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**BOROUGH OF NEPTUNE CITY  
COUNTY OF MONMOUTH  
NEW JERSEY**

**FINANCIAL STATEMENTS AND  
ADDITIONAL INFORMATION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2011 AND 2010**

**BOROUGH OF NEPTUNE CITY**

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**INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Council  
Borough Hall  
Borough of Neptune City  
New Jersey

I have audited the accompanying financial statements – regulatory basis of the Borough of Neptune City, State of New Jersey, as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Borough of Neptune City's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

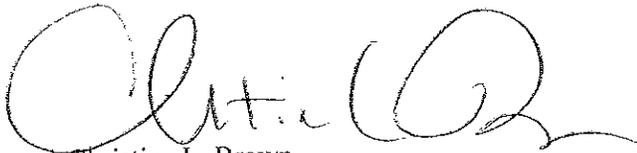
As discussed in Note 1, the Borough of Neptune City, State of New Jersey prepares its financial statements on a comprehensive basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, because of the Borough's regulatory requirement to prepare 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 various funds of the Borough of Neptune City, State of New Jersey, as of December 31, 2011 and 2010 or the results of its operations or cash flows for the years then ended.

However, in my opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position of the various funds of the Borough of Neptune City, State of New Jersey as of December 31, 2011 and 2010 and the results of its operations and the changes in fund balance of the individual funds for the years then ended and the revenues, expenditures and fund balance for the years then ended on the basis of accounting described in Note 1.

In accordance with "Government Auditing Standards", I have also issued my report dated June 12, 2012 on my consideration of the Borough of Neptune City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my 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 my audit.

My audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary schedules, additional information and comments section listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Neptune City. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by New Jersey State Office of Management and Budget (OMB) Circular 04-04 Single "Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and is also not a required part of the financial statements. The information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.



Christine L. Brown  
REGISTERED MUNICIPAL ACCOUNTANT

June 12, 2012

**Current Fund**  
**Comparative Balance Sheet**

A

	<u>Ref.</u>	Balance Dec. 31 <u>2011</u>	Balance Dec. 31 <u>2010</u>
<b><u>Assets</u></b>			
Cash	A-4	\$1,365,679.15	\$1,404,873.26
Cash - Change	A-10	745.00	745.00
Notes Receivable - General Capital Fund	C-19	1,165,099.80	986,299.80
Notes Receivable - Sewer Capital Fund	D-44	15,000.00	30,000.00
Emergency Management Grant Receivable	A-2.1	12,000.00	0.00
Alliance to Prevent Drug and Alcohol Abuse Grant Receivable	A-2.1:A-4	15,666.60	15,095.86
Safe and Secure Grant Receivable	A-2.1:A-4	50,388.00	15,863.00
Hazardous Discharge Site Remediation Grant Receivable	A	173,584.00	173,584.00
Smart Future Grant Receivable	A	39,570.00	39,570.00
		<u>2,837,732.55</u>	<u>2,666,030.92</u>
<b><u>Receivables with Full Reserves</u></b>			
Delinquent Property Taxes Receivable	A-15	247,744.56	220,710.55
Tax Title Liens Receivable	A-16	264,486.33	253,169.66
Property Acquired for Taxes - Assessed Valuation	A-18	53,213.00	53,213.00
Revenue Accounts Receivable	A-22	72,029.15	47,446.03
Interfund Due from Environmental Account	G-3	3,286.82	0.00
Interfund Due from Payroll Agency Account	B	5,000.00	5,000.00
Interfund Due from General Capital Fund	C	327,859.98	426,840.08
Interfund Due from Payroll Account	B	20,000.00	20,000.00
		<u>993,619.84</u>	<u>1,026,379.32</u>
<b><u>Deferred Charges</u></b>			
Emergency Authorizations (40A:4-47)	A-23	0.00	0.00
Special Emergency Authorizations (40A:4-55)	A-24	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
<b><u>Total Assets</u></b>		<u><u>\$3,831,352.39</u></u>	<u><u>\$3,692,410.24</u></u>

See accompanying notes to financial statements

**Current Fund**  
**Comparative Statement of Operations and Change in Fund Balance**

A-1

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
<b><u>Revenue and Other Income</u></b>			
Fund Balance Utilized	A-2.1	\$ 650,000.00	\$ 400,000.00
Miscellaneous Revenue Anticipated	A-2.1	1,296,544.88	1,436,203.55
Receipts from Delinquent Taxes	A-2.1	227,965.40	176,569.50
Receipts from Current Taxes	A-2.2	11,334,595.61	10,933,098.45
Non-Budget Revenue	A-2.2	174,199.96	96,061.59
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-25	61,124.15	80,666.21
Interfund Receivables Realized	A-1	98,980.10	100,000.00
		<u>13,843,410.10</u>	<u>13,222,599.30</u>
<b><u>Total Income</u></b>			
<b><u>Expenditures</u></b>			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	2,875,524.00	2,975,260.00
Other Expenses	A-3	2,252,383.43	2,015,842.82
Capital Improvements	A-3	40,000.00	44,000.00
Municipal Debt Service	A-3	231,433.78	183,855.61
Deferred Charges and Statutory Expenditures	A-3	717,797.00	570,744.00
County Taxes	A-35	1,551,887.87	1,554,758.71
County Share of Added Taxes	A-35	7,269.11	3,359.50
Local District School Taxes	A-37	5,567,994.00	5,095,761.50
Interfund Advances	A-1	3,286.82	200,000.00
Prior Year Charges	A-35	1,116.19	500.00
		<u>13,248,692.20</u>	<u>12,644,082.14</u>
<b><u>Total Expenditures</u></b>			
<b><u>Excess in Revenue</u></b>		594,717.90	578,517.16
<b><u>Adjustments to Income Before Fund Balance</u></b>			
Expenditures Included Above Which Are by Statute			
Deferred Charges to Budget of Succeeding Years	A-23	<u>0.00</u>	<u>0.00</u>
<b><u>Statutory Excess in Revenue</u></b>		594,717.90	578,517.16
<b><u>Fund Balance - January 1</u></b>	A	<u>923,527.29</u>	<u>745,010.13</u>
		1,518,245.19	1,323,527.29
<b><u>Decreased by</u></b>			
Utilized as Anticipated Revenue	A-1	<u>650,000.00</u>	<u>400,000.00</u>
<b><u>Fund Balance - December 31</u></b>	A	<u>\$ 868,245.19</u>	<u>\$ 923,527.29</u>

See accompanying notes to financial statements

**Current Fund**  
**Statement of Revenues - 2011**

	Ref.	Budget	Added by N.J.S. 40A:4-87	Realized	A-2.1 Excess or (Deficit)
<b>Fund Balance Appropriated</b>	A-1	\$ 650,000.00	0.00	650,000.00	0.00
<b>Miscellaneous Revenues</b>					
<b>Licenses</b>					
Alcoholic Beverages	A-22	9,000.00	0.00	9,300.00	300.00
Other	A-22	16,000.00	0.00	16,345.00	345.00
Fine and Costs - Municipal Court	A-22	260,000.00	0.00	301,368.21	41,368.21
Interest and Costs on Taxes	A-4	41,000.00	0.00	53,685.31	12,685.31
Trailer Park Licenses	A-22	13,200.00	0.00	14,400.00	1,200.00
Payments in Lieu of Taxes	A-22	52,000.00	0.00	54,454.50	2,454.50
Cable Television Franchise Fees	A-22	26,000.00	0.00	29,561.40	3,561.40
Certificate of Occupancy	A-22	12,500.00	0.00	16,845.00	4,345.00
Uniform Construction Code Fees	A-22	62,000.00	0.00	83,103.00	21,103.00
Fire Prevention Bureau Permits	A-22	9,000.00	0.00	11,820.66	2,820.66
Community Center Fees	A-22	48,000.00	0.00	49,711.75	1,711.75
Uniform Fire Safety Act	A-22	10,000.00	0.00	14,834.62	4,834.62
Consolidated Municipal Property Tax Relief	A-4	42,976.00	0.00	42,976.00	0.00
Energy Receipts Tax	A-4	434,890.00	0.00	434,890.00	0.00
Drunk Driving Enforcement Fund	A	5,449.43	0.00	5,449.43	0.00
Alcohol Education and Rehabilitation Fund	A	653.55	0.00	653.55	0.00
Alliance to Prevent Alcohol and Drug Abuse	A:A-4	12,997.00	0.00	12,997.00	0.00
Safe and Secure Communities Program	A:A-4	50,388.00	0.00	50,388.00	0.00
Body Armor Replacement Fund	A	1,761.45	0.00	1,761.45	0.00
Emergency Management Performance Grant	A	12,000.00	12,000.00	12,000.00	(12,000.00)
Interfund with General Capital Fund	C-11	0.00	0.00	0.00	0.00
Utility Operating Surplus of Prior Year	D-1	80,000.00	0.00	80,000.00	0.00
<b>Total Miscellaneous Revenue</b>	A-1	1,199,815.43	12,000.00	1,296,544.88	84,729.45
<b>Receipts From Delinquent Taxes</b>	A-1:A-2.2	175,000.00	0.00	227,965.40	52,965.40
<b>Property Tax Support of Municipal Budget Appropriations Local Tax for Municipal Purposes</b>					
	A-2.2:A-15	4,416,278.52	0.00	4,527,834.15	111,555.63
<b>Budget Totals</b>	A-3	\$ 6,441,093.95	12,000.00	6,702,344.43	249,250.48
<b>Non-Budget Revenues</b>	A-2.2			174,199.96	
				\$ 6,876,544.39	

See accompanying notes to financial statements

**Current Fund**  
**Statement of Revenues - 2011**  
**Analysis of Realized Revenues**

A-2.2

	Ref.	
<b><u>Receipts From Delinquent Taxes</u></b>		
Delinquent Tax Collections	A-15	\$ 227,965.40
Tax Title Lien Collections	A-16	0.00
	A-2.1	<u>\$ 227,965.40</u>

**Allocation of Current Tax Collections**

Revenue from Collections	A-1:A-15	\$ 11,334,595.61
Allocated to School and County Taxes	A-15	<u>7,127,150.98</u>
Balance for Support of Municipal Appropriations		4,207,444.63
Add: Appropriation Reserve for Uncollected Taxes	A-3	<u>320,389.52</u>
<b><u>Amount for Support of Municipal Budget Appropriations</u></b>	A-2.1	<u>\$ 4,527,834.15</u>

**Analysis of Non-Budget Revenue**

**Miscellaneous Revenue Not Anticipated**

Revenue Accounts Receivable			
Search Fees	A-22	\$ 500.00	
Marriage Licenses	A-22	124.00	
Certified Copies	A-22	1,095.00	
Bingo and Raffle Permits	A-22	20.00	
Police Accident Reports	A-22	1,230.45	
Street Opening Permits	A-22	<u>7,961.10</u>	
			10,930.55
Recycling Fees		575.00	
Fines and Assessments		23,123.03	
Land Use Board Fees		2,900.00	
Miscellaneous Refunds and Reimbursements		59,276.46	
Interest on Investments		11,169.07	
Use of Borough Equipment		36,386.54	
Photocopies and Duplications		427.81	
Sale of Borough Assets		2,111.00	
Interlocal for Public Assistance		15,000.00	
Excess Funds Payroll		10,000.00	
Reimbursement of Administrative Expenses		<u>2,300.50</u>	
	A-4		<u>163,269.41</u>
	A-1:A-2.1		<u>\$ 174,199.96</u>

See accompanying notes to financial statements

**Current Fund**  
**Statement of Expenditures - 2011**

A-3.1

	Appropriations			Expended		Unexpended Balance	
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled	
<b>General Government</b>							
Administrator's Office	45,700.00	45,700.00	44,849.34	0.00	850.66	0.00	0.00
Salaries and Wages	16,650.00	16,650.00	13,396.63	410.49	2,842.88	0.00	0.00
Other Expenses							
Mayor and Council	35,450.00	35,450.00	34,485.19	0.00	964.81	0.00	0.00
Salaries and Wages	1,550.00	1,550.00	1,226.00	0.00	324.00	0.00	0.00
Other Expenses							
Municipal Clerk's Office	21,500.00	22,500.00	22,454.38	0.00	45.62	0.00	0.00
Salaries and Wages	2,900.00	2,900.00	2,283.45	0.00	616.55	0.00	0.00
Other Expenses							
Financial Administration	22,000.00	22,000.00	20,100.92	0.00	1,899.08	0.00	0.00
Salaries and Wages	900.00	900.00	400.00	0.00	500.00	0.00	0.00
Other Expenses							
Audit Services	14,300.00	14,300.00	0.00	14,300.00	0.00	0.00	0.00
Other Expenses							
Assessment of Taxes	24,500.00	24,500.00	24,222.84	0.00	277.16	0.00	0.00
Salaries and Wages	5,625.00	5,625.00	3,558.26	0.00	2,066.74	0.00	0.00
Other Expenses							
Collection of Taxes	49,000.00	49,000.00	48,804.81	0.00	195.19	0.00	0.00
Salaries and Wages	8,880.00	8,880.00	6,113.54	462.32	2,304.14	0.00	0.00
Other Expenses							
Legal Services	42,000.00	30,400.00	20,156.00	0.00	10,244.00	0.00	0.00
Other Expenses							
Municipal Court	158,100.00	158,100.00	148,305.84	0.00	9,794.16	0.00	0.00
Salaries and Wages	12,020.00	12,020.00	9,354.51	0.00	2,665.49	0.00	0.00
Other Expenses							
Public Defender (P.L. 1997, C. 256)	2,000.00	2,000.00	200.00	0.00	1,800.00	0.00	0.00
Salaries and Wages	300.00	300.00	0.00	0.00	300.00	0.00	0.00
Other Expenses							

**Current Fund**  
**Statement of Expenditures - 2011**

A-3.2

	Appropriations		Expended		Unexpended Balance	
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
Engineering Services and Cost						
Other Expenses	7,000.00	3,000.00	2,822.50	0.00	177.50	0.00
	470,375.00	455,775.00	402,734.21	15,172.81	37,867.98	0.00
<b><u>Land Use Administration</u></b>						
Land Use Board						
Salaries and Wages	10,500.00	10,500.00	10,428.24	0.00	71.76	0.00
Other Expenses	10,730.00	10,730.00	3,986.79	11.20	6,732.01	0.00
	21,230.00	21,230.00	14,415.03	11.20	6,803.77	0.00
<b><u>Code Enforcement Administration</u></b>						
Code Enforcement Office						
Salaries and Wages	22,300.00	18,415.00	17,755.16	0.00	659.84	0.00
Other Expenses	450.00	450.00	448.42	0.00	1.58	0.00
	22,750.00	18,865.00	18,203.58	0.00	661.42	0.00
<b><u>Insurance</u></b>						
General Liability	62,000.00	62,000.00	61,713.00	0.00	287.00	0.00
Workers Compensation	97,000.00	97,000.00	97,000.00	0.00	0.00	0.00
Employee Group Health	571,459.00	571,459.00	524,232.49	0.00	47,226.51	0.00
	730,459.00	730,459.00	682,945.49	0.00	47,513.51	0.00
<b><u>Public Safety</u></b>						
Fire						
Other Expenses						
Fire Hydrant Service	41,500.00	41,500.00	39,412.28	0.00	2,087.72	0.00
Miscellaneous Other Expenses	21,100.00	21,100.00	15,791.78	570.33	4,737.89	0.00
Police						
Salaries and Wages	1,725,000.00	1,712,000.00	1,699,838.66	0.00	12,161.34	0.00
Other Expenses	105,660.00	119,660.00	106,663.02	4,308.61	8,688.37	0.00
First Aid Organization						
Other Expenses	700.00	700.00	0.00	0.00 <sup>1</sup>	700.00	0.00
Aid to Volunteer Ambulance Company	7,800.00	7,800.00	7,800.00	0.00	0.00	0.00

**Current Fund**  
**Statement of Expenditures - 2011**

	Appropriations			Expended		Unexpended	
	Budget	Budget After Modification	Paid or Charged	Encumbered		Reserved	Balance Canceled
				Encumbered	Reserved		
Fire Prevention Bureau							
Salaries and Wages	12,650.00	12,612.10	12,612.10	0.00	37.90	0.00	0.00
Other Expenses	1,585.00	1,585.00	1,585.00	0.00	0.00	0.00	0.00
Emergency Management							
Salaries and Wages	1,750.00	1,750.00	1,672.80	0.00	77.20	0.00	0.00
Other Expenses	3,420.00	3,420.00	1,900.00	1,245.03	274.97	0.00	0.00
Municipal Prosecutor							
Salaries and Wages	22,500.00	25,100.00	25,083.33	0.00	16.67	0.00	0.00
Other Expenses	1,200.00	1,200.00	1,200.00	0.00	0.00	0.00	0.00
	1,944,865.00	1,948,465.00	1,913,558.97	6,123.97	28,782.06	0.00	0.00
<b>Public Works Functions</b>							
Road Repairs and Maintenance							
Salaries and Wages	497,000.00	497,000.00	496,108.33	0.00	891.67	0.00	0.00
Other Expenses	24,780.00	24,780.00	17,444.26	4,431.76	2,903.98	0.00	0.00
Other Public Works Functions							
Traffic Lights	4,000.00	4,000.00	3,146.47	246.32	607.21	0.00	0.00
Solid Waste Collection							
Salaries and Wages	3,683.00	3,843.00	3,646.20	0.00	196.80	0.00	0.00
Other Expenses	476,985.00	476,985.00	404,346.06	920.64	71,718.30	0.00	0.00
Public Buildings and Grounds							
Salaries and Wages	17,300.00	17,300.00	14,607.21	0.00	2,692.79	0.00	0.00
Other Expenses	27,400.00	29,900.00	27,192.47	1,992.91	714.62	0.00	0.00
Maintenance of Borough Vehicles							
Other Expenses	31,300.00	39,300.00	34,408.71	18.95	4,872.34	0.00	0.00
Maintenance of Abandoned Properties							
Other Expenses	900.00	900.00	0.00	0.00	900.00	0.00	0.00
	1,083,348.00	1,094,008.00	1,000,899.71	7,610.58	85,497.71	0.00	0.00
<b>Health and Welfare</b>							
Administration of Public Assistance							
Salaries and Wages	16,450.00	17,150.00	16,524.58	0.00	625.42	0.00	0.00
Other Expenses	225.00	225.00	160.37	0.00	64.63	0.00	0.00

**Current Fund**  
**Statement of Expenditures - 2011**

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered		
				Reserved	Reserved	
Animal Control						
Other Expenses	6,750.00	6,750.00	5,783.00	0.00	967.00	0.00
	23,425.00	24,125.00	22,467.95	0.00	1,657.05	0.00
<b>Recreation and Education</b>						
Board of Recreation						
Other Expenses	1,800.00	1,800.00	700.00	0.00	1,100.00	0.00
Parks and Playgrounds						
Other Expenses	9,400.00	9,400.00	4,110.10	487.81	4,802.09	0.00
Community Center						
Salaries and Wages	105,810.00	103,310.00	97,037.19	0.00	6,272.81	0.00
Other Expenses	12,800.00	12,800.00	6,551.89	345.00	5,903.11	0.00
Expenses of Participation in Free County Library						
Salaries and Wages	43,600.00	48,400.00	47,664.29	0.00	735.71	0.00
Other Expenses	2,635.00	2,635.00	2,634.19	0.00	0.81	0.00
	176,045.00	178,345.00	158,697.66	832.81	18,814.53	0.00

**Uniform Construction Code - Appropriations Offset**  
**By Dedicated Revenues (N.J.A.C. 5:23-4.17)**

Construction Official						
Salaries and Wages	23,500.00	23,500.00	23,322.70	0.00	177.30	0.00
Other Expenses	1,330.00	1,330.00	1,317.09	0.00	12.91	0.00
Sub-Code Officials						
Building Inspector						
Salaries and Wages	7,600.00	7,600.00	7,481.40	0.00	118.60	0.00
Other Expenses	100.00	100.00	20.02	0.00	79.98	0.00
Plumbing Inspector						
Salaries and Wages	6,100.00	6,100.00	6,071.46	0.00	28.54	0.00
Other Expenses	100.00	100.00	0.00	0.00	100.00	0.00
Electrical Inspector						
Salaries and Wages	6,100.00	6,100.00	5,846.29	0.00	253.71	0.00
Other Expenses	100.00	100.00	50.00	0.00	50.00	0.00

**Current Fund  
Statement of Expenditures - 2011**

	Appropriations			Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Fire Inspector	5,331.00	5,556.00	5,527.91	0.00	28.09	0.00
Salaries and Wages	100.00	100.00	50.00	0.00	50.00	0.00
Other Expenses	50,361.00	50,586.00	49,686.87	0.00	899.13	0.00
<b>Unclassified</b>						
Accumulation of Unused Sick Time	22,000.00	22,000.00	22,000.00	0.00	0.00	0.00
Interest on Tax Appeals	450.00	450.00	60.00	0.00	390.00	0.00
Celebration of Public Events	4,000.00	4,000.00	3,983.44	0.00	16.56	0.00
	26,450.00	26,450.00	26,043.44	0.00	406.56	0.00
<b>Utility Expenses</b>						
Electric	57,000.00	57,000.00	44,032.32	3,559.55	9,408.13	0.00
Street Lighting	44,000.00	44,000.00	35,168.32	2,914.54	5,917.14	0.00
Telephone	21,350.00	22,350.00	20,459.51	382.45	1,508.04	0.00
Water	2,600.00	2,600.00	2,317.86	0.00	282.14	0.00
Natural Gas	23,000.00	23,000.00	17,036.89	1,539.56	4,423.55	0.00
Gasoline	46,300.00	46,300.00	46,292.00	0.00	8.00	0.00
Landfill/Solid Waste Disposal Costs	2,250.00	2,250.00	293.90	0.00	1,956.10	0.00
	196,500.00	197,500.00	165,600.80	8,396.10	23,503.10	0.00
<b>Total Operations</b>	4,745,808.00	4,745,808.00	4,455,253.71	38,147.47	252,406.82	0.00
Contingent	3,000.00	3,000.00	2,995.12	0.00	4.88	0.00
<b>Total Operations Within "CAPS"</b>	4,748,808.00	4,748,808.00	4,458,248.83	38,147.47	252,411.70	0.00
<b>Detail</b>						
Salaries and Wages	2,885,424.00	2,875,524.00	2,834,651.17	0.00	40,872.83	0.00
Other Expenses	1,863,384.00	1,873,284.00	1,623,597.66	38,147.47	211,538.87	0.00

**Current Fund**  
**Statement of Expenditures - 2011**

	Appropriations			Expended		Unexpended Balance Canceled
	Budget	Budget After	Paid or	Encumbered	Reserved	
		Modification				
	149,287.00	149,287.00	149,287.00	0.00	0.00	0.00
	428,510.00	428,510.00	428,510.00	0.00	0.00	0.00
	140,000.00	140,000.00	128,273.01	0.00	11,726.99	0.00
<b>Total Deferred Charges and Statutory Expenditures</b>	<b>717,797.00</b>	<b>717,797.00</b>	<b>706,070.01</b>	<b>0.00</b>	<b>11,726.99</b>	<b>0.00</b>

	5,466,605.00	5,466,605.00	5,164,318.84	38,147.47	264,138.69	0.00
	28,541.00	28,541.00	0.00	0.00	28,541.00	0.00
	3,672.00	3,672.00	3,672.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00
	32,213.00	32,213.00	3,672.00	0.00	28,541.00	0.00

**Total General Appropriations for Municipal Purposes Within "CAPS"**

**Operations - Excluded from "CAPS"**

Group Health Insurance	28,541.00	28,541.00	0.00	0.00	28,541.00	0.00
Recycling Tax	3,672.00	3,672.00	3,672.00	0.00	0.00	0.00
<b>Statutory Expenditures</b>						
Contribution to:						
Police and Firemen's Retirement System	0.00	0.00	0.00	0.00	0.00	0.00
Public Employees' Retirement System	0.00	0.00	0.00	0.00	0.00	0.00
	32,213.00	32,213.00	3,672.00	0.00	28,541.00	0.00

**Interlocal Municipal Service Agreements**

Township of Neptune 911 System	180,000.00	180,000.00	163,957.00	0.00	16,043.00	0.00
Length of Service Awards Program	30,000.00	30,000.00	0.00	0.00	30,000.00	0.00
	210,000.00	210,000.00	163,957.00	0.00	46,043.00	0.00

**Public and Private Programs Offset by Revenues**

Drunk Driving Enforcement Fund	5,449.43	5,449.43	5,449.43	0.00	0.00	0.00
Alliance to Prevent Alcohol and Drug Abuse	16,246.00	16,246.00	16,246.00	0.00	0.00	0.00
Supplemental Safe and Secure - State Share	50,388.00	50,388.00	50,388.00	0.00	0.00	0.00
Supplemental Safe and Secure - Municipal Share	50,388.00	50,388.00	50,388.00	0.00	0.00	0.00

**Current Fund  
Statement of Expenditures - 2011**

	Appropriations			Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved		
Body Armor Replacement Fund	1,761.45	1,761.45	1,761.45	0.00	0.00	0.00	
Alcohol Education and Rehabilitation Fund	653.55	653.55	653.55	0.00	0.00	0.00	
Emergency Management Performance Grant	12,000.00	24,000.00	12,000.00	0.00	0.00	12,000.00	
	136,886.43	148,886.43	136,886.43	0.00	0.00	12,000.00	
<b>Total Operations - Excluded From "CAPS"</b>	<b>379,099.43</b>	<b>391,099.43</b>	<b>304,515.43</b>	<b>0.00</b>	<b>74,584.00</b>	<b>12,000.00</b>	
<b>Detail</b>							
Salaries and Wages	0.00	0.00	0.00	0.00	0.00	0.00	
Other Expenses	379,099.43	391,099.43	304,515.43	0.00	74,584.00	12,000.00	
<b>Capital Improvements - Excluded From "CAPS"</b>							
<b>Capital Improvement Fund</b>							
Purchase of Office Equipment	29,000.00	29,000.00	29,000.00	0.00	0.00	0.00	
Purchase of Fire Safety Equipment	4,000.00	4,000.00	995.28	996.00	2,008.72	0.00	
Improvement to Municipal Court Offices	3,000.00	3,000.00	0.00	0.00	3,000.00	0.00	
	4,000.00	4,000.00	0.00	0.00	4,000.00	0.00	
<b>Total Capital Improvements - Excluded From "CAPS"</b>	<b>40,000.00</b>	<b>40,000.00</b>	<b>29,995.28</b>	<b>996.00</b>	<b>9,008.72</b>	<b>0.00</b>	
<b>Municipal Debt Service - Excluded From "CAPS"</b>							
Payment of Bond Anticipation Notes and Capital Notes	222,200.00	222,200.00	222,200.00	0.00	0.00	0.00	
Interest on Notes	12,800.00	12,800.00	9,233.78	0.00	0.00	3,566.22	
<b>Total Municipal Debt Service - Excluded From "CAPS"</b>	<b>235,000.00</b>	<b>235,000.00</b>	<b>231,433.78</b>	<b>0.00</b>	<b>0.00</b>	<b>3,566.22</b>	
<b>Deferred Charges - Municipal - Excluded from "CAPS"</b>							
Emergency Authorizations	0.00	0.00	0.00	0.00	0.00	0.00	
Special Emergency Authorizations - 5 Years	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Total Deferred Charges - Municipal - Excluded From "CAPS"</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	

Current Fund  
Statement of Expenditures - 2011

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
	654,099.43	666,099.43	565,944.49	996.00	83,592.72	15,566.22
<u>Total General Appropriations - Excluded From "CAPS"</u>	6,120,704.43	6,132,704.43	5,730,263.33	39,143.47	347,731.41	15,566.22
<u>Sub-Total General Appropriations</u>	320,389.52	320,389.52	320,389.52	0.00	0.00	0.00
<u>Reserve for Uncollected Taxes</u>						
<u>Total General Appropriations</u>	\$ 6,441,093.95	6,453,093.95	6,050,652.85	39,143.47	347,731.41	15,566.22

A-3.8

Ref.	A	A
Budget		
A-3	6,441,093.95	
A2.1	12,000.00	
	<u>\$ 6,453,093.95</u>	
A-2.2		320,389.52
A-4		5,443,176.90
A:A-4		5,449.43
A:A-4		16,246.00
A:A-4		100,776.00
A:A-4		1,761.45
A:A-4		653.55
A		12,000.00
C-11		29,000.00
C-10		121,200.00
		<u>\$ 6,050,652.85</u>

Total General Appropriations - Excluded From "CAPS"

Sub-Total General Appropriations

Reserve for Uncollected Taxes

Total General Appropriations

Budget

Added by N.J.S. 40A:4-87

Reserve for Uncollected Taxes

Cash Disbursed

Reserve for Drunk Driving Enforcement Fund

Reserve for Alliance to Prevent Alcohol and Drug Abuse

Reserve for Safe and Secure Communities Grant

Reserve for Body Armor Replacement Fund

Reserve for Alcohol Education and Rehabilitation Fund

Reserve for Emergency Management Performance Grant

Capital Improvement Fund

Payment of Bond Anticipation Notes

See accompanying notes to financial statements

Trust Fund  
Comparative Balance Sheet

B

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31 2011</u>	<u>Balance Dec. 31 2010</u>
<u>Dog License Fund</u>			
Cash	B-23	\$ 1,376.11	\$ 1,646.85
<u>Special Trust Fund</u>			
Cash	B-24	95,088.78	55,187.84
<u>Developers Escrow Fund</u>			
Cash	B-25	138,485.88	123,707.78
<u>Law Enforcement Trust Fund</u>			
Cash	B-26	8,838.04	13,217.03
<u>Emergency Management Trust Fund</u>			
Cash	B-27	3,382.83	4,494.16
<u>Fire Prevention Trust Fund</u>			
Cash	B-28	2,428.46	2,057.80
<u>Public Defender Trust Fund</u>			
Cash	B-29	1,245.15	1,866.60
<u>Unused Accumulated Sick Time Trust Fund</u>			
Cash	B-30	4,388.99	20,252.06
<u>Alliance to Prevent Alcohol and Drug Abuse Trust Fund</u>			
Cash	B-31	794.12	596.70
<u>Payroll Agency Fund</u>			
Cash	B-32	52,359.68	51,804.83
<u>Payroll Trust Fund</u>			
Cash	B-33	7,588.35	20,276.62
<u>Reserve for Unemployment Trust</u>			
Cash	B-34	108,001.19	125,439.68
<u>Length of Service Awards Program Fund</u>			
Cash	B-35	<u>169,151.69</u>	<u>153,048.49</u>
<b><u>Total Assets</u></b>	B-4	\$ <u>593,129.27</u>	\$ <u>573,596.44</u>

See accompanying notes to financial statements

**Trust Fund**  
**Comparative Balance Sheet**

			<u>B</u> <u>(completed)</u>
	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31</u> <u>2011</u>	<u>Balance</u> <u>Dec. 31</u> <u>2010</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
<u>Dog License Fund</u>			
Reserve for Dog Fund Expenditures	B-23	\$ 1,376.11	\$ 1,646.85
<u>Special Trust Fund</u>			
Reserve for Special Items	B-24	95,088.78	55,187.84
<u>Developers Escrow Fund</u>			
Reserve for Developers Escrow	B-25	138,485.88	123,707.78
<u>Law Enforcement Trust Fund</u>			
Reserve for Fund Expenditures	B-26	8,838.04	13,217.03
<u>Emergency Management Trust Fund</u>			
Reserve for Fund Expenditures	B-27	3,382.83	4,494.16
<u>Fire Prevention Trust Fund</u>			
Reserve for Fire Prevention Expenditures	B-28	2,428.46	2,057.80
<u>Public Defender Trust Fund</u>			
Reserve for Fund Expenditures	B-29	1,245.15	1,866.60
<u>Unused Accumulated Sick Time Trust Fund</u>			
Reserve for Fund Expenditures	B-30	4,388.99	20,252.06
<u>Alliance to Prevent Alcohol and Drug Abuse Trust Fund</u>			
Reserve for Fund Expenditures	B-31	794.12	596.70
<u>Payroll Agency Fund</u>			
Due to Current Fund	A:B-32	5,000.00	5,000.00
Payroll liabilities	B-32	47,359.68	46,804.83
		<u>52,359.68</u>	<u>51,804.83</u>
<u>Payroll Trust Fund</u>			
Due to Current Fund	A:B-33	20,000.00	20,000.00
Reserve for Fund Expenditures	B-33	(12,411.65)	276.62
		<u>7,588.35</u>	<u>20,276.62</u>
<u>Reserve for Unemployment Trust</u>			
Reserve for Fund Expenditures	B-34	108,001.19	125,439.68
<u>Length of Service Awards Program Fund</u>			
Reserve for Fund Expenditures	B-35	169,151.69	153,048.49
<b><u>Total Liabilities, Reserves and Fund Balance</u></b>		<b><u>\$ 593,129.27</u></b>	<b><u>\$ 573,596.44</u></b>

See accompanying notes to financial statements

**Capital Fund**  
**Comparative Balance Sheet**

C

	<u>Ref.</u>	Balance Dec. 31 2011	Balance Dec. 31 2010
<b><u>Assets</u></b>			
Cash			
Deferred Charges to Future Taxation - Unfunded	C-2:C-4	\$ 7,431.63	\$ 46,523.90
Grants Receivable	C-10	2,701,419.28	2,964,261.28
	C-4	78,461.25	47,986.00
<b><u>Total Assets</u></b>		<b><u>\$ 2,787,312.16</u></b>	<b><u>\$ 3,058,771.18</u></b>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Bond Anticipation Notes	C-19	\$ 1,760,099.80	\$ 1,682,299.80
Due to Current Fund	A:C-11	327,859.98	426,840.08
Improvement Authorizations -			
Funded	C-14	0.00	2,337.52
Unfunded	C-14	657,620.88	925,062.28
Capital Improvement Fund	C-12	26,800.00	7,300.00
Fund Balance	C-1	14,931.50	14,931.50
<b><u>Total Liabilities, Reserves and Fund Balance</u></b>		<b><u>\$ 2,787,312.16</u></b>	<b><u>\$ 3,058,771.18</u></b>

Note: There were bonds and notes authorized but not issued on December 31, 2011 and December 31, 2010 in the amount of \$941,319.48 and \$1,281,961.48 respectively, per Exhibit C-22.

**Statement of Fund Balance**

	<u>Ref.</u>	
<b><u>Balance</u></b> - December 31, 2010 and December 31, 2011	C	<b><u>\$ 14,931.50</u></b>
No change in 2011		

C-1

See accompanying notes to financial statements

**Sewer Utility Fund**  
**Comparative Balance Sheet**

D

	<u>Ref.</u>	Balance Dec. 31 <u>2011</u>	Balance Dec. 31 <u>2010</u>
<b><u>Assets</u></b>			
<u>Operating Section</u>			
Cash	D-8	\$ 399,703.91	\$ 361,669.72
Interfund Due from Sewer Capital	D:D-31	25,694.78	0.00
Interfund Due from Current Fund	A:D-32	<u>38,000.00</u>	<u>53,000.00</u>
		463,398.69	414,669.72
<u>Receivables With Full Reserves</u>			
Sewer Rents Receivable	D-14	124,780.24	100,200.33
Sewer Utility Liens	D-15	<u>2,525.00</u>	<u>2,525.00</u>
		<u>127,305.24</u>	<u>102,725.33</u>
<u>Total Operating Section</u>		<u>590,703.93</u>	<u>517,395.05</u>
 <u>Capital Section</u>			
Cash	D-8	104,959.11	116,549.31
Interfund Due from Sewer Operating Fund	D:D-31	0.00	17,344.02
Fixed Capital	D-28	1,009,754.05	1,009,754.05
Fixed Capital Authorized and Uncompleted	D-29	<u>774,000.00</u>	<u>774,000.00</u>
<u>Total Capital Section</u>		<u>1,888,713.16</u>	<u>1,917,647.38</u>
 <u>Total Assets</u>	 \$	 <u>2,479,417.09</u>	 \$ <u>2,435,042.43</u>

See accompanying notes to financial statements

**Sewer Utility Fund**  
**Comparative Balance Sheet**

		Balance Dec. 31 2011		D (completed) Balance Dec. 31 2010
<b><u>Liabilities, Reserves and Fund Balance</u></b>	<b><u>Ref.</u></b>			
<b><u>Operating Section</u></b>				
<b><u>Liabilities</u></b>				
Appropriation Reserves	D-5:D-34	\$ 238,090.43	\$	106,426.10
Reserve for Encumbrances	D-5:D-34	10,576.67		13,836.44
Prepaid Sewer Rents	D-8	31,341.41		37,241.75
Sewer Rents Overpaid	D-38	0.00		0.00
Accrued Interest	D-36	183.01		225.22
Interfund Due to Sewer Capital Fund	D:D-31	0.00		17,344.02
		280,191.52		175,073.53
Reserve for Receivables	D	127,305.24		102,725.33
Operating Fund Balance	D-1	183,207.17		239,596.19
		590,703.93		517,395.05
<b><u>Total Operating Section</u></b>				
 <b><u>Capital Section</u></b>				
Bond Anticipation Notes	D-44	190,000.00		250,000.00
Interfund Due to Sewer Operating Improvement Authorizations	D:D-31	25,694.78		0.00
Funded	D-43	4,074.85		6,549.85
Unfunded	D-43	64,481.89		118,635.89
Deferred Reserve for Amortization	D-50	487,500.00		427,500.00
Reserve for Amortization	D-49	1,009,754.05		1,009,754.05
Capital Improvement Fund	D-45	84,795.75		82,795.75
Fund Balance	D-3	22,411.84		22,411.84
		1,888,713.16		1,917,647.38
<b><u>Total Capital Section</u></b>				
<b><u>Total Liabilities, Reserves and Fund Balance</u></b>		\$ 2,479,417.09	\$	2,435,042.43

Note: There were bonds and notes authorized but not issued on December 31, 2011 and December 31, 2010 in the amount of \$96,500.00 and \$96,500.00, respectively per Exhibit D-56.

See accompanying notes to financial statements

**Sewer Utility Fund**  
**Comparative Statement of Operations and Change in Operating Fund Balance**

D-1

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
<b><u>Revenue and Other Income</u></b>			
Fund Balance Utilized	D-4	\$ 75,000.00	\$ 70,000.00
Sewer Rentals	D-4	1,089,743.43	1,100,111.03
Miscellaneous Sewer Charges	D-8	24.00	648.79
Other Credits to Income			
Interest Income	D-8:D-31	16,095.68	12,362.84
Unexpended Balance of Appropriation Reserves	D-34	72,186.80	28,936.03
		<u>1,253,049.91</u>	<u>1,212,058.69</u>
<b><u>Total Income</u></b>			
<b><u>Expenditures</u></b>			
Operating	D-5	1,066,200.00	1,075,000.00
Deferred Charges and Statutory Expenditures	D-5	24,000.00	23,000.00
Debt Service	D-5	62,238.93	56,507.47
Capital Improvements	D-5	2,000.00	4,000.00
		<u>1,154,438.93</u>	<u>1,158,507.47</u>
<b><u>Total Expenditures</u></b>			
<b><u>Excess in Revenue</u></b>		98,610.98	53,551.22
<b><u>Adjustments to Income Before Fund Balance</u></b>			
Expenditures Included Above Which Are by Statute			
Deferred Charges to Budget of Succeeding Year		0.00	0.00
		<u>0.00</u>	<u>0.00</u>
<b><u>Statutory Excess in Revenue</u></b>		98,610.98	53,551.22
<b><u>Operating Fund Balance</u></b>			
<b><u>Balance</u></b> - January 1	D	239,596.19	336,044.97
		<u>338,207.17</u>	<u>389,596.19</u>
<b><u>Decreased by</u></b>			
Utilized by Current Fund Budget	A-2.1	80,000.00	80,000.00
Utilized by Sewer Operating Budget	D-1	75,000.00	70,000.00
		<u>155,000.00</u>	<u>150,000.00</u>
<b><u>Balance</u></b> - December 31	D	<u>\$ 183,207.17</u>	<u>\$ 239,596.19</u>

See accompanying notes to financial statements

**Statement of Fund Balance**  
**Sewer Capital Fund**

**Balance** - December 31, 2010 and December 31, 2011

Ref.  
D      \$ 22,411.84

D-3

No change in 2011

**Statement of Revenues - Sewer Utility**

	<u>Ref.</u>	Budget	Realized	Excess or (Deficit)
Fund Balance Utilized as Revenue	D-1	\$ 75,000.00	75,000.00	0.00
Sewer Rents	D-1	1,080,700.00	1,089,743.43	9,043.43
	D-5	\$ 1,155,700.00	1,164,743.43	9,043.43

D-4

**Analysis of Realized Revenues – 2011**

<u>Rents</u>	<u>Ref.</u>	
Sewer Rents Receivable Collected in 2011	D-8	\$ 1,052,501.68
Add Overpayments Applied	D-38	0.00
Add Prepayments Applied	D-14	37,241.75
		<u>\$ 1,089,743.43</u>

**Sewer Utility Fund**  
**Statement of Expenditures**

	Appropriations					Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<u>Operating</u>						
Salaries and Wages	\$ 161,000.00	161,000.00	160,626.92	0.00	373.08	0.00
Other Expenses	905,200.00	905,200.00	662,170.56	10,215.45	232,813.99	0.00
<u>Capital Improvements</u>						
Capital Improvement Fund	2,000.00	2,000.00	2,000.00	0.00	0.00	0.00
<u>Debt Service</u>						
Interest on Notes	3,500.00	3,500.00	2,238.93	0.00	0.00	1,261.07
Payment of Note Principal	60,000.00	60,000.00	60,000.00	0.00	0.00	0.00
<u>Statutory Expenditures</u>						
P.E.R.S.	9,000.00	9,000.00	9,000.00	0.00	0.00	0.00
Social Security System	15,000.00	15,000.00	9,735.42	361.22	4,903.36	0.00
	<u>\$ 1,155,700.00</u>	<u>1,155,700.00</u>	<u>905,771.83</u>	<u>10,576.67</u>	<u>238,090.43</u>	<u>1,261.07</u>
<u>Ref.</u>	D-4	D-4:D-1	D-8:D-31, D-32:D-36	D	D	D-1

D-5

See accompanying notes to financial statements

**Public Assistance Fund**  
**Comparative Balance Sheet**

E

	<u>Reference</u>	<u>Balance Dec. 31 2011</u>	<u>Balance Dec. 31 2010</u>
<b><u>Assets</u></b>			
Cash	E-1	\$ <u>121,617.62</u>	\$ <u>79,314.42</u>
 <b><u>Liabilities and Reserves</u></b>			
Assistance Commitments Payable	E-5	\$ 0.00	\$ 0.00
Reserve	E	<u>121,617.62</u>	<u>79,314.42</u>
<b><u>Total Liabilities and Reserves</u></b>		<b><u>\$ 121,617.62</u></b>	<b><u>\$ 79,314.42</u></b>

See accompanying notes to financial statements

**Bond and Interest Fund**  
**Comparative Balance Sheet**

F

None

See accompanying notes to financial statements

**Board of Recreation Commission**  
**Comparative Balance Sheet**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>G-1</u> <u>Balance</u> <u>Dec. 31, 2010</u>
<b><u>Assets</u></b>			
Cash	G-2	\$ <u>39,524.52</u>	\$ <u>44,983.48</u>
<b><u>Liabilities and Reserves</u></b>			
Reserve for Recreation Commission Expenditures	G-1	\$ <u>39,524.52</u>	\$ <u>44,983.48</u>

See accompanying notes to financial statements

**Environmental Advisory Commission**  
**Comparative Balance Sheet**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>G-3</u> <u>Balance</u> <u>Dec. 31, 2010</u>
<b><u>Assets</u></b>			
Cash	G-4	\$ <u>30,290.64</u>	\$ <u>46,442.92</u>
<b><u>Liabilities and Reserves</u></b>			
Due to Current Fund	A	3,286.82	0.00
Reserve for Environmental Advisory Commission Expenditures		<u>27,003.82</u>	<u>46,442.92</u>
	G-3	\$ <u>30,290.64</u>	\$ <u>46,442.92</u>

See accompanying notes to financial statements

Statement of General Fixed Assets

H

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<b><u>Assets</u></b>		
General Fixed Assets:		
Land	\$ 2,886,600.00	\$ 2,886,600.00
Buildings	2,111,300.00	2,111,300.00
Furnishings and Equipment	805,040.43	810,040.43
Vehicles	<u>1,541,961.88</u>	<u>-1,495,049.38</u>
Total General Fixed Assets	<u>\$ 7,344,902.31</u>	<u>\$ 7,302,989.81</u>
<b><u>Liabilities and Reserves</u></b>		
Investment in General Fixed Assets	<u>\$ 7,344,902.31</u>	<u>\$ 7,302,989.81</u>

See accompanying notes to financial statements

Borough of Neptune City

Notes to Financial Statements

Year Ended December 31, 2011

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The financial statements of the Borough of Neptune City, County of Monmouth, State of New Jersey include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough of Neptune City, as required by N.J.S. 40A:5-5.

There have been no entities that have been identified as a component unit of the Borough. Therefore, no component units are presented.

B. Description of Funds

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

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

Current Fund – revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund – receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

Sewer Operating and Capital Funds – account for the operations and acquisition of capital facilities of the municipally owned Sewer Utilities.

Public Assistance Fund – receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

Board of Recreation Commission and Environmental Advisory Commission – receipts and disbursements for the purposes indicated.

NOTE 1 -- continued

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

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant policies prescribed by the State of New Jersey are as follows:

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

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

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

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

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

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

Expenditures – are recorded on the accrual basis. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31<sup>st</sup> of each year and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. GAAP does not recognize the existence of appropriation reserves.

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

NOTE 1 -- continued

Deferred Charges – the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as “paid or charged” exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for deferred charges on the Current Fund or Utility balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures, based on the authorization of an appropriation. Instead, the authorization of special purposes expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of the fund balance. The status of deferred charges at December 31 are set forth in Note 6.

Compensated Absences – expenditures relating to obligations for unused vested accumulated sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation. (See Note 14).

Property Acquired for Taxes – is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the general fixed assets accounting group at its market value.

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

Inventories of Supplies – for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

General Fixed Assets – are recorded in accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP.

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 assessed valuation.

No depreciation has been provided for in the financial statements.

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

Accounting for utility fund “fixed capital” remains unchanged under the Requirements of Technical Accounting Directive No. 85-2.

NOTE 1 – continued

Property and equipment purchased by the Utility Funds are recorded in the capital accounts at cost and are adjusted for dispositions and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation of fixed assets.

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

D. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in general purpose financial statements in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This differs from GAAP.

**NOTE 2 – DEBT**

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

As of December 31, 2011, the Borough had no long-term debt. The principal and interest requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$0.00
2013	0.00
2014	0.00
2015	0.00
2016	0.00

**NOTE 3 – FIXED ASSETS**

The fixed assets records of the Borough reflect the following changes and values for 2011:

	Balance Dec. 31 <u>2010</u>	2011 <u>Additions</u>	2011 <u>Dispositions</u>	Balance Dec. 31 <u>2011</u>
General Fixed Assets Account Group:				
Land	\$2,886,600.00	0.00	0.00	2,886,600.00
Buildings	2,111,300.00	0.00	0.00	2,111,300.00
Furnishings and Equipment	810,040.43	0.00	5000.00	805,040.43
Vehicles	1,495,049.38	56,629.00	9,716.50	1,541,961.88
Water-Sewer Utility Fund:				
Fixed Capital	1,009,754.05	0.00	0.00	1,009,754.05

**NOTE 4 – CASH AND INVESTMENTS**

A. Cash – 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 any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

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 may mature or are redeemed within one year. Twenty-five percent of the fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the fund shall not exceed one year. Collateralization of fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in Government Money Market Funds purchased through state registered brokers/dealers and banks.

In accordance with the provisions of the Government Unit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

B. Investments - New Jersey statutes permit the Borough to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.

NOTE 4 – Continued

- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

C. Risk Category

Custodial credit risk is the risk that in the event of a bank failure, the Borough’s deposits may not be returned to it. All of the Borough’s bank deposits, as of December 31, 2011, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Government Unit Deposit Protection Act (GUDPA).

As of December 31, 2011, the Borough had a total of \$2,996,197.37 of funds invested and on deposit in certificates of deposit, savings, and checking accounts, with \$350,224.21 being insured through federal depository insurance and \$2,645,973.16 being insured by GUDPA.

**NOTE 5 – INTERFUND BALANCES**

The following interfund balances remained on the balance sheets at December 31, 2011:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$356,146.80	\$38,000.00
Trust Funds	0.00	25,000.00
General Capital	0.00	327,859.98
Sewer Operating Fund	63,694.78	0.00
Environmental Commission	0.00	3,286.82
Sewer Capital Fund	<u>0.00</u>	<u>25,694.78</u>
	<u>\$419,841.58</u>	<u>\$419,841.58</u>

**NOTE 6 – FUND BALANCES (SURPLUS) APPROPRIATED**

Fund balances (surplus) at December 31, 2011 which were appropriated and included as anticipated revenue for the year ending December 31, 2012 were as follows:

Current Fund	\$450,000.00
Sewer Utility Fund	47,000.00
Sewer Utility Fund in Current Fund	60,000.00

**NOTE 7 – DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

	Balance Dec. 31 <u>2011</u>	2012 <u>Budget</u>	Balance To Future <u>Budgets</u>
Current Fund: Special Emergency Authorizations	0.00	0.00	0.00

The appropriations in the 2012 Budget are not less than that required by statute at the time and the remaining amounts if any, will be raised in subsequent budgets.

**NOTE 8 – DISCOUNTS ON PREPAID TAXES**

Discounts are not allowed on prepaid taxes.

**NOTE 9 – PENSION PLANS**

The Borough of Neptune City contributes to two cost sharing multiple-employer defined benefit plans, the Public Employees' Retirement System (PERS) and the Police and Fireman's Retirement System (PFRS), which are administered by the New Jersey Division of Pensions and Benefits. These plans provide retirement, disability, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. Each plan has a Board of Trustees that implements benefit provisions, which are established and amended by the State Statute. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits PO Box 295 Trenton, NJ 08625-0295.

The contribution requirements of plan members are determined by State Statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employee's Retirement System are required to contribute 6.5% of their annual covered salary. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the Police and Firemen's Retirement System are required to contribute 8.5% of their annual covered salary. The Borough's contributions to the various plans, equal to the required contributions, for the years ended December 31, 2011 and 2010 were \$586,797.00 and \$480,260.00 respectively.

**NOTE 10 – ASSESMENT AND COLLECTION OF PROPERTY TAXES**

Tax bills are prepared and mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1<sup>st</sup> and November 1<sup>st</sup> of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1<sup>st</sup> and May 1<sup>st</sup>. If taxes are delinquent on or after April 1<sup>st</sup> of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1<sup>st</sup> of the current tax year even though the amount due is not known.

## NOTE 11 – LOCAL DISTRICT SCHOOL TAXES

Regulations provide for the 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.

The Borough of Neptune City has elected to defer school taxes as follows:

	<u>Balance, December 31</u>	
	<u>2011</u>	<u>2010</u>
Balance of Tax	\$2,783,996.88	\$2,722,744.38
Deferred Tax	<u>1,675,000.00</u>	<u>1,675,000.00</u>
Balance Payable	<u>\$1,108,996.88</u>	<u>\$1,047,744.38</u>

## NOTE 12 – RISK MANAGEMENT

The Borough is part of the Monmouth County Municipal Joint Insurance Fund. The Borough pays an annual assessment, which is their share of the 31 members making up the fund. Actuaries estimate the reserves to be maintained.

The Joint Insurance Fund provides a self-insured retention of \$100,000 per occurrence to the members. For General, Auto, Law Enforcement and Public Officials Liability, an excess insurance limit of \$5,000,000 is available. For property coverage, there is a total of \$250,000,000 available through excess liens. There is a self-insurance retention of \$100,000 per occurrence for Worker's Compensation and excess coverage available up to the statutory maximum.

The Borough continues to carry commercial insurance for all other risks of loss, including health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreement allows for the pools to make additional assessments to make the pool self-sustaining. It is not possible to estimate the amount of such additional assessments.

The pools have published their own financial reports for the year ended December 31, 2011, which can be obtained from the Monmouth Municipal Joint Insurance Fund, 8 Lacey Road, Forked River, NJ 07731.

## NOTE 13 – DEFERRED COMPENSATION

The Borough of Neptune City offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable-emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the fund be held for exclusive benefit of the participating employees and their beneficiaries.

#### **NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 8, the Borough provides post retirement and disability health care benefits if an employee meets certain requirements. The Borough assumes a percentage of the health benefits coverage of the retiree and their eligible dependents if:

1. he or she has 25 or more years of service with the Borough of Neptune City; or
2. he or she retired on an approved disability retirement.

Currently, six employees meet the eligibility requirements. During 2011, the Borough paid approximately \$94,000.00 for these benefits.

#### **NOTE 14 – CONTINGENT OR OTHER LIABILITIES**

There are no liabilities, contingent or otherwise, which would not be covered by appropriation or insurance protection except as follows:

The contingent liability for unused sick time and compensatory time is approximately \$525,000.00. The amount due has been partially funded. As reported on Exhibit B-30, the funded portions for December 31, 2011 and 2010 were \$4,388.99 and \$20,252.06 respectively. Payments are made as required. The above amount is not required to be recorded on the financial statements per requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

#### **NOTE 15 – LENGTH OF SERVICE AWARDS PROGRAM**

The Borough of Neptune City offers its volunteer firefighters and members of emergency service squads a length of service awards program. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads. The plan provides a fixed annual contribution to each eligible volunteer who accumulated a minimum number of service points, with a maximum allowable plan cost for each year. As reported on Exhibit B-35, the Borough's contributions for December 31, 2011 and 2010 were \$22,400.00 and \$21,200.00 respectively. All amounts awarded under the plan shall remain the asset of the sponsoring agency, the obligation of the sponsoring agency to participant volunteers shall be contractual only, and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

#### **NOTE 16 – SUBSEQUENT EVENTS**

Subsequent to December 31, 2011 the Borough of Neptune City awarded various contracts for approximately \$400,000.00.

**SUPPLEMENTARY INFORMATION**

**Current Fund**  
**Schedule of Current Fund Cash - Collector and Treasurer**

A-4

	<u>Ref.</u>	<u>Regular</u>	
<b><u>Balance</u></b> - December 31, 2010	A	\$ 1,404,873.26	
 <b><u>Increased by Receipts</u></b>			
Interest and Costs on Taxes	A-2.1	53,685.31	
Property Taxes Receivable	A-15	11,427,743.97	
Prepaid Taxes	A-29	76,065.58	
Tax Overpayments	A-30	8,926.83	
Revenue Accounts Receivable	A-22	612,674.69	
State Aid	A-2.1	477,866.00	
Miscellaneous Revenue Not Anticipated	A-2.2	163,269.41	
Due to State of New Jersey -			
Senior Citizen and Veterans	A-41	67,125.00	
Interfunds	A	312,140.69	
Reserve for Clean Communities Grant	A:A-3	11,569.97	
Reserve for Alcohol Education Rehabilitation Fund	A	1,186.56	
Reserve for Alliance to Prevent Alcohol and Drug Abuse Grant	A:A-2.1	12,426.26	
Reserve for Drunk Driving Enforcement Fund	A:A-3	4,865.74	
Reserve for Body Armor Grant	A-2.1	1,948.53	
Reserve for Safe and Secure Communities Program	A:A-2.1	15,863.00	
Petty Cash Funds	A-11	200.00	
		13,247,557.54	
			14,652,430.80
 <b><u>Decreased by Disbursements</u></b>			
Appropriation Expenditures	A-3	5,443,176.90	
Appropriation Reserves	A-25	158,851.98	
Refund of Overpaid Taxes	A-30	8,926.83	
County Taxes	A-35	1,555,311.03	
District School Taxes	A-37	5,506,741.50	
Interfunds	A	465,383.75	
Petty Cash Funds	A-11	200.00	
Reserve for Drunk Driving Enforcement Fund	A:A-3	2,567.73	
Reserve for Clean Communities Grant	A:A-3	4,732.50	
Reserve for Alliance to Prevent Alcohol and Drug Abuse Grant	A:A-3	4,572.69	
Reserve for Safe and Secure Communities Program	A:A-3	105,000.00	
Reserve for Emergency Management Grant	A:A-3	6,032.42	
Reserve for Body Armor Grant	A-3	7,610.43	
Reserve for Hazardous Discharge Site Remediation Grant	A:A-3	17,643.89	
		13,286,751.65	
 <b><u>Balance</u></b> - December 31, 2011	 A	 \$ <u>1,365,679.15</u>	

**Current Fund**  
**Schedule of Change Funds**

A-10

	Balance Dec. 31, 2010	Received	Balance Dec. 31, 2011
Office			
Collector - Treasurer	\$ 350.00	0.00	350.00
Community Center	150.00	0.00	150.00
Library	45.00	0.00	45.00
Municipal Court	200.00	0.00	200.00
	<u>\$ 745.00</u>	<u>0.00</u>	<u>745.00</u>
<u>Ref.</u>	A	A-4	A

**Schedule of Petty Cash Funds**

A-11

	Received	Returned	Balance Dec. 31, 2011
Office			
Municipal Clerk	\$ 200.00	200.00	0.00
<u>Ref.</u>	A-4	A-4	A

**Current Fund**  
**Schedule of Taxes Receivable and Analysis of Property Tax Levy**

Year	Balance	2011 Levy	Collections	Over-	Canceled	Transferred to	Balance
	Dec. 31			Payments		Tax Title	Dec. 31
	2010			Applied		Liens	2011
2011	0.00	11,592,918.02	11,334,595.61	0.00	0.00	11,316.67	247,005.74
2010	220,710.55	7,993.67	227,965.40	0.00	0.00	0.00	738.82
	\$ 220,710.55	11,600,911.69	11,562,561.01	0.00	0.00	11,316.67	247,744.56
Ref.	A	A-15		A-30		A-16	A
A-29	Prepaid Applied		68,511.04				
A-4	Cash Received		11,427,743.97				
A-41	Veterans and Senior Citizens Allowance		66,306.00				
			\$ 11,562,561.01				

**Tax Yield**

	Ref.	
General Purpose Tax		\$ 11,538,826.13
Added Tax (54:4-63.1 et. seq.)		54,091.89
	A-15	\$ 11,592,918.02

**Tax Levy**

Local District School Tax (Abstract)	A-37	\$ 5,567,994.00
County Tax (Abstract)	A-35	1,365,603.21
County Library Tax (Abstract)	A-35	77,882.20
County Health Tax (Abstract)	A-35	26,328.64
County Open Space Taxes	A-35	82,073.82
Due County for Added Taxes (R.S. 54:4-63.1 et. seq.)	A-35	7,269.11
		1,559,156.98
		7,127,150.98
Local Tax for Municipal Purposes (Abstract)	A-2.1	4,416,278.52
Add: Additional Tax Levies		46,822.78
Add: Excess in Yield		2,665.74
		4,465,767.04
		\$ 11,592,918.02

**Schedule of Tax Title Liens**

	Ref.	
<b>Balance</b> - December 31, 2010	A	\$ 253,169.66
<b>Increased by</b>		
Transfers from Taxes Receivable	A-15	11,316.67
<b>Balance</b> - December 31, 2011	A	\$ 264,486.33

**Schedule of Property Acquired for Taxes**  
**(At Assessed Valuation)**

	Ref.	
<b>Balance</b> - December 31, 2010 and December 31, 2011	A	\$ 53,213.00

No change in 2011

**Current Fund**  
**Schedule of Revenue Accounts Receivable**

A-22

		Balance Dec. 31 2010	Accrued in 2011	Collected by Treasurer	Balance Dec. 31 2011
Licenses					
Alcoholic Beverages	A-2.1	\$ 0.00	9,300.00	9,300.00	0.00
Mercantile	A-2.1	0.00	16,345.00	16,345.00	0.00
Trailer Park	A-2.1	0.00	14,400.00	14,400.00	0.00
Marriage	A-2.2	0.00	124.00	124.00	0.00
Bingo and Raffle	A-2.2	0.00	20.00	20.00	0.00
Fees and Permits					
Uniform Construction Code	A-2.1	0.00	83,103.00	83,103.00	0.00
Certificate of Occupancy	A-2.1	0.00	16,845.00	16,845.00	0.00
Certified Copies	A-2.2	0.00	1,095.00	1,095.00	0.00
Street Opening Permits	A-2.2	0.00	7,961.10	7,961.10	0.00
Municipal Court					
Fines and Costs	A-2.1	19,192.65	307,318.32	301,368.21	25,142.76
Uniform Fire Safety Act	A-2.1	0.00	18,114.52	14,834.62	3,279.90
Cable Television Franchise Fees	A-2.1	28,253.40	44,914.49	29,561.40	43,606.49
Community Center Fees	A-2.1	0.00	49,711.75	49,711.75	0.00
Payments in Lieu of Taxes					
Housing Authority	A-2.1	0.00	54,454.50	54,454.50	0.00
Fire Prevention Permits	A-2.1	0.00	11,820.66	11,820.66	0.00
Search Fees	A-2.2	0.00	500.00	500.00	0.00
Police Accident Reports	A-2.2	0.00	1,230.45	1,230.45	0.00
		\$ 47,446.05	637,257.79	612,674.69	72,029.15
	Ref.	A		A-4	A

**Schedule of Deferred Charges**

A-23

		Balance Dec. 31 2010	Added in 2011	Raised in 2011 Budget	Balance Dec. 31 2011
Emergency Authorizations (40A:4-47)		\$ 0.00	0.00	0.00	0.00
	Ref.	A	A-3	A-3	A

**Schedule of Deferred Charges - Special Emergency Authorizations**

A-24

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31 2010</u>	<u>Added in 2011</u>	<u>Raised in Budget</u>	<u>Balance Dec. 31 2011</u>
		0.00		0.00	0.00	0.00	0.00
		\$ 0.00		0.00	0.00	0.00	0.00
	Ref.	A		A-1	A-3		A

**Current Fund**  
**Schedule of Appropriation Reserves and Reserve for Encumbrances - 2010**

A-25

	Balance Dec. 31 2010	Balance After Transfer	Paid or Charged	Lapsed
<b><u>Salaries and Wages</u></b>				
Administrator's Office	\$ 0.00	0.00	0.00	0.00
Mayor and Council	465.42	465.42	0.00	465.42
Municipal Clerk's Office	50.60	50.60	0.00	50.60
Financial Administration	96.67	96.67	0.00	96.67
Assessment of Taxes	316.74	316.74	0.00	316.74
Collection of Taxes	336.25	336.25	0.00	336.25
Municipal Court	1,131.17	1,131.17	0.00	1,131.17
Public Defender	363.26	363.26	0.00	363.26
Land Use Board	258.86	258.86	0.00	258.86
Code Enforcement	91.23	91.23	0.00	91.23
Police	29.73	29.73	0.00	29.73
Fire Prevention Bureau	274.68	274.68	0.00	274.68
Emergency Management Services	96.90	96.90	0.00	96.90
Municipal Prosecutor	4.97	4.97	0.00	4.97
Road Repairs and Maintenance	76.52	76.52	0.00	76.52
Solid Waste Collection	670.78	670.78	0.00	670.78
Public Buildings and Grounds	0.18	0.18	0.00	0.18
Administration of Public Assistance	212.27	212.27	0.00	212.27
Community Center	70.91	70.91	0.00	70.91
Library	1.54	1.54	0.00	1.54
Construction Official	236.30	236.30	0.00	236.30
Building Inspector	0.82	0.82	0.00	0.82
Plumbing Inspector	74.03	74.03	0.00	74.03
Electrical Inspector	21.92	21.92	0.00	21.92
Fire Inspector	125.78	125.78	0.00	125.78
<b><u>Other Expenses</u></b>				
Administrator's Office	1,300.27	1,300.27	221.31	1,078.96
Mayor and Council	152.50	152.50	0.00	152.50
Municipal Clerk's Office	446.43	446.43	0.00	446.43
Financial Administration	26.00	26.00	0.00	26.00
Audit Services	14,145.00	14,145.00	14,145.00	0.00
Assessment of Taxes	21.31	21.31	18.89	2.42
Collection of Taxes	74.02	74.02	18.88	55.14
Legal Services and Costs	5,014.85	3,204.85	3,045.00	159.85
Municipal Court	984.24	984.24	977.89	6.35
Public Defender	300.00	300.00	0.00	300.00
Engineering Services and Costs	97.50	97.50	0.00	97.50
Land Use Board	2,829.47	2,829.47	642.25	2,187.22
Code Enforcement	6.48	6.48	0.00	6.48
Employee Group Health Insurance	11,458.67	11,458.67	0.00	11,458.67
Fire Hydrant Service	3,427.01	3,427.01	0.00	3,427.01
Volunteer Ambulance Co.	200.00	200.00	0.00	200.00
Fire - Misc. Other Expenses	3,373.36	3,373.36	3,074.70	298.66

**Current Fund**  
**Schedule of Appropriation Reserves and Reserve for Encumbrances - 2010**

A-25  
(Continued)

	<u>Balance</u> Dec. 31 2010	<u>Balance</u> After Transfer	<u>Paid or</u> <u>Charged</u>	<u>Lapsed</u>
<b><u>Other Expenses - Continued</u></b>				
Police	12,426.57	12,426.57	12,371.20	55.37
Fire Prevention Bureau	603.41	603.41	118.89	484.52
Emergency Management Services	703.64	3,913.64	3,188.46	725.18
Municipal Prosecutor	300.00	300.00	0.00	300.00
Road Repairs and Maintenance	4,023.73	4,023.73	3,709.45	314.28
Traffic Lights	145.97	145.97	0.00	145.97
Solid Waste Collection	66,359.52	66,359.52	59,186.14	7,173.38
Public Buildings and Grounds	731.03	731.03	684.96	46.07
Maintenance of Borough Vehicles	6,074.38	6,074.38	5,875.30	199.08
Administration of Public Assistance	87.13	87.13	18.89	68.24
Animal Control	115.00	115.00	0.00	115.00
Board of Recreation	56.91	56.91	0.00	56.91
Parks and Playgrounds	697.67	697.67	605.45	92.22
Community Center	6.90	6.90	0.00	6.90
Library	14.75	14.75	12.31	2.44
Construction Official	776.75	776.75	105.23	671.52
Building Inspector	76.20	76.20	0.00	76.20
Plumbing Inspector	100.00	100.00	0.00	100.00
Electrical Inspector	14.50	14.50	0.00	14.50
Fire Inspector	100.00	100.00	0.00	100.00
Interest on Tax Appeals	450.00	450.00	0.00	450.00
Celebration of Public Events	415.33	415.33	298.27	117.06
Electric	5,011.60	3,611.60	0.00	3,611.60
Street Lighting	5,037.25	5,037.25	4,294.25	743.00
Telephone	2,830.33	2,830.33	31.74	2,798.59
Water	391.59	391.59	0.00	391.59
Natural Gas	8,725.15	8,725.15	2,790.78	5,934.37
Gasoline	1,135.02	1,135.02	0.00	1,135.02
Contingent	1,001.85	1,001.85	0.00	1,001.85
Social Security Administration	455.81	455.81	0.00	455.81
Interlocal Agreement Payable	6,000.00	6,000.00	5,600.00	400.00
Length of Service Awards Program	30,000.00	30,000.00	22,400.00	7,600.00
Purchase of Office Equipment	4,000.00	4,000.00	2,754.29	1,245.71
Purchase of Weapons	1,243.50	1,243.50	11,386.14	(10,142.64)
Improvements to Borough Hall	11,000.00	11,000.00	0.00	11,000.00
Grant Reserves	0.00	0.00	1,276.31	(1,276.31)
	<u>\$ 219,976.13</u>	<u>219,976.13</u>	<u>158,851.98</u>	<u>61,124.15</u>
			A-4	A-1
Appropriation Reserves	A 192,605.33			
Reserve for Encumbrances	A 27,370.80			
	<u>\$ 219,976.13</u>			

**Current Fund**  
**Schedule of Reserve for Master Plan**

A-27

	<u>Ref.</u>	
<b><u>Balance</u></b> - December 31, 2010 and December 31, 2011	A	\$ <u>12,100.00</u>
No change in 2011		

**Schedule of Prepaid Taxes**

A-29

	<u>Ref.</u>	
<b><u>Balance</u></b> - December 31, 2010 (2011 Taxes)	A	\$ 68,511.04
<b><u>Increased by</u></b>		
Collection of 2012 Taxes	A-4	<u>76,065.58</u> 144,576.62
<b><u>Decreased by</u></b>		
Applied to 2011 Taxes Receivable	A-15	<u>68,511.04</u>
<b><u>Balance</u></b> - December 31, 2011 (2012 Taxes)	A	\$ <u>76,065.58</u>

**Schedule of Tax Overpayments**

A-30

	<u>Ref.</u>	
<b><u>Balance</u></b> - December 31, 2010	A	\$ 0.00
<b><u>Increased by</u></b>		
Overpayments in 2011	A-4	<u>8,926.83</u> 8,926.83
<b><u>Decreased by</u></b>		
Refunds	A-4	<u>8,926.83</u>
<b><u>Balance</u></b> - December 31, 2011	A	\$ <u>0.00</u>

**Current Fund**  
**Schedule of County Taxes Payable**

A-35

	<u>Ref.</u>		
<b><u>Balance</u></b> - December 31, 2010	A	\$	3,359.50
 <b><u>Increased by</u></b>			
2011 Levy	A-1:A-15	1,551,887.87	
Added Taxes (2011 - \$7,269.11; 2010 - \$1,116.19 and \$63.66)	A-1:A-15	<u>8,448.96</u>	
			1,560,336.83
			<u>1,563,696.33</u>
 <b><u>Decreased by</u></b>			
Payments	A-4		<u>1,555,311.03</u>
<b><u>Balance</u></b> - December 31, 2011	A	\$	<u><u>8,385.30</u></u>

**Schedule of Local District School Tax**

A-37

	<u>Ref.</u>		
<b><u>Balance</u></b> - December 31, 2010			
School Tax Deferred		\$ 1,675,000.00	
School Tax Payable	A	<u>1,047,744.38</u>	
			2,722,744.38
 <b><u>Increased by</u></b>			
Levy - School Year			
July 1, 2011 to June 30, 2012	A-15		<u>5,567,994.00</u>
			8,290,738.38
 <b><u>Decreased by</u></b>			
Payments	A-4		<u>5,506,741.50</u>
<b><u>Balance</u></b> - December 31, 2011			
School Tax Deferred		1,675,000.00	
School Tax Payable	A	<u>1,108,996.88</u>	
2011 Liability for Local District School Tax			\$ <u><u>2,783,996.88</u></u>
 Tax Paid			
	A-37	\$	5,506,741.50
Tax Payable - December 31, 2011	A-37		<u>1,108,996.88</u>
			6,615,738.38
Less: Tax Payable - December 31, 2010	A-37		<u>1,047,744.38</u>
Amount Charged to 2011 Operations	A-1	\$	<u><u>5,567,994.00</u></u>

**Current Fund**  
**Schedule of Due To State of New Jersey**

A-41

	<u>Ref.</u>		
<b><u>Balance</u></b> - December 31, 2010			
( Due to State of New Jersey)	A		\$ 2,288.38
<b><u>Increased by</u></b>			
Senior Citizens Deductions Disallowed by Tax Collector	A-15	2,694.00	
Veterans Deductions Disallowed by Tax Collector	A-15	500.00	
Received in Cash From State of New Jersey	A-4	<u>67,125.00</u>	
			<u>70,319.00</u>
			72,607.38
<b><u>Decreased by</u></b>			
Senior Citizens Deductions per Tax Billings	A-15	15,000.00	
Veterans Deductions per Tax Billings	A-15	53,500.00	
Veterans Deductions Allowed by Tax Collector	A-15	500.00	
Senior Citizens Deductions Allowed by Tax Collector	A-15	<u>500.00</u>	
			<u>69,500.00</u>
 <b><u>Balance</u></b> - December 31, 2011			
( Due to State of New Jersey)	A		\$ <u><u>3,107.38</u></u>

**Trust Fund**  
**Schedule of Trust Cash - Treasurer**

B-4

	<u>Ref.</u>	
<b><u>Balance</u></b> - December 31, 2010	B	\$ 573,596.44
<b><u>Increased by Receipts</u></b>		
Dog License Fees	B-23	6,065.20
Interest on Investments	B-23:B-26:B-27:B-28, B-30:B-31:B-34	672.45
Earnings Appreciation	B-35	(467.75)
Miscellaneous Fines and Assessments	B-23:B-26:B-27:B-28	6,262.00
Miscellaneous Fees	B-23:B-29	6,340.30
Miscellaneous Donations and Fundraisers	B-31	500.00
Miscellaneous Trust Deposits	B-24	172,273.95
Budget Appropriations	B-30:B-35	44,400.00
Developer Escrow Deposits	B-25	109,348.87
Payroll Deductions	B-32	2,330,877.37
Gross Payroll	B-33	<u>3,310,981.51</u>
		5,987,253.90
		<u>6,560,850.34</u>
<b><u>Decreased by Disbursements</u></b>		
Developers' Expenses	B-25	94,570.77
Expenditures Under R.S. 4:19-15.11	B-23	8,873.00
Miscellaneous Expenses	B-26:B-27:B-28, B-29:B-30:B-31:B-34	71,187.14
Miscellaneous Trust Disbursements	B-23:B-24:B-35	139,097.86
Payroll Liabilities	B-32:B-33	<u>5,653,992.30</u>
		<u>5,967,721.07</u>
<b><u>Balance</u></b> - December 31, 2011	B	<u>\$ 593,129.27</u>

**Trust Fund**  
**Schedule of Reserve for Unemployment Trust Fund**

	<u>Ref.</u>	<u>B-34</u>
<b><u>Balance</u></b> - December 31, 2010	B	\$ 125,439.68
<b><u>Increased by</u></b>		
Interest on Investments	B-4	503.84
		<u>125,943.52</u>
<b><u>Decreased by</u></b>		
Unemployment Expenses	B-4	17,942.33
		<u>17,942.33</u>
<b><u>Balance</u></b> - December 31, 2011	B	<u>\$ 108,001.19</u>

**Schedule of Length of Service Awards Program Fund**

	<u>Ref.</u>	<u>B-35</u>
<b><u>Balance</u></b> - December 31, 2010	B	\$ 153,048.49
<b><u>Increased by</u></b>		
Earnings Appreciation	B-4	(467.75)
Budget Appropriation	A-25:B-4	<u>22,400.00</u>
		21,932.25
		<u>174,980.74</u>
<b><u>Decreased by</u></b>		
Withdrawals and Charges	B-4	<u>5,829.05</u>
<b><u>Balance</u></b> - December 31, 2011	B	<u>\$ 169,151.69</u>

**Capital Fund**  
**Schedule of General Capital Cash - Treasurer**

	<u>Ref.</u>	<u>C-2</u>
<b>Balance</b> - December 31, 2010	C	\$ 46,523.90
<b>Increased by Receipts</b>		
Interest on Investments	C-11	258.42
Interfund with Current Fund	C-11	230,000.00
Federal and State Aid	C-4	490,666.75
		<u>720,925.17</u>
		767,449.07
<b>Decreased by Disbursements</b>		
Improvement Authorizations	C-14	759,778.92
Interfund with Current Fund	C-11	238.52
		<u>760,017.44</u>
<b>Balance</b> - December 31, 2011	C	\$ <u>7,431.63</u>

**Analysis of General Capital Cash**

	<u>Dec. 31</u>				<u>Dec. 31</u>
	2010	Receipts	Disbursements	Transfers	2011
Capital Improvement Fund	\$ 7,300.00	0.00	0.00	19,500.00	26,800.00
Fund Balance	14,931.50	0.00	0.00	0.00	14,931.50
Interfund Due to Current Fund	426,840.08	230,258.42	238.52	(329,000.00)	327,859.98
Federal and State Aid Receivable	(47,986.00)	490,666.75	0.00	(521,142.00)	(78,461.25)
Improvement Authorizations:					
Renovations to Municipal Building	13,865.34	0.00	0.00	0.00	13,865.34
Improvements to Oliver Drive, Etc.	68.47	0.00	0.00	0.00	68.47
Purchase of Fire Vehicle-2000	(225.00)	0.00	0.00	0.00	(225.00)
Purchase of Police Dispatch Equipment	19,480.43	0.00	44,258.38	20,000.00	(4,777.95)
Purchase of Leaf Collector	(225.00)	0.00	0.00	0.00	(225.00)
Pedestrian Corridor-Sylvania Avenue	(6,012.50)	0.00	0.00	0.00	(6,012.50)
2003 Road Improvements - Laurel, Woodland, Etc.	(4,511.39)	0.00	0.00	0.00	(4,511.39)
Purchase of Video Conferencing Equipment	(8,823.24)	0.00	0.00	0.00	(8,823.24)
Purchase of Dump Truck	(666.88)	0.00	0.00	0.00	(666.88)
Improvement to Roads - Laird, Holly Etc.	(6,520.62)	0.00	0.00	0.00	(6,520.62)
Improvements to Avondale Avenue	(4,421.88)	0.00	0.00	0.00	(4,421.88)
Purchase of Communication Equipment	(20,396.45)	0.00	30.00	20,000.00	(426.45)
Improvement to Ridge Ave., McAneny St., Etc.	(479.25)	0.00	0.00	0.00	(479.25)
Purchase of Front End Loader	(19,478.13)	0.00	450.00	0.00	(19,928.13)
Improvements to Evergreen Ave., Etc.	(4,256.24)	0.00	0.00	0.00	(4,256.24)
Purchase of Phone System	(20,813.26)	0.00	0.00	0.00	(20,813.26)
Purchase of Street Sweeper	(3,500.00)	0.00	0.00	0.00	(3,500.00)
Improvements to Bennett Ave., Etc.	(47,706.79)	0.00	0.00	0.00	(47,706.79)
Improvements to Third Avenue	7,574.28	0.00	0.00	0.00	7,574.28
Improvements to Adams Field	(121,900.20)	0.00	0.00	120,000.00	(1,900.20)
Improvements to Fourth Ave., Etc.	(14,990.30)	0.00	0.00	0.00	(14,990.30)
Improvements to Fifth Ave.	(1,788.80)	0.00	1,972.50	0.00	(3,761.30)
Purchase of Leaf Collector 2008	(30,295.00)	0.00	0.00	0.00	(30,295.00)
Improvements to East End, W. Sylvania	(35,071.60)	0.00	0.00	0.00	(35,071.60)
Improvements to Fifth Ave. Phase II	(18,556.00)	0.00	0.00	0.00	(18,556.00)
Improvements to Adams Field	32,533.23	0.00	150.00	0.00	32,383.23
Purchase of Video Equipment	(22,893.60)	0.00	0.00	0.00	(22,893.60)
Installation of Underground Fuel System	(37,888.15)	0.00	0.00	0.00	(37,888.15)
Purchase of Dump Truck	(96,955.38)	0.00	75.00	90,000.00	(7,030.38)
Improvements to Memorial Park	7,954.71	0.00	41,977.15	20,000.00	(14,022.44)
Improvements to Community Center	92,337.52	0.00	239,837.52	117,297.00	(30,203.00)
Improvements to Springdale, Oliver, Etc.	0.00	0.00	400,705.37	421,345.00	20,639.63
Borough Hall Security Improvements	0.00	0.00	30,323.00	22,000.00	(8,323.00)
	\$ <u>46,523.90</u>	<u>720,925.17</u>	<u>760,017.44</u>	<u>0.00</u>	<u>7,431.63</u>
<u>Ref.</u>	C	C-2	C-2		C

**Capital Fund**  
**Schedule of Deferred Charges to Future Taxation - Unfunded**

C-10

Date	Improvement Description	Balance		Charges and Notes Paid		Balance		Analysis of Balance December 31, 2011		Unexpended
		Dec. 31, 2010	Authorizations	Federal and State Aid	By Budget Appropriation	Dec. 31, 2011	Payable	Expenditures	Improvements	
		\$ 10,862.87	0.00	0.00	0.00	10,862.87	0.00	0.00	10,862.87	
12/31/94	Purchase of Fire Pumper Truck	6,566.36	0.00	0.00	0.00	6,566.36	0.00	0.00	6,566.36	
04/08/96	Roadway Improvements	1,322.17	0.00	0.00	0.00	1,322.17	0.00	0.00	1,322.17	
03/09/98	Purchase of Dump Truck	4,500.00	0.00	0.00	0.00	4,500.00	0.00	0.00	4,500.00	
04/27/98	Improvements to Oliver Drive	1,450.00	0.00	0.00	0.00	1,450.00	0.00	0.00	1,450.00	
12/28/98, 08/08/99	Purchase of Fire Vehicle-2000	985.50	0.00	0.00	0.00	985.50	0.00	225.00	760.50	
06/26/00	Improvement to Riverdale and Locust Aves.	210,230.67	0.00	0.00	0.00	210,230.67	0.00	0.00	210,230.67	
08/28/00	Purchase of Police Equipment	137,500.00	0.00	0.00	7,500.00	130,000.00	125,000.00	4,777.95	222.05	
08/28/00, 06/11/01	Purchase of Leaf Collector	2,568.24	0.00	0.00	0.00	2,568.24	0.00	225.00	2,343.24	
12/11/00	Pedestrian Corridor/Sylvania Avenue	27,978.30	0.00	0.00	4,000.00	23,978.30	5,000.00	6,012.50	12,965.80	
05/09/01	2001 Roadway Improvements	7,071.20	0.00	0.00	0.00	7,071.20	0.00	0.00	7,071.20	
11/12/01	Construction of Recreation Center	280,000.00	0.00	0.00	60,000.00	220,000.00	220,000.00	0.00	0.00	
11/12/01, 03/08/04	Improvements to Firehouse	35,211.24	0.00	0.00	5,000.00	30,211.24	30,000.00	0.00	211.24	
04/08/02, 09/09/02	Improvements to Laurel Avenue	85,362.97	0.00	0.00	30,000.00	55,362.97	50,500.00	4,511.39	351.58	
07/08/02	Video Conferencing Equipment	14,250.00	0.00	0.00	0.00	14,250.00	0.00	8,823.24	5,426.76	
09/09/02	Purchase of Dump Truck	61,500.00	0.00	0.00	9,000.00	52,500.00	50,000.00	666.88	1,833.12	
12/23/02	Improvements to Laird Avenue	87,000.00	0.00	0.00	10,000.00	77,000.00	70,000.00	6,520.62	479.38	
12/22/03	Improvements to Avondale Avenue	134,850.00	0.00	0.00	15,000.00	119,850.00	85,000.00	4,421.88	30,428.12	
03/08/04	Purchase of Communication Equipment	38,000.00	0.00	0.00	2,500.00	35,500.00	35,000.00	426.45	73.55	
05/10/04	Improvements to Ridge Ave. and McAneny St.	43,439.00	0.00	0.00	6,000.00	37,439.00	25,000.00	479.25	11,959.75	
05/10/04	Purchase of Front End Loader	106,700.00	0.00	0.00	8,200.00	98,500.00	55,000.00	19,928.13	23,571.87	
04/11/05, 11/28/05	Improvements to Evergreen Ave., Etc.	139,350.00	0.00	0.00	15,000.00	124,350.00	115,000.00	4,256.24	5,093.76	
06/15/05	Purchase of Telephone System	20,900.00	0.00	0.00	0.00	20,900.00	0.00	20,813.26	86.74	
06/15/05	Purchase of Street Sweeper	93,500.00	0.00	0.00	20,000.00	73,500.00	70,000.00	3,500.00	0.00	
11/14/05	Improvements to Bennett Ave., Etc.	158,100.00	0.00	0.00	10,000.00	148,100.00	100,000.00	47,706.79	393.21	
07/24/06	Improvements to Third Avenue	110,687.00	0.00	0.00	10,000.00	100,687.00	80,000.00	0.00	20,687.00	
	Improvements to Adams Field	191,500.00	0.00	0.00	5,000.00	186,500.00	184,599.80	1,900.20	0.00	
02/26/07	Improvements to Fourth Ave., Etc.	145,883.76	0.00	0.00	5,000.00	140,883.76	120,000.00	14,990.30	5,893.46	
04/11/08	Improvements to Fifth Ave.	55,100.00	0.00	0.00	0.00	55,100.00	0.00	3,761.30	51,338.70	
06/23/08	Purchase of Leaf Collector 2008	31,350.00	0.00	0.00	0.00	31,350.00	0.00	30,295.00	1,055.00	
04/28/08	Improvements to East End, W. Sylvania	37,536.00	0.00	0.00	0.00	37,536.00	0.00	35,071.60	2,464.40	
03/09/09	Improvements to Fifth Ave. Phase II	18,556.00	0.00	0.00	0.00	18,556.00	0.00	18,556.00	0.00	
04/13/09	Improvements to Adams Field	17,500.00	0.00	0.00	0.00	17,500.00	0.00	0.00	17,500.00	
10/26/09	Purchase of Video Equipment	25,175.00	0.00	0.00	0.00	25,175.00	0.00	22,893.60	2,281.40	
10/26/09	Installation of Underground Fuel System	38,000.00	0.00	0.00	0.00	38,000.00	0.00	37,888.15	111.85	
10/26/09	Purchase of Dump Truck	99,750.00	0.00	0.00	0.00	99,750.00	90,000.00	7,030.38	2,719.62	
07/12/10	Improvements to Memorial Park	246,525.00	0.00	0.00	0.00	246,525.00	130,000.00	14,022.44	102,502.56	
07/26/10	Improvements to Community Center	237,500.00	0.00	207,297.00	0.00	30,203.00	0.00	30,203.00	0.00	
05/23/11	Improvements to Springdale, Oliver, Etc.	0.00	128,655.00	0.00	0.00	128,655.00	100,000.00	0.00	28,655.00	
02/28/11	Borough Hall Security Improvements	0.00	38,000.00	0.00	0.00	38,000.00	20,000.00	8,323.00	9,677.00	
		\$ 2,964,261.28	166,655.00	207,297.00	222,200.00	2,761,419.28	1,760,099.80	358,229.55	583,089.93	
			C-22	C-14-C-22	A-3-C-19	C	C-19	C-4		

Ref: Improvement Authorizations - Unfunded  
Less: Excess Financing

657,620.88  
74,530.95  
\$ 583,089.93

**Capital Fund**  
**Schedule of Interfund With Current Fund**

	<u>Ref.</u>		<u>C-11</u>
<b><u>Balance</u></b> - December 31, 2010 (Due to)	C	\$	426,840.08
<b><u>Increased by</u></b>			
Interest on Investments	C-2	258.42	
Cash Received	C-2	<u>230,000.00</u>	
			230,258.42
			<u>657,098.50</u>
<b><u>Decreased by</u></b>			
Interest Transfers	C-2	238.52	
Bond Anticipation Notes Issued	C-19	300,000.00	
Budget Appropriation - Capital Improvement Fund	A-3:C-12	<u>29,000.00</u>	
			329,238.52
<b><u>Balance</u></b> - December 31, 2011 (Due to)	C	\$	<u><u>327,859.98</u></u>

**Schedule of Capital Improvement Fund**

	<u>Ref.</u>		<u>C-12</u>
<b><u>Balance</u></b> - December 31, 2010	C	\$	7,300.00
<b><u>Increased by</u></b>			
Budget Appropriation - Capital Improvement Fund	C-11		<u>29,000.00</u>
			36,300.00
<b><u>Decreased by</u></b>			
Appropriation to Finance Improvement Authorizations	C-14		<u>9,500.00</u>
<b><u>Balance</u></b> - December 31, 2011	C	\$	<u><u>26,800.00</u></u>

**Capital Fund  
Improvement Authorizations - General Capital**

Improvement Description	Date	Amount	Balance December 31, 2010		Capital Improvement Fund	Deferred Charges To Future Taxation	State Aid	Paid or Charged	Balance December 31, 2011	
			Funded	Unfunded					Funded	Unfunded
			\$							
Purchase of Fire Pumper Truck	12/31/1994	395,000.00	0.00	10,862.87	0.00	0.00	0.00	0.00	10,862.87	
Renovation of Municipal Building	12/11/95	85,000.00	0.00	13,865.34	0.00	0.00	0.00	0.00	13,865.34	
Roadway Improvement Program	04/08/96	240,000.00	0.00	6,566.36	0.00	0.00	0.00	0.00	6,566.36	
Purchase of Dump Truck	03/09/98	60,000.00	0.00	1,322.17	0.00	0.00	0.00	0.00	1,322.17	
Improvements to Oliver Drive, Etc.	04/27/98	110,000.00	0.00	4,568.47	0.00	0.00	0.00	0.00	4,568.47	
Improvements to Wall Road, Etc.	12/28/98, 08/09/99	235,000.00	0.00	1,450.00	0.00	0.00	0.00	0.00	1,450.00	
Purchase of Fire Vehicle 2001	04/10/00	35,000.00	0.00	760.50	0.00	0.00	0.00	0.00	760.50	
Improvement to Riverdale/Locust Avenues	06/26/00	270,000.00	0.00	210,230.67	0.00	0.00	0.00	0.00	210,230.67	
Purchase of Police Dispatch Equipment	08/28/00, 6/11/2001	150,000.00	0.00	44,480.43	0.00	0.00	44,258.58	0.00	222.05	
Purchase of Leaf Collector	08/28/00	30,000.00	0.00	2,343.24	0.00	0.00	0.00	0.00	2,343.24	
Pedestrian Corridor-Sylvania Avenue	12/11/00	10,000.00	0.00	12,965.80	0.00	0.00	0.00	0.00	12,965.80	
2001 Roadway Improvements	05/29/01	250,000.00	0.00	7,071.20	0.00	0.00	0.00	0.00	7,071.20	
Improvements to Firehouse	11/12/01, 3/8/2004	50,000.00	0.00	211.24	0.00	0.00	0.00	0.00	211.24	
Improvements to Laurel Avenue	04/08/02, 9/9/2002	395,000.00	0.00	351.58	0.00	0.00	0.00	0.00	351.58	
Video Conferencing Equipment	07/08/02	15,000.00	0.00	5,426.76	0.00	0.00	0.00	0.00	5,426.76	
Purchase of Dump Truck	09/09/02	70,000.00	0.00	1,833.12	0.00	0.00	0.00	0.00	1,833.12	
Improvements to Laird Avenue	12/23/02	320,000.00	0.00	479.38	0.00	0.00	0.00	0.00	479.38	
Improvements to Avondale Avenue	12/22/03	370,000.00	0.00	30,428.12	0.00	0.00	0.00	0.00	30,428.12	
Purchase of Communication Equipment	03/08/04	40,000.00	0.00	103.55	0.00	0.00	0.00	0.00	103.55	
Improvement to Ridges Ave., McAnony St., Etc.	05/10/04	250,000.00	0.00	11,959.75	0.00	0.00	0.00	0.00	11,959.75	
Purchase of Front End Loader	05/10/04	130,000.00	0.00	24,021.87	0.00	0.00	450.00	0.00	23,571.87	
Improvements to Evergreen Ave., Etc.	04/11/05, 11/28/05	331,000.00	0.00	5,093.76	0.00	0.00	0.00	0.00	5,093.76	
Purchase of Telephone System	06/15/05	22,000.00	0.00	86.74	0.00	0.00	0.00	0.00	86.74	
Improvements to Benmet Ave., Etc.	11/14/05	300,000.00	0.00	393.21	0.00	0.00	0.00	0.00	393.21	
Improvements to Third Avenue	07/24/06	330,000.00	0.00	28,261.28	0.00	0.00	0.00	0.00	28,261.28	
Improvements to Adams Field	07/24/06, 02/26/07	470,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Improvements to Fourth Ave., Etc.	02/26/07	360,000.00	0.00	5,893.46	0.00	0.00	0.00	0.00	5,893.46	
Improvements to Fifth Ave.	04/11/08	250,000.00	0.00	53,311.20	0.00	0.00	1,972.50	0.00	51,338.70	
Purchase of Leaf Collector 2008	06/23/08	33,000.00	0.00	1,055.00	0.00	0.00	0.00	0.00	1,055.00	
Improvements to East End, W. Sylvania	04/28/08	253,000.00	0.00	2,464.40	0.00	0.00	0.00	0.00	2,464.40	
Improvements to Fifth Ave. Phase II	03/09/09	211,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Improvements to Adams Field	04/13/09	70,000.00	0.00	50,033.23	0.00	0.00	0.00	0.00	49,883.23	
Purchase of Video Equipment	10/26/09	26,500.00	0.00	2,281.40	0.00	0.00	150.00	0.00	2,281.40	
Installation of Underground Fuel System	10/26/09	40,000.00	0.00	111.85	0.00	0.00	0.00	0.00	111.85	
Purchase of Dump Truck	10/26/09	105,000.00	0.00	2,794.62	0.00	0.00	75.00	0.00	2,719.62	
Improvements to Memorial Park	07/26/10	259,500.00	0.00	144,479.71	0.00	0.00	41,977.15	0.00	102,502.56	
Improvements to Community Center	07/26/10	250,000.00	2,337.52	237,500.00	0.00	0.00	239,837.52	0.00	0.00	
Improvements to Springdale, Oliver, Etc.	05/23/11	450,000.00	0.00	0.00	7,500.00	313,845.00	400,705.37	0.00	49,294.63	
Borough Hall Security Improvements	02/28/11	40,000.00	0.00	0.00	2,000.00	0.00	30,323.00	0.00	9,677.00	
		\$	2,337.52	925,062.28	9,500.00	166,655.00	313,845.00	759,778.92	0.00	657,620.88

Ref.

Capital Fund  
Schedule of Bond Anticipation Notes

Original Date of Issue	Date of Issue	Maturity	Interest Rate	Balance		Increased	Decreased	Balance Dec. 31, 2011
				Dec. 31, 2010				
Improvements to Laurel Avenue	12/09/03	12/02/12	[a]	80,500.00	0.00	0.00	30,000.00	50,500.00
Construction of Senior/ Recreation Center	12/09/03	05/20/12	1.50%	180,000.00	0.00	0.00	40,000.00	140,000.00
Construction of Senior/ Recreation Center	12/09/03	12/01/12	[a]	100,000.00	0.00	0.00	20,000.00	80,000.00
Purchase of Street Sweeper	07/13/05	07/08/12	1.50%	90,000.00	0.00	0.00	20,000.00	70,000.00
Purchase of Front End Loader	12/27/05	12/20/12	[a]	63,200.00	0.00	0.00	8,200.00	55,000.00
Improvements to Laird Avenue	12/27/05	12/06/12	[a]	80,000.00	0.00	0.00	10,000.00	70,000.00
Improvements to Avondale Avenue	12/27/05	12/06/12	[a]	80,000.00	0.00	0.00	10,000.00	70,000.00
Improvements to Avondale Avenue	12/10/08	12/07/12	1.00%	20,000.00	0.00	0.00	5,000.00	15,000.00
Improvements to Evergreen Ave., Etc.	12/27/05	12/06/12	[a]	80,000.00	0.00	0.00	10,000.00	70,000.00
Improvements to Evergreen Ave., Etc.	12/10/08	12/07/12	1.00%	50,000.00	0.00	0.00	5,000.00	45,000.00
Improvements to Firehouse	12/10/06	12/02/12	[a]	35,000.00	0.00	0.00	5,000.00	30,000.00
Pedestrian Corridor	12/10/06	12/02/12	[a]	9,000.00	0.00	0.00	4,000.00	5,000.00
Improvements to Ridge Ave., Etc.	10/12/07	10/06/12	0.80%	31,000.00	0.00	0.00	6,000.00	25,000.00
Improvements to Bennett Ave., Etc.	10/12/07	10/06/12	0.80%	110,000.00	0.00	0.00	10,000.00	100,000.00
Improvements to Third Avenue	10/12/07	10/06/12	0.80%	90,000.00	0.00	0.00	10,000.00	80,000.00
Purchase of Dump Truck	10/09/07	10/06/12	[a]	59,000.00	0.00	0.00	9,000.00	50,000.00
Purchase of Police Equipment	12/10/08	12/07/12	[a]	37,500.00	0.00	0.00	2,500.00	35,000.00
Improvements to Adams Field	12/23/07	12/20/12	[a]	69,599.80	0.00	0.00	5,000.00	64,599.80
Improvements to Adams Field	12/27/11	12/27/12	[a]	0.00	120,000.00	0.00	0.00	120,000.00
Improvements to Fourth Ave., Etc.	12/10/08	12/07/12	1.00%	125,000.00	0.00	0.00	5,000.00	120,000.00
Purchase of Communication Equipment	10/09/07	10/06/12	[a]	75,000.00	0.00	0.00	5,000.00	70,000.00
Purchase of Communication Equipment	12/10/08	12/07/12	[a]	17,500.00	0.00	0.00	2,500.00	15,000.00
Purchase of Communication Equipment	12/27/11	12/27/12	[a]	0.00	40,000.00	0.00	0.00	40,000.00
Improvements to Memorial Park	12/30/10	12/27/12	[a]	110,000.00	0.00	0.00	0.00	110,000.00
Improvements to Memorial Park	12/27/11	12/27/12	[a]	0.00	20,000.00	0.00	0.00	20,000.00
Purchase of 2010 Dump Truck	12/30/10	12/27/12	[a]	90,000.00	0.00	0.00	0.00	90,000.00
Borough Hall Security Improvements	12/27/11	12/27/12	[a]	0.00	20,000.00	0.00	0.00	20,000.00
Improvements to Springdale, Oliver, Etc.	12/27/11	12/27/12	[a]	0.00	100,000.00	0.00	0.00	100,000.00
				\$ 1,682,299.80	300,000.00	222,200.00	1,760,099.80	
				C	C-22	C-10	A:C:C-10	

[a] Note payable to Current Fund at 0% interest

**Capital Fund**  
**Schedule of Bonds and Notes Authorized But Not Issued**

C-22

Improvement Description	Date	Amount	Balance		2011 Authorized	Funded by Budget Appropriation	Federal and State Aid	Bond Anticipation Notes Issued	Balance	
			Dec. 31 2010	Dec. 31 2011					Dec. 31 2011	Dec. 31 2011
Purchase of Fire Pumper Truck	12/31/94	395,000.00	\$ 10,862.87	0.00	0.00	0.00	0.00	0.00	10,862.87	
Roadway Improvement Program	04/08/96	228,000.00	6,566.36	0.00	0.00	0.00	0.00	0.00	6,566.36	
Purchase of Dump Truck	03/09/98	57,000.00	1,322.17	0.00	0.00	0.00	0.00	0.00	1,322.17	
Improvements to Oliver Drive, Etc.	04/27/98	104,500.00	4,500.00	0.00	0.00	0.00	0.00	0.00	4,500.00	
Improvements to Wall Road, Etc.	12/28/98,08/09/98	223,250.00	1,450.00	0.00	0.00	0.00	0.00	0.00	1,450.00	
Purchase of Fire Vehicle 2001	04/10/00	33,250.00	985.50	0.00	0.00	0.00	0.00	0.00	985.50	
Improvements to Riverdale and Locust Avenues	06/26/00	256,500.00	210,230.67	0.00	0.00	0.00	0.00	0.00	210,230.67	
Purchase of Police Dispatch Equipment	08/28/00,06/11/01	142,500.00	45,000.00	0.00	0.00	0.00	40,000.00	0.00	5,000.00	
Purchase of Leaf Collector	08/28/00	28,500.00	2,568.24	0.00	0.00	0.00	0.00	0.00	2,568.24	
Pedestrian Corridor-Sylvania Avenue	12/11/00	190,000.00	18,978.30	0.00	0.00	0.00	0.00	0.00	18,978.30	
2001 Roadway Improvements	05/29/01	237,500.00	7,071.20	0.00	0.00	0.00	0.00	0.00	7,071.20	
Improvements to Firehouse	11/21/01,03/8/04	47,500.00	211.24	0.00	0.00	0.00	0.00	0.00	211.24	
Improvements to Laurel Avenue	04/08/02,09/09/02	375,250.00	4,862.97	0.00	0.00	0.00	0.00	0.00	4,862.97	
Video Conferencing Equipment	07/08/02	14,250.00	14,250.00	0.00	0.00	0.00	0.00	0.00	14,250.00	
Purchase of Dump Truck	09/09/02	66,500.00	2,500.00	0.00	0.00	0.00	0.00	0.00	2,500.00	
Improvements to Laird Avenue	12/23/02	304,000.00	7,000.00	0.00	0.00	0.00	0.00	0.00	7,000.00	
Improvements to Avondale Avenue	12/22/03	361,850.00	34,850.00	0.00	0.00	0.00	0.00	0.00	34,850.00	
Purchase of Communication Equipment	03/08/04	38,000.00	500.00	0.00	0.00	0.00	0.00	0.00	500.00	
Improvements to Ridge Ave., McAneny St., Etc.	05/10/04	237,500.00	12,439.00	0.00	0.00	0.00	0.00	0.00	12,439.00	
Purchase of Front End Loader	05/10/04	123,500.00	43,500.00	0.00	0.00	0.00	0.00	0.00	43,500.00	
Improvements to Evergreen Ave., Etc.	04/11/05,11/28/05	164,350.00	9,350.00	0.00	0.00	0.00	0.00	0.00	9,350.00	
Purchase of Telephone System	06/15/05	20,900.00	20,900.00	0.00	0.00	0.00	0.00	0.00	20,900.00	
Purchase of Street Sweeper	06/15/05	123,500.00	3,500.00	0.00	0.00	0.00	0.00	0.00	3,500.00	
Improvements to Bennett Ave., Etc.	11/14/05	126,350.00	48,100.00	0.00	0.00	0.00	0.00	0.00	48,100.00	
Improvements to Third Avenue	07/24/06	313,500.00	142,587.20	0.00	0.00	0.00	0.00	0.00	142,587.20	
Improvements to Fourth Ave., Etc.	02/26/07	183,350.00	58,350.00	0.00	0.00	0.00	0.00	0.00	58,350.00	
Improvements to Fifth Ave.	04/11/08	55,100.00	17,633.76	0.00	0.00	0.00	0.00	0.00	17,633.76	
Purchase of Leaf Collector 2008	06/23/08	31,350.00	31,350.00	0.00	0.00	0.00	0.00	0.00	31,350.00	
Improvements to East End, W. Sylvania	04/28/08	242,250.00	37,536.00	0.00	0.00	0.00	0.00	0.00	37,536.00	
Improvements to Fifth Ave. Phase II	03/09/09	18,556.00	18,556.00	0.00	0.00	0.00	0.00	0.00	18,556.00	
Improvements to Adams Field	04/13/09	66,500.00	17,500.00	0.00	0.00	0.00	0.00	0.00	17,500.00	
Purchase of Video Equipment	10/26/09	25,175.00	25,175.00	0.00	0.00	0.00	0.00	0.00	25,175.00	
Installation of Underground Fuel System	10/26/09	38,000.00	38,000.00	0.00	0.00	0.00	0.00	0.00	38,000.00	
Purchase of Dump Truck	10/26/09	99,750.00	9,750.00	0.00	0.00	0.00	0.00	0.00	9,750.00	
Improvements to Memorial Park	07/26/10	246,525.00	136,525.00	0.00	0.00	0.00	0.00	0.00	136,525.00	
Improvements to Community Center	07/26/10	237,500.00	237,500.00	0.00	0.00	207,297.00	0.00	0.00	30,203.00	
Improvements to Springdale, Oliver, Etc.	05/23/11	128,655.00	0.00	128,655.00	0.00	0.00	0.00	0.00	128,655.00	
Borough Hall Security Improvements	02/28/11	38,000.00	0.00	38,000.00	0.00	0.00	0.00	0.00	38,000.00	
		\$ 1,281,961.48	\$ 1,281,961.48	\$ 166,655.00	\$ 207,297.00	\$ 207,297.00	\$ 0.00	\$ 300,000.00	\$ 941,319.48	

**Sewer Utility Fund**  
**Schedule of Sewer Utility Cash - Treasurer**

D-8

	Ref.	<u>Operating</u>	<u>Capital</u>
<b>Balance</b> - December 31, 2010	D	\$ 361,669.72	116,549.31
<b>Increased by Receipts</b>			
Sewer Rental Receivables	D-4:D-14	1,052,501.68	0.00
Prepaid Sewer Rentals	D	31,341.41	0.00
Interest on Rents and Assessments	D-1	11,608.49	0.00
Interest on Investments	D-1:D-31	4,448.39	38.80
Miscellaneous Sewer Charges	D-1	24.00	0.00
Interfund with Sewer Operating/Sewer Capital	D-31	0.00	45,000.00
		<u>1,099,923.97</u>	<u>45,038.80</u>
		<u>1,461,593.69</u>	<u>161,588.11</u>
<b>Decreased by Disbursements</b>			
Appropriation and Encumbrance Reserves	D-34	48,075.74	0.00
Budget Appropriations	D-5	888,814.04	0.00
Interfund with Current Fund	D-32	80,000.00	0.00
Interfund with Sewer Operating/Sewer Capital	D-31	45,000.00	0.00
Improvement Authorizations	D-43	0.00	56,629.00
		<u>1,061,889.78</u>	<u>56,629.00</u>
 <b>Balance</b> - December 31, 2011	 D	 \$ <u>399,703.91</u>	 <u>104,959.11</u>

**Sewer Utility Fund**  
**Analysis of Sewer Capital Cash**

D-13

	Balance Dec. 31 2010	Receipts	Disburse- ments	Transfers	Balance Dec. 31 2011
Capital Improvement Fund	\$ 82,795.75	0.00	0.00	2,000.00	84,795.75
Fund Balance	22,411.84	0.00	0.00	0.00	22,411.84
Interest Income	0.00	38.80	0.00	(38.80)	0.00
Interfund with Sewer Operating Fund	(17,344.02)	45,000.00	0.00	(1,961.20)	25,694.78
Improvement Authorizations:					
Steiner Avenue Sewer Improvements	12,706.06	0.00	0.00	0.00	12,706.06
Windsor Court Sewer Improvements	10,566.07	0.00	0.00	0.00	10,566.07
Ridge Avenue Sewer Improvements	(387.03)	0.00	0.00	0.00	(387.03)
Purchase of Sewer Jet	(530.30)	0.00	0.00	0.00	(530.30)
Laird Ave Pump Station Improvements	(218.91)	0.00	0.00	0.00	(218.91)
Bennett Avenue Sewer Improvements	4,074.85	0.00	0.00	0.00	4,074.85
Purchase of Truck	2,475.00	0.00	56,629.00	0.00	(54,154.00)
	\$ 116,549.31	45,038.80	56,629.00	0.00	104,959.11
Ref.	D	D-8	D-8		D

**Schedule of Consumer Accounts Receivable**

D-14

<b><u>Balance</u></b> - December 31, 2010	Ref. D	\$ 100,200.33
<b><u>Increased by</u></b>		
Sewer Rents Charged in 2011		1,114,323.34
		<u>1,214,523.67</u>
<b><u>Decreased by</u></b>		
Collections	D-8	1,052,501.68
Overpayments Applied	D-38	0.00
Prepayments Applied	D-4	<u>37,241.75</u>
		<u>1,089,743.43</u>
<b><u>Balance</u></b> - December 31, 2011	D	\$ <u>124,780.24</u>

**Sewer Utility Fund**  
**Schedule of Sewer Utility Liens**

D-15

Ref.

**Balance** - December 31, 2010 and December 31, 2011

D      - \$      2,525.00

No change in 2011

**Schedule of Fixed Capital**

D-28

	Balance Dec. 31, 2010	Additions	Balance Dec. 31, 2011
Sewerage System Prior to January 1, 1935	\$ 190,000.00	0.00	190,000.00
Sewerage Improvements - 1937	17,100.00	0.00	17,100.00
Legal Fees	950.00	0.00	950.00
Engineering Fees	1,026.00	0.00	1,026.00
Interest During Construction	500.00	0.00	500.00
Miscellaneous Expense	374.86	0.00	374.86
Sewer Extension - 1947	8,159.00	0.00	8,159.00
Addition and Improvements - 1952	43,642.14	0.00	43,642.14
Addition, Extension and Improvement - 1969	180,791.13	0.00	180,791.13
Improvement to Sewer Treatment Plant - 1968	36,126.09	0.00	36,126.09
Alteration and Improvement of Sewer Lift Stations - 1969	22,904.92	0.00	22,904.92
Purchase of Sewer Roddler - 1975	6,200.00	0.00	6,200.00
Conversion to Sewer Pumping Stations - 1986	184,241.43	0.00	184,241.43
Purchase of Front End Loader - 1987	22,612.92	0.00	22,612.92
Construction of Storage Building - 1990	19,849.85	0.00	19,849.85
Purchase and Installation of Sewer Pump - 1990	4,784.23	0.00	4,784.23
Purchase of Sewer Jet and Breaker - 1990	23,510.89	0.00	23,510.89
Improvement to Sewer System - 1994	150,000.00	0.00	150,000.00
Improvement to Pumping Station - 1992	51,870.61	0.00	51,870.61
Installation of Communications - 1996	45,109.98	0.00	45,109.98
	<b>\$ 1,009,754.05</b>	<b>0.00</b>	<b>1,009,754.05</b>
<u>Ref.</u>	D	D-29	D

The fixed capital reported is taken from the Municipal records and does not necessarily reflect the true condition and amount of such fixed capital.

**Sewer Utility Fund**  
**Schedule of Fixed Capital Authorized and Uncompleted**

D-29

<u>Improvement Authorization</u>	<u>Ordinance</u>	<u>Balance</u>	<u>2011</u>	<u>Costs to</u>	<u>Balance</u>	
<u>Date</u>	<u>Amount</u>	<u>Dec. 31</u>	<u>Authorizations</u>	<u>Fixed</u>	<u>Dec. 31</u>	
		<u>2010</u>		<u>Capital</u>	<u>2011</u>	
Improvement to Sewer System Windsor Court	04/28/97	135,000.00	\$ 135,000.00	0.00	0.00	135,000.00
Improvement to Sewer System Steiner Avenue	06/28/99, 03/27/00	120,000.00	120,000.00	0.00	0.00	120,000.00
Improvement to Sewer System Ridge Avenue	03/27/00	50,000.00	50,000.00	0.00	0.00	50,000.00
Purchase of Sewer Jet Laird Ave Pump Station	08/20/00	40,000.00	40,000.00	0.00	0.00	40,000.00
Improvements	04/14/03	350,000.00	350,000.00	0.00	0.00	350,000.00
Improvement to Sewer System Bennett Avenue	10/10/06	19,000.00	19,000.00	0.00	0.00	0.00
Purchase of Truck	07/26/10	60,000.00	60,000.00	0.00	0.00	19,000.00
			\$ 774,000.00	0.00	0.00	60,000.00
	<u>Ref.</u>		D	D-43	D-28	D

**Schedule of Interfund with Sewer Capital Fund**  
**Sewer Operating Fund**

D-31

<b>Balance</b> - December 31, 2010 (Due to)	<u>Ref.</u> D	\$ 17,344.02
<b>Increased by</b> Capital Improvement Fund Appropriations	D-5	2,000.00
		<u>19,344.02</u>
<b>Decreased by</b> Cash Received and Interest on Investments	D-8	45,038.80
<b>Balance</b> - December 31, 2011 (Due from)	D	\$ <u>(25,694.78)</u>

**Schedule of Interfund With Current Fund**  
**Sewer Operating Fund**

D-32

<b>Balance</b> - December 31, 2010 (Due from)	<u>Ref.</u> D	\$ 53,000.00
<b>Increased by</b> Cash Disbursed	D-8	80,000.00
		<u>133,000.00</u>
<b>Decreased by</b> Bond Anticipation Note Payments	D-44	15,000.00
Fund Balance Appropriated	D-1	80,000.00
		<u>95,000.00</u>
<b>Balance</b> - December 31, 2011 (Due from)	D	\$ <u>38,000.00</u>

**Sewer Utility Fund**  
**Schedule of 2010 Appropriation Reserves and**  
**Reserve for Encumbrances**

D-34

	Balance Dec. 31 2010	Balance Dec. 31 Transfers	Paid or Charged	Balance Lapsed
<b>Operating</b>				
Salaries and Wages	\$ 9,848.98	9,848.98	0.00	9,848.98
Other Expenses	105,370.92	105,370.92	48,075.74	57,295.18
Social Security System	5,042.64	5,042.64	0.00	5,042.64
	\$ 120,262.54	120,262.54	48,075.74	72,186.80
Ref.	D		D-8	D-1

**Schedule of Accrued Interest on Notes**

	Ref.	D-36
<b>Balance</b> - December 31, 2010	D	\$ 225.22
<b>Increased by</b>		
Budget Appropriation - Interest on Notes	D-5	2,238.93
		2,464.15
<b>Decreased by</b>		
Payment of Note Interest	D-8	2,281.14
		2,281.14
<b>Balance</b> - December 31, 2011	D	\$ 183.01

**Schedule of Sewer Rent Overpayments**

	Ref.	D-38
<b>Balance</b> - December 31, 2009	D	\$ 0.00
<b>Increased by</b>		
Sewer Rent Overpayments Collected	D-8	0.00
		0.00
<b>Decreased by</b>		
Sewer Rent Overpayments Refunded	D-8	0.00
		0.00
<b>Balance</b> - December 31, 2010	D	\$ 0.00

**Sewer Utility Fund**  
**Schedule of Improvement Authorizations**

D-43

Improvement Description	Date	Amount	Balance		2011 Authorizations		Paid or Charged	Balance	
			December 31, 2010		Capital Improvement Fund	Deferred Charges to Future Revenue		December 31, 2011	
			Funded	Unfunded				Funded	Unfunded
Improvement to Sewer									
System-Windsor Court	04/28/97	135,000.00 \$	0.00	3,566.07	0.00	0.00	0.00	0.00	3,566.07
Improvement to Sewer									
System-Steiner Avenue	06/28/99,								
	03/27/00	120,000.00	0.00	2,706.06	0.00	0.00	0.00	0.00	2,706.06
Improvement to Sewer									
System-Ridge Avenue	03/27/00	50,000.00	0.00	6,112.97	0.00	0.00	0.00	0.00	6,112.97
Purchase of Sewer Jet	08/28/00	40,000.00	0.00	2,469.70	0.00	0.00	0.00	0.00	2,469.70
Laird Ave Pump Station									
Improvements	04/14/03	350,000.00	0.00	46,781.09	0.00	0.00	0.00	0.00	46,781.09
Improvement to Sewer									
System-Bennett Avenue	10/10/06	19,000.00	4,074.85	0.00	0.00	0.00	0.00	4,074.85	0.00
Purchase of a Dump Body Truck	07/26/10	60,000.00	2,475.00	57,000.00	0.00	0.00	56,629.00	0.00	2,846.00
		\$	6,549.85	118,635.89	0.00	0.00	56,629.00	4,074.85	64,481.89
Ref.			D	D	D-29	D-29	D-8	D	D

**Schedule of Bond Anticipation Notes**

D-44

Improvement Description	Original Date of Issue	Date of Issue	Maturity	Interest Rate	Balance	
					Increased	Decreased
Improvement to Sewer System - Windsor Court	10/27/03	10/12/11	10/12/12	[a]	\$ 30,000.00	15,000.00
Improvement to Sewer System - Ridge Avenue	11/26/06	11/22/11	11/21/12	1.00%	20,000.00	5,000.00
Laird Ave Pump Station Improvements	11/26/06	11/22/11	11/21/12	1.00%	165,000.00	25,000.00
Purchase of Sewer Jet	12/11/08	12/08/11	12/07/12	1.00%	35,000.00	15,000.00
				Ref.	\$ 250,000.00	60,000.00
					D	D-5:D-32

[a] Note payable to Current Fund at 0% interest

**Sewer Utility Fund**  
**Schedule of Sewer Capital Improvement Fund**

	<u>Ref.</u>	<u>D-45</u>
<b><u>Balance</u></b> - December 31, 2010	D	\$ 82,795.75
<b><u>Increased by</u></b> Budget Appropriation	D-5	2,000.00
		<u>84,795.75</u>
<b><u>Decreased by</u></b> Appropriation to Finance Improvement Authorizations	D-43	0.00
<b><u>Balance-</u></b> December 31, 2011	D	\$ <u>84,795.75</u>

**Schedule of Reserve for Amortization**

	<u>Ref.</u>	<u>D-49</u>
<b><u>Balance</u></b> - December 31, 2010 and December 31, 2011	D	\$ <u>1,009,754.05</u>
No change in 2011		

**Schedule of Deferred Reserve for Amortization**

	<u>Ref.</u>	<u>D-50</u>
<b><u>Balance</u></b> - December 31, 2010	D	\$ 427,500.00
<b><u>Increased by</u></b> Bond Anticipation Note Payment	D-44	60,000.00
2011 Improvements Authorized	D-43	<u>0.00</u>
		<u>60,000.00</u>
<b><u>Balance-</u></b> December 31, 2011	D	\$ <u>487,500.00</u>

**Schedule of Bonds and Notes Authorized But Not Issued**

	<u>Ref.</u>	<u>D-56</u>
<b><u>Balance</u></b> - December 31, 2010	D	\$ 96,500.00
<b><u>Increased by</u></b> 2011 Improvements Authorized	D-43	0.00
Balance- December 31, 2011	D	\$ <u>96,500.00</u>

**Public Assistance Fund**  
**Schedule of Public Assistance Cash - Treasurer**

E-1

	<u>Ref.</u>	<u>PATF I</u>	<u>PATF II</u>	<u>Fund Total</u>
<b><u>Balance</u></b> - December 31, 2010	E	\$ 44,721.76	34,592.66	79,314.42
<b><u>Increased by</u></b>				
State Aid for Public Assistance		0.00	117,000.00	117,000.00
Interest Income		221.01	206.42	427.43
Client Refunds		0.00	0.00	0.00
SSI Refunds		0.00	3,975.00	3,975.00
	E-3	<u>221.01</u>	<u>121,181.42</u>	<u>121,402.43</u>
		<u>44,942.77</u>	<u>155,774.08</u>	<u>200,716.85</u>
<b><u>Decreased by</u></b>				
Public Assistance - 2011		1,025.00	77,819.23	78,844.23
Miscellaneous		0.00	255.00	255.00
SSI Payments		0.00	0.00	0.00
	E-4	<u>1,025.00</u>	<u>78,074.23</u>	<u>79,099.23</u>
<b><u>Balance</u></b> - December 31, 2011	E	<u>\$ 43,917.77</u>	<u>77,699.85</u>	<u>121,617.62</u>

**Public Assistance Fund**  
**Schedule of Public Assistance Cash and Reconciliation**

E-2

	<u>Ref.</u>	
<b><u>Balance</u></b> - December 31, 2010	E-1	\$ 79,314.42
<b><u>Increased by Receipts</u></b>		
Cash Receipts Record		121,402.43
		<u>200,716.85</u>
<b><u>Decreased by Disbursements</u></b>		
Cash Disbursements Record		
- 2010 Assistance		0.00
- 2011 Assistance		79,099.23
- SSI Reimbursements		<u>0.00</u>
		<u>79,099.23</u>
<b><u>Balance</u></b> - December 31, 2011	E-1	<u>\$ 121,617.62</u>

	<u>PATF I</u>	<u>PATF II</u>	<u>Total</u>
	<u>Account</u>	<u>Account</u>	
<b><u>Reconciliation - December 31, 2011</u></b>			
Balance on Deposit per Bank Statements:			
- Checking	\$ 43,917.77	77,926.85	121,844.62
Add: Deposits in Transit	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	43,917.77	77,926.85	121,844.62
Less: Outstanding Checks Permanently Recorded	<u>0.00</u>	<u>227.00</u>	<u>227.00</u>
<b><u>Balance</u></b> - December 31, 2011	<u>\$ 43,917.77</u>	<u>77,699.85</u>	<u>121,617.62</u>

**Public Assistance Fund**  
**Schedule of Public Assistance Revenues**

E-3

	PATF I	PATF II	Fund Total
State Aid Payments	\$ 0.00	117,000.00	117,000.00
Municipal Appropriation - Budget	0.00	0.00	0.00
Interest Earned	221.01	206.42	427.43
Refunds - State Matched Assistance	0.00	0.00	0.00
Refunds - Non-State Matched	0.00	0.00	0.00
Supplemental Security Income:			
State/Municipal Refund	0.00	3,975.00	3,975.00
Client Refund	0.00	0.00	0.00
Other Revenues:			
Automated Pharm. Program	0.00	0.00	0.00
Total Revenues (PATF)	221.01	121,181.42	121,402.43
Interfund Transfers	0.00	0.00	0.00
Total Receipts	\$ 221.01	121,181.42	121,402.43

Ref.

E-1

**Schedule of Public Assistance Expenditures**

E-4

	PATF I	PATF II	Fund Total
Payments for Current Year Assistance ( Reported):			
Maintenance Payments	\$ 0.00	38,020.00	38,020.00
Nursing Home Care	0.00	0.00	0.00
Other Medical	0.00	0.00	0.00
Other:			
Transportation	0.00	110.00	110.00
Burial	0.00	0.00	0.00
Housing	0.00	36,679.00	36,679.00
Work Related	0.00	1,527.00	1,527.00
Emergency Assistance	0.00	1,483.23	1,483.23
Assistance Ineligible for State Aid	0.00	0.00	0.00
Total Payments Reported	0.00	77,819.23	77,819.23
Assistance Not Reported	1,025.00	255.00	1,280.00
Interfund Transfers	0.00	0.00	0.00
Payments for Assistance Reported in Prior Year (E-6):			
Eligible for State Aid	0.00	0.00	0.00
Ineligible for State Aid	0.00	0.00	0.00
SSI Payments:	0.00	0.00	0.00
Reimbursement to Clients	0.00	0.00	0.00
Total Disbursements (PATF)	\$ 1,025.00	78,074.23	79,099.23

Ref.

E-1

**Public Assistance Fund**  
**Schedule of Assistance Commitments Payable**

E-5

<b><u>Balance</u></b> - December 31, 2010 and December 31, 2011	<u>Ref.</u> E	\$ <u>0.00</u>
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No change in 2011

**Detail of Assistance Commitments Payable - December 31, 2011**

None

**Board of Recreation Commission**  
**Schedule of Cash**

G-2

<b><u>Balance</u></b> - December 31, 2010	<u>Ref.</u> G-1		\$ 44,983.48
<b><u>Increased by</u></b>			
Interest on Investments		213.60	
Program Fees		<u>63,736.64</u>	
			<u>63,950.24</u>
			108,933.72
<b><u>Decreased by</u></b>			
Recreation Program Costs			<u>69,409.20</u>
<b><u>Balance</u></b> - December 31, 2011	G-1		\$ <u>39,524.52</u>

**Environmental Advisory Commission**  
**Schedule of Cash**

G-4

<b><u>Balance</u></b> - December 31, 2010	<u>Ref.</u> G-3		\$ 46,442.92
<b><u>Increased by</u></b>			
Donations		80.00	
Interest on Investments		214.96	
Recycling Tonnage Grant		12,964.63	
Recycling Program Proceeds		<u>300.00</u>	
			<u>13,559.59</u>
			60,002.51
<b><u>Decreased by</u></b>			
Environmental Program Costs			<u>29,711.87</u>
<b><u>Balance</u></b> - December 31, 2011	G-3		\$ <u>30,290.64</u>

**BOROUGH OF NEPTUNE CITY**  
**COUNTY OF MONMOUTH, NEW JERSEY**  
**ADDITIONAL INFORMATION**

**Summary of Municipal Debt - (Excluding Current and Operating Debt and Chapter 6 School Debt)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Issued</u>			
General			
Serial Bonds	\$ 0.00	0.00	0.00
Notes Payable	1,760,100.00	1,682,300.00	1,654,299.80
Sewer Utility			
Serial Bonds	0.00	0.00	0.00
Notes Payable	190,000.00	250,000.00	304,000.00
<u>Net Debt Issued</u>	<u>1,950,100.00</u>	<u>1,932,300.00</u>	<u>1,958,299.80</u>
<u>Authorized But Not Issued</u>			
General			
Bonds and Notes	941,319.00	1,240,211.00	956,186.48
Sewer Utility			
Bonds and Notes	96,500.00	96,500.00	39,500.00
<u>Total Authorized But Not Issued</u>	<u>1,037,819.00</u>	<u>1,336,711.00</u>	<u>995,686.48</u>
<u>Net Bonds and Notes Issued and Authorized But Not Issued</u>	<u>\$ 2,987,919.00</u>	<u>3,269,011.00</u>	<u>2,953,986.28</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 0.55%

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 7,985,000.00	7,985,000.00	0.00
Sewer Utility Debt	286,500.00	0.00	286,500.00
General Debt	2,701,419.00	0.00	2,701,419.00
	<u>\$ 10,972,919.00</u>	<u>7,985,000.00</u>	<u>2,987,919.00</u>

Net debt \$2,987,919.00 divided by equalized valuation basis per N.J.S. 40A:2-2, \$542,062,420.00 = 0.55%.

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

3 1/2% of Average Equalized Valuation Basis of Real Property	\$ 19,322,184.70
Net Debt	<u>2,987,919.00</u>
Remaining Borrowing Power	\$ <u><u>16,334,265.70</u></u>

**Borrowing Power Available Under N.J.S. 40A:2-7(f)**

**Accumulated Borrowing Power Under R.S. 40:1-16(d) (Which is Available Only When the Percentage of Net Debt Exceeds 3 1/2%)**

Balance of Debt Incurring Capacity as of December 31, 2010 under R.S. 40:1-16(d) as shown on Annual Debt Statement	\$ 0.00
Deduct: Net amount authorized in 2011	<u>0.00</u>
Remaining balance of debt incurring capacity under R.S. 40:1-16(d) at December 31, 2011	\$ <u><u>0.00</u></u>

**Calculation of "Self-Liquidating Purpose" Sewer Utility Per N.J.S. 40A:2-45**

Total Cash Receipts from fees, rents or other charges for year	\$ 1,105,863.00
Deductions	
Operating and Maintenance Costs	1,090,200.00
Debt Services per Sewer Account	<u>62,239.00</u>
Total Deductions	<u><u>1,152,439.00</u></u>
Deficit in Revenue	\$ <u><u>46,576.00</u></u>

The foregoing debt information is in agreement with the annual debt statement filed by the Chief Financial Officer.

**Bonds and Notes Authorized But Not Issued**

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

General Capital Fund	
Bonds and Notes	\$ 941,319.00
Sewer Utility Fund	
Capital Bonds and Notes	96,500.00

There is no current or utility operating debt authorized but not issued.

**Comparison of Tax Rate Information**

<u>Tax Rate</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
	\$ <u>2.66</u>	<u>2.57</u>	<u>2.42</u>
<u>Apportionment of Tax Rate</u>			
Municipal	1.02	0.95	0.91
County	0.36	0.36	0.35
Local School	<u>1.29</u>	<u>1.26</u>	<u>1.16</u>
<u>Assessed Valuations</u>			
2011	\$ <u>433,133,119</u>		
2010		\$ <u>433,412,819</u>	
2009			\$ <u>431,468,608</u>

**Comparison of Tax Levies and Collection Currently**

A study of the tabulation will 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>Collections</u>	<u>Percentage of Collection</u>
2011	\$ 11,592,918.02	11,334,595.61	97.77%
2010	11,165,980.11	10,933,098.45	97.91%
2009	10,485,318.84	10,295,654.53	98.19%

**Comparison of Sewer Utility Levies**

<u>Year</u>	<u>Levy</u>	<u>Collections [b]</u>
2011	\$ 1,114,323.34	1,089,743.43
2010	1,109,843.40	1,100,111.03
2009	1,126,039.16	1,137,543.15

[b] Includes Prior Year Charges

**Comparison of Delinquent Taxes and Tax Title Liens**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens in relation to the tax levies of the last three years including 2011.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Taxes Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$ 264,486.33	247,744.56	512,230.89	4.42%
2010	253,169.66	220,710.55	473,880.21	4.24%
2009	242,248.05	175,494.40	417,742.45	3.98%

**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	\$ 53,213.00
2010	53,213.00
2009	53,213.00

**Comparison of Current Fund and Sewer Utility Operating Fund Balances**

<u>Year</u>	<u>Current Fund</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Sewer Utility Operating Fund</u>	<u>Utilized in Utility Budget of Succeeding Year</u>	<u>Utilized in Current Budget of Succeeding Year</u>
2011	\$ 868,245.19	450,000.00	183,207.17	47,000.00	60,000.00
2010	923,527.29	650,000.00	239,596.19	75,000.00	80,000.00
2009	745,010.13	400,000.00	336,044.97	70,000.00	80,000.00

**BOROUGH OF NEPTUNE CITY  
COUNTY OF MONMOUTH, NEW JERSEY**

**COMMENTS**

Year Ended December 31, 2011

An audit of the financial accounts and transactions of the Borough of Neptune City, in the County of Monmouth, State of New Jersey 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 Chief Financial Officer's office, the Collector/Treasurer's office, the activities of the Mayor and 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 balances were reconciled with independent certifications obtained directly from the depositories.

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

My audit was made in accordance with auditing standards generally accepted in the United States of America and in compliance with the requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and Government Auditing Standards, issued by the Comptroller General of the United States. Therefore, my audit included the procedures noted above as well as tests of the accounting records and such other auditing procedures, as I 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 or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding, in the aggregate, the amount calculated by the Governor pursuant to Section 3 of P.L. 1971, C. 198 (C.40A:11-3), except by contract or agreement".

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the limits within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes and vouchers indicate compliance with the Local Public Contract Law N.J.S. 40A:11-6.1 for the purchase of materials and services that are below the bid limit but 15% or more of that amount.

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed. The compliance review of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid limit "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously adopted under the provision of N.J.S. 40A:11-6.

**COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS**

N.J.S. 54:4-67, as amended, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 1, 2011 adopted a resolution authorizing interest to be charged as follows after a 10-day grace period:

- 8% per annum for first \$1,500.00 of delinquency and
- 18% per annum on any amount in excess of \$1,500.00
- 6% penalty on total delinquency if such delinquency is in excess of \$10,000.00

Such interest shall be calculated from the date due until actual payment, provided however, no interest shall be charged if payment is made within a 10-day grace period.

It appears from an examination of the collector's records, on a test-check basis, that interest was collected in accordance with the foregoing resolution.

**DELINQUENT TAXES AND TAX TITLE LIENS**

The last tax sale was held on October 12, 2011. Inspection of tax sale certificates on file revealed that all 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	1
2010	1
2009	1

**CONFIRMATION OF DELINQUENT TAXES AND OTHER CHARGES**

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

<u>Type</u>	<u>Number Mailed</u>
Delinquent Taxes	6
Sewer Charges Unpaid	19

For those confirmation notices which were not returned by taxpayers, we performed alternative procedures. No irregularities were noted.

## OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Robert Brown	Mayor
Richard Pryor	Member of Council
Joseph Zajak	Member of Council
Barbara Shafer	Member of Council
Lawrence Cross	Member of Council
Susan Mitchell	Member of Council
Charles Hartl	Member of Council
Mark Aikins	Attorney
Matt Shafai	Engineer
J. Stephen Walters	Assessor
Richard Thompson	Judge
Dorothy Reibrich	Court Administrator
Mary Sapp	Administrator, Clerk, Treasurer and Tax Collector
William Folk	Chief Financial Officer, Purchasing Agent
Tamara Brown	Deputy Clerk, Deputy Treasurer
Madonna Hempsted	Deputy Tax Collector
William Doolittle	Construction Official, Building Sub-Code Official and Fire Sub-Code Inspector, Zoning Official
Jerry Applegate	Housing Officer, Fire Sub-Code Official and Building Sub-Code Inspector
Robert Reynolds	Code Enforcement Officer

### Surety Bonds

All of the Bonds were examined, properly executed and were the considered adequate coverage where required. In addition to Bond coverage for specific employees and positions, the Borough holds a Public Employees Blanket Bond for \$50,000.00.

**INTERNAL CONTROL**  
**AND**  
**SINGLE AUDIT SECTION**

**CHRISTINE L. BROWN**

*Certified Public Accountant  
Registered Municipal Accountant  
Public School Accountant*

51A LAUREL AVENUE NEPTUNE CITY, NJ 07753  
732-774-7885 FAX 732-502-0917

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

To the Mayor and Council  
Borough Hall  
Borough of Neptune City  
New Jersey

I have audited the financial statements – regulatory basis of the Borough of Neptune City, State of New Jersey as of and for the year ended December 31, 2011 and have issued my report thereon dated June 12, 2012 in which I expressed an unqualified opinion in conformity with the basis of the accounting described in Note 1. The Borough's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but rather prepared on another comprehensive basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Borough of Neptune City's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Neptune City's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Borough of Neptune City'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

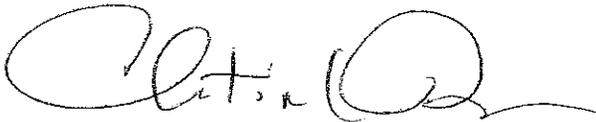
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses.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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Neptune City's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

I noted certain immaterial matters involving compliance and internal control over financial reporting that I have reported to management within the Comments and Recommendations section of this report.

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



Christine L. Brown  
CERTIFIED PUBLIC ACCOUNTANT

June 12, 2012

**CHRISTINE L. BROWN**

*Certified Public Accountant*

*Registered Municipal Accountant*

*Public School Accountant*

51A LAUREL AVENUE NEPTUNE CITY, NJ 07753

732-774-7885 FAX 732-502-0917

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04**

To the Mayor and Council  
Borough Hall  
Borough of Neptune City  
New Jersey

**Compliance**

I have audited the compliance of the Borough of Neptune City, State of New Jersey with the types of compliance requirements described in the "New Jersey State Office of Management and Budget (OMB) Circular 04-04 State Grant Compliance Supplement" that could have a direct and material effect on each of its major state programs for the year ended December 31, 2011. The Borough of Neptune City's major state programs are identified in the Summary of Audit Results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Borough's management. My responsibility is to express an opinion on the Borough of Neptune City's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States; and New Jersey OMB Circular 04-04. Those standards and New Jersey OMB Circular 04-04 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Neptune City's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Borough of Neptune City's compliance with those requirements.

In my opinion, the Borough of Neptune City, State of New Jersey complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2011.

**Internal Control Over Compliance**

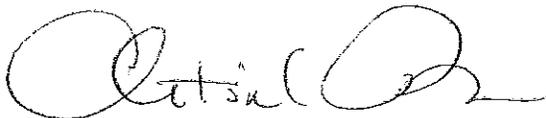
The management of the Borough of Neptune City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and

grants applicable to state programs. In planning and performing my audit, I considered the Borough's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Neptune City's internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Borough of Neptune City, State of New Jersey's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

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

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



Christine L. Brown  
CERTIFIED PUBLIC ACCOUNTANT

June 12, 2012

**Schedule of Expenditures of State Awards**  
**For the Year Ended December 31, 2011**

<u>State Funding Department</u>	<u>Grant Reserve Dec. 31, 2010</u>	<u>Receipts or Revenue Recognized</u>	<u>Expenditures</u>	<u>Schedule 2 Grant Reserve Dec. 31, 2011</u>
Department of Law and Public Safety				
Division of Motor Vehicles				
Drunk Driving Enforcement Fund				
6400-100-078-6400	\$ 26,860.98	4,865.74	2,567.73	29,158.99
Division of Criminal Justice				
Safe and Secure Communities				
1020-789-066-1020	40,341.42	100,776.00	105,000.00	36,117.42
Body Armor Fund				
1020-718-066-00	7,610.73	1,948.53	7,610.43	1,948.83
Department of Human Services				
Division of Social Services				
General Assistance				
7550-150-158010-60	34,592.66	120,926.42	77,819.23	77,699.85
Alliance to Prevent Alcohol and Drug Abuse				
1110-448-031020-22	9,488.49	16,246.00	4,572.69	21,161.80
Department of Environmental Protection				
Solid Waste Management Division				
Recycling Tonnage Grant				
4900-752-042-77	0.00	12,964.63	12,964.63	0.00
Clean Communities Grant				
4900-765-042-77	1,445.68	11,569.97	4,732.50	8,283.15
Economic Development Authority				
Hazardous Discharge Site Remediation Grant				
P24888	180,131.63	0.00	17,643.99	162,487.64
Department of Health and Senior Services				
Alcohol Education and Rehabilitation				
9735-760-060000-60	1,743.21	1,186.56	0.00	2,929.77
Department of Transportation				
New Jersey Transportation Trust Fund				
6320-480-078-618-6010	0.00	313,845.00	313,845.00	0.00
	<u>\$ 302,214.80</u>	<u>584,328.85</u>	<u>546,756.20</u>	<u>339,787.45</u>

Borough of Neptune City

Notes to the Schedule of Expenditures of State Awards

Year Ended December 31, 2011

**NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION**

The Borough of Neptune City, State of New Jersey is the prime sponsor and recipient of various federal and state grant funds. The Borough has delegated the administration of grant programs and the reporting function to various departments within the Borough. Substantially all grant and program cash funds are commingled with the Borough's other funds, although each grant is accounted for separately within the Borough's financial records. The Treasurer's office performs accounting functions for all grants.

Basis of Accounting

The Borough's grants are presented on the modified accrual basis of accounting utilizing the following method:

Current Fund Grants

In accordance with a directive from the State Department of Community Affairs, Division of Local Government Services, all grant revenues and expenditures are fully realized within the Current Fund budget and corresponding receivables and spending reserves are recorded to account for grant activity.

Trust Fund and Capital Grants

In accordance with accounting principles prescribed by the State of New Jersey, grant receivables are offset with grant spending reserves.

Local Contributions

Local matching contributions, if required, are raised in the current fund budget. The percentage of matching contributions varies with each program.

Expenditures

Expenditures, as reported on the accompanying schedule of expenditures of state awards, reflect actual cash disbursements charged directly to a grant program and outstanding encumbrances and contracts at year end. Differences between budget and actual cash disbursements, as well as differences between budget revenues and actual cash receipts, are transferred to fund balance when the grant is closed out.

**NOTE 2 – CONTINGENCIES**

Each of the grantor agencies reserves the right to conduct additional audits of the Borough's grant programs for economy, efficiency and program results. However, the Borough's management does not believe such audits would result in material amounts of disallowed costs.

Borough of Neptune City

Schedule of Findings and Questioned Costs

For Year Ended December 31, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Modified due to required use of an Other Comprehensive Basis of Accounting

Internal Control over financial reporting:

1. Material weaknesses identified?  Yes  No

2. Significant deficiencies identified that are not considered to be material weaknesses?  Yes  No

Noncompliance material to the financial statements noted?  Yes  No

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Type of auditor's report issued: Unqualified

Auditee qualified as low-risk auditee?  Yes  No

Internal Control over compliance:

1. Material weaknesses identified?  Yes  No

2. Significant deficiencies identified that are not considered to be material weaknesses?  Yes  No

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04?  Yes  No

Identification of major programs: NJ Transportation Trust Fund Grant

SECTION II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

None

SECTION III – STATE AWARDS FINDINGS AND QUESTIONED COSTS

None

**BOROUGH OF NEPTUNE CITY  
COUNTY OF MONMOUTH, NEW JERSEY**

**COMMENTS AND RECOMMENDATIONS**

Year Ended December 31, 2011

The following matters noted during the audit were communicated to management. None of the matters noted were of a magnitude as to affect my ability to express an opinion on the financial statements.

**Other Matters**

**Chief Financial Officer's Office**

**11-01**

**Comment** – In several instances the Borough's general ledger balances were not in agreement with subsidiary ledgers.

**Recommendation** – The Borough maintain accurate reconciliations between subsidiary ledgers and general ledgers for all funds in order to provide accurately prepared financial statements.

**\*11-02**

**Comment** – The Borough's disclosure regarding Other Post Employment Benefits does not contain all of the elements necessary to satisfy GASB 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" disclosure requirements.

**Recommendation** – That the Borough take the steps necessary to properly meet the all of the requirements set forth in GASB 45.

**\*11-03**

**Comment** – Interfund receivables and payables existed at December 31, 2011.

**Recommendation** – That the interfund balances be liquidated by December 31 where funds are available.

**\*11-04**

**Comment** - Appearing in the analysis of capital cash are the following bond ordinances which are over five years old and have unfunded improvement costs:

04/10/00	Purchase of Fire Vehicle 2000	\$	225.00
08/28/00	Purchase of Police Dispatch Equipment		4,777.95
08/28/00,06/11/01	Purchase of Leaf Collector		225.00
12/11/00	Pedestrian Corridor/Sylvania Avenue		6012.50
04/08/02, 09/09/02	Improvements to Laurel Avenue		4,511.39
07/08/02	Video Conferencing Equipment		8,823.24
09/09/02	Purchase of Dump Truck		666.88
12/23/02	Improvements to Laird Avenue		6,520.62
12/22/03	Improvements to Avondale Avenue		4,421.88
03/08/04	Purchase of Communication Equipment		426.45
05/10/04	Improvements to Ridge Avenue		479.25
05/10/04	Purchase of Front End Loader		19,928.13
04/11/05,11/28/05	Improvements To Evergreen Avenue		4,256.24
06/15/05	Purchase of Telephone System		20,813.26
06/15/05	Purchase of Street Sweeper		3,500.00
11/14/05	Improvement to Bennett Avenue		47,706.79
07/27/06,02/26/07	Improvements to Adams Field		1900.20
03/27/00	Ridge Ave. Sewer Improvements		387.03
08/20/00	Purchase of Sewer Jet		530.30
04/14/03	Laird Ave Pump Station Improvements		218.91

**Recommendation** – That bond ordinances over five years old with unfunded improvement costs should be funded by the issuance of bonds or notes or through budget appropriation.

**Other Departments**

**\*11-05**

**Comment** – Some of the fees collected by the Community Center could not be supported by an authoritative source.

**Recommendation** – That the fees charged by the Community Center be in accordance with the appropriate ordinance or other authoritative source.

\* A similar recommendation appeared in the prior year audit report.