF SERIAL BONDS

Year ended December 31, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2011</u>		<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Balance December 31, 2011</u>
			<u>Date</u>	<u>Amount</u>			
Serial Bonds	12/18/03	\$ 470,000.00	12/01/12	\$ 43,000.00	3.55%		
			12/01/13	123,000.00	4.00%	\$ 208,000.00	\$ 42,000.00
Serial Bonds	12/29/11	645,000.00	12/01/12	55,000.00	2.00%		
			12/01/13	55,000.00	4.00%		
			12/01/14	55,000.00	4.00%		
			12/01/15	60,000.00	5.00%		
			12/01/16	60,000.00	5.00%		
			12/01/17	65,000.00	5.00%		
			12/01/18	70,000.00	5.00%		
			12/01/19	70,000.00	5.00%		
			12/01/20	75,000.00	5.00%		
			12/01/21	80,000.00	5.00%		
						\$ 645,000.00	
						\$ 208,000.00	\$ 42,000.00
						\$ 645,000.00	\$ 811,000.00

Reference

D

15-D

11-D

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, 2011

Ordinance Number	Improvement Description	Original Issue Date	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2010	Change		Balance December 31, 2011
							Increased	Decreased	
04-00	Various Improvements	11/17/09	11/15/11	02/15/12	1.25%	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
02-06	Water Meter Upgrades	11/17/09	11/15/11	02/15/12	1.25%	706,000.00	706,000.00	706,000.00	706,000.00
14-07	Utility Improvements	11/17/09	11/15/11	02/15/12	1.25%	8,000.00	8,000.00	8,000.00	8,000.00
						<u>\$ 744,000.00</u>	<u>\$ 744,000.00</u>	<u>\$ 744,000.00</u>	<u>\$ 744,000.00</u>
					<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 DUE FROM GENERAL CAPITAL FUND

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	D		\$ 0.00
Increased By:			
Cash Received in General Capital Fund:			
Reserve to Pay Debt Service	D	\$ 3,145.91	
Bond Proceeds	13-D	645,000.00	
Premium on Bonds	12-D	<u>99,000.00</u>	
			<u>747,145.91</u>
Balance, December 31, 2011	D		<u>\$ 747,145.91</u>

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, 2011

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance December 31, 2011 and 2010</u>
04-00	Various Improvements	\$ 26,250.00
14-07	Utility Improvements	<u>633.05</u>
		<u>\$ 26,883.05</u>
	<u>Reference</u>	16-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, 2011

	<u>Reference</u>	P.A.T.F. Account I (75%)	P.A.T.F. Account II (100%)	<u>Total</u>
Balance, December 31, 2010	E	<u>\$ 5,000.00</u>	<u>\$ 10,014.86</u>	<u>\$ 15,014.86</u>
Increased By:				
State Aid for Public Assistance	E-1,3-E		27,800.00	27,800.00
Social Security Reimbursement	E-1,3-E		2,035.75	2,035.75
Due To Current Fund	4-E		<u>68.42</u>	<u>68.42</u>
			<u>29,904.17</u>	<u>29,904.17</u>
		<u>5,000.00</u>	<u>39,919.03</u>	<u>44,919.03</u>
Decreased By:				
Maintenance Payments	E-2,3-E		7,299.00	7,299.00
Temporary Rental Assistance	E-2,3-E		11,298.00	11,298.00
Emergency Assistance	E-2,3-E		1,541.90	1,541.90
Due To Current Fund	4-E		<u>105.24</u>	<u>105.24</u>
			<u>20,244.14</u>	<u>20,244.14</u>
Balance, December 31, 2011	E	<u>\$ 5,000.00</u>	<u>\$ 19,674.89</u>	<u>\$ 24,674.89</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, 2011 to February 29, 2012

	<u>Reference</u>	
Balance, December 31, 2011	1-E	\$ 24,674.89
Increased By:		
Interest Income	2-E	<u>15.73</u>
		24,690.62
Decreased By:		
Cash Disbursements	2-E	<u>5,090.73</u>
Balance, February 29, 2012	2-E	<u><u>\$ 19,599.89</u></u>

	P.A.T.F. Account I (75%)	P.A.T.F. Account II (100%)	Fund Total
Balance on Deposit Per Statement of Central Jersey Bank:			
Account # 031-005845-2	\$ 5,001.99		\$ 5,001.99
Account # 031-005847-8	<u> </u>	<u>\$ 14,760.63</u>	<u>14,760.63</u>
	5,001.99	14,760.63	19,762.62
Less:			
Outstanding Checks	<u>1.99</u>	<u>160.74</u>	<u>162.73</u>
Balance, February 29, 2012	<u><u>\$ 5,000.00</u></u>	<u><u>\$ 14,599.89</u></u>	<u><u>\$ 19,599.89</u></u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF RESERVE FOR EXPENDITURES

Year ended December 31, 2011

	<u>Reference</u>		
Balance, December 31, 2010	E		\$ 14,909.62
Increased By:			
General Assistance	1-E	\$ 27,800.00	
Social Security Reimbursement	1-E	<u>2,035.75</u>	
			<u>29,835.75</u>
			44,745.37
Decreased By:			
Maintenance Payments	1-E	7,299.00	
Temporary Rental Assistance	1-E	11,298.00	
Emergency Assistance	1-E	<u>1,541.90</u>	
			<u>20,138.90</u>
Balance, December 31, 2011	E		<u>\$ 24,606.47</u>

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

SCHEDULE OF DUE TO CURRENT FUND

Year ended December 31, 2011

	<u>Reference</u>	P.A.T.F. Account II (100%)	<u>Total</u>
Balance, December 31, 2010	E	\$ 105.24	\$ 105.24
Increased By:			
Interest Income	1-E	<u>68.42</u>	<u>68.42</u>
		173.66	173.66
Decreased By:			
Cash Disbursements	1-E	<u>105.24</u>	<u>105.24</u>
Balance, December 31, 2011	E	<u>\$ 68.42</u>	<u>\$ 68.42</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, 2011

Reference

Balance, December 31, 2011 and 2010

F

\$ 3,107,300.00

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

SCHEDULE OF BUILDINGS AND IMPROVEMENTS

Year ended December 31, 2011

Reference

Balance, December 31, 2011 and 2010

F

\$ 495,500.00

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, 2011

	<u>Reference</u>	
Balance, December 31, 2010	F	\$ 1,690,002.46
Increased By:		
Additions	F-1	<u>61,622.00</u>
Balance, December 31, 2011	F	<u>\$ 1,751,624.46</u>

COMMENTS SECTION

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

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, 2011, 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, 2011

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 items:

Recycling Facility Roll-Off Containers
Improvements to Park Avenue
Electronic Low Speed Refuse Collection Vehicle
Wheel Loader
Wheel Loader with Backhoe
Mega-Hauler

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, 2011

Tax Sale

The last tax sale was held on October 21, 2011 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>
2011	0
2010	0
2009	0

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>
2011 and 2010 Taxes	35
Water and Sewer Charges	35

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, 2011

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

	<u>2011</u>		<u>2010</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 380,000.00	2.33 %	\$ 600,000.00	3.75 %
Miscellaneous Anticipated	876,935.04	5.37	878,902.44	5.47
Miscellaneous - From Other				
Than Local Property Tax Levies	141,740.17	0.87	121,616.77	0.76
Non-Budget Revenue	247,852.68	1.52	173,098.56	1.08
Collection of Delinquent Taxes and Tax Title Liens	296,359.64	1.82	188,443.07	1.17
Collection of Current Tax Levy	<u>14,372,934.75</u>	<u>88.09</u>	<u>14,090,960.34</u>	<u>87.78</u>
Total Revenues	<u>16,315,822.28</u>	<u>100.00 %</u>	<u>16,053,021.18</u>	<u>100.00 %</u>
<u>Expenditures</u>				
Budget Appropriations	4,807,456.18	30.40 %	4,931,572.99	31.33 %
County Taxes	3,252,285.24	20.57	3,159,193.15	20.07
Local District School Taxes	7,245,823.00	45.82	7,160,883.00	45.49
Fire District Taxes	371,898.00	2.35	363,879.00	2.31
Municipal Open Space Tax	115,670.92	0.73	116,222.43	0.74
Other Expenditures	<u>18,828.70</u>	<u>0.12</u>	<u>8,626.10</u>	<u>0.05</u>
Total Expenditures	<u>15,811,962.04</u>	<u>100.00 %</u>	<u>15,740,376.67</u>	<u>100.00 %</u>
Excess in Revenue	503,860.24		312,644.51	
Fund Balance, January 1	<u>523,093.82</u>		<u>810,449.31</u>	
	1,026,954.06		1,123,093.82	
Decreased By:				
Utilized as Anticipated Revenue	<u>380,000.00</u>		<u>600,000.00</u>	
Fund Balance, December 31	<u>\$ 646,954.06</u>		<u>\$ 523,093.82</u>	

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

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

	<u>2011</u>		<u>2010</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 195,835.15	8.74 %	\$ 293,952.90	13.17 %
Water and Sewer Rents and Charges	1,859,277.60	82.96	1,832,656.84	82.08
Non-Budget Revenue	14,853.23	0.66	15,493.82	0.69
Miscellaneous - From Other Than Sewer Rents	<u>171,256.96</u>	<u>7.64</u>	<u>90,379.92</u>	<u>4.05</u>
Total Revenues	<u>2,241,222.94</u>	<u>100.00 %</u>	<u>2,232,483.48</u>	<u>100.00 %</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	1,970,775.00	91.94 %	1,972,824.90	92.70 %
Debt Service	59,184.31	2.76	103,263.17	4.85
Statutory Expenditures	53,000.00	2.47	52,200.00	2.45
Surplus (General Budget)	<u>60,600.00</u>	<u>2.83</u>	<u> </u>	<u> </u>
Total Expenditures	<u>2,143,559.31</u>	<u>100.00 %</u>	<u>2,128,288.07</u>	<u>100.00 %</u>
Excess in Revenue	97,663.63		104,195.41	
Fund Balance, January 1	<u>207,323.09</u>		<u>397,080.58</u>	
	304,986.72		501,275.99	
Decreased By:				
Utilized as Anticipated Revenue	<u>195,835.15</u>		<u>293,952.90</u>	
Fund Balance, December 31	<u>\$ 109,151.57</u>		<u>\$ 207,323.09</u>	

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

Comparative Schedule of Tax Rate Information

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	1.258	1.238	1.225

Apportionment of Tax Rate

Municipal	0.318	0.318	0.318
County	0.280	0.272	0.258
Local School District	0.627	0.616	0.619
Special District	0.033	0.032	0.030

Assessed Valuations

2011	\$ 1,156,709,201.00	
2010		\$ 1,162,224,256.00
2009		\$ 1,161,372,114.00

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2011	\$ 14,589,721.09	\$ 14,372,934.75	98.51 %
2010	14,409,674.09	14,090,960.34	97.78
2009	14,275,270.85	14,060,739.06	98.50

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

Delinquent Taxes and Tax Title Items

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Collections</u>
2011	\$ 0.00	\$ 200,457.51	\$ 200,457.51	1.37 %
2010	0.00	305,655.32	305,655.32	2.12
2009	0.00	189,712.18	189,712.18	1.33

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>
2011	\$ 28,900.00
2010	28,900.00
2009	28,900.00

Comparison of Water Sewer Rents Levied

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2011	\$ 1,840,454.92	\$ 1,857,077.60
2010	1,853,355.06	1,830,456.84
2009	1,779,303.95	1,786,758.40

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>	2011	\$ 646,954.06	\$ 445,150.00
	2010	523,093.82	380,000.00
	2009	810,449.31	600,000.00
	2008	1,079,828.31	635,000.00
	2007	1,245,372.34	725,000.00
<u>Sewer Utility Fund</u>	2011	\$ 109,151.57	\$ 0.00
	2010	207,323.08	195,835.15
	2009	397,080.59	293,952.90
	2008	459,777.21	172,297.89
	2007	206,806.46	17,840.04

* Budget not adopted as of the date of this report

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2011

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>	
H. Frances Enright	Mayor	
Gavino Maccanico	Council President	
John P. Brennan, Jr.	Council Member	
Richard N. Diver	Council Member	
Patricia N. Cindea	Council Member	
Sara King	Council Member	
Thomas Vorbach	Council Member	
John Lane	Attorney	
Mary Grace Neuhaus	Tax Collector, Utility Collector	
Colleen Lapp	Chief Financial Officer	01/01/11 - 08/26/11
Catherine Francolino	Acting Chief Financial Officer	08/27/11 - Present
Richard Kachmar	Borough Clerk	04/04/11 - 06/24/11
Janine Gillis	Acting Borough Clerk	01/01/11 - 04/03/11
Janine Gillis	Acting Borough Clerk	06/25/11 - 12/31/11
George Pappas	Magistrate	
Anna M. Kuntz	Court Administrator	

During 2011, the Borough of Spring Lake Heights was provided insurance by Middlesex County Joint Insurance Fund. The Government Crime Policy coverage is as follows:

Employee Theft - Per Loss Coverage	\$ 1,000,000.00
Forgery or Alteration	1,000,000.00
Inside the Premises - Theft of Money and Securities	100,000.00
Inside the Premises - Robbery or Safe Burglary of Other Property	100,000.00
Outside the Premises - Computer Fraud	1,000,000.00
Funds Transfer Fraud	1,000,000.00

INTERNAL CONTROL SECTION

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

Certified Public Accountants • Business & Financial Advisors

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

Patrice R. Antonucci, CPA
Glenn G. VanPell, CPA
Karen D. Davis, CPA, CVA
Crystal L. Fitzpatrick, CPA
Hélène T. Morizzo, CPA

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Fax: (732) 505-8358

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

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, 2011, and have issued our report thereon dated May 2, 2012 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America 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 ("Division"). Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division.

Internal Control Over Financial Reporting

Management of the Borough is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Borough's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatements, we performed test of its compliance with certain provisions of laws, regulations, contracts and grants, 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 other matters that have been reported to the administration of the Borough 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.

Independent Auditors



Robert W. Allison
Registered Municipal Accountant
(#483)

May 17, 2012

COMMENTS AND RECOMMENDATIONS

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS AND RECOMMENDATIONS

Year ended December 31, 2011

Interfunds

Finding 2011-01:

During our audit of the Borough's Interfunds, we noted that Interfunds existed at 12/31/2011.

In order to improve controls over the Borough's Interfunds, we recommend that Interfunds should be cleared by the end of the year.

Current Fund

During our audit of the Borough's Current Fund, we noted the following:

Finding 2011-02:

- Interest on debt was not charged to the proper budget accounts.

Finding 2011-03:

- Accounts payable were incorrectly cancelled.

In order to improve controls over the Borough's Current Fund, we recommend the following:

- Care should be taken to ensure proper charging of budget accounts.
- All year end liabilities should be properly recorded.

Trust Fund

Finding 2011-04:

During our audit of the Borough's Trust Fund, we noted that general ledger did not agree with the Budget Reports.

In order to improve controls over the Borough's Trust Fund, we recommend that the general ledger and budget reports should be in agreement.

BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS AND RECOMMENDATIONS

Year ended December 31, 2011

Internal Controls

During our audit of the Borough's Internal Controls, we noted the following:

Finding 2011-05:

- Outside departments cash receipts tested were not deposited within 48 hours.

Finding 2011-06:

- 1099's issued were not completed.

Finding 2011-07:

- Three out of four State of New Jersey Employer's Quarterly Reports Form NJ927W, were prepared incorrectly resulting in a tax underpayment.

In order to improve controls over the Borough's Internal Controls, we recommend the following:

- Cash receipts should be deposited within 48 hours.
- IRS Form 1099's need to be filed for all appropriate vendors.
- Care should be taken to ensure accurate preparation of quarterly payroll tax reports.